



Videocon d2h Limited

Our Company was incorporated on November 22, 2002 in Mumbai, Maharashtra under the Companies Act, 1956, as amended ("Companies Act 1956") as a public limited company under the name 'Bharat Business Channel Limited' with the Registrar of Companies, Mumbai, Maharashtra ("RoC"). Subsequently, our Company was renamed 'Videocon d2h Limited' and a fresh certificate of incorporation was issued by the RoC on July 1, 2014. Registered Office: Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India; Tel: (+91 240) 232 0750; Fax: (+91 240) 233 5755. For details of changes in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 127.

Corporate Office: 1st Floor, Techweb Centre, New Link Road, Oshiwara Jogeshwari (West), Mumbai 400 102, Maharashtra, India Tel: (+91 22) 4255 5000; Fax: (+91 22) 4255 5050
 Contact Person and Compliance Officer: Ms. Amruta Karkare, Company Secretary; Tel: (+91 22) 42 555 062; Fax: (+91 22) 42 555 050; Email: ipo@d2h.com; Website: www.videocond2h.com
 CIN: U92100MH2002PLC137947

Promoters of our Company: Mr. Saurabh Pradipkumar Dhoot, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited and Platinum Appliances Private Limited

INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF VIDEOCON D2H LIMITED ("VIDEOCON D2H" OR "OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE "ISSUE PRICE") AGGREGATING UP TO ₹ 7,000 MILLION (THE "ISSUE"). THE ISSUE SHALL CONSTITUTE [●] % ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS AND ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL NEWSPAPER), [●] EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL NEWSPAPER) AND [●] EDITION OF [●] (A WIDELY CIRCULATED MARATHI NEWSPAPER) AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED FOR THE PURPOSE OF UPLOAD ON ITS WEBSITE.

Our Company is considering a Pre-IPO Placement of up to 5,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 10% of the post-Issue paid-up Equity Share capital of our Company.

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH.

In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days (as defined herein) after revision of the Price Band subject to the Bid/Issue Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE Limited (the "BSE"), by issuing a press release, and also by indicating the change on the websites of the Joint Global Coordinators and Book Running Lead Managers ("JGCBLMs") and at the terminals of the other members of the Syndicate and by intimation to Self Certified Syndicate Banks ("SCSBs") and Registered Brokers.

Pursuant to Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), the Issue is being made for at least 10% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process and pursuant to Regulation 26(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"), where not less than 75% of the Issue will be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Category"), provided that our Company may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If not less than 75% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, not more than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Issue will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Retail Individual Investors may participate in the Issue through the ASBA process by providing the details of the ASBA Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. QIBs (except Anchor Investors) and Non-Institutional Investors shall compulsorily participate in the Issue through the ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details in this regard, specific attention is invited to "Issue Procedure" on page 296.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the securities of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 and the Floor Price and Cap Price are [●] times and [●] times the face value of the Equity Shares, respectively. The Issue Price (as determined and justified by our Company in consultation with the JGCBLMs and as stated in "Basis for Issue Price" on page 76) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does the SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 12.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE. We have received an in-principle approval from the BSE for the listing of the Equity Shares pursuant to letter dated [●]. The BSE is the Designated Stock Exchange for the purposes of the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) in the United States only to persons reasonably believed to be qualified institutional buyers (as defined under Rule 144A ("Rule 144A") under the U.S. Securities Act ("U.S. QIBs")) and (ii) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales occur.

JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

Axis Capital Limited 1st Floor, Axis House C-2, Wadia International Centre, P.B. Marg, Worli Mumbai 400 025, Maharashtra, India Tel: (+91 22) 4325 2183 Fax: (+91 22) 4325 3000 Email: videocon@axiscap.in Investor Grievance Email: complaints@axiscap.in Website: www.axiscapital.co.in SEBI Registration No. INM000012029 Contact Person: Ms. Simran Gadh	Edelweiss Financial Services Limited 14 th floor, Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098, Maharashtra, India Tel: (+91 22) 4086 3535 Fax: (+91 22) 4086 3610 Email: bluesky@edelweissfin.com Investor Grievance Email: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Mr. Vikas Agarwal SEBI Registration No.: INM0000010650	ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate Mumbai 400 020, Maharashtra, India Tel: +91 (22) 2288 2460 Fax: +91 (22) 2282 6580 Email: videocon@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com SEBI Registration No.: INM000011179 Contact Person: Mr. Vishal Kanjani/Sumit Agarwal	IDBI Capital Market Services Limited 3rd Floor, Mafatal Centre, Nariman Point Mumbai 400 021, Maharashtra, India Tel: (+91 22) 4322 1212 Fax: (+91 22) 2285 0785 Email: d2h.ipo@idbicapital.com Investor Grievance Email: redressal@idbicapital.com Website: www.idbicapital.com SEBI Registration Number: INM000010866 Contact Person: Mr. Sumit Singh

JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE ISSUE

SBI Capital Markets Limited 202, Maker Tower 'E', Cuffe Parade Mumbai 400 005, Maharashtra, India Tel: (+91 22) 2217 8300 Fax: (+91 22) 2218 8332 Email: videocon.ipo@sbicaps.com Investor Grievance Email: investorrelations@sbicaps.com Website: www.sbicaps.com SEBI Registration Number: INM000003531 Contact Person: Ms. Dhivya Ravikumari	UBS Securities India Private Limited 2/F, 2 North Avenue, Maker Maxity Bandra Kurla Complex, Bandra (East) Mumbai 400 051, Maharashtra, India Tel: (+91 22) 6155 6000 Fax: (+91 22) 6155 6300 Email: OL-CCS+blueskyipo@ubs.com Investor Grievance Email: customercare@ubs.com Website: www.ubs.com SEBI Registration No.: INM000010809 Contact Person: Mr. Ankur Aggarwal	YES Bank Limited YES Bank Tower, IFC 2, 18th Floor Elphinstone (W), Senapati Bapat Marg Mumbai 400 013, Maharashtra, India Tel: (+91 22) 3366 9000 Fax: (+91 22) 2421 4508 Email: videocond2h@yesbank.in Investor Grievance Email: merchantbanking@yesbank.in SEBI Registration No. INM 0000 10874 Contact Person: Mr. Sameer Kakkar	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078, Maharashtra, India Tel: (+91 22) 6171 5400 Fax: (+91 22) 2596 0329 Email: d2h.ipo@linkintime.co.in Investor Grievance Email: d2h.ipo@linkintime.co.in Website: www.linkintime.co.in SEBI Registration Number: INR000004058 Contact Person: Mr. Sachin Achar

BID/ISSUE PERIOD*

BID/ISSUE OPENS ON	[●]	BID/ISSUE CLOSES ON (FOR QIB BIDDERS)**	[●]
		BID/ISSUE CLOSES ON (FOR NON-QIB BIDDERS)	[●]

* Our Company, in consultation with the JGCBLMs, may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date.

** Our Company, in consultation with the JGCBLMs, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, subject to the SEBI ICDR Regulations.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms have the meanings given below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

In this Draft Red Herring Prospectus, unless the context otherwise indicates, all references to “**Videocon d2h**”, “**the Company**”, “**our Company**”, “**the Issuer**”, are to Videocon d2h Limited, a company incorporated in India under the Companies Act 1956, with its registered office situated at Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India. Furthermore, all references to the terms “**we**”, “**us**” and “**our**” are to Videocon d2h Limited.

Company Related Terms

Term	Description
Articles of Association or AoA	The articles of association of our Company, as amended
Auditors	The joint statutory auditors of our Company, Khandelwal Jain & Co., Chartered Accountants and Kadam & Co., Chartered Accountants
Board of Directors or Board	The board of directors of our Company or a duly constituted committee thereof
Corporate Office	The corporate office of our Company situated at 1 st Floor, Techweb Centre, New Link Road, Oshiwara Jogeshwari (West), Mumbai 400 102, Maharashtra, India
Corporate Promoters	Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited and Platinum Appliances Private Limited, collectively
Director(s)	The director(s) on the Board of Directors of our Company
DTH Guidelines	Guidelines for Obtaining License for Providing Direct-To-Home (DTH) Broadcasting Service in India issued by the Ministry of Information and Broadcasting, Government of India on March 15, 2001, as amended from time to time
DTH License Agreement	License Agreement dated December 28, 2007, executed between our Company and the President of India acting through the Director, Broadcasting, Policy & Legislation, Ministry of Information and Broadcasting, Government of India
Equity Shares	The Equity Shares of our Company with a face value of ₹ 10 each
ESOP 2014	The employee stock option scheme established by our Company, as described under “ <i>Capital Structure</i> ” on page 59
GNIDA	Greater Noida Industrial Development Authority
Greenfield	Greenfield Appliances Private Limited
Group Entities	The companies, firms and ventures disclosed in “ <i>Our Promoters and Group Entities</i> ” on page 141, promoted by our Promoters, irrespective of whether such entities are covered under section 370 (1B) of the Companies Act 1956
K _u -Band Lease Agreement	The K _u -band lease agreement dated April 19, 2012, as amended on June 19, 2013, between our Company and the Department of Space, Government of India.
Memorandum of Association or MoA	The memorandum of association of our Company, as amended
Platinum	Platinum Appliances Private Limited
Promoters	Mr. Saurabh Pradipkumar Dhoot, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited and Platinum Appliances Private Limited
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company situated at Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India
SingTel	Singtel Telecommunications Limited
Solitaire	Solitaire Appliances Private Limited
Synergy	Synergy Appliances Private Limited
TEL	Trend Electronics Limited, a Videocon Group entity
Value Industries	Value Industries Limited
Videocon Group	Videocon Group includes entities ultimately promoted or controlled by Mr. Venugopal Nandlal Dhoot, Mr. Rajkumar Nandlal Dhoot and/or Mr. Pradipkumar Nandlal Dhoot
Videocon Industries or VIL	Videocon Industries Limited
VTL	Videocon Telecommunications Limited, a Videocon Group entity

Issue Related Terms

Term	Description
Allotted/Allotment/Allot Allottee	The issue and allotment of Equity Shares to successful Bidders pursuant to the Issue A Bidder to whom the Equity Shares are Allotted
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Anchor Investor	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Issue Opening Date on which Bids by Anchor Investors shall open and allocation to Anchor Investors shall be completed.
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors under the Anchor Investor Portion in terms of the Red Herring Prospectus and the Prospectus, which price will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the JGCBRLMs
Anchor Investor Portion	Up to 60% of the QIB Category, consisting of up to [●] Equity Shares, which may be allocated to Anchor Investors by our Company in consultation with the JGCBRLMs, on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by an ASBA Bidder to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder	Any Bidder (other than Anchor Investors) who Bids through the ASBA process
Axis Capital	Axis Capital Limited
Bankers to the Issue/ Escrow Collection Banks	The bank(s) which is/are clearing member(s) and registered with the SEBI as Bankers to the Issue, with whom the Escrow Account(s) in relation to the Issue will be opened, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful bidders under the Issue, described in " Issue Procedure – Basis of Allotment " on page 326
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder (including an ASBA Bidder), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permitted under the SEBI ICDR Regulations
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make a bid and which shall be considered as the application for the Allotment of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and Anchor Investor
Bid/Issue Closing Date	Except in relation to Anchor Investors, [●]. Our Company, in consultation with the JGCBRLMs, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, subject to the SEBI ICDR Regulations
Bid/Issue Opening Date	Except in relation to Anchor Investors, [●]
Bid/Issue Period	Except in relation to Anchor Investor, the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Cap Price	The higher end of the Price Band above which the Issue Price and Anchor Investor Issue Price will not be finalized and above which no Bids will be accepted, including any

Term	Description
	revisions thereof
Client ID	Client identification number of the Bidder's beneficiary account
Cut-off Price	The Issue Price, finalized by our Company in consultation with the JGCBRLMs, which shall be any price within the Price Band. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Form used by ASBA Bidders, a list of which is available at the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Accounts to the Public Issue Account(s) or the Refund Account(s), as appropriate, and the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s) in terms of the Red Herring Prospectus
Designated Stock Exchange	BSE Limited
DP	Depository Participant
DP ID	Depository Participant's identity number
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated September 29, 2014, filed with the SEBI and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares are offered
Edelweiss	Edelweiss Financial Services Limited
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Eligible QFI	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants and are deemed as FPIs under the SEBI FPI Regulations
Equity Listing Agreement	The equity listing agreement to be entered into by our Company with the Stock Exchange
Escrow Account	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidders (excluding ASBA Bidders) will issue cheques or demand drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	The agreement to be entered into among our Company, the Registrar to the Issue, the JGCBRLMs, the Syndicate Members, the Refund Bank(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable remitting refunds, if any, to the Bidders (excluding ASBA Bidders), on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form
Floor Price	The lower end of the Price Band, and any revisions thereof, below which the Issue Price will not be finalized, below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI, suitably modified and included under " Issue Procedure " on page 296
Gross Proceeds	Gross proceeds of the Issue
IDBI Capital	IDBI Capital Market Services Limited
I-Sec	ICICI Securities Limited
Issue	Public issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ 7,000 million.

Our Company is considering a Pre-IPO Placement of up to 5,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 10% of the post-Issue paid-up Equity Share capital of our Company.

Term	Description
Issue Agreement	The agreement entered into on September 29, 2014 among our Company and the JGCBRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be issued and Allotted to the Bidders (except Anchor Investors), as determined in accordance with the Book Building Process on the Pricing Date
Joint Global Coordinators and Book Running Lead Managers or JGCBRLMs	The joint global coordinators and book running lead managers to the Issue, in this case being Axis Capital Limited, Edelweiss Financial Services Limited, ICICI Securities Limited, IDBI Capital Market Services Limited, SBI Capital Markets Limited, UBS Securities India Private Limited and YES Bank Limited
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, on a proportionate basis
Mutual Funds	Mutual funds registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Issue that will be available to our Company, which exclude the Issue-related expenses
Non-Institutional Category	The portion of the Issue, being not more than [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids received at or above the Issue Price
Non-Institutional Investors/NIIs	All Bidders, including FPIs registered with the SEBI, that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have Bid for Equity Shares for an amount exceeding ₹ 200,000
Pre-IPO Placement	The preferential issue of up to 5,000,000 Equity Shares, aggregating up to ₹ 500 million with certain investors, which is being considered by our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including revisions thereof. The Price Band and the minimum Bid lot for the Issue will be decided by our Company in consultation with the JGCBRLMs and advertised in [●] edition of [●] (a widely circulated English national newspaper), [●] edition of [●] (a widely circulated Hindi national newspaper) and [●] edition of [●] (a widely circulated Marathi newspaper), at least five Working Days prior to the Bid/Issue Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchange for the purpose of upload on its website.
Pricing Date	The date on which our Company, in consultation with the JGCBRLMs, finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC for this Issue on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations, including any addenda or corrigenda thereto
Public Issue Account(s)	The account(s) to be opened with the Banker(s) to the Issue to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date
QIB Category	The portion of the Issue, being not less than [●] Equity Shares, or not less than 75% of the Issue available for allocation to QIBs on a proportionate basis, subject to valid Bids being received at or above the Issue Price, including the Anchor Investor Portion. Allocation to Anchor Investors, if any, will be made by our Company in consultation with the JGCBRLMs, on a discretionary basis
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be issued and which shall be filed with the RoC at least three Working Days before the Bid/Issue Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account(s)	Account(s) opened with Refund Bank(s) from which refunds if any, of the whole or part of the Bid Amount shall be made to the Bidders (excluding ASBA Bidders)
Refund Bank(s)	One or more Escrow Collection Bank(s) with whom Refund Account(s) will be opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in

Term	Description
	this case being, [●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate
Registrar Agreement	The agreement dated July 21, 2014, entered into between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar to the Issue	Link Intime India Private Limited
Retail Category	The portion of the Issue, being not more than [●] Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot, subject to availability in the Retail Category and the remaining Equity Shares to be Allotted on a proportionate basis
Retail Individual Investors/RIIs	Bidders (including HUFs and Eligible NRIs), whose Bid Amount for Equity Shares in the Issue not more than ₹ 200,000
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
SBICAP	SBI Capital Markets Limited
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Stock Exchange	BSE Limited
Syndicate Agreement	The agreement to be entered into among the members of the Syndicate, our Company and the Registrar to the Issue in relation to the collection of Bids in the Issue (other than Bids directly submitted to the SCSBs under the ASBA process or to Registered Brokers at the Broker Centres)
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being [●]
Syndicate or members of the Syndicate	Collectively, the JGCBRLMs and the Syndicate Members
UBS	UBS Securities India Private Limited
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement among our Company and the Underwriters to be entered into on or after the Pricing Date
U.S. QIBs	Qualified institutional buyers, as defined under Rule 144A under the U.S. Securities Act
Working Day(s)	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Bid/Issue Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010
YES Bank	YES Bank Limited

Technical and Industry Related Terms

Term	Description
ARPU	Average Revenue Per User
DAS	Digital Addressable System
DVD	Digital Video Disc
HD	High Definition
IPTV	Internet Protocol Television
LCO	Local Cable Operator
MHz	Megahertz
SD	Standard Definition
STT	Securities Transaction Tax
Gross subscribers	Total registered subscribers

Term	Description
Net subscribers	Subscribers authorized to receive the DTH broadcasting services on account of payment of subscription charges or any entry offer at the time of initial connection. It also includes subscribers who are temporarily disconnected due to non payment of subscription charges for a period not exceeding 120 days

Conventional/General Terms, Abbreviations and References to Business Entities

Term	Description
Air Act	Air (Prevention and Control of Pollution) Act, 1981
BP&L	Broadcasting, Policy and Legislation
BPLR	Base Prime Lending Rate
Bps	Basis points
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
CST	Central Sales Tax
Companies Act	Notified provisions of Companies Act, 2013, read with provisions of Companies Act, 1956, to the extent that such provisions have not been superseded and substituted by the Companies Act, 2013 or denotified, as the case may be
Companies Act 1956	Companies Act, 1956
Consolidated FDI Policy or FDI Policy	The current consolidated FDI Policy, effective from April 17, 2014, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CPC	Code of Civil Procedure, 1908
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIN	Director's Identification Number
DoT	Department of Telecommunications, Ministry of Communication and Technology, Government of India
DTH	Direct-to-Home
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting of the shareholders of a company
EPS	Earnings per share, i.e., profit after tax for a financial year divided by the weighted average number of equity shares during the financial year
Euro or €	Euro, the currency of European Union's member states
FCNR Account	Foreign Currency Non-Resident Account established in accordance with the FEMA
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FEMA 20	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign Institutional Investors as defined under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2000, registered with the SEBI under applicable laws in India and deemed as FPIs under the SEBI FPI Regulations
Financial Year, financial year or FY	Financial year of the Company, i.e. a period of 12 months ended March 31 of that particular year
Fiscal or fiscal	The relevant financial year of a Corporate Promoter or Group Entity, as applicable to such company
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995

Term	Description
FTDRA 1992	Foreign Trade (Development and Regulation) Act, 1992
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GIR number	General Index Registration number
GoI	The Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Insurance Regulatory and Development Authority/ IRDA	Statutory body constituted under the Insurance Regulatory and Development Authority Act, 1999
ISP	Internet Service Provider
MCA	Ministry of Corporate Affairs, GoI
MIB	Ministry of Information and Broadcasting, GoI
MICR	Magnetic Ink Character Recognition
MIT	Ministry of Communications and Information Technology
Mutual Funds	Mutual funds registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
Non-Resident or NR	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
p.a.	Per annum
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PIS	Portfolio Investment Scheme as stipulated under Regulation 5 (2) of FEMA 20 subject to terms and conditions specified under Schedule 2 of the FEMA 20
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoC or Registrar of Companies	The Registrar of Companies, Maharashtra, Mumbai
RTGS	Real Time Gross Settlement.
Rupee or Rs. or ₹	Indian Rupee
SACFA	Standing Advisory Committee of Radio Frequency Allocation
SAT	Securities Appellate Tribunal
SCRA	Securities Contract (Regulations) Act, 1956
SCRR	The Securities Contract (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEZ	Special Economic Zone
Sub- account	Sub-accounts of FIIs registered with the SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TDSAT	Telecom Disputes Settlement Appellate Tribunal
TNPCC	Tamil Nadu Progressive Consumer Centre

Term	Description
Trade Marks Act	The Trade Marks Act, 1999
TRAI	Telecom Regulatory Authority of India
TRAI Act	Telecom Regulatory Authority of India Act, 1997
US\$ or USD or U.S. Dollar	United States Dollar
USA or U.S.	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VAT	Value Added Tax
Venture Capital Funds or VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI
Water Act	Water (Prevention and Control of Pollution) Act, 1974
WPC	Wireless Planning and Coordination Wing

The words and expression used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “*Main Provisions of Articles of Association of our Company*”, “*Statement of Tax Benefits*”, “*Regulations and Policies in India*” and “*Financial Statements*” on pages 337, 79, 122, and 159, respectively, shall have the meanings given to such terms in these respective sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to “**India**” are to the Republic of India. All references in this Draft Red Herring Prospectus to the “**U.S.**”, “**U.S.A.**” or “**United States**” are to the United States of America.

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements as of and for the three months ended June 30, 2014 and the financial years 2014, 2013, 2012, 2011, and 2010 prepared in accordance with the Generally Accepted Accounting Principles in India (“**Indian GAAP**”) and the Companies Act, and restated in accordance with the SEBI ICDR Regulations.

Our financial year commences on April 1 of the immediately preceding year and ends on March 31 of that year, so all references to a particular financial year are to the 12 month period ended March 31 of that year.

There are significant differences between the Indian GAAP, the International Financial Reporting Standards (“**IFRS**”) and the Generally Accepted Accounting Principles in the United States of America (“**U.S. GAAP**”). We have not attempted to explain such differences or to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial information to U.S. GAAP or IFRS and we urge investors to consult their advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Currency and Units of Presentation

All references to “Rupees” or “₹” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. Except where specified, in this Draft Red Herring Prospectus, all figures have been expressed in “million” which means “10 lakhs”. All references to “US\$”, “U.S. Dollar”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

Industry and Market Data

Industry and market data used throughout this Draft Red Herring Prospectus has been obtained from various industry publications such as the Media Partners Asia, India DTH Market Overview – Key Dynamics and Future Outlook, July 2014 report. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the JGCBRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

This data has not been prepared or independently verified by us or the JGCBRLMs or any of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “**Risk Factors**” on page 12. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, we have included in the section titled “*Basis for the Issue Price*” on page 76, information relating to our peer group company. Such information has been derived from publicly available sources, and neither we, nor the JGCBRLMs have independently verified such information.

Exchange Rates

This Draft Red Herring Prospectus contains conversions of U.S. Dollars, and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that those U.S. Dollars or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

The exchange rates of U.S. Dollars as on June 30, 2014, March 28, 2014, March 28, 2013, March 30, 2012, March 31, 2011 and March 31, 2010 are provided below.

Currency	Exchange rate as on June 30, 2014	Exchange rate as on March 28, 2014*	Exchange rate as on March 28, 2013**	Exchange rate as on March 30, 2012***	Exchange rate as on March 31, 2011	Exchange rate as on March 31, 2010
USD	60.0933	60.0998	54.3893	51.1565	44.65	45.14

Source: Reserve Bank of India (“RBI”)

* Not available for March 29, 2014, March 30, 2014 and March 31, 2014 on account of holidays.

** Not available for March 29, 2013, March 30, 2013 and March 31, 2013 on account of holidays.

*** Not available for March 31, 2012 on account of it being a holiday.

Rounding off of figures

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will continue”, “seek to”, “will pursue” or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements being subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including, but not limited to:

- Failure to lease sufficient satellite transmission capacity to deliver our programme offerings that could adversely affect our financial condition and results of operations;
- Technical failure, damage or loss of the ST-2 satellite may adversely affect our business, financial condition and results of operations;
- Additional amounts which we may be required to pay towards our Direct-to-Home (“DTH”) license fees for our prior years of operations may have an adverse effect on our business, financial condition and results of operations;
- We have had overdue payments under some of our financing arrangements in the past and any such defaults going forward, could have an adverse effect on our business, financial condition and results of operations.
- Our ability to obtain capacity to expand our programming offerings on additional satellites located outside of five degrees of the orbital slot of the ST-2 satellite, our subscriber costs and other expenses may increase, which may increase our costs of operations;
- Technical failures of the broadcasters who provide us with signal input for the provision of their programming may adversely affect our business, financial condition and results of operations;
- Our inability to compete effectively with pay DTH operators and cable operators, and free-to-air television could adversely affect our business and financial condition;
- Our inability to keep pace with technological developments may adversely affect our business and financial condition;
- Our inability to continue to benefit from our relationships with our Promoters and the Videocon group and the “Videocon” and “Videocon d2h” brands, may adversely affect our business, financial condition and results of operations; and
- Our inability to continue to benefit from our relationship with Trend Electronics Limited which may adversely affect our results of operations.

For a further discussion of factors that could cause our actual results to differ, see “**Risk Factors**”, “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 12, 109 and 224, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, nor the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company will ensure that investors in India are informed of material developments until such time as the Allotment of the Equity Shares pursuant to the Issue.

SECTION II - RISK FACTORS

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business, financial condition and results of operations. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition and results of operations could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless otherwise stated, the financial information used in this section is derived from our restated audited financial statements prepared under Indian GAAP. See "Financial Statements" on page 159.

1. *Mr. Venugopal N. Dhoot, a member of our Promoter Group, and Videocon International Limited (now amalgamated with Videocon Industries Limited, ("Videocon Industries")) a Group Entity, are involved in proceedings relating to alleged fraudulent and unfair trading practices.*

In April 2001, SEBI ordered prosecution proceedings to be brought against Videocon International Limited (now amalgamated with Videocon Industries) through its directors and officers, including Mr. Venugopal N. Dhoot, a member of our Promoter Group, alleging that Videocon International Limited violated regulations prohibiting fraudulent and unfair trading practices and passed an order prohibiting Videocon International Limited from accessing the capital markets for a period of three years. Videocon International Limited and its directors and officers, including Mr. Venugopal N. Dhoot, filed an appeal before the Securities Appellate Tribunal (the "SAT"). SEBI's order prohibiting access to the capital markets was overruled by the SAT on June 20, 2002. However, the SAT held that it was beyond its jurisdiction to issue any order setting aside SEBI's decision to initiate prosecution proceedings. SEBI's order was based on its finding that Videocon International Limited had violated Regulation 4(a) and 4(d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 1995.

Mr. Venugopal N. Dhoot and others have filed a petition before the High Court of Bombay to grant a stay on the prosecution proceedings, which is pending disposal while SEBI has filed an appeal against the SAT's decision before the same forum.

In addition, petitions and applications were filed by Videocon International Limited and others before the High Court of Bombay, contending that the complaints filed by SEBI should be tried by the Magistrates Court rather than being committed and transferred to the Court of Sessions. The Bombay High Court, by an order dated January 16, 2008, held that the complaints filed before or after October 29, 2002 in respect of the offences that were alleged to have taken place prior to October 29, 2002, are required to be tried by the court to which they were presented (i.e., the Magistrates Court) and are not required to be committed and transferred to the Court of Sessions. SEBI preferred a petition for special leave before the Supreme Court of India which granted a stay of further proceedings while the special leave petition remained pending. Videocon International Limited also preferred a petition for special leave before the Supreme Court of India. The special leave petitions have been admitted and are pending for hearing and final disposal.

Since Videocon International Limited has amalgamated with Videocon Industries, Videocon Industries will be liable for all of Videocon International Limited's liabilities. As a result, in the event that the Supreme Court of India decides the above matters against Videocon International Limited, Videocon Industries and a member of our Promoter Group may be subject to civil and criminal sanctions, which could have an adverse effect on our reputation, business and operations.

2. *In recent financial years, our accumulated losses exceeded the paid-up share capital of our Company, we had negative cash flow from operating activities and have a negative net worth, despite which our financial*

statements have been prepared on a “going concern” basis. Further, we have a limited operating history, which may make it difficult to evaluate our past performance and prospects.

We incurred losses for the three months ended June 30, 2014 and the financial years 2014, 2013 and 2012 of ₹ 781.52 million, ₹ 4,693.67 million, ₹ 5,150.89 million and ₹ 4,820.06 million, respectively. For the financial years 2011 and 2010, we had negative cash flows from operating activities of ₹ 1,181.87 million and ₹ 504.26 million, respectively. As of June 30, 2014, we had a negative net worth of ₹ 13,836.00 million. Our auditors have noted that despite the erosion of our net worth and the fact that our accumulated losses exceeded the paid-up share capital of our Company, they have reported on our financial statements on a going concern basis. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 224. We cannot assure you that we will not incur losses, have negative cash flows from operating activities or an increase in negative net worth in the future or that our auditors will continue to prepare our financial statements on a going concern basis, which may adversely affect our ability to carry out our business.

Further, we commenced our commercial operations in July 2009. As a result, we have a limited operating history, which may make it difficult for you to evaluate our past performance and prospects. Our business must be considered in light of the risks and uncertainties inherent in a new venture. We may also need to alter our business and strategies on an ongoing basis to manage our growth and to compete effectively with more established pay DTH operators. Entering into new regions or spaces may pose challenges to our management, administrative, financial and operational resources. We cannot assure you that the growth in our subscriber base that we have witnessed during our limited operating history will continue.

- 3. The increase in estimated useful life of our consumer premises equipment from five years to seven years with effect from April 1, 2010, reduced our total depreciation cost by ₹ 389.59 million and ₹ 1,316.99 million for the three months ended June 30, 2014 and the financial year 2014, respectively, and the change in pricing structure of our activation charges and lease rental with effect from April 1, 2011, decreased our revenue by ₹ 136.44 million (on a net basis) and ₹ 282.22 million (on a net basis) for the three months ended June 30, 2014 and the financial year 2014, respectively, affecting our audited financial statements for each of the periods included in this Draft Red Herring Prospectus.*

We revised our estimate of the useful life of our consumer premises equipment from five years to seven years, effective from April 1, 2010 as disclosed under “*Financial Statements – Annexure V – Statement on Adjustments to Audited Financial Statements*” on page 184. Such revision of estimate was carried out as we believe that the revised estimate of the useful life of the consumer premises equipment (i.e., seven years) is representative of the pattern of economic benefits derived from such equipment. Additionally, we revised our pricing structure with effect from April 1, 2011, to increase our activation revenue and decrease our income from lease rental of the consumer premises equipment. We revised the pricing structure of the amount charged from a subscriber who chooses to take the set-top box on a lease rental basis (₹ 1,390, inclusive of tax), such that the amount towards activation fee was increased from ₹ 353.58 (exclusive of tax) to ₹ 792.10 (exclusive of tax) and the amount towards lease rental was decreased from ₹ 888.88 (exclusive of tax) to ₹ 444.44 (exclusive of tax) during the financial year 2014. However, while our auditors have confirmed that the such changes made in respect of the estimate of the useful life of the consumer premises equipment and the pricing structure, do not amount to changes in our accounting policies and are limited to changes in estimates, if such changes were not made, our audited financial statements would be affected in the manner provided below:

(₹ in millions)

	Three months ended June 30, 2014		Financial Year 2014		Financial Year 2013		Financial Year 2012		Financial Year 2011	
	Restated Financial Information	Assuming no change in Depreciation, Pricing Structure and Lease Period	Restated Financial Information	Assuming no change in Depreciation, Pricing Structure and Lease Period	Restated Financial Information	Assuming no change in Depreciation, Pricing Structure and Lease Period	Restated Financial Information	Assuming no change in Depreciation, Pricing Structure and Lease Period	Restated Financial Information	Assuming no change in Depreciation, Pricing Structure and Lease Period
Revenues	5,377.42	5,513.86	17,608.45	17,890.67	11,259.92	11,388.45	7,005.46	6,648.42	1,859.34	1,916.92
EBITDA	1,522.33	1,658.77	3,967.88	4,204.88	774.00	311.17	(792.93)	(1,306.78)	(3,311.08)	(3,253.50)

Net (Loss)	(781.52)	(1,034.69)	(4,693.67)	(5,773.66)	(5,150.89)	(6,566.25)	(4,820.06)	(5,944.41)	(5,285.15)	(5,426.92)
Net Tangible Assets	21,532.77	18,063.80	20,677.44	17,598.07	18,208.30	16,445.92	14,373.47	13,563.63	9,797.94	9,598.59
Net Worth	(13,836.00)	(17,850.64)	(13,042.07)	(16,803.54)	(8,348.40)	(11,029.88)	(6,197.51)	(7,463.63)	(1,377.45)	(1,519.22)

4. ***The Court of Turin, Italy has, by an ex-parte decree, ordered that Videocon Industries pay certain lenders of an erstwhile subsidiary a total principal amount of the loan that the erstwhile subsidiary had incurred, which order may be enforced against Videocon Industries. The enforcement of such order or other events could result in us being in default or cross-default under certain provisions of our loan agreements, which could adversely affect our business, prospects and reputation.***

In June 2007, Intesa Sanpaolo S.p.A. (“**Intesa**”) and Banca Intesa Mediocredito S.p.A. (“**Banca Intesa**”) (collectively, the “**Lenders**”) entered into a loan agreement with VDC Technologies S.p.A. (“**VDC**”), a company incorporated in Italy, which was then an indirect subsidiary of Videocon Industries, for a maximum principal amount of € 35.00 million. In relation to the loan to VDC, Videocon Industries issued patronage letters dated June 1, 2007 and June 5, 2007 in favor of Intesa (collectively, the “**Patronage Letters**”), towards the fulfillment of VDC’s obligations under the loan agreement.

VDC ceased to be a subsidiary of Videocon Industries in March 2008 which was intimated to Intesa. Since such time, VDC allegedly defaulted under the terms of the loan agreement. Intesa sought to enforce the Patronage Letters alleging continued default under the loan agreement, including as a result of VDC ceasing to be a subsidiary of Videocon Industries in April 2011, and subsequently initiated injunction proceedings in the Court of Turin, Italy demanding that Videocon Industries fulfill its obligations under the Patronage Letters. The Court of Turin, Italy passed an ex-parte decree against Videocon Industries ordering that it pay Intesa the principal amount of the loan of € 35.00 million along with other interests and costs incurred, aggregating € 36.2 million.

Recognition and enforcement of foreign judgments in India is provided under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (“**CPC**”). Italy is not recognized as a reciprocating country by the GoI for the purpose of enforcing orders by the Italian courts and, as a result, Intesa will be required to file a suit upon the foreign judgment in the appropriate court in India and obtain a fresh decree against Videocon Industries. Accordingly, Intesa filed a suit on August 21, 2012 in the Bombay High Court against Videocon Industries and served a notice of motion for interim relief pursuant to which Intesa has sought an order to the effect that the judgement passed by the Court of Turin, Italy be declared as valid, binding, conclusive and enforceable against Videocon Industries and that pending hearing and final disposal of the suit, Videocon Industries be directed to secure the payment due to Intesa including by restraining Videocon Industries from alienating or disposing its assets and property. The Bombay High Court has not granted this ad-interim relief sought by Intesa and the matter is pending final hearing.

Intesa has also served Videocon Industries with a legal notice dated July 3, 2012 demanding that payment be made amounting to € 36.7 million plus all agency fees and ancillary costs subject to a maximum of € 38.0 million under the loan agreement and the Patronage Letters and reserved its right to initiate winding up proceedings against Videocon Industries in the event that such payment was not made within three weeks of the receipt of the notice. Videocon Industries had sent a response to the legal notice dated July 28, 2012 denying Intesa’s claim. Intesa filed a winding up petition on October 18, 2012 in the Bombay High Court against Videocon Industries, which by an order dated December 5, 2013, directed that the winding up petition will stand dismissed if Videocon Industries deposits an amount of ₹ 2,597.30 million (being equivalent to € 38 million), with the Bombay High Court by January 27, 2014 which Intesa will be entitled to draw. The Bombay High Court further directed that in the event the aforesaid amount is not deposited on or before January 27, 2014, the winding up petition will be admitted without further reference to the court. Videocon Industries filed an appeal (No.(L) No.29/2014) before the Division Bench of the Bombay High Court, challenging the order, which appeal was dismissed by an order dated July 23, 2014. The Division Bench of the Bombay High Court, by an order dated July 19, 2014, dismissed the appeal filed by VIL, granted VIL eight weeks to prefer an appeal before the Supreme Court and stayed the implementation of the order dated December 5, 2013. Subsequently, VIL filed an appeal before the Supreme Court challenging the order of the Bombay High Court dated July 19, 2014. The Supreme Court, by an order dated September 22, 2014, directed

that the fixed deposit deposited with the Supreme Court (and maturing on October 7, 2014) should be renewed for a period of two years and granted an interim stay on the operation and implementation of the Bombay High Court's order dated July 19, 2014. See "***Outstanding Litigation and Material Developments - Litigation involving our Group Entities***" on page 246.

Further, as a result of the alleged violation of the terms of the Patronage Letters together with the ex-parte decree passed by the Court of Turin, Videocon Industries may be determined to be in default under certain of its financing agreements, including a cross-default under the terms and conditions of the unsecured US\$ 200,000,000, 6.75% convertible bonds due 2015 (the "**Bonds**") issued by Videocon Industries. Any default or declaration of an event of default under the Bonds could have an adverse effect on Videocon Industries' and the Videocon Group's financial condition, business and reputation.

Videocon Industries is the flagship entity of the Videocon Group, a group that we have a strong relationship with. One of the benefits that we enjoy as a result of our relationship with the Videocon Group is that majority of our secured loans were either guaranteed or supported through undertakings by Videocon Industries. Under the terms of these facilities, we may be in default if one of our guarantors (including Videocon Industries), fails to comply with its own debt obligations, defaults under one or more of its loan facilities or if any of such entities' indebtedness, becomes due and payable prior to maturity on account of an event of default. For example, if Videocon Industries were to default under a loan facility or if any of its indebtedness becomes due and payable prior to maturity on amount of an event of default, such event could trigger a series of defaults or cross-defaults under its or our loan facilities and all outstanding amounts under our loan facilities could become due and payable immediately, together with accrued interest, which could adversely affect our financial condition, business, results of operations and reputation.

None of our lenders have notified us of an event of default under the terms of any of our loan agreements as a result of the legal proceedings against Videocon Industries in the Intesa matter provided above or otherwise. However, in the event that a lender notifies us of a default or an event of default, such lender could declare all amounts outstanding thereunder to be due and payable immediately, together with accrued interest, and in certain instances, enforce their security constituted over our various assets and take possession of those assets, which would adversely affect our financial condition, business, results of operations and reputation.

In addition, on account of cross-default and cross-acceleration provisions in our loan agreements, any notification or declaration of an event of default or a potential event of default under any of our loan facilities could result in the cross-default and cross-acceleration of our other outstanding indebtedness and payment of penalty interest, which would adversely affect our financial condition, business and results of operations. In addition, if Videocon Industries were to be declared to be in default of any of their loan facilities, due to our relationship with the Videocon Group, any such declaration could have an adverse effect on our business, prospects and reputation, even if our lenders do not declare us to be in cross-default as a result.

5. *We have had overdue payments under some of our loan agreements. Our inability to make timely payments to our lenders in the future could have an adverse effect on our business, financial condition and results of operations.*

We had aggregate overdue payments of principal of ₹ 595.85 million and interest of ₹ 378.54 million, as of March 31, 2014 under certain loan agreements aggregating to ₹ 974.39 million. Additionally, while there were no overdue payments as of June 30, 2014, during the three months period ended June 30, 2014, there were delays in making payments under certain loan agreements. For details, see "***Financial Statements - Annexure V - Statement on Adjustments to Audited Financial Statements***" on page 184. Further, during the period between July 1, 2014 and the date of this Draft Red Herring Prospectus, we made delayed payments under certain of our loan agreements. Additionally, as on the date of this Draft Red Herring Prospectus, there are certain overdue payments under certain of our loan agreements. Though we have not received any notice declaring an event of default from these financial institutions and banks, our inability to make timely payments to our lenders constitutes an event of default under these loan agreements. Should we fail to make timely payments to our lenders in the future, and our lenders elect to accelerate all amounts outstanding under the relevant loan agreements and declare such amounts immediately due and payable together with accrued and unpaid interest, it could have an adverse effect on our business, financial condition and results of operations.

Further, a default by us under the terms of any loan agreement also constitutes a cross-default under our other financing agreements, which could result in the acceleration of repayment under those facilities, which may individually or in the aggregate, have an adverse effect on our financial condition and results of operations. Any continued delays in payment will trigger additional cross-defaults under other agreements. Also, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing agreements, thereby reducing the availability of cash flow to meet working capital requirements and use for other general corporate purposes. Such continued defaults may also result in a decline in the trading price of our Equity Shares and you may lose all or part of your investment. Further, any action initiated by a lender may result in the price of the Equity Shares being adversely affected along with our ability to obtain further financing from banks and financial institutions.

6. *If we fail to lease sufficient satellite transmission capacity to deliver our programming offerings, our business, financial condition and results of operations would be adversely affected.*

Our business requires that we have sufficient satellite transmission capacity for the programming we offer. We do not own any satellites and have entered into a K_u-Band Lease Agreement dated April 19, 2012, as amended on June 19, 2013 (the “**K_u-Band Lease Agreement**”), which is valid until February 28, 2015, with the Department of Space, Government of India (the “**Department of Space**”) for the lease of K_u-band space segment capacity on the ST-2 satellite of Singapore Telecommunications Limited (“**SingTel**”). We currently lease ten transponders of 54 Mhz on the ST-2 satellite.

In the event that we fail to meet our payment obligations for two consecutive months, breach a provision or fail to perform an obligation and do not cure such breach within 20 days of receiving written notice from the Department of Space, the Department of Space has the right to terminate the K_u-Band Lease Agreement. In the event of such termination by the Department of Space, we would be required to pay certain early termination charges.

While we currently believe that we have sufficient satellite capacity to transmit our existing and planned programming offerings, we cannot assure you that we will be able to continue to lease such capacity or additional capacity on terms acceptable to us, or at all. If the K_u-Band Lease Agreement is terminated or expires and we are unable to secure suitable replacement satellite transmission capacity, our business, financial condition and results of operations would be adversely affected.

7. *A significant portion of our Promoters and members of our Promoter Group’s shareholding in our Company is pledged as security to certain banks and financial institutions. In the event of enforcement of such pledges, the pledged Equity Shares may be required to be transferred to the holders of such pledges, resulting in a change in our Company’s shareholding pattern.*

Certain of our Promoters and members of our Promoter Group have pledged an aggregate of 53.44% of their total shareholding in our Company, in addition to executing undertakings (along with powers of attorney) to not transfer or dispose an additional 21% of their shareholding in our Company. In the event of enforcement of pledges on such encumbered Equity Shares for any reason (including any default under the terms and conditions of the relevant agreements pursuant to which such pledges have been created), such pledged Equity Shares may be required to be transferred to third parties in favour of which the pledges are created, resulting in a change in our Company’s shareholding pattern, which may adversely affect our ability to carry out our business operations and as a result, adversely affect our business, financial condition and results of operations.

8. *Consumer premises equipment comprises 86.1% and 85.0% of our net tangible assets as of June 30, 2014 and March 31, 2014, respectively, and in case of termination or discontinuation of services, once the subscriber returns the consumer premises equipment to us, its written down value is decapitalized. If we are unable to recover the consumer premises equipment from such churned subscribers, there could be a significant erosion of the realizable value of our consumer premises equipment.*

Consumer premises equipment comprises 86.1% and 85.0% of our net tangible assets as of June 30, 2014 and March 31, 2014, respectively. As a result of discontinuance or termination of services, which is an industry wide phenomenon, we may not be able to recover our consumer premises equipment that we have provided on

a rental basis to such subscribers. As of June 30, 2014, we had a cumulative churn of 2.12 million subscribers comprising 23.32% of our net subscriber base of 9.09 million as of June 30, 2014, which is calculated on the basis of the number of subscribers who have not made payments for at least 120 days and is the difference between the number of our Gross subscribers and the number of our Net subscribers. If we are unable to recover the consumer premises equipment from such churned subscribers, there could be a significant erosion of the realizable value of our consumer premises equipment. Given below is the churn experienced and the number of consumer premises equipment we have recovered from such churn, for the periods indicated:

(in millions)

Financial Year/Period	Deletions (i.e. cancellation / discontinuance on account of non-payment for over 120 days)	Actual recovery of consumer premises equipment from churned subscribers
Three months ended June 30, 2014	0.11	0.00
Financial year 2014	0.69	0.00
Financial year 2013	0.68	0.00
Financial year 2012	0.53	0.00

See “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 159 and 224 for further information.

9. *We are required to obtain certain approvals of the Ministry of Information and Broadcasting, Government of India (the “MIB”) in respect of this Issue and related matters. In addition, our business is regulated and failure to obtain required regulatory approvals or clearances to operate our business, or comply with applicable laws, and any adverse changes in applicable laws could adversely affect our business, financial condition and results of operations.*

Under the terms of the Guidelines for Obtaining License for Providing Direct-To-Home Broadcasting Service in India issued by the MIB on March 15, 2001, as amended from time to time (the “**DTH Guidelines**”) and the licence agreement dated December 28, 2007 between our Company and the President of India acting through the Director, Broadcasting, Policy and Legislation, Ministry of Information and Broadcasting, Government of India (the “**DTH License Agreement**”), we are required to obtain the prior written permission of the MIB for effecting any change in the equity structure of our Company.

Additionally, we are subject to various regulatory requirements, which may restrict our ability to conduct our business. Under the provisions of India’s current Consolidated FDI Policy, effective from April 17, 2014, foreign investment in our Company is permitted up to 49.0% of our paid-up Equity Share capital under the automatic route, and up to 74.0%, with prior approval of the Government of India for foreign investment between 49.0% and 74.0%, subject to, among others, the following conditions, which we will be required to fulfil, in the event of any foreign investment being brought into our Company:

- A majority of our Directors and our key executives, including any chief executive officer, chief officer in charge of technical network operations and chief security officer must be citizens of India;
- Each of our Company, Directors, key executives such as any managing director, chief executive/financial officer, chief operating/technical/security officer, any shareholder of our Company who holds 10.0% or more of our paid-up Equity Share capital, and any other category of persons as may be specified by the MIB from time to time, have obtained security clearance from the MIB;
- Prior permission of the MIB must be obtained for effecting any changes in our Board of Directors, appointment of Directors and any key executives as mentioned above, and any other executives as may be specified by the MIB from time to time; and
- Security clearance must also be obtained for each foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract, consultancy or any other capacity for providing any services to our Company. Such security clearance is required to be renewed every two years.

For details, see “*Regulations and Policies in India*” on page 122.

We will obtain prior approval of the MIB for issuance of Equity Shares pursuant to this Issue and the ESOP Scheme, prior to filing the Red Herring Prospectus with the RoC. In the event that the MIB does not grant such approval, we will be unable to undertake the Issue. Further, we cannot assure you that we will be able to obtain necessary approvals required from the MIB in the future in a timely manner, or at all, or that we will be able to comply with any further conditions imposed by the MIB while granting such permissions.

Further, the MIB has the right to modify, at any time, the laws and regulations applicable to us, including the DTH Guidelines and the terms and conditions of the DTH License Agreement. Our business could suffer if there are adverse changes to the regulatory environment. Increased regulation or changes in existing regulation may require us to change our business policies and practices and may increase the costs of providing services to customers, which could have an adverse effect on our business, financial condition and results of operations.

10. We may be required to pay additional amounts towards our DTH license fees for our prior years of operation which may have an adverse effect on our business, financial condition and results of operations. For the period until financial year 2013, such additional amounts may be up to ₹1,582.89 million.

Under the terms of the DTH License Agreement, we are required to pay an annual fee to the MIB equivalent to 10.0% of our Gross Revenue for the relevant financial year. The levy of this license fee has been subject to dispute between the MIB and certain pay DTH operators. These pay DTH operators had, under the respective disputes filed before the Telecom Disputes Settlement Appellate Tribunal (the “TDSAT”) (i.e., *Tata Sky v. Union of India and the Telecom Regulatory Authority of India* and *Sun Direct Limited v. Union of India*), claimed that the MIB’s entitlement to levy a license fee on the gross revenue of the relevant pay DTH operators is restricted to revenue arising out of the licensed activities of the pay DTH operators, and does not extend to any income that may otherwise be earned by the pay DTH operators, such as interest and rental income, among others. The TDSAT in 2008 passed orders in favor of the pay DTH operators and held that the license fee payable by such pay DTH operators is required to be calculated only on the basis of revenue earned from their licensed activities.

The Government of India has filed appeals against the TDSAT’s orders passed in 2008, which are currently pending adjudication.

Our Company has since the commencement of our DTH operations paid license fees to the MIB, calculated on adjusted gross revenue earned by us pursuant to our licensed DTH operations only. Pursuant to our letter dated February 23, 2011 to the MIB in relation to the submission of statement of adjusted gross revenue for the year ended March 31, 2010 and payment towards our license fee, the MIB issued a letter to us on April 18, 2011 acknowledging the receipt of the license fee, but stated that such acknowledgement was without prejudice to the rights and contentions raised in the appeals filed by the Government of India against the TDSAT’s orders passed in 2008 and other special leave petitions pending before the Supreme Court of India and that such acknowledgement was subject to verification of our Company’s final audited accounts. The MIB further noted that the acknowledgement would not constitute the final settlement of the license fees and that the Government of India reserves its rights to raise further claims and to call for additional information in order to confirm that the license fee has been paid in full. The Government of India reserved its right to take any other action as it may deem fit to recover such amounts. If the Supreme Court rules in favor of the Government of India, and we are required to pay additional DTH license fees, we may incur additional liability of ₹ 2,744.76 million, and our business, financial condition and results of operations may be adversely affected. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingent Liabilities*” on page 239.

Subsequently, through a demand notice dated March 24, 2014, the MIB has raised a demand against our Company for an aggregate amount of ₹ 1,582.89 million towards outstanding license fees (together with interest at the rate of 1% per month) for periods until March 31, 2013. On April 3, 2014, our Company filed a petition before the TDSAT challenging the demand notice and an application seeking an interim order restraining the MIB from giving effect to the demand notice and from taking any coercive measures against our Company, including invocation of the bank guarantee submitted by our Company to the MIB. The TDSAT, though an order dated April 4, 2014, granted the interim relief sought by our Company, and the

petition is currently pending adjudication. In the event that the interim relief granted to our Company is reversed (thereby requiring us to furnish the amounts demanded under the demand notice and/or leading to invocation of the bank guarantee issued to the MIB pending adjudication of the petition), or if the TDSAT does not finally decide the petition in our favour, we will be required to pay the amounts demanded under the demand notice, in addition to any further amounts demanded as payable towards outstanding license fees for periods after March 31, 2013, which will have an adverse effect on our business, financial condition and results of operations.

11. *If the ST-2 satellite experiences technical failure, is damaged or is lost, our business, financial condition and results of operations would be adversely affected.*

While the ST-2 satellite has an estimated useful life through 2026, it is subject to significant operational risks while in orbit. These risks include malfunctions that may occur as a result of various factors, such as satellite manufacturer error or operational failures. Satellites are also subject to a variety of atmospheric risks while in orbit that may adversely affect operations, including meteoroid events, electrostatic storms, increased solar activity and collisions with space debris. If the ST-2 satellite experiences technical failure, is damaged or is lost, our ability to provide programming to our subscribers could be seriously disrupted or suspended, including for prolonged periods. As a result, our relationship with current subscribers and our ability to attract new subscribers may be adversely affected, which would adversely affect our business, financial condition and results of operations.

In the event of such failure, damage or loss, we could be prevented from effectively operating our business and we may be required to incur significant capital expenditure to restore operations including by obtaining replacement satellite capacity. We cannot assure you that we would be able to restore our operations or obtain such capacity in a timely manner, or at all. If substitute satellite transponder capacity is not available on another satellite at the same geostationary position as the ST-2 satellite, our ability to continue to provide our programming offerings would be interrupted, which would adversely affect our business, financial condition and results of operations. We do not carry business interruption insurance to cover such losses and in such event, it is not certain when, if ever, we would be able to resume operations.

12. *We have entered into a license agreement with respect to our ability to provide DTH services, with the Government of India, which requires us to adhere to certain onerous terms and conditions, a failure of which could result in the revocation of our license, which would adversely affect our business, financial condition and results of operations.*

We entered into the DTH License Agreement with the President of India acting through Director (BP&L), MIB, Government of India (the “**Licensor**”) pursuant to which we have been granted a license to establish, maintain and operate a DTH platform (the “**DTH License**”), subject to certain terms and conditions. Pursuant to the terms of the DTH License Agreement, we are required to pay an annual fee of 10.0% of our inflow of cash, receivables and other consideration arising in the ordinary course of business from the rendering of DTH services and from the use by others of our DTH resources yielding rent, interest, dividend, royalties or commissions, without deduction of taxes and agency commission, on the basis of billing rates, net of any discounts to advertisers for the relevant financial year (“**Gross Revenue**”) to the MIB. We are also required to pay license fees and royalty for the spectrum we use, as determined by the Wireless Planning & Coordination Wing of the Ministry of Communications and Information Technology, Department of Telecommunications, Government of India (the “**WPC**”). See “— *We may be required to pay additional amounts towards our DTH license fees for our prior years of operation which may have an adverse effect on our business, financial condition and results of operations. For the period until financial year 2013, such additional amounts may be up to ₹1,582.89 million*” on page 18.

The DTH License is valid until December 12, 2018 (10 years from the date of the issue of the wireless operational license from the WPC), unless terminated earlier for default, insolvency or transfer of the DTH License. The DTH License may be terminated by the Licensor without compensation to us in the event of breach of any of the terms and conditions of the license (after allowing us an opportunity to address the breach), including, among other things, if we become bankrupt or otherwise insolvent or apply for being adjudicated as insolvent or bankrupt. Any change in the equity structure of our Company is required to be carried out in consultation with, and with the prior approval of, the Licensor. If the DTH License Agreement

is terminated or is not renewed, we would lose the ability to provide DTH services in India and our business, financial condition and results of operations would be adversely affected.

13. *If we are unable to compete effectively with pay DTH operators and cable operators, and free-to-air television, our business and financial condition would be adversely affected.*

We compete directly with other pay DTH operators, as well as indirectly with cable operators, IPTV operators and free-to-air television. Competition in the Indian pay DTH market is intense, and we cannot guarantee that we will be successful in generating sufficient subscriber revenue in light of the competition we face. We believe that we compete on pricing, programming offerings, services, subscriber satisfaction, network quality and content delivery. We believe that our key DTH competitors are Tata Sky Limited, Dish TV India Limited and Bharti Telemedia Limited. Existing and future competitors may have access to greater financial and marketing resources than we do, which may allow them to be more successful in capturing subscribers.

Mergers, joint ventures and alliances among franchise, wireless or private cable television operators, telecom operators, broadband service providers and others may result in additional providers capable of offering bundled television, data and telecommunications services in competition with our services. In addition, some of our competitors may have significantly greater resources than us. Increasing competition may require us to expend significant resources on more advanced consumer premises equipment, enhanced programming offerings and more sophisticated marketing initiatives, which may increase subscriber acquisition and retention expenses. Alternatively, we may be required to accept lower subscriber acquisitions and higher turnover of subscribers in the form of subscriber service cancellations, or churn. If we are not able to compete effectively, our business and financial condition would be adversely affected.

14. *If we are unable to manage our growth effectively, our business, financial condition and results of operations may be adversely affected.*

Since the commencement of our operations, our subscriber base and total revenue have grown rapidly. Our gross DTH subscriber base has increased from approximately 0.44 million as of March 31, 2010 to 11.21 million as of June 30, 2014. (Source: Media Partners Asia, "India DTH Market Overview – Key Dynamics & Future Outlook, July 2014 (hereinafter referred to as the "MPA Report")) Our total revenue has increased from ₹ 142.07 million for the financial year 2010 to ₹ 17,608.45 million for the financial year 2014. In order to manage our continued growth effectively, we must continue to acquire programming offerings, manage the selection of programming we offer, including the structuring of subscriber packages, introduce new models of set-top boxes and additional service features, develop and improve our operational, financial and other controls, effectively withstand pricing and other competitive pressures, effectively manage a growing labor force and hire, train and retain skilled personnel for our management and technical teams. In addition, the future growth of our business may involve the expansion of our business into new geographic markets and into new areas of business. If we are unable to manage our growth effectively, our business, financial condition and results of operations may be adversely affected.

15. *Our indebtedness and the conditions and restrictions imposed on us under our loan agreements, and the interest rate fluctuations to which we are exposed, could adversely affect our ability to conduct our business, financial condition and results of operations.*

As of August 31, 2014, we had an outstanding secured indebtedness of ₹ 28,811.54 million from banks and financial institutions and indebtedness of ₹ 2,250.00 million from Videocon Industries. While we intend to repay certain loans from scheduled banks aggregating to ₹ 1,750.00 million from the proceeds of the Issue, we may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flows may be used towards repayment of our existing debt, which would reduce the availability of cash to fund working capital needs, capital expenditures and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as all of our loans have variable interest rates; and

- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

While we believe that our relationships with our lenders are good, compliance with the various terms of our loans is subject to interpretation and, as a result, it is possible that a lender could assert that we have not complied with all the terms under our financing agreements. Our loan agreements contain requirements to maintain certain security margins, financial ratios and restrictive covenants, such as requiring lender consent for, among other things, issuance of new Equity Shares, undertaking any new project, diversification, modernization or substantial expansion of our DTH operations, formulating any scheme of amalgamation or reconstruction, making any material changes to our constitutional documents, incurring further indebtedness, creating further encumbrances on, or disposing of, our assets, changing our financial year and making investments or acquisitions beyond certain limits in a single financial year. Any failure to service our indebtedness, obtain a required consent or perform any condition or covenant could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have an adverse effect on our financial condition and results of operations.

Accordingly, pursuant to the terms of our financing agreements, we are required to obtain consents from certain of our lenders to undertake the Issue. We have applied to receive such consents from relevant lenders, we have not, as on date of this Draft Red Herring Prospectus, received consents from all such lenders. While we intend to obtain consents from all our lenders prior to filing the Red Herring Prospectus with the RoC, in the event that such consents are not granted, we will be unable to undertake the Issue.

As of June 30, 2014, all of our indebtedness consisted of floating rate indebtedness. An increase in prevailing interest rates would increase borrowing costs with respect to existing floating rate obligations or new loans, which may adversely affect our financial condition and results of operations.

16. *We have high capital requirements. If we experience insufficient cash flows to enable us to make required payments on our debt or fund our capital requirements, there may be an adverse effect on our business and results of operations.*

Our business requires a significant amount of capital to finance the procurement of consumer premises equipment, content procurement costs, rental payments of the transponders of the ST-2 satellite pursuant to the Ku-Band Lease Agreement and employee costs. As a result of expansion of our business activities, we expect our capital requirements to increase in future. If we are unable to finance our capital needs, duly service our debt obligations or secure other financing when needed, on acceptable terms, it may adversely affect our business and growth prospects.

17. *If our return on capital investment or subscriber acquisition and retention costs does not meet our expectations, our financial condition may be adversely affected.*

We operate in a highly capital-intensive sector. The acquisition of new subscribers is capital intensive due to, among other things, our provision of consumer premises equipment at subsidized rates. Returns on capital investment typically lag significantly in time to the related outlays. Our return on capital investment depends upon, among other things, competition, subscriber acquisition cost, demand, Government of India policies, interest rates and general economic conditions. If our return on capital investment does not meet our expectations, our financial condition may be adversely affected.

We also incur costs relating to the retention of subscribers. For instance, churn has a significant effect on our subscriber retention costs, and our ability to limit subscriber churn is critical to our business. Churn adversely affects our ability to recover costs related to the subsidy of consumer premises equipment, which forms a significant portion of our subscriber acquisition and retention costs. Any increase in our subscriber retention costs for our existing subscribers may adversely affect our business and financial condition or cause us to increase our subscription rates, which could increase churn. Churn may also increase due to factors beyond our control, including churn by subscribers who are unable to pay their monthly subscription fees, a slowing

economy, consumer fraud, a maturing subscriber base and competitive offers. Any increase in our subscriber acquisition or retention costs as a result of these factors could adversely affect our financial condition.

18. *We are dependent on third parties to provide us with programming and any increase in programming costs or applicable laws may adversely affect our business, financial condition and results of operations.*

We depend on third parties to provide us with programming. Our ability to compete successfully depends on our ability to continue to obtain competitive programming and deliver it to our subscribers at competitive prices. We may be unable to obtain sufficient high-quality programming for our pay DTH services on satisfactory terms or at all. This may limit our ability to attract new subscribers and migrate existing subscribers from lower tier subscription packages to higher tier subscription packages, thereby inhibiting our ability to execute our business plans.

Significant agreements that we have entered into with content providers for the provision of programming include those entered into with Media Pro Enterprises India Private Limited, MSM Discovery Private Limited and IndiaCast UTV Media Distribution Private Limited. However, we are yet to execute renewed agreements with these content providers, in respect of the content agreements entered into with them respectively, that have expired in August 2014, although all channels covered under the original content agreements continue to be offered to us by each of these content providers pursuant to certain extensions from time to time.

Our programming agreements generally have terms ranging from one to five years and contain various renewal and termination provisions. We may not be able to renew these agreements on favorable terms, in a timely manner, or at all, or these agreements may be terminated prior to the expiration of their original terms. If we are unable to renew any of these agreements or if a counterparty terminates any of these agreements, we may be unable to obtain appropriate substitute programming at comparable cost, in a timely manner, or at all.

When offering new programming, or upon expiration of existing contracts, programming suppliers typically increase the rates they charge us for programming, which increases our programming costs. Increase in programming costs may cause us to increase the rates that we charge our subscribers, which may increase subscriber churn and cause potential subscribers to refrain from subscribing to our services. In addition, we may be unable to pass increases in programming cost on to our subscribers. If our programming costs increase, our business, financial condition and results of operations may be adversely affected.

Content procurement by DTH operators in India, including us, generally takes place through channel distributors or owners. Under Indian interconnection regulations, all broadcasters and distributors are required to offer their content to all platforms and operators. We enter into agreements with channel distributors and owners to license channels for viewing by our subscribers. The major channel distributors and owners, from whom we license channels or to whom we pay content and programming costs, provide us with access to over 495 channels and services as of June 30, 2014. Any change in Indian interconnection regulations that would permit broadcasters and distributors to refuse to provide such programming to us or to impose discriminatory terms or conditions may adversely affect our ability to acquire programming on a cost-effective basis, or at all, which would adversely affect our business, financial condition and results of operations.

19. *If we obtain capacity to expand our programming offerings on additional satellites located outside of five degrees of the orbital slot of the ST-2 satellite, our subscriber costs and other expenses may increase, which may increase our costs of operations.*

In the future, if additional capacity is not available on the ST-2 satellite, we may be required to enter into agreements to obtain capacity on other satellites to enable us to provide additional programming offerings.

The ST-2 satellite is located at a particular orbital slot. The satellite dishes we currently install at our subscribers' premises can only receive signals from an additional satellite if such satellite is located within five degrees of the orbital slot of the ST-2 satellite. In order for the satellite dishes to receive signals from a satellite located outside of five degrees of the orbital slot of the ST-2 satellite, we would be required to install additional equipment to the subscribers' dishes. In addition, existing subscribers would be required to reposition their satellite dishes, which would require our personnel to travel to subscribers' residences or locations where the consumer premises equipment is installed, which would be time consuming and

expensive. The installation of this equipment would require additional costs, part or all of which we would be required to bear if we wish to encourage subscribers to subscribe to our additional programming offerings, which would increase our costs of operations.

20. *If the broadcasters who provide us with signal input for the provision of their programming encounter any technical failures, our business, financial condition and results of operations may be adversely affected.*

In order to successfully operate our business, we depend on third-party broadcasters for the input of their signals to provide us with programming. If such broadcasters encounter technical failures in the provision of their input, we may be unable to provide uninterrupted programming offerings to our subscribers or the audio-visual quality of such programming may be reduced. If we are unable to provide our programming as a result of such technical failures, our business, financial condition and results of operations may be adversely affected.

21. *Any failure in the operation of our information technology systems may have an adverse effect on our business, financial condition and results of operations.*

Our success depends, in part, on the continued and uninterrupted performance of our information technology and network systems. Our systems are vulnerable to damage from a variety of sources, including telecommunications failures, power loss, malicious human acts and natural disasters. Moreover, despite security measures, our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautions we have taken, unanticipated problems affecting our systems could cause failures in our information technology systems or disruption in the transmission of signals. Sustained or repeated system failures that interrupt our ability to provide service to our customers or otherwise meet our business obligations in a timely manner would adversely affect subscriber satisfaction.

If our information technology systems are subject to a flood, fire or other natural disaster, terrorism, a computer virus, a power loss, other catastrophe or unauthorized access, our operations and customer relations could be adversely affected. Any failure in the operation of our information technology systems could result in business interruption, which may adversely affect our reputation, weaken our competitive position and have an adverse effect on our business, financial condition and results of operations.

22. *If we are unable to keep pace with technological developments, our business and financial condition may be adversely affected.*

In the DTH industry, changes occur as new technologies are developed, which could adversely affect our business and increase our cost of operations. Technological developments within the DTH industry include changes that may result in improved utilization of capacity, more robust content recording features and new interactive content. Consumers may also choose to consume digital media through other platforms, such as computers, mobile phones, tablet computers and other devices capable of being used to view media content. If we are unable to keep pace with such technological developments, our business and financial condition may be adversely affected.

Such changes in technology could adversely affect our ability to maintain, expand or upgrade our systems and respond to competitive pressures. We cannot assure you that we will be able to fund the capital expenditures necessary to keep pace with future technological developments. We also cannot assure you that we will successfully anticipate the demand for products and services requiring new technology. Any inability to keep pace with technological change and provide advanced services in a timely manner, or to anticipate the demands of the market, could adversely affect our business and increase our costs of operations.

23. *A significant portion of our operations are currently located in a single digital broadcast center in Noida, and if such operations are disrupted, our business, financial condition and results of operations would be adversely affected.*

A significant portion of our operations are currently located in a single digital broadcast center in Noida. As a result, we are vulnerable to the effects of a natural disaster, such as an earthquake, flood or fire, or other calamity or event, such as technological failure, that would disrupt our ability to conduct our business or that

would cause significant damage to this facility. In the event of a significant disruptive event affecting this facility, we may face disruptions in the delivery of programming or degradation in the audio-visual quality of such programming. However, we are proposing to set up an additional broadcast site at Bharuch in Gujarat, as a back-up to our existing broadcast centre at Noida, in connection with which we have received approval from the MIB on June 16, 2014.

Further, under the lease agreement we entered into with the Greater Noida Industrial Development Authority (the “GNIDA”) for the lease of the land where our current facility is situated, we are required to comply with certain terms and conditions, including providing prior intimation to the GNIDA in respect of any change in our capital structure, among other things. If we are in default of the terms of the lease agreement entered into with the GNIDA, the GNIDA may terminate the lease and we may be required to vacate the facility, which would adversely affect our business, financial condition and results of operations. If our operations at our digital broadcast center in Noida are disrupted for any reason, our business, financial condition and results of operations would be adversely affected.

24. *If we are unable to continue to benefit from our relationship with our Promoters and the Videocon Group, and the “Videocon” and “Videocon d2h” brands, our business, financial condition and results of operations may be adversely affected.*

We benefit from our relationship with our Promoters and the Videocon Group in many ways, such as from their reputation, the cross selling of our services through the Videocon Group and the opportunity to reduce our marketing spend. In addition, we operate our Registered Office on premises owned by an entity forming part of our Promoter Group. Our growth and future success is influenced, in part, by our continued relationship with our Promoters and the Videocon Group. We cannot assure you that we will be able to continue to take advantage of the benefits of these relationships in the future. If we cease to benefit from these relationships for any reason, our business, financial condition and results of operations may be adversely affected.

We believe that our subscribers, vendors and members of the financial community perceive the “Videocon” brand to be that of a trusted provider of quality products and services. We cannot assure you that the established “Videocon” brand name will not be adversely affected in the future by events that are beyond our control, including subscriber complaints or adverse publicity from any other source relating to our Company, our Promoters or the Videocon Group. Any damage to this brand name, if not immediately and sufficiently remedied, could have an adverse effect on our business, financial condition and results of operations.

In addition, our success depends significantly on our ability to maintain the “Videocon d2h” brand and successfully build the brand image of our new offerings and brand extensions. In order to increase our brand recognition and build the brand image of new offerings and brand extensions, we believe we must continue to devote significant time and resources to advertising and promotions. We cannot assure you that these expenses will result in an increase in favorable recognition of our brand or a sufficient increase in revenues to cover such advertising and promotional expenses.

We have entered into a trademark license agreement with CE India Limited (previously Videocon India Limited), a Group Entity, for the use of the “Videocon” and “V” trademarks, which is valid until March 31, 2018. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of these trademarks in the event that we are unable to renew the trademark license agreement.

Further, our Company has obtained registrations in its name under the Trade Marks Act for the trademarks “d2h”, “D2H” and “DIRECT HAI CORRECT HAI”, pursuant to the authorisation granted by Mr. Saurabh Pradipkumar Dhoot (our Promoter and whole-time Director) to our Company, under the terms of an agreement dated July 21, 2008 executed between Mr. Saurabh Pradipkumar Dhoot and our Company, to have these trademarks registered in the name of our Company. We may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection. Additionally, we may be required to litigate to protect our brands, which may adversely affect our business. Loss of the rights to use these trademarks may adversely affect our business, financial condition and results of operations.

25. *If we are unable to continue to benefit from our relationship with Trend Electronics Limited, a Videocon Group entity, our results of operations may be adversely affected.*

We benefit from our relationship with a Videocon Group entity, Trend Electronics Limited (“TEL”). TEL is an Indian contract electronics manufacturer and our sole supplier of set-top boxes. In addition, TEL supplies us with a substantial majority of our other consumer premises equipment. For the three months ended June 30, 2014 and the financial years 2014, 2013 and 2012, the purchase of set-top boxes and other consumer premises equipment from TEL totalled ₹ 1,908.82 million, ₹ 5,832.32 million, ₹ 6,753.48 million and ₹ 6,335.95 million, respectively. We also propose to utilize ₹ 3,508.31 million out of the Net Proceeds towards acquisition of set-top boxes, outdoor equipment and other accessories from TEL in the financial years 2015 and 2016. For further details, see “*Objects of the Issue*” on page 70.

We cannot assure you that we will continue to benefit from our relationship with TEL. In the event that TEL ceases to be a Videocon Group entity, we may be unable to derive the benefits from sourcing set-top boxes and other consumer premises equipment from TEL, such as reducing time-to-market for new set-top boxes and not being required to pay customs or import duties. If TEL is unable, for any reason, to provide us with a sufficient quantity of set-top boxes or other consumer premises equipment, our ability to add additional subscribers would be impaired, which would adversely affect our results of operations. We cannot assure you in such event that we would be able to obtain set-top boxes or other consumer premises equipment from another supplier on terms favorable to us. For details on the policy and procedures we have implemented with respect to future purchases from TEL, see – “*Managements Discussion and Analysis of Financial Condition and Results of Operations*” on page 224.

26. *We may be required to comply with additional technical requirements in respect of our set-top boxes, pursuant to any applicable technical standards issued by the Bureau of Indian Standards (“BIS”) in respect of the MPEG-4 technology, which may result in increased costs for us.*

Pursuant to a case filed by the Tamil Nadu Progressive Consumer Centre (“TNPCC”) against the Ministry of Information and Broadcasting, TRAI, and the DTH service providers (including our Company), before the TDSAT alleging that set top boxes supplied by DTH service providers are not compliant with the interoperability requirement prescribed under the Direct to Home Broadcasting Service (Standard of Quality of Service and Redressal of Grievances) Regulations, 2007 (“DTH QOS Regulations”), the TDSAT passed an order on June 3, 2011 directing the Central Government and the Bureau of Indian Standards (“BIS”) to issue appropriate standards for set-top boxes using MPEG-4 technology within two months from the date of such order. Subsequently, the TRAI filed an appeal before the Supreme Court of India against the order passed by the TDSAT, and the Supreme Court has stayed the order passed by the TDSAT pursuant to its order dated November 14, 2011. The appeal is currently pending adjudication by the Supreme Court of India. For details, see “*Outstanding Litigation and Material Developments*” on page 242.

While as on date, no technical standards have been issued by the BIS in respect of MPEG-4 technology, pursuant to TDSAT’s order dated June 3, 2011 mentioned above, in the event that any such standards are notified in the future, our Company may be required to comply with additional technical criteria in respect of our set-top boxes. Compliance with such technical standards may require us to undertake additional costs, which may have an adverse effect on our business and results of operations.

27. *We and certain Group Entities are involved in a number of legal proceedings, including tax demands, which may be determined against us or our Group Entities.*

We and certain Group Entities are involved in a number of legal proceedings. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate authorities. In the event of rulings against us or any Group Entity, by courts or tribunals in these proceedings or levy of penalties by statutory authorities, we or certain Group Entities may be required to make payments to others or book provisions against probable future payments, which could increase our expenses and current liabilities, and could also adversely affect our reputation. Brief details of such proceedings against our Company and the claim amounts in relation to these cases, where claims have been quantified, are set forth below:

Our Company

(₹ in millions)

Litigation against our Company		
Nature of Proceeding	Number of Cases	Amount involved
Statutory notices	2	0.50*
DTH license fees	1	1,582.89
Tax proceedings	5	115.77**
Consumer cases	13	1.91
Civil proceedings	1	Not ascertainable
Litigation by our Company		
Octroi	1	0.25
Civil cases	16	For the amounts involved in connection with the cases relating to entertainment tax filed by our Company against various state governments, see <i>“Financial Statements – Contingent Liabilities”</i> on page 208.

*Excluding the show cause notice dated June 13, 2014, directing our Company to show cause why service tax of an aggregate amount of ₹ 694.47 million should not be demanded, issued by the Commissioner, Central Excise and Service Tax, Noida. For details, see *“Outstanding Litigation and Material Developments”* on page 242.

**Excluding the levy of entertainment tax by the Office of Commissioner, Agricultural Income Tax, West Bengal, where the amount is not ascertainable. For details, see *“Outstanding Litigation and Material Developments”* on page 242.

In addition, there are a number of material outstanding legal proceedings involving some of our Group Entities. For details, see *“Outstanding Litigation and Other Material Developments”* on page 242.

28. Videocon Industries Limited has been sanctioned by the World Bank under its fraud and corruption policy, in the past.

Pursuant to a sanction issued by the World Bank under its fraud and corruption policy (as set forth in its guidelines concerning the procurement of goods, works and non-consulting services under certain loans, credits and grants), Videocon Industries was listed as a firm ineligible to be awarded a contract financed by the World Bank, from January 11, 2010 to January 11, 2013. This sanction also extended to any firm directly or indirectly controlled by Videocon Industries during the period of sanction.

29. We face various risks related to the franchising and outsourcing of certain of our business operations.

Certain of our customer support functions are conducted through franchisees and third parties. As of June 30, 2014, we had over 725 service franchisees and direct sales and service dealers, over 1,600 residential service engineers, over 2,700 distributors and direct dealers and over 150,000 sub-dealers and recharge counters. In addition, we outsource our inbound and outbound subscriber call centre operations to third parties.

We may have inadequate levels of control over these franchisees and third parties in carrying out our customer support functions. Such third parties may fail to meet their obligations or perform their services in a way that we determine to be satisfactory, which may adversely affect our reputation and ability to serve our customers effectively. Any failure by such parties to adequately conduct their customer support functions may adversely affect our reputation, business, financial condition and results of operations.

30. If our insurance coverage does not adequately protect us against any operational risks or claims, our business, financial condition and results of operations may be adversely affected.

We maintain insurance coverage on our Noida digital broadcast centre infrastructure assets, and on consumer premises equipment up to the point where we deliver them to our distributors, for a variety of risks, including, among others, risks relating to fire, burglary, earthquake and certain other losses and damages. However, any claim under the insurance policies maintained by us may be subject to certain exceptions, may not be honored fully, in part, in a timely manner, or at all, and we may not have purchased sufficient insurance to cover all losses that we may incur. We are not insured for certain risks and losses, such as loss of business or business

interruption, environmental liabilities and other natural disasters. If our insurance coverage does not adequately protect us against any operational risks or claims, our business, financial condition and results of operations may be adversely affected. Additionally, in the future, insurance coverage may not be available to us on commercially acceptable terms, or at all.

31. *We are subject to exchange rate fluctuation risk as result of payments we are required to make to Antrix Corporation under the terms of the K_n-Band Lease Agreement.*

Our functional currency is the Indian Rupee. However, under the terms of the K_n-Band Lease Agreement through which we lease ten satellite transponders on the ST-2 satellite, we are required to pay the Indian rupee equivalent of an amount in U.S. Dollars, calculated at the exchange rate prevalent at the time of payment, as a monthly fee to Antrix Corporation. Consequently, if the Indian rupee declines against the U.S. Dollar, we will be required to make larger payments in Indian rupees, which may adversely affect our financial condition and results of operations. While less than 7% of our expenses (including costs of hardware equipment) for the financial year 2014 were denominated in U.S. Dollars, the percentage of our expenses denominated in U.S. Dollars may increase in the future. The exchange rate between the U.S. Dollar and the Indian Rupee has fluctuated significantly in recent years and may continue to fluctuate significantly in the future.

32. *The success of our business is substantially dependent on our management and technical teams and if we are unable to attract, hire, train and retain skilled personnel for such teams, our business may be adversely affected.*

Our ability to sustain our growth and succeed in the future depends on our ability to attract, hire, train and retain skilled personnel. We believe that there is a significant demand for personnel who possess the skills needed in our business. The DTH industry has witnessed a significant number of new entrants and the competition for talent has intensified. Any increase in the rate of attrition of our experienced employees would adversely affect our business. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those personnel who leave. Further, we cannot assure you that we will be able to re-deploy and re-train our personnel to keep pace with continuing changes in our business.

33. *If any of the owners who have authorized us to operate in the premises on which we operate our business, terminate such authorizations, our business and results of operations may be adversely affected.*

We do not own the premises on which our Corporate Office, Registered Office, other offices and our operational facilities are located. All of our offices are located on leased premises or premises that we have been permitted to occupy through leave and license arrangements or the issuance of no-objection letters. Additionally, our digital broadcasting center in Greater Noida is located on premises leased to us by the GNIDA until the year 2090. If any of the owners who have authorized us to operate in the premises on which we operate our business, terminate such authorizations, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

Auto Cars, a Promoter Group entity, has authorized us to use the premises where our Registered Office is located through a letter dated August 1, 2012. We are licensed to use the premises where our Corporate Office is located, pursuant to a leave and license agreement dated October 23, 2012 executed with V-Techweb (India) Private Limited, which is valid until September 30, 2017. We cannot assure you that these entities will permit us to continue the use of these premises on terms favorable to us, or at all. If we are unable to continue to utilize these premises for any reason, our business, financial condition and results of operations may be adversely affected. See “*Our Business – Property*” on page 120.

34. *Contingent liabilities that have not been provided for could adversely affect our financial condition.*

As of June 30, 2014 we had contingent liabilities that have not been provided for, in the following amounts, as disclosed in our restated audited financial statements:

(₹ in millions)

As of June 30, 2014

As of June 30, 2014	
Counter guarantees given for guarantees given by the bankers	593.96
Letters of credit opened by a bank	17.87
Entertainment tax	91.33
DTH license fees	2,744.76
Value Added Tax	13.26
Total	3,461.18

See “*Financial Statements – Annexure XXI – Restated Statement of Contingent Liabilities*” on page 208.

35. *We have entered into, and will continue to enter into, related party transactions, which may involve conflicts of interest.*

We have in the course of our business entered into transactions with related parties, such as our Promoter. While we believe that all such transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. See “*Financial Statements – Annexure XXVI – Restated Statement of Related Party Transactions*” on page 216.

36. *Our Promoters, together with our Promoter Group, will continue to retain majority shareholding in our Company after the Issue, which will allow them to exercise significant control over us. We cannot assure you that our Promoters and Promoter Group members will always act in your best interests.*

After the completion of the Issue, our Promoters, along with certain of our Promoter Group members, will hold, directly or indirectly, approximately [●]% of our outstanding Equity Shares. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. We cannot assure you that our Promoters and Promoter Group members will always act in our Company’s or your best interests.

37. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.*

Our ability to pay dividends in the future will depend upon a variety of factors, including our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements. As a result, we cannot assure you that we will make dividends of any particular amount, with any particular frequency or at all. In addition, under Section 123 of the Companies Act, 2013 and the rules framed thereunder, a company is permitted to declare or pay dividends in any year out of profits for that year after providing for depreciation, as prescribed. In the event of inadequacy or absence of profits in a particular year, dividends may be paid out of the accumulated profits of the company (after providing for depreciation) which remain undistributed and transferred to the free reserves, subject to certain conditions, including that carried over losses and depreciation not provided for in previous years are set off against the profit of the current year. We had a loss for the financial year 2014 of ₹ 4,693.67 million. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we will have distributable funds in future periods nor can we assure you that we will be able to be profitable and eliminate our accumulated loss in the future so as to enable us to pay dividends under the Companies Act.

- 38. *If we are unable to compete effectively for the leisure and entertainment time of consumers, our business and financial condition would be adversely affected.***

Our business is subject to risks relating to increasing competition for the leisure and entertainment time of consumers. Our business competes with all other sources of entertainment and information delivery, including broadcast television, films, live events, radio broadcasts, home video products, video and computer games, print media, social media and the Internet. Technological advancements, such as new video formats, and the delivery of video content through streaming and downloading services on the Internet, have increased the number of entertainment and information delivery choices available to consumers and intensified the challenges posed by audience fragmentation. The increasing number of choices available to audiences could adversely affect demand for our products and services. If we do not respond appropriately to future increases in the leisure and entertainment choices available to consumers, our competitive position could deteriorate and business and financial condition would be adversely affected.

- 39. *Our management will have flexibility in utilizing the Net Proceeds of the Issue, which could affect our profitability and cause the price of our Equity Shares to decline.***

Our management will have broad discretion in using the Net Proceeds of the Issue, and investors will be relying on the judgment of our management regarding the utilization of the Net Proceeds. Our funding plans are in accordance with our own estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our requirements may change. Additionally, various risks and uncertainties, including those set forth in “**Risk Factors**”, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. For example, the prices of consumer premises equipment may increase due to various external factors, including unavailability of set-top boxes.

Further, we may temporarily invest the Net Proceeds of the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products and investment grade interest bearing securities as may be approved by our Board of Directors. Our management will have significant flexibility in temporarily investing the Net Proceeds of the Issue. Accordingly, the use of the Net Proceeds for purposes identified by us may not result in actual growth of our business, increased profitability or an increase in the value of your investment.

- 40. *A portion of the Net Proceeds of the Issue is proposed to be utilized towards acquisition of set-top boxes, outdoor units and accessories thereof from TEL, a Videocon Group entity.***

We propose to utilize ₹ 3,508.31 million of the Net Proceeds towards acquisition of set-top boxes and outdoor units from TEL. We have entered into an agreement dated March 11, 2011 with TEL, a Videocon Group entity, for procurement of set-top boxes. Additionally, we typically also purchase outdoor units and accessories thereof, from TEL. Accordingly, based on our business requirements and the quotation dated September 24, 2014, received from TEL, we intend to acquire standard definition and high definition variants of set-top boxes and outdoor units from TEL in the financial years 2015 and 2016 for ₹ 3,508.31 million. For details of acquisition of set-top boxes and outdoor units, see “**Objects of the Issue**” on page 70.

- 41. *A portion of the Net Proceeds of the Issue is proposed to be utilized towards repayment or prepayment of certain loans.***

Our Company intends to utilize up to ₹ 1,750.00 million from the Net Proceeds towards repayment of certain outstanding term loans, in accordance with the repayment schedules under our facilities. In addition, after the completion of the Issue, our Company intends to engage with certain of our lenders for the repayment or the prepayment of some of our outstanding indebtedness. Certain of our loan facilities contain prepayment penalty clauses that we may be required to comply with and as a result, we may be required to pay an additional prepayment premium to our lenders. For details, see “**Objects of the Issue**” on page 70.

- 42. *We may utilize a part of the Net Proceeds to repay/prepay certain term loan facilities availed from IDBI Bank Limited and ICICI Bank Limited, which are associates of the JGCBRLMs, IDBI Capital and I-Sec, respectively, and YES Bank Limited, one of our JGCBRLMs.***

We may utilize a part of the Net Proceeds to repay or prepay certain existing term loan facilities from IDBI Bank Limited and ICICI Bank Limited, associates of the JGCBRLMs, IDBI Capital and I-Sec. In addition, we may also repay or prepay certain amounts to YES Bank Limited, which is one of our JGCBRLMs. We do not believe that this constitutes a conflict of interest under the SEBI (Merchant Bankers) Regulations, 1992, as amended, or any other applicable SEBI rules or regulations. However, the amount of Net Proceeds utilized towards such repayment or prepayment to IDBI Bank Limited, ICICI Bank Limited or YES Bank Limited will not be available for use in our business for any other purposes. For details, see “*Objects of the Issue*” and “*Financial Indebtedness*” on page 70 and 217, respectively.

43. Some of our Group Entities have incurred losses in their respective preceding financial year, which may have an adverse effect on our reputation and business.

Some of our Group Entities have incurred losses during their respective preceding financial year, as disclosed in “*Our Promoters and Group Entities – Group Entities*” and as disclosed below:

(in ₹ unless otherwise specified)

S.No.	Name of the Group Entity	Loss in the preceding financial year of the Group Entity
1.	Akai Consumer Electronics India Limited	212,784,791
2.	CE India Limited	64,000,545
3.	Chhattisgarh Power Ventures Private Limited	69,945
4.	Comet Power Private Limited	27,257,014
5.	Fortune Telecom Holdings Private Limited (formerly, Videocon Telecom Holdings Private Limited)	1,416,029
6.	Galaxy Power Private Limited	108,959
7.	Liberty Videocon General Insurance Company Limited	1,025,71 million
8.	Madhya Pradesh Power Ventures Limited	14,400
9.	Pipavav Energy Private Limited	645,018
10.	Prosperous Energy Private Limited	34,434
11.	Quadrant Enterprises Private Limited	37,502
12.	Quadrant Televentures Limited	1,356,822,123
13.	Titan Realty Private Limited	16,302
14.	Uttaranchal Appliances Limited	34,770
15.	Value Industries Limited	727.77 million
16.	Veronica Properties Private Limited	43,800
17.	Vibgyor Sez Infrastructures (Pune) Private Limited (formerly, Videocon Sez Infrastructures (Pune) Private Limited)	34,600
18.	Videocon Developers Limited	1,992,958
19.	Videocon Energy Limited	43,862
20.	Videocon Industries Limited	716.32 million
21.	Videocon International Electronics Limited	3,996,164,080
22.	Videocon Oil Ventures Limited	10,070,134
23.	Videocon Realty Private Limited	34,779
24.	Videocon Sez Infrastructures Private Limited	34,234
25.	Virtual Electronics Limited (formerly, Videocon Display Limited)	41,815
26.	Vital Infosystems Limited (formerly, Videocon Infotel Limited)	10,479
Entities incorporated in foreign jurisdiction		
27.	Middle East Appliances LLC	Omani Rial 29,894
28.	Videocon Global Limited	\$ 3,495,365

We cannot assure you that these entities or any other ventures promoted by our Promoters will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses.

44. *In the past, adverse orders have been passed by SEBI against VIL, one of our listed Group Entities, and its promoter and promoter group*

On June 4, 2013, SEBI passed an ad-interim ex-parte order under relevant provisions of the SEBI Act, 1992 and the Securities Contract (Regulation) Act, 1956 against the promoter/promoter group/directors of several listed companies, including one of our Group Entities, VIL, for alleged failure to comply with the minimum public shareholding requirements within the specified timelines provided in Rule 19 of the SCRR. In terms of such order, pending the passing of a final order, SEBI had issued directions, which were to remain effective until VIL became compliant with the minimum public shareholding requirement, to, among other things, (i) freeze voting rights and corporate benefits with respect to the excess of proportionate promoter/promoter group shareholding; and (ii) prohibit the shareholders forming promoter/promoter group and the directors of VIL from dealing in securities of VIL and holding any new position as a director in any listed company. Subsequently, in September 2013, the promoter/promoter group of VIL undertook an offer for sale through the stock exchange mechanism to sell their excess shareholding in VIL, on account of which the public shareholding in VIL increased to 25.5%. Pursuant to the increase in minimum public shareholding, SEBI through an order dated November 22, 2013 vacated all the directions issued under the order dated June 4, 2013 against the VIL, its directors, promoters and promoter group, with immediate effect.

45. *Amounts borrowed under certain loans availed by our Corporate Promoters and Group Entities may be demanded by the relevant lenders at any time.*

Some of our Corporate Promoters and Group Entities have availed or may avail unsecured loans from banks and financial institutions that are repayable on demand by the relevant lenders. Such loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lenders at any time. Any such unexpected demand for repayment may have an adverse effect on the business, cash flows and financial condition of the entity against which repayment is sought.

46. *Implementation of the proposed employee stock option scheme will result in a charge to our profit and loss account and our results of operations will be negatively affected to that extent.*

Our Company's Board and shareholders have adopted, subject to the approval of the MIB, an employees' stock option plan, i.e., the Videocon d2h Employees Stock Option Scheme 2014 ("ESOP 2014"), effective from August 1, 2014. The ESOP 2014 will be administered by the Nomination, Remuneration and Compensation Committee of our Board and implemented by the Videocon d2h Employees Welfare Trust, in accordance with the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended. Upon receipt of the approval of the MIB, our Company expects to complete allotment of 4,000,000 Equity Shares to the Videocon d2h Employees Welfare Trust, in accordance with ESOP 2014, prior to the filing of the Red Herring Prospectus.

Under Indian GAAP, the grant of stock options will result in a charge to our profit and loss account based on the difference between the fair value of shares determined at the date of grant and the exercise price which may adversely affect our results of operations.

External Risks

47. *A slowdown in economic growth in India could cause our business to suffer.*

Our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in financial markets in the global economy, and, particularly in India. The Indian economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, business corruption, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, inflation, commodity and energy prices and various other factors. Any

slowdown in the Indian economy may adversely affect our business, financial condition, results of operations and the price of our Equity Shares.

48. *Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect the financial markets and our business.*

Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. In addition, the Asian region has from time to time experienced instances of civil unrest and hostilities among neighboring countries. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the attacks in Mumbai in November 2008 and in July 2011, may result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

49. *The occurrence of natural disasters may adversely affect our business, financial condition and results of operations.*

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires and pandemic disease may adversely affect our financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative, and would depend on numerous factors. The extent and severity of these natural disasters determines their effect on the Indian economy. Although the long term effect of diseases such as the H5N1 “avian flu” virus, or H1N1, the swine flu virus, cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in India would adversely affect our business and financial conditions and results of operations. We cannot assure you that such events will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

50. *Significant differences exist between Indian GAAP and IFRS as well as valuation methods and accounting practices in the DTH industry which may be relevant to the restated financial statements prepared and presented in accordance with SEBI Regulations contained in this Draft Red Herring Prospectus.*

The restated financial statements included in this Draft Red Herring Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with the Companies Act, Indian GAAP and restated in accordance with the SEBI Regulations, and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as IFRS. Significant differences exist between Indian GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

51. *Our transition to the use of the IFRS-converged Indian Accounting Standards may adversely affect our financial condition and results of operations.*

Our financial statements, including the financial statements provided in this Draft Red Herring Prospectus, are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Indian GAAP. For details, see “*Certain Conventions, Use of Financial, Industry and Market Data and Currency of Presentation*” on page 9. Accordingly, the degree to which the Indian GAAP financial

statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

India has decided to adopt the "Convergence of its existing standards with IFRS" and not the "International Financial Reporting Standards" ("IFRS"), which was announced by the Ministry of Corporate Affairs, Government of India ("MCA"), through the press note dated January 22, 2010. These "IFRS based / synchronized Accounting Standards" are referred to in India as IND (AS). Public companies in India, including our Company, may be required to prepare annual and interim financial statements under IND (AS). The MCA, through a press release dated February 25, 2011, announced that it will implement the converged accounting standards in a phased manner after various issues, including tax related issues, are resolved. Further, the Finance Minister, during the Union Budget speech, 2014, proposed the adoption of IND (AS) by Indian companies from fiscal 2016 on a voluntary basis, and from fiscal 2017 on a mandatory basis. Accordingly, it is not possible to quantify whether our financial results will vary significantly due to the convergence to IND (AS), given that the accounting principles laid down in the IND (AS) are to be applied to transactions and balances carried in books of accounts as on the date of the applicability of the converged standards (i.e., IND (AS)) and for future periods.

Further, we have made no attempt to quantify or identify the impact of the differences between Indian GAAP and IFRS or to quantify the impact of the difference between Indian GAAP and IFRS as applied to its financial statements. There can be no assurance that the adoption of IND-AS will not affect our reported results of operations or financial condition. Any failure to successfully adopt IND-AS may have an adverse effect on the trading price of our Equity Shares.

Moreover, our transition to IFRS reporting may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. Any of these factors relating to the use of IFRS-converged Indian Accounting Standards may adversely affect our financial condition.

52. *Any downgrade of credit ratings of India or Indian companies may adversely affect our ability to raise debt financing.*

India's sovereign foreign currency long-term debt is currently rated (i) "BBB-" (negative) by Standard & Poor's Rating Group, a division of McGraw-Hill Companies, Inc. ("Standard & Poor's") (ii) "BBB-" (negative) by Fitch Ratings Ltd ("Fitch") and (iii) "Baa3" (stable) by Moody's Investors Services Limited ("Moody's"). These ratings reflect an assessment of the Government of India's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

No assurance can be given that Standard & Poor's, Fitch, Moody's or any other statistical rating organization will not downgrade the credit ratings of India, which could adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial condition.

53. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely affect our financial condition.*

According to a report released by RBI, India's foreign exchange reserves totalled approximately US\$ 315,697.80 million as of September 12, 2014. India's foreign exchange reserves have declined recently and may have negatively affected the valuation of the Rupee. Further declines in foreign exchange reserves could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial condition and the market price of the Equity Shares.

54. *We have not independently verified certain data in this Draft Red Herring Prospectus.*

We have not independently verified data from Government of India and industry publications contained herein, including the MPA Report, and although we believe these sources to be reliable, we cannot assure you

that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India, its economy or the pay television herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

These facts and other statistics include the facts and statistics included in “*Summary of Industry*” and “*Industry Overview*” on pages 38 and 90, respectively. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

Risks Related to the Equity Shares

- 55. *Our Equity Shares have never been publicly traded and after this Issue, our Equity Shares may experience price and volume fluctuations and an active trading market for our Equity Shares may not develop. Further, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.***

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the BSE may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for our Equity Shares will develop, or if developed, the liquidity of such market for our Equity Shares. The Issue Price of our Equity Shares is proposed to be determined through the Book Building Process and may not be indicative of the market price of our Equity Shares at the time of commencement of trading of our Equity Shares or at any time thereafter. The market price of our Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in the operating results of our Company, market conditions specific to the industry in which we operate, developments relating to India and volatility in the BSE and securities markets elsewhere in the world.

- 56. *A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us.

Although these provisions have been formulated to ensure that interests of investors and shareholders are protected, these provisions may discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of SEBI Takeover Regulations.

- 57. *There are restrictions on daily movements in the price of our Equity Shares, which may adversely affect a shareholder’s ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

Subsequent to listing, our Company may be subject to a daily circuit breaker imposed on listed companies by the BSE which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company’s circuit breaker is set by the BSE based on certain factors such as the historical volatility in the price and trading volume of the Equity Shares. The BSE is not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker, if imposed, would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot give you any assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

58. We cannot assure you that our Equity Shares will be listed on the BSE in a timely manner or at all, which may restrict your ability to dispose of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares offered in this Issue have been Allotted. Approval will require all other relevant documents authorizing the issuing of the Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE. Any failure or delay in obtaining such approval would restrict your ability to dispose of your Equity Shares.

Further, pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Trading in the Equity Shares is expected to commence within 12 Working Days from the Bid/Issue Closing Date.

However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose off your Equity Shares.

59. Any future issuance of Equity Shares may dilute your shareholdings, and sales of the Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.

Any future equity issuances by our Company may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of the Equity Shares in the public market after the completion of this Issue, including by our major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Equity Shares and could significantly impair our future ability to raise capital through offerings of the Equity Shares. We cannot predict what effect, if any, market sales of the Equity Shares held by the major shareholders of our Company or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

60. You may be subject to Indian taxes arising out of capital gains on sale of Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. See "*Statement of Tax Benefits*" on page 79.

Prominent Notes

- Initial public offering of [●] Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ 7,000 million. The Issue shall constitute [●]% of the post-Issue paid-up Equity Share capital of our Company. Our Company is considering a Pre-IPO Placement of up to 5,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 10% of the post-Issue paid-up Equity Share capital of our Company.
- The net worth of our Company as of June 30, 2014 and March 31, 2014, as per our restated financial statements included in this Draft Red Herring Prospectus was ₹ (13,836.00) million and ₹ (13,042.07) million, respectively. See "*Financial Statements*" on page 159.
- The net asset value per Equity Share as on June 30, 2014 and March 31, 2014, as per our restated financial statements included in this Draft Red Herring Prospectus was ₹ (57.17) and ₹ (53.89), respectively.

- Our Promoter, Mr. Saurabh Pradipkumar Dhoot, does not directly hold any Equity Shares. The average cost of acquisition per Equity Share by our Corporate Promoters who hold Equity Shares as on date of this Draft Red Herring Prospectus is:

Promoter	Number of Equity Shares Held	Average Cost of Acquisition (₹)
Solitaire Appliances Private Limited	45,980,000	34.13
Synergy Appliances Private Limited	45,980,000	34.13
Greenfield Appliances Private Limited	45,980,000	34.13
Platinum Appliances Private Limited	12,050,000	34.23

As certified by our Auditors by their certificate dated September 25, 2014.

- Set forth below are the details of transactions by our Company with our Promoter, Group Entities, Promoter Group entities and Videocon Group entities during the 12 month period preceding the date of the latest financial statements included in this Draft Red Herring Prospectus (i.e. from July 1, 2013 – June 30, 2014), including the nature and cumulative value of the transactions.

					(₹ in million)
Nature of Transaction	Relationship with Entity	Name of Entity		Transaction Amount	
Business support services expense	Group Entity and Promoter Group Entity	Videocon Limited	Industries	88.69	
Customer care expenses	Group Entity	Quadrant Limited	Televentures	47.22	
Customer care expenses	Videocon Group Entity	Videocon Telecommunications Limited		8.55	
IT support expenses	Promoter Group Entity	Infodart Technologies India Limited		41.80	
Rent expenses	Promoter Group Entity	Infodart Technologies India Limited		0.04	
Rent on equipments expenses	Group Entity	Quadrant Limited	Televentures	1.02	
Royalty expenses	Group Entity and Promoter Group Entity	CE India Limited		0.51	
Sales promotion expense	Promoter Group Entity	Planet 'M' Retail Limited		0.15	
Scheme expenses	Promoter Group Entity	PE Electronics Limited		1.48	
Scheme expenses	Promoter Group Entity	Planet 'M' Retail Limited		0.03	
Finance costs	Group Entity and Promoter Group Entity	Videocon Limited	Industries	5.89	
Material consumed	Promoter Group Entity	Tekcare Limited	India Private	2.58	
Material consumed	Group Entity and Promoter Group Entity	Value Industries Limited		4.88	
Material consumed	Group Entity and Promoter Group Entity	Videocon Limited	Industries	11.71	
Purchase of fixed assets: set top boxes, outdoor unit and its accessories	Videocon Group Entity	Trend Electronics Limited		4,678.31	
Unsecured loan taken	Group Entity and Promoter Group Entity	Videocon Limited	Industries	3,986.07	
Advance received in advance against subscription	Group Entity and Promoter Group Entity	Value Industries Limited		0.92	
Advance received in advance against subscription	Group Entity and Promoter Group Entity	Videocon Limited	Industries	0.37	

For further details, see “*Financial Statements*” on page 159.

- There has been no financing arrangement whereby the Promoter Group, our Directors, or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in

the ordinary course of the business of the financing entity during the six months preceding the date of this Red Herring Prospectus.

- No Group Entities have any business or other interest in our Company, except as stated in “**Financial Statements**” on page 159, and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
- Pursuant to a resolution passed by our shareholders on June 12, 2014, our name was changed from ‘Bharat Business Channel Limited’ to ‘Videocon d2h Limited’, in order to incorporate our brand name within the name of our Company. A fresh certificate of incorporation was issued to us by the RoC on July, 1, 2014. Since we have carried out our business under the ‘Videocon d2h’ brand name since inception, no changes were required to be made to the objects clause of our MoA on account of the change in our name.
- Investors may contact any of the JGCBRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.

SECTION III - INTRODUCTION

SUMMARY OF INDUSTRY

The information contained in this section is derived from various Government of India publications and industry sources. Neither we nor any other person connected with the Issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government of India's publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

Overview of the Indian Economy

India's economic growth, reflected in higher per capita income and an ever-increasing middle class with greater disposable incomes, is providing a foundation for the growth of pay TV services. Recently economic growth in India has decreased from the 8% rates achieved in 2010 and 2011. The outcome of the 2014 elections is expected to create increased political stability in India. (Source: *Media Partners Asia, India DTH Market Overview – Key Dynamics and Future Outlook, 2014 Report* (hereinafter referred to as the "MPA Report"))

The new Government is expected to increase the pace of reform in order to achieve long-term economic growth. These reforms aim to remove supply chain problems to improve physical infrastructure and accelerate urbanization; simplify the tax structure with the implementation of a goods and services tax ("GST"); and provide more transparent mechanisms to drive strategic investments across various sectors. (Source: *MPA Report*)

In recent times, the Indian economy had been in a state of stagflation with dwindling GDP growth, high consumer price inflation and policy paralysis. However, recent macro indicators suggest that India's economy may be recovering. Buoyed by strong growth in service-oriented sectors, India's real GDP growth was 4.7% in the fourth quarter of the financial year 2014, an increase from the 4.4% growth for the fourth quarter of the financial year 2013. (Source: *MPA Report*)

The most encouraging aspect, however, was the narrowing of the current account deficit ("CAD") which as of March 31, 2014 was US\$1.2 billion down from US\$18.1 billion as of March 31, 2013. This means that CAD and GDP has fallen to 0.2% of the GDP for the fourth quarter of financial year 2014 as compared to 0.9% in the third quarter of financial year 2014. The fiscal deficit has also decreased to 4.6% of the GDP as of March 31, 2014. Furthermore, the proactive steps taken by the Reserve Bank of India ("RBI") to improve foreign capital inflows has led to foreign exchange reserves exceeding US\$300 billion as of March 31, 2014. As a result, the Indian Rupee, which depreciated to an all-time low of approximately ₹ 69/US\$ in August 2013, has found stability at approximately ₹ 60/US\$ as of July 2014. (Source: *MPA Report*)

The Media and Entertainment Industry in India

In 2013, the Indian Media & Entertainment ("M&E") sector continued to exhibit growth. As of December 31, 2013, the M&E sector generated revenues of ₹ 933.6 billion. Pay-TV industry revenues were driven by the digitalization mandate which has led to improved subscriber quality and higher ARPUs. An increase in the readership of local and regional newspapers was a key driver for the Indian print media industry, which continues to outperform its global peers. Box-office collections of movies also improved as tier-2 and tier-3 cities experienced an increase in the number of multiplexes and movie-screens. While the size of the music industry decreased, the radio industry increased with advertisers expanding their local reach. The growing penetration of internet, broadband and smart phones provided the impetus for the gaming and digital advertising sub-sectors. In the future, the M&E industry is expected to experience higher growth as the pay-TV industry benefits from the digitalization of Phase III and IV and is supported by the growth in regional print and the increased proliferation of new media. (Source: *MPA Report*).

The table below illustrates the overall media and entertainment industry size between the calendar year 2008 and the calendar year 2018:

Particulars	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	CAGR 2008-2012	CAGR 2012-2018
Subscription Revenue	170.7	196.3	224.4	254.5	280.3	300.2	334.6	375.4	423.7	467.8	505.8	13.2	10.3
Advertisement Revenue	83.1	88.1	105.7	115.5	121.5	132.4	145.3	161.7	179.0	197.0	214.9	10.0	10.0
Television	253.9	284.4	330.1	370.0	401.8	432.7	479.9	537.1	602.7	664.8	720.7	12.2	10.2
Print	172.0	175.2	192.9	208.8	224.1	243.1	264.0	287.0	313.0	343.0	374.0	6.8	8.9
Film	104.4	89.3	83.3	92.9	112.4	125.3	138.0	158.3	181.3	200.0	219.8	1.9	11.8
Radio	8.4	8.3	10.0	11.5	12.7	14.6	16.6	19.0	23.0	27.8	33.6	10.9	17.6
Music	7.4	7.8	8.6	9.0	10.6	9.6	10.1	11.3	13.2	15.1	17.8	9.4	9.0
OOH	16.1	13.7	16.5	17.8	18.2	19.3	21.2	23.1	25.2	27.5	30.0	3.1	8.7
Animation and VFX	17.5	20.1	23.7	31.0	35.3	39.7	45.0	51.7	60.0	70.2	82.9	19.2	15.3
Gaming	7.0	8.0	10.0	13.0	15.3	19.2	23.5	28.0	32.3	36.1	40.6	21.6	17.7
Digital Advertising	6.0	8.0	10.0	15.4	21.7	30.1	41.2	55.1	69.7	88.1	102.2	37.9	29.5
Overall M&E Industry	592.7	614.8	685.1	769.4	852.1	933.6	1039.5	1170.6	1320.4	1472.6	1621.6	9.5	11.3

(Source: MPA Report)

The chart below illustrates the percentage estimated revenue contribution by certain industry components in 2014 and 2018:

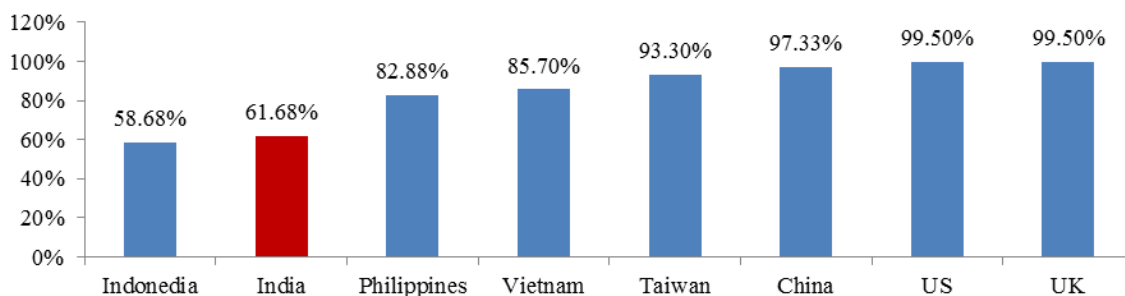


(Source: MPA Report)

Increasing Television Penetration Levels

In 2013, there were approximately 162 million television households in India, which constituted a television penetration level of approximately 61.7%. On 2023, television penetration is expected to increase to 68.0%. (Source: MPA)

The chart below illustrates the household television penetration in certain countries:

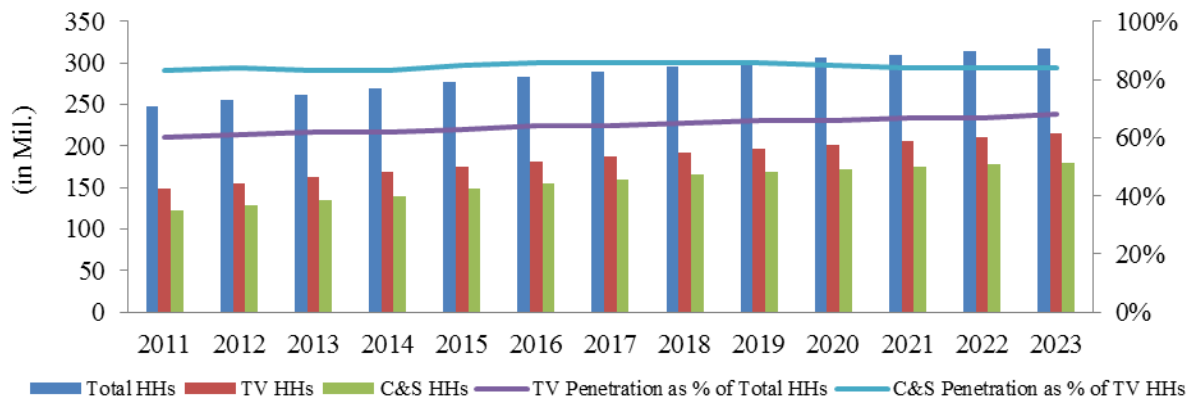


(Source: MPA Report)

The Television Industry in India

In 2013, the number of cable and satellite (“C&S”) households in India increased by 6 million to reach 135 million. Excluding DD Direct, the number of paid C&S households is estimated to be 135 million representing 83.0% of television households. This paid C&S base is expected to increase to 180 million by 2023, representing 84.0% of television households. (Source: MPA Report)

The chart below illustrates the expected increase in C&S and Indian television penetration between 2011 and 2023:



(Source: MPA Report)

(in Mil.)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total HHs	247	255	262	270	277	284	290	296	301	306	310	314	318
TV HHs	148	155	162	169	175	181	187	192	197	202	206	211	215
C&S HHs	123	129	135	140	148	155	160	165	169	172	175	178	180
TV Penetration as % of Total HHs	60%	61%	62%	62%	63%	64%	64%	65%	66%	66%	67%	67%	68%
C&S Penetration as % of TV HHs	83%	84%	83%	83%	85%	86%	86%	86%	86%	85%	84%	84%	84%
Total C&S subscriber additions (Mil.)	10	6	5	6	8	7	5	4	4	4	3	3	2
DTH	7	4	4	4	6	6	4	3	3	3	2	2	1
Analog Cable	1	-8	-11	-3	-6	-4	-2	-1	-1	0	0	0	0
Digital Cable	1	10	13	5	8	5	3	2	2	1	1	1	1

Break up of Subscription Revenue: DTH and Cable

The subscription revenue for television services in India is split. The table below illustrates the subscription revenue for DTH and cable for the period 2011 to 2018:

Subscription Revenues (million)	2011	2012	2013	2014	2015	2016	2017	2018
Cable	195,024	201,690	199,771	210,569	222,955	239,107	257,345	272,781
- Analog	185,867	179,363	147,420	130,968	122,463	113,231	108,161	105,994
- Digital	9,158	22,328	52,351	79,601	100,493	125,876	149,184	166,787
DTH	59,490	78,615	100,475	124,035	152,451	184,555	210,417	233,009
Total	449,539	481,996	500,016	545,173	598,362	662,769	725,107	778,571

(Source: MPA Report)

SUMMARY OF BUSINESS

Overview

We are the fastest growing DTH service provider in India and operate under the “Videocon d2h” brand. (*Source: MPA Report*) We distribute multiple television channels and allied video and audio services to subscribers as part of our DTH services. We bring to our subscribers digital quality television viewing and, as of June 30, 2014, carried over 495 national and international channels and services, including 27 HD channels and 41 audio and video Active Music Channel Services. We commenced our DTH operations in July 2009 and, as of June 30, 2014, had 11.21 million gross subscribers with a market share of 16.2% of the gross DTH subscriber base across India (*Source: MPA Report*). Our total income for the three months ended June 30, 2014 and the financial year 2014 was ₹ 5,377.42 million and ₹ 17,608.45 million, respectively. We have a presence across India and we believe we are ideally positioned to capitalize on the growth opportunities in the Indian DTH market.

Our distribution of multiple television channels and services is enabled through consumer premises equipment installed at the end consumers’ premises which allows a subscriber to directly receive programming from our leased satellite through a mini-dish which is then de-coded by a digital receiver called a set-top box. We use state-of-the-art MPEG-4 technology, which permits high compression for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We have leased K_u-Band space capacity on the ST-2 satellite of SingTel, which was launched on May 21, 2011 and has an estimated useful life through 2026. We currently lease ten 54 Mhz transponders on the satellite. This technology and access to these ten transponders allows us to transmit over 495 channels and services.

We benefit from our relationship with the Videocon Group. The Videocon Group has diversified interests in consumer electronics, oil and gas, power, retail and insurance, among others. The Videocon Group’s flagship entity is Videocon Industries, a company listed on the BSE and the NSE and with a market capitalization of ₹ 58,877.13 million as of June 30, 2014 on the NSE. Videocon Industries believes it has one of the largest distribution networks of consumer electronics and home appliances in India. We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players including television sets and DVD players with built-in set-top boxes. We believe that the cross selling of our services through the Videocon Group’s television business increases our marketing opportunities.

We believe that the “Videocon” brand is well recognized in India. Videocon Industries was named as one of the Boston Consultancy Group’s 100 “Rapidly Developing Economy Emerging Global Challengers” in May 2006 and the “Videocon” brand was named one of the top 20 most trusted brands in India by the Economic Times – Brand Equity in May 2007. Our Company was also ranked one of the most successful launches in 2009 (the year we commenced offering our services) by the Brand Derby survey, undertaken by the Business Standard. Our Company received “Asia’s Most Promising Brand Award 2012-2013” in the DTH category from iBrands 360 (Iconic Brands 360), a World Consulting and Research Corporation enterprise.

The MIB has notified a four-phase digitization process for cable television in India with a sunset date of December 31, 2016. As a result, the cable television industry in India will be transitioned to the DAS for television distribution and all cable operators will be legally bound to transmit only digital signals. We believe that this is a key growth opportunity for us as we believe that a significant portion of current analog cable television subscribers will switch to DTH services, such as ours.

As of June 30, 2014, in addition to providing our subscribers with the enabling hardware for our channels and services, we offer our subscribers “12 Picture-in-Picture Mosaic”, a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the “Electronic Program Guide”, a graphical user interface to browse channels and program schedules; “Movie Channel Services”, where we offer three movie channel services; “HD 3D Active Channel service”; “tickers”, which include tickers at the bottom of the screen displaying sports scores, stock market data, news updates, Active Music Channel Services and content-recording features; and we are one of the first companies in India to offer 4K ready set-top boxes.

Our Growth

We commenced our DTH operations in July 2009. We have grown our subscriber base from 0.44 million gross subscribers as of March 31, 2010, representing approximately 1.9% of the total DTH subscriber base in India to 10.45 million gross subscribers as of March 31, 2014, representing approximately 15.7% of the total DTH subscriber base in India. As of June 30, 2014, we had 11.21 million gross subscribers, which represented approximately 16.2% of the total DTH subscriber base in India. *(Source: MPA Report)* For the first quarter of 2015 and the financial years 2014, 2013, 2012, 2011 and 2010, we had approximately 27.0%, 27.7%, 24.0%, 23.9%, 18.1% and 4.5%, respectively, of the incremental market share of the DTH subscriber base in India. *(Source: MPA Report)*

Our Strengths

Our vision is to be a DTH category innovator with the most advanced products and services and our mission is to strive towards making the brand recall of the Videocon d2h brand highest in the DTH category with the strongest brand equity and most satisfied customer base. We believe that the following are our principal strengths:

- Established brand name and relationship with the Videocon Group
- Distribution capabilities
- Superior technology
- Wide range of packages and services in India
- Strong focus on subscriber management and customer service
- Experienced management team

For details, see “*Our Business – Our Strengths*” on page 110.

Our Strategies

The following are the key elements of our business strategies:

- Continue to provide value for money services by offering a selection of quality programming
- Focus on providing HD channels to cater to growth in HD subscriber base
- Focus on reducing costs and improving margins
- Focus on Profitability
- Continue to enhance our subscriber base through marketing and retention initiatives
- Continue to focus on technological innovation
- Leverage the Government of India’s initiatives to digitize the television industry in India

For details, see “*Our Business – Our Strategies*” on page 111.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial statements derived from our restated financial statements as of and for the three months ended June 30, 2014 and the financial years 2014, 2013, 2012, 2011 and 2010. These restated financial statements have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations and are presented in “*Financial Statements*” on page 159. The summary financial statements presented below should be read in conjunction with our restated financial statements, the notes and annexures thereto and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 224.

Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

	Particulars	As on					
		Jun 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
(1)	Equity & Liabilities						
	Shareholder's Fund						
	(a) Share Capital	2,420.00	2,420.00	2,420.00	1,820.00	1,820.00	1,820.00
	(b) Reserves and Surplus	(16,256.00)	(15,462.07)	(10,768.40)	(8,017.51)	(3,197.45)	2,087.70
	Total Shareholder's Fund – 1	(13,836.00)	(13,042.07)	(8,348.40)	(6,197.51)	(1,377.45)	3,907.70
(2)	Share Application Money Pending for Allotment	-	-	-	3,000.00	-	-
(3)	Non-Current Liabilities						
	(a) Long-Term Borrowings	24,419.50	23,533.25	19,909.40	13,917.80	9,722.34	6,911.14
	(b) Other Long-Term Liabilities						
	Advance Against Lease Rental	2,776.58	2,668.99	2,376.74	1,849.35	1,558.01	250.30
	(c) Long-Term Provisions	46.84	48.06	42.45	28.58	19.41	12.21
	Deferred Tax Liabilities (Net)	-	-	-	-	-	-
	Total Non Current Liabilities – 3	27,242.92	26,250.30	22,328.59	15,795.73	11,299.76	7,173.65
(4)	Current Liabilities						
	Short-Term Borrowings	2,250.00	2,250.00	5,500.00	250.00	3,231.67	360.00
	Trade Payable	2,075.98	2,213.07	1,981.85	1,548.56	844.89	673.07
	Other Current Liabilities	11,517.63	11,549.30	9,639.45	6,200.55	2,903.85	527.28
	Short-Term Provisions	11.71	4.81	4.05	3.34	0.55	2.77
	Total Current Liabilities – 4	15,855.32	16,017.18	17,125.35	8,002.45	6,980.96	1,563.12
	Total	29,262.24	29,225.41	31,105.54	20,600.67	16,903.27	12,644.47
	Assets						
(5)	Non-Current Assets						
	(a) Fixed Assets						
	Tangible Assets	21,532.77	20,677.44	18,208.30	14,373.47	9,797.94	4,159.62
	Intangible Assets	1,197.14	1,250.93	1,431.81	1,165.83	980.71	736.64
	Capital Work-in-Progress	2,280.46	2,224.53	2,510.07	2,239.09	1,983.18	3,790.55
	(b) Non – Current Investments	-	-	-	-	-	-
	(c) Long-Term Loans and Advances	823.78	2,131.64	111.40	336.09	1,958.36	3,208.29
	(d) Other Non-Current Assets	-	-	-	-	-	-
	(e) Deferred Tax Assets (Net)	-	-	-	-	-	-
	Total Non Current Assets – 5	25,834.15	26,284.54	22,261.58	18,114.48	14,720.19	11,895.10
(6)	Current Assets						
	(a) Current Investments	-	-	-	-	-	-
	(b) Inventories	345.67	317.13	253.17	188.87	216.46	149.58
	(c) Trade Receivables	2.02	4.24	3.32	13.15	21.44	0.91
	(d) Cash and Bank Balances	1,700.08	881.87	6,443.18	404.26	346.48	104.45
	(e) Short-Term Loans and Advances	1,380.32	1,737.63	2,144.29	1,879.91	1,598.70	494.43
	(f) Other Current Assets	-	-	-	-	-	-
	Total Current Assets – 6	3,428.09	2,940.87	8,843.96	2,486.19	2,183.08	749.37
	Total	29,262.24	29,225.41	31,105.54	20,600.67	16,903.27	12,644.47

Restated Summary Statement of Profits and Losses

(₹ in Millions)

	Particulars	Three months	For the year ended				
		Period ended	March 31,	March 31,	March 31,	March 31,	March 31,
		Jun 30, 2014	2014	2013	2012	2011	2010
I.	Revenue From Operations						
	Subscription Revenue (Net)	4,556.05	14,808.91	9,300.72	5,134.24	1,071.34	37.22
	Installation and Other Operating Income	522.59	1,437.01	934.86	793.35	646.64	93.63
	Activation Revenue (Net)	49.66	373.50	331.53	579.17	-	-
	Lease Rental	216.56	761.34	591.90	423.59	131.02	7.91
	Sales of STB and Other Accessories	18.76	113.47	46.49	44.80	3.78	2.30
	Sub - Total	5,363.62	17,494.23	11,205.50	6,975.15	1,852.78	141.06
II.	Other Income	13.80	114.22	54.42	30.31	6.56	1.01
III.	Total Revenue (I + II)	5,377.42	17,608.45	11,259.92	7,005.46	1,859.34	142.07
IV.	Expenses:						
	Cost of Materials Consumed	42.90	218.86	125.24	91.15	34.97	49.31
	<u>Employee Benefits Expense:</u>						
	Salaries and Wages	229.07	809.94	729.34	600.30	449.32	168.58
	Contribution to Provident and Other Funds	9.25	33.76	31.34	26.56	20.99	7.38
	Staff Welfare Expenses	5.43	20.58	18.02	20.97	15.58	4.30
	<u>Other Expenses</u>						
	Foreign Currency (Gain) / Loss (other than considered as finance cost)	(4.49)	48.17	26.29	72.06	(11.97)	(4.39)
	Operating Expenses	3,046.91	10,496.21	8,139.33	5,692.17	3,754.05	723.91
	Selling and Distribution Expenses	399.24	1,524.18	998.91	900.16	617.99	111.25
	Administrative and Other Expenses	126.78	488.87	417.45	395.02	289.49	85.58
	Total (a)	3,855.09	13,640.57	10,485.92	7,798.39	5,170.42	1,145.92
V	Earnings before Interest, tax, depreciation and amortization (EBITDA) (III - IV)	1,522.33	3,967.88	774.00	(792.93)	(3,311.08)	(1,003.85)
VI	<u>Finance Costs:(b)</u>						
	Interest Expense	1,015.66	4,347.22	2,658.41	1,904.28	935.96	142.79
	Other Borrowing Costs	43.06	100.76	138.94	108.67	142.82	8.12
VII	Depreciation, Amortization and Impairment Expenses (c)	1,245.13	4,213.57	3,127.54	2,014.18	895.29	157.80
VIII	Total Expenses (a+b+c)	6,158.94	22,302.12	16,410.81	11,825.52	7,144.49	1,454.63
IX	Loss Before Exceptional And Extraordinary Items And Tax (V - VI - VII)	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)
X	Exceptional Items	-	-	-	-	-	-
XI	Loss Before Extraordinary Items and Tax (IX - X)	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)
XII	Extraordinary Items	-	-	-	-	-	-
XIII	Loss Before Tax (XI - XII)	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)
XIV	Tax Expense:						
	(1) Current Tax	-	-	-	-	-	-
	(2) Fringe Benefit Tax	-	-	-	-	-	-
	(3) Deferred Tax	-	-	-	-	-	6.24
XV	Loss for the Period/Year (XIII - XIV)	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,318.80)
XVI	Earnings Per Equity Share:						
	(1) Basic	(3.23)	(19.40)	(24.25)	(26.48)	(29.04)	(54.20)
	(2) Diluted	(3.23)	(19.40)	(24.25)	(26.48)	(29.04)	(54.20)

Restated Summary Statement of Cash Flow Statement

(₹ in Millions)

	Particulars	Three months	For the year ended				
		Period ended	March 31,	March 31,	March 31,	March 31,	March 31,
		Jun 30, 2014	2014	2013	2012	2011	2010
A	Cash flow from operating activities						
	Net profit / (loss) before tax	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)
	Adjustments for :						
	Depreciation and amortization	1,245.13	4,213.57	3,127.54	2,014.18	895.29	157.80
	Provision for Leave Encashment	2.90	2.01	5.64	5.35	2.25	3.42
	Provision for Gratuity	2.78	4.36	9.07	6.57	4.13	3.29
	Provision for Doubtful Debts	0.35	(15.41)	(2.52)	11.44	1.18	0.35
	Interest and Finance charges	1,058.72	4,447.98	2,797.35	2,012.95	1,078.78	150.91
	Loss on Sale of Fixed Assets	1.68	-	-	-	-	-
	Interest Income	(13.61)	(96.96)	(50.83)	(28.63)	(6.11)	(0.85)
	Operating profit / (loss) before working capital changes	1,516.43	3,861.88	735.36	(798.20)	(3,309.63)	(997.64)
	Adjustments for -						
	Decrease / (Increase) in inventories	(28.54)	(63.96)	(64.30)	27.59	(66.88)	(144.77)
	Decrease / (Increase) in Trade and Other receivables	358.46	450.07	(265.65)	(290.10)	(1,126.79)	(372.06)
	(Decrease) / Increase in liabilities and	591.98	1,171.22	3,275.99	2,905.11	3,323.79	1,011.36
	Cash generated from / (used in) operations	2,438.33	5,419.21	3,681.40	1,844.40	(1,179.51)	(503.11)
	Direct taxes (paid)/ Refund Received (Net)	(0.21)	(19.26)	(20.01)	(9.89)	(2.36)	(1.15)
	Net cash from / (used in) operating activities	2,438.12	5,399.95	3,661.39	1,834.51	(1,181.87)	(504.26)
B	Cash flow from investing activities						
	(Purchase) of Fixed Assets	(2,059.08)	(6,501.83)	(7,228.35)	(6,774.85)	(6,777.67)	(4,909.66)
	Loss on Sale of Fixed Assets	(1.68)	-	-	-	-	-
	(Increase)/Decrease in Capital Work in Progress	(55.93)	285.54	(270.98)	(255.91)	1,807.37	(1,550.65)
	(Increase)/Decrease in Capital Advance	1,308.79	(2,029.90)	258.33	1,637.94	1,251.70	(665.27)
	(Increase)/Decrease Other Bank Balances	(41.23)	(42.46)	(292.08)	(214.89)	(91.80)	(55.74)
	Interest received	13.61	96.96	50.83	28.63	6.11	0.85
	Dividend received	-	-	-	-	-	-
	Net cash used in investing activities	(835.52)	(8,191.69)	(7,482.25)	(5,579.08)	(3,804.29)	(7,180.47)
C	Cash flow from financing activities						
	Proceeds from issue of shares including securities premium	-	-	3,000.00	-	-	1,720.00
	Share application money received/(paid)	-	-	-	3,000.00	-	-
	Share application money/ premium (Net)	-	-	(3,000.00)	-	-	2,140.00
	Proceeds from borrowings	1,750.00	7,333.25	14,275.00	6,094.63	6,265.17	4,767.62
	Repayment of borrowings	(1,516.90)	(5,697.30)	(1,909.95)	(3,494.22)	(50.00)	(959.00)
	Finance charges paid	(1,058.72)	(4,447.98)	(2,797.35)	(2,012.95)	(1,078.78)	(150.91)
	Net cash provided by financing activities	(825.62)	(2,812.03)	9,567.70	3,587.46	5,136.39	7,517.71
	Net increase / (decrease) in cash and cash equivalents	776.98	(5,603.77)	5,746.84	(157.11)	150.23	(167.02)
	Cash and cash equivalents at the beginning of the period / year	184.90	5,788.67	41.83	198.94	48.71	215.73
	Cash and cash equivalents at the end of the period / year	961.88	184.90	5,788.67	41.83	198.94	48.71
	Other Bank Balances	738.20	696.97	654.51	362.43	147.54	55.74
	Cash and Bank Balances at the end of the year	1,700.08	881.87	6,443.18	404.26	346.48	104.45
	Components of cash and cash equivalents						

Particulars	Three months Period ended	For the year ended				
	Jun 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Cash in hand	3.02	1.35	2.45	2.20	1.19	1.03
Balance with scheduled banks						
- on Current account	958.86	183.55	286.22	39.63	197.75	47.68
Balances with Banks in Fixed Deposits (Maturity of less than 3 months)	-	-	5,500.00	-	-	-
Total	961.88	184.90	5,788.67	41.83	198.94	48.71

Audit Qualifications

The Auditor has included qualifications in the annexure to its report on our audited financial statements as of and for the financial years provided below. These audit qualifications do not require any corrective material adjustments in our Restated Financial Information. We provide below, these audit qualifications as well as the Company's corrective steps in connection with these remarks:

Annexure to the Auditor's report for the three month period ended June 30, 2014

- *The Company has defaulted in repayment (principal and interest) to financial institutions or banks.*
After reaching the reasonable number of subscriber base and increase in ARPU, we believe we will be able to meet our payment obligations.

Annexure to the Auditor's report for the Financial Year 2013-14

- *There has been a slight delay in depositing certain statutory dues in a few cases.*
We have initiated the necessary steps for monitoring statutory compliances to avoid such delays.
- *Dues pertaining to interest on tax deducted at source have not been deposited.*
Partial payment of interest has been made. We would pay the remaining amount once the liability is fully determined.
- *The Company has incurred cash loss.*
No systemic corrective actions required.
- *The accumulated losses of the Company were more than fifty percent of its net-worth.*
No systemic corrective actions required.
- *The Company has defaulted in repayment (principal and interest) to financial institutions or banks.*
After reaching the reasonable number of subscriber base and increase in ARPU, we believe we will be able to meet our payment obligations.
- *Short-term funds have been used for long-term purposes primarily for losses of the Company.*
No systemic corrective actions required.

Annexure to the Auditor's report for the Financial Year 2012-13

- *Dues pertaining to interest on tax deducted at source have not been deposited.*
Partial payment of interest has been made. We would pay the remaining amount once the liability is fully determined.
- *The Company has incurred cash loss.*
No systemic corrective actions required.
- *The accumulated losses of the Company were more than fifty percent of its net-worth.*

No systemic corrective actions required.

- *The Company has defaulted in repayment (principal and interest) to financial institutions or banks.*
We have initiated the necessary steps for monitoring statutory compliances to avoid such delays.
- *Short-term funds have been used for long-term purposes primarily for losses of the Company.*
No systemic corrective actions required.

Annexure to the Auditor’s report for the Financial Year 2011-12

- *Dues pertaining to interest on tax deducted at source have not been deposited.*
Partial payment of interest has been made. We would pay the remaining amount once the liability is fully determined.
- *The Company has incurred cash loss.*
No systemic corrective actions required.
- *The accumulated losses of the Company were more than fifty percent of its net-worth.*
No systemic corrective actions required.
- *The Company has defaulted in repayment (principal and interest) to financial institutions or banks.*
We have initiated the necessary steps for monitoring statutory compliances to avoid such delays.

Annexure to the Auditor’s report for the Financial Year 2010-11

- *Dues pertaining to interest entertainment tax have not been deposited.*
The interest has been paid subsequently.
- *The Company has incurred cash loss.*
No systemic corrective actions required.
- *The accumulated losses of the Company were more than fifty percent of its net-worth.*
No systemic corrective actions required.

Annexure to the Auditor’s report for the Financial Year 2009-10

- *Dues pertaining to interest entertainment tax have not been deposited.*
The interest has been paid subsequently.
- *The Company has incurred cash loss.*
No systemic corrective actions required.

THE ISSUE

Issue*	[●] Equity Shares
<i>Of which</i>	
A) QIB Category**	Not less than [●] Equity Shares
<i>Of which</i>	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Category	Not more than [●] Equity Shares
C) Retail Category	Not more than [●] Equity Shares
Equity Shares outstanding prior to the Issue [#]	242,000,000 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue Proceeds	See “ Objects of the Issue ” on page 70

* *The Issue has been authorized by our Board pursuant to their resolution dated June 23, 2014, and by the shareholders of our Company pursuant to a resolution passed at the extraordinary general meeting held on July 17, 2014. Our Company is considering a Pre-IPO Placement of up to 5,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors. If the Pre-IPO Placement is completed prior to filing of the Red Herring Prospectus with the RoC, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 10% of the post-Issue paid-up Equity Share capital of our Company.*

** *Our Company, in consultation with the JGCBRLMs, may allocate up to 60% of the QIB Category, consisting of [●] Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In case of under subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Category. For more information, see “**Issue Procedure**” on page 296.*

Our Board and shareholders have approved, subject to the approval of the MIB, the ESOP 2014 for the benefit of the eligible employees of the Company. Upon receipt of the approval of the MIB, our Company expects to complete allotment of 4,000,000 Equity Shares to the Videocon d2h Employees Welfare Trust, in accordance with ESOP 2014, prior to the date of the Red Herring Prospectus.

Notes:

- The Issue shall constitute [●]% of our post-Issue equity share capital.
- Allocation to all categories, except the Anchor Investor Portion, if any, and the Retail Category shall be made on a proportionate basis. For details, see “**Issue Procedure – Basis of Allotment**” on page 326.
- If not less than 75% of the Issue cannot be Allotted to QIBs, the entire application money will be refunded. In the event aggregate demand in the QIB Category has been met, under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, at the discretion of our Company in consultation with the JGCBRLMs and the Designated Stock Exchange.
- Retail Individual Investors bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. Retail Individual Investors bidding at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid. Retail Individual Investors must ensure that the Bid Amount, does not exceed ₹ 200,000. Retail Individual Investors should note that while filling the “SCSB/Payment Details” block in the Bid cum Application Form, Retail Individual Investors must mention the Bid Amount.

For details, including in relation to grounds for rejection of Bids, refer to the “**Issue Procedure**” on page 296. For details of the terms of the Issue, see “**Terms of the Issue**” on page 293.

GENERAL INFORMATION

Our Company was incorporated on November 22, 2002 as ‘Bharat Business Channel Limited’, a public limited company under the Companies Act 1956. We received a certificate for commencement of business on June 17, 2003. Pursuant to a resolution of our shareholders dated June 12, 2014, our name was changed to ‘Videocon d2h Limited’, and a fresh certificate of incorporation was issued by the RoC on July 1, 2014. For further details, see “*History and Certain Corporate Matters*” on page 127.

Set forth below are the details of the Registration Number and Corporate Identity Number of our Company:

Details	Registration/Identification number
Registration Number	137947
Corporate Identity Number	U92100MH2002PLC137947

Registered Office of our Company

Auto Cars Compound, Adalat Road
Aurangabad 431 005
Maharashtra, India
Tel.: (+91 240) 232 0750
Fax: (+91 240) 233 5755

Corporate Office of our Company

1st Floor, Techweb Centre
New Link Road, Oshiwara Jogeshwari (West)
Mumbai 400 102, Maharashtra, India
Tel.: (+91 22) 42 555 000
Fax: (+91 22) 42 555 050
Email: info@d2h.com

Registrar of Companies

Our Company is registered at the office of:

Registrar of Companies, Maharashtra

100, Everest, Marine Drive
Mumbai 400 002, Maharashtra, India
Tel: (+91 22) 2281 2639
Fax: (+91 22) 2281 1977
Email: roc.mumbai@mca.gov.in

The Board of Directors

The following table sets out the current composition of our Board as on the date of the filing of this Draft Red Herring Prospectus.

Name and Designation	Age (years)	Address	DIN
Mr. Saurabh Pradipkumar Dhoot	30	Dhoot Bunglow, Station Road, Aurangabad 431 001, Maharashtra, India	00970362
Designation: Whole-time Director			
Mr. Shivratn Jeetmal Taparia	69	71, Girikunj, 6 th Road, Marine Lines, Mumbai 400 020, Maharashtra, India	00112513
Designation: Independent Director			

Name and Designation	Age (years)	Address	DIN
Mr. Pradeep Ramwilas Rathi Designation: Independent Director	61	2, Boat Club Road, Pune 411 001, Maharashtra, India	00018577
Mr. Nabankur Gupta Designation: Independent Director	65	11, Jayshree, 75 Worli Sea Face, Worli, Mumbai 400 025, Maharashtra, India	00020125
Mr. Karunchandra Srivastava Designation: Independent Director	70	306, Shalaka, Maharshi Karve Marg, Mumbai 400 021, Maharashtra, India	00314951

For further details of the Directors, see “*Our Management*” on page 131.

Company Secretary and Compliance Officer

Our Company has appointed Ms. Amruta Karkare, the Company Secretary of our Company, as the Compliance Officer. Her contact details are as follows:

Ms. Amruta Karkare

1st Floor, Techweb Centre, New Link Road
Oshiwara, Jogeshwari (West)
Mumbai 400 102, Maharashtra, India
Tel.: (+91 22) 4255 5062
Fax: (+91 22) 4255 5050
Email: ipo@d2h.com

Investors can contact the Compliance Officer, the JGCBRLMs or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of Allotment Advice, credit of Allotted shares in the respective beneficiary account or refund orders.

Chief Financial Officer

Mr. Avanti Kumar Kanthaliya is our Chief Financial Officer. His contact details are as follows:

Avanti Kumar Kanthaliya

1st Floor, Techweb Centre
New Link Road, Oshiwara Jogeshwari (West)
Mumbai 400 102, Maharashtra, India
Tel: (+91 22) 4255 5000
Fax: (+91 22) 4255 5050
Email: avanti.kanthaliya@d2h.com

Joint Global Coordinators and Book Running Lead Managers

Axis Capital Limited

1st Floor, Axis House
C-2, Wadia International Centre, P.B. Marg, Worli
Mumbai 400 025, Maharashtra, India
Tel: (+ 91 22) 4325 2183
Fax: (+91 22) 4325 3000
Email: videocon@axiscap.in
Investor Grievance Email: complaints@axiscap.in
Website: www.axiscapital.co.in
SEBI Registration No.: INM000012029

Contact Person: Ms. Simran Gadh

Edelweiss Financial Services Limited

14th floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai 400 098, Maharashtra, India
Tel: (+91 22) 4086 3535
Fax: (+91 22) 4086 3610
Email: bluesky@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
SEBI Registration No.: INM0000010650
Contact Person: Mr. Vikas Agarwal

ICICI Securities Limited

ICICI Centre, H.T. Parekh Marg, Churchgate
Mumbai 400 020, Maharashtra, India
Tel: +91 (22) 2288 2460
Fax: +91 (22) 2282 6580
Email: videocon@icicisecurities.com
Investor Grievance Email: customercare@icicisecurities.com
Website: www.icicisecurities.com
SEBI Registration No.: INM000011179
Contact Person: Mr. Vishal Kanjani/Sumit Agarwal

IDBI Capital Market Services Limited

3rd Floor, Mafatlal Centre, Nariman Point
Mumbai 400 021, Maharashtra, India
Tel: (+91 22) 4322 1212
Fax: (+91 22) 2285 0785
Email: d2h.ipo@idbicapital.com
Investor Grievance Email: redressal@idbicapital.com
Website: www.idbicapital.com
SEBI Registration Number: INM000010866
Contact Person: Mr. Sumit Singh

SBI Capital Markets Limited

202, Maker Tower 'E', Cuffe Parade
Mumbai 400 005, Maharashtra, India
Tel: (+91 22) 2217 8300
Fax: (+91 22) 2218 8332
Email: Videocon.ipo@sbicaps.com
Investor Grievance Email: investor.relations@sbicaps.com
Website: www.sbicaps.com
SEBI Registration Number: INM000003531
Contact Person: Ms. Dhivya Ravikumar

UBS Securities India Private Limited

2/F, 2 North Avenue
Maker Maxity Bandra Kurla Complex, Bandra (East)
Mumbai 400 051, Maharashtra, India
Tel: (+91 22) 6155 6000
Fax: (+91 22) 6155 6300
Email: OL-CCS+-blueskyipo@ubs.com
Investor Grievance Email: customercare@ubs.com
Website: www.ubs.com
SEBI Registration No.: INM000010809

Contact Person: Mr. Ankur Aggarwal

YES Bank Limited

YES Bank Tower, IFC 2
18th Floor, Elphinstone (W)
Senapati Bapat Marg
Mumbai 400 013, Maharashtra, India
Tel: (+91 22) 3366 9000
Fax: (+91 22) 2421 4508
Email: videocond2hipo@yesbank.in
Investor Grievance Email: merchantbanking@yesbank.in
Website: www.yesbank.in
SEBI Registration No: INM000010874
Contact Person: Mr. Sameer Kakkar

Syndicate Members

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Domestic Legal Counsel to the Company

Sterling Associates

602, Umarji House, 6th floor
Opposite Imperial Palace House, Telli Gully
Andheri (E), Mumbai 400 069, Maharashtra, India
Tel: (+91 22) 2684 0865
Fax: (+91 22) 2683 9866

Domestic Legal Counsel to the JGCBRLMs

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Amarchand Towers
216, Okhla Industrial Estate, Phase-III
New Delhi 110 020, India
Tel.: (+91 11) 2692 0500
Fax: (+91 11) 2692 4900

International Legal Counsel to the JGCBRLMs

Jones Day

3 Church Street
#14-02 Samsung Hub
Singapore 049 483
Tel: (+65) 6538 3939
Fax: (+65) 6536 3939

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078, Maharashtra, India
Tel: (+91 22) 6171 5400
Fax: (+91 22) 2596 0329
Email: d2h.ipo@linkintime.co.in
Investor Grievance Email: d2h.ipo@linkintime.co.in
Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar
SEBI Registration Number: INR000004058

Investors may contact the JGCBRLMs for any complaint pertaining to the Issue. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Bankers to the Issue/Escrow Collection Banks

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Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) and updated from time to time. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, refer to the website of the SEBI.

Syndicate SCSB Branches

In relation to ASBA Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Syndicate ASBA Bidding Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the members of the Syndicate at Syndicate ASBA Bidding Locations, see the website of the SEBI.

Broker Centres

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012; Bidders can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, a list of which is available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Refund Bank

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Bankers to our Company

Central Bank of India

Capital Market Services Branch
Ground Floor, Central Bank Building
MG Road, Fort, Mumbai 400 023, Maharashtra, India

Tel: (+91 22) 2262 3149
 Fax: (+91 22) 2262 3150
 Email: agmmum4082@centralbank.co.in
 Contact Person: Mr. Vinod Pophale
 Website: www.centralbankofindia.co.in

ICICI Bank Limited

North Tower, 4th Floor, West Wing, Bandra Kurla Complex
 Bandra (East), Mumbai 400 051, Maharashtra, India
 Tel: (+91 22) 2653 6418
 Fax: (+91 22) 2653 1206
 Email: anjan.pal@icicibank.com
 Contact Person: Mr. Nishit Singh
 Website: www.icicibank.com

IDBI Bank Limited

IDBI Tower, WTC Complex, Cuffe Parade
 Mumbai 400 005, Maharashtra, India
 Tel: (+91 22) 6655 2017
 Fax: (+91 22) 2218 4699
 Email: k.lakshmi@idbi.co.in
 Contact Person: Ms. Lakshmi Kuchimanchi
 Website: www.idbi.com

Statutory Auditors of our Company

Khandelwal Jain & Co.

Chartered Accountants
 12-B, Baldota Bhavan, 5th Floor
 117, Maharshi Karve Road, Churchgate
 Mumbai 400 020, Maharashtra, India
 Tel: (+91 22) 4311 6000
 Fax: (+91 22) 43116060
 Registration Number: 105049W

Kadam & Co.

Chartered Accountants
 "Vedant", 8/9, Viraj Estate, Opposite Tarakpur Bus Stand
 Ahmednagar 414 003
 Maharashtra, India
 Tel: (+91 0241) 232 2120
 Fax: (+91 0241) 235 8964
 Registration Number: 104524W

Credit Rating

As this is an issue of Equity Shares, credit rating is not required for the Issue.

Monitoring Agency

A Monitoring Agency shall be appointed in terms of sub-regulation (1) of Regulation 16 of the SEBI ICDR Regulations and details thereof shall be updated, prior to filing the Red Herring Prospectus with the RoC.

Trustees

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Experts

Except for the reports of the Auditors of our Company on the restated financial statements and the '*Statement of Tax Benefits*', included in this Draft Red Herring Prospectus, we have not obtained any other expert opinions.

Appraisal Entity

No appraising agency has been appointed in respect of any project of our Company. The objects of this Issue and means of finance are based on internal estimates of our Company.

Statement of Inter-se Allocation of Responsibilities of the JGCBRLMs

The following table sets forth the inter-se allocation of responsibilities for various activities in relation to this Issue among the JGCBRLMs:

Activity	Responsibility	Co-ordination
Capital structuring with the relative components and formalities such as type of instruments, etc.	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	Axis
Due diligence of the Company's operations/management/ business plans/legal, etc., Drafting and design of offer documents and of statutory advertisement including memorandum containing salient features of the Prospectus. The Joint Global Coordinators and Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of the Prospectus and filing with the RoC.	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	Axis
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	IDBI Capital
Appointment of Registrar, monitoring agency to the Issue and Bankers to the Issue	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	IDBI Capital
Appointment of Printers and Advertising Agency	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	UBS
Marketing of the issue which will cover, inter alia: – Formulating international institutional marketing strategy; – Finalising road show marketing presentation; and – Finalising the list and division of investors for one-on-one meetings, institutional allocation	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	UBS
Domestic institutional marketing of the Issue	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	Axis
Retail / Non-Institutional marketing strategy which will cover, inter alia: – Formulating marketing strategies, preparation of publicity budget; Finalising media, marketing and public relations strategy including list of frequently asked questions at road shows; – Finalising centers for holding conferences for brokers, etc.; – Finalising collection centers and arranging for selection of underwriters and underwriting agreement; and – Follow-up on distribution of publicity and issue material including form, Prospectus and deciding on the quantum of the issue material	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	I-Sec
Coordination with stock exchanges for Book Building software	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	I-Sec
Finalizing of Pricing and Allocation	Axis Capital, Edelweiss, I-Sec, IDBI Capital, SBICAP, UBS and YES Bank	UBS

Post bidding activities including management of Escrow Accounts, coordinate non-institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Bidders, etc. The post issue activities of the issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business. The Joint Global Coordinators and Book Running Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company.

Axis Capital, Edelweiss, IDBI Capital
I-Sec, IDBI Capital,
SBICAP, UBS and YES
Bank

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band and the minimum Bid lot size will be decided by our Company in consultation with the JGCBRLMs, and advertised in [●] edition of [●] (a widely circulated English national newspaper), [●] edition of [●] (a widely circulated Hindi national newspaper) and [●] edition of [●] (a widely circulated Marathi newspaper), at least five Working Days prior to the Bid/ Issue Opening Date and shall be made available to the Stock Exchange for the purpose of upload on its website. The Issue Price is finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the JGCBRLMs;
- the Syndicate Members who are intermediaries registered with the SEBI or registered as brokers with the BSE and eligible to act as underwriters;
- the Registrar to the Issue;
- the Registered Brokers;
- the Escrow Collection Banks; and
- the SCSBs.

Pursuant to Rule 19(2)(b)(ii) of the SCRR, the Issue is being made for at least 10% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process and pursuant to Regulation 26(2) of the SEBI ICDR Regulations, where not less than 75% of the Issue will be Allotted on a proportionate basis to QIBs, provided that our Company may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not more than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Issue will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Subject to allotment of not less than 75% of the Issue to QIBs, under subscription, if any, in the Non-Institutional Category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the JGCBRLMs and the Designated Stock Exchange.

QIBs (excluding Anchor Investors) and Non-Institutional Investors can participate in the Issue only through the ASBA process and Retail Individual Investors have the option to participate through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process.

QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/Issue Period and withdraw their Bid(s) until finalization of Basis of

Allotment. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. For further details, see “Issue Structure” on page 289.

We will comply with the SEBI ICDR Regulations and any other ancillary directions issued by the SEBI for the Issue. In this regard, we have appointed the JGCBRLMs to manage the Issue and procure subscriptions for the Issue.

The Book Building process under the SEBI ICDR Regulations is subject to change from time to time and Bidders are advised to make their own judgment about investment through the Book Building process prior to making a Bid in the Issue.

Illustration of Book Building and Price Discovery Process (*Investors should note that this example is solely for illustrative purposes and is not specific to the Issue; and also excludes bidding by Anchor Investors or under the ASBA Process*)

Bidders can bid at any price within the Price Band. For instance, assume a price band of ₹ 20 to ₹ 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription (%)
500	24	500	16.67
1,000	23	1,500	50.00
1,500	22	3,000	100.00
2,000	21	5,000	166.67
2,500	20	7,500	250.00

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, *i.e.*, ₹ 22 in the above example. The issuer, in consultation with the joint global coordinators and book running lead managers will finalize the issue price at or below such cut-off price, *i.e.*, at or below ₹ 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details, see “*Issue Procedure - Who Can Bid*” on page 297).
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form, as applicable.
3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Issue will obtain the Demographic Details of the Bidders from the Depositories.
4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depository Participant’s verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.
5. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

6. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centres. Ensure that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained has named at least one branch at the Specified Location or the Broker Centre for the members of the Syndicate or the Registered Broker, respectively, to deposit Bid cum Application Forms (a list of such branches is available at the website of the SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).
7. Bids by ASBA Bidders may be submitted in the physical mode to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centres and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission to the SCSB or the Syndicate or the Registered Brokers to ensure that the Bid cum Application Form is not rejected.
8. Bids by non-ASBA Bidders will have to be submitted to the Syndicate (or their authorised agents) at the bidding centres or to the Registered Brokers at the Broker Centres.
9. Bids by QIBs (other than Anchor Investors) and Non-Institutional Investors must be submitted through the ASBA process only.

Underwriting Agreement

After the determination of the Issue Price but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the JGCBRLMs will be responsible for bringing in the amount devolved, in the event any of their respective Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC

(₹ in million)

Name, address, telephone, fax and email of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and would be finalized after the pricing and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Draft Red Herring Prospectus is set forth below.

	Aggregate value at face value	Aggregate value at Issue Price
<i>(in ₹)</i>		
A) Authorized Share Capital		
500,000,000 Equity Shares of ₹ 10 each	5,000,000,000	-
B) Issued, subscribed and paid-up share capital prior to the Issue[#]		
242,000,000 Equity Shares of ₹ 10 each	2,420,000,000	-
C) The Issue[*]		
[●] Equity Shares of ₹ 10 each	[●]	[●]
<i>Of which</i>		
QIB Category of not less than [●] Equity Shares [#]	[●]	[●]
<i>Of which</i>		
- Available for allocation to Mutual Funds only	[●]	[●]
- Balance for all QIBs including Mutual Funds	[●]	[●]
Non Institutional Category of not more than [●] Equity Shares	[●]	[●]
Retail Category of not more than [●] Equity Shares	[●]	[●]
F) Issued, subscribed and paid-up share capital after the Issue		
[●] Equity Shares of ₹ 10 each	[●]	
G) Share Premium Account		
Before the Issue	5,840,000,000	
After the Issue		[●]

[#] Our Board and shareholders have approved, subject to the approval of the MIB, the ESOP 2014 for the benefit of the eligible employees of the Company. Upon receipt of the approval of the MIB, our Company expects to complete allotment of 4,000,000 Equity Shares to the Videocon d2h Employees Welfare Trust, in accordance with ESOP 2014, prior to the date of the Red Herring Prospectus.

^{*} The Issue has been authorized by our Board at its meeting held on June 23, 2014 and our shareholders at their meeting held on July 17, 2014. Our Company is considering a Pre-IPO Placement of up to 5,000,000 Equity Shares aggregating up to ₹500 million with certain investors. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 10% of the post-Issue paid-up Equity Share capital of our Company.

[#] Our Company, in consultation with the JGCBRLMs, may allocate up to 60% of the QIB Category, consisting of [●] Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In case of under-subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Category. For more information, see "Issue Procedure" on page 296.

Notes to Capital Structure

1. Share Capital History of our Company

(a) Set forth below is the Equity Share capital history of our Company:

Date of issue/allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Consideration in Cash/other than Cash	Nature of allotment	Cumulative paid-up Equity Share capital (₹)
November 22, 2002	50,000	10	10	Cash	Subscription to the MoA ⁽¹⁾	500,000
May 14, 2007	9,950,000	10	10	Cash	Preferential allotment ⁽²⁾	100,000,000
March 1, 2010	172,000,000	10	30	Cash	Rights issue ⁽³⁾	1,820,000,000
September 28, 2012	60,000,000	10	50	Cash	Rights issue ⁽⁴⁾	2,420,000,000

(1) Subscription to 10,000 Equity Shares by Mr. Venugopal Nandlal Dhoot, 39,950 Equity Shares by Mr. Anirudha V. Dhoot, and 10 Equity Shares each by Mr. Suresh Madhava Hegde, Mr. Atul Ashok Galande, Mr. Vinod Kumar Bohra, Mr. Sunil Kumar Samriya and Mr. Vasant S. Kakade.

(2) Preferential allotment of 1,900,000 Equity Shares each to Shree Dhoot Trading And Agencies Limited, V N Dhoot Investment Company Private Limited (now Solitaire Appliances Private Limited), Keshar Dhoot Investment Company Private Limited (now Greenfield Appliances Private Limited), R N Dhoot Investment Company Private Limited (now Synergy Appliances Private Limited) and Dome-Bell Electronics India Private Limited; and 450,000 Equity Shares to Dhoot Brothers Investment Company Private Limited (now Platinum Appliances Private Limited).

(3) Allotment on rights basis of 32,680,000 Equity Shares each to Shree Dhoot Trading And Agencies Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited, Synergy Appliances Private Limited and Dome-Bell Electronics India Private Limited; and 8,600,000 Equity Shares to Platinum Appliances Private Limited.

(4) Allotment on rights basis of 11,400,000 Equity Shares each to Shree Dhoot Trading And Agencies Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited, Synergy Appliances Private Limited and Dome-Bell Electronics India Private Limited; and 3,000,000 Equity Shares to Platinum Appliances Private Limited.

- (b) As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

2. Issue of Equity Shares for Consideration other than Cash

As on the date of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash or issued any Equity Shares out of revaluation reserves.

3. Issue of Equity Shares in the last one year

Our Company has not issued any Equity Shares in the last one year.

4. Build-up of our Promoters' shareholding, Promoters' contribution and lock-in

(i) Build-up of our Promoters' shareholding in our Company

As on the date of this Draft Red Herring Prospectus, our Promoters, collectively, hold 149,990,000 Equity Shares, which constitutes 61.98% of the issued, subscribed and paid-up Equity Share capital of our Company.

While our individual Promoter, Mr. Saurabh Pradipkumar Dhoot does not directly hold any Equity Shares as on date of this Draft Red Herring Prospectus, set forth below is the build-up of the shareholding of our Corporate Promoters, since the incorporation of our Company.

Name of Promoter	Date of issue/allotment	Consideration in Cash/other than Cash	Nature of allotment	No. of Equity Shares	Face value (₹)	Consideration per Equity Share (₹)
Synergy Appliances Private Limited	May 14, 2007	Cash	Preferential allotment	1,900,000	10	10
	March 1, 2010	Cash	Rights issue	32,680,000	10	30
	September 28, 2012	Cash	Rights issue	11,400,000	10	50
TOTAL (A)				45,980,000¹		
Solitaire Appliances Private Limited	May 14, 2007	Cash	Preferential allotment	1,900,000	10	10
	March 1, 2010	Cash	Rights issue	32,680,000	10	30
	September 28, 2012	Cash	Rights issue	11,400,000	10	50
TOTAL (B)				45,980,000²		
Greenfield Appliances Private Limited	May 14, 2007	Cash	Preferential allotment	1,900,000	10	10
	March 1, 2010	Cash	Rights issue	32,680,000	10	30

Name of Promoter	Date of issue/allotment	Consideration in Cash/other than Cash	Nature of allotment	No. of Equity Shares	Face value (₹)	Consideration per Equity Share (₹)
	September 28, 2012	Cash	Rights issue	11,400,000	10	50
TOTAL (C)				45,980,000³		
Platinum Appliances Private Limited	May 14, 2007	Cash	Preferential allotment	450,000	10	10
	March 1, 2010	Cash	Rights issue	8,600,000	10	30
	September 28, 2012	Cash	Rights issue	3,000,000	10	50
TOTAL (D)				12,050,000⁴		
TOTAL (A+B+C+D)				149,990,000		

1. Of the total Equity Shares held by Synergy, 40,540,000 Equity Shares, i.e. 88.17% of its shareholding in our Company is subject to pledge.
2. Of the total Equity Shares held by Solitaire, 4,800,000 Equity Shares, i.e. 10.44% of its shareholding in our Company is subject to pledge.
3. Of the total Equity Shares held by Greenfield, 38,005,000 Equity Shares, i.e. 82.66% of its shareholding in our Company is subject to pledge.
4. Of the total Equity Shares held by Platinum, 4,840,000 Equity Shares, i.e. 40.17% of its shareholding in our Company is subject to pledge.

Our Promoters have confirmed to our Company and the JGCBRLMs that the Equity Shares held by our Promoters have been financed from its internal accruals and no loans or financial assistance from any bank or financial institution has been availed by them for this purpose.

(ii) *Details of Promoters' Contribution Locked-in for Three Years*

Pursuant to the SEBI ICDR Regulations, an aggregate of at least 20% of the post-Issue Equity Share capital of our Company held by our Promoters shall be locked for a period of three years from the date of Allotment.

The details of Promoters' contribution and lock-in are as below:

Name of Promoter	Number of Equity Shares to be locked in as Promoter contribution	Face Value (₹)	Percentage of pre-Issue Capital	Percentage of post-Issue Capital
Synergy Appliances Private Limited	[●]	10	[●]	[●]
Solitaire Appliances Private Limited	[●]	10	[●]	[●]
Greenfield Appliances Private Limited	[●]	10	[●]	[●]
Platinum Appliances Private Limited	[●]	10	[●]	[●]
Total	[●]		[●]	20.00

For details on build-up of Equity Shares held by our Promoters, see “– (a) *Build-up of our Promoters' shareholding in our Company*” above.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoters' under the SEBI ICDR Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

- a) The Equity Shares offered for minimum Promoters' contribution have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or have resulted from an issuance of Equity Shares pursuant to a bonus issue out of revaluation reserves or unrealized profits of our Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;

- b) The minimum Promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- c) Our Company has not been formed by the conversion of a partnership firm into a company and thus no Equity Shares have been issued to the Promoters upon conversion of a partnership firm;
- d) The Equity Shares held by our Promoters and offered for minimum Promoter's contribution are not subject to any pledge; and
- e) All the Equity Shares of our Company held by the Promoters and the Promoter Group shall be held in dematerialized form prior to the filing of the Red Herring Prospectus with the RoC.

(iii) Details of Equity Shares Locked-in for One Year

Other than the Equity Shares held by our Promoters which will be locked in as Promoters' contribution for three years as disclosed above, the entire pre-Issue Equity Share capital of our Company, comprising [●] Equity Shares, shall be locked-in for a period of one year from the date of Allotment.

(iv) Lock-in of Equity Shares Allotted to Anchor Investors

Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion, if any, shall be locked in for a period of 30 days from the date of Allotment.

(v) Other requirements in respect of lock-in

Locked-in Equity Shares held by our Promoters may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. However, Equity Shares locked-in as Promoters' contribution can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

The Equity Shares held by persons other than our Promoters prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").

Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations.

5. Shareholding Pattern of our Company

The table below presents our shareholding pattern as on date of filing of this Draft Red Herring Prospectus:

Category code	Category of shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	Shares pledged or otherwise encumbered*
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					As a % of (A+B)	As a % of (A+B +C)	No. of shares	As a % of the total number of shares
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	2	50,000	50,000	0.02	0.02	0	0
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	6	241,950,000	241,950,000	99.98	99.98	180,140,000	74.44
(d)	Financial Institutions/ banks	-	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	8	242,000,000	242,000,000	100	100	180,140,000	74.44
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign non Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	8	242,000,000	242,000,000	100	100	180,140,000	74.44
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Portfolio Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify) - Foreign company	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-
(2)	Non-institutions							
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals -							
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	-	-	-	-	-	-	-
	ii) Individual shareholders holding nominal share capital	-	-	-	-	-	-	-

Category code	Category of shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered*	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of the total number of shares
	in excess of ₹ 1 lakh.							
(c)	Foreign Portfolio Investors	-	-	-	-	-	-	-
(d)	Any Others (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-
	Total public shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-
	TOTAL (A)+(B)	8	242,000,000	242,000,000	100	100	180,140,000	74.44
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	8	242,000,000	242,000,000	100	100	180,140,000	74.44

* Includes Equity Shares which have been pledged or in respect of which non-disposal undertakings (along with powers of attorney) have been issued.

Shareholding of our Promoters and our Promoter Group

The table below presents the shareholding of our Promoters and Promoter Group, who hold Equity Shares as on the date of filing of this Draft Red Herring Prospectus:

Shareholder	Pre-Issue		Post-Issue	
	No. of Equity Shares	Percentage of issued Equity Share capital	No. of Equity Shares	Percentage of issued Equity Share capital
Promoters				
Synergy Appliances Private Limited	45,980,000	19.00	45,980,000	[●]
Solitaire Appliances Private Limited	45,980,000	19.00	45,980,000	[●]
Greenfield Appliances Private Limited	45,980,000	19.00	45,980,000	[●]
Platinum Appliances Private Limited	12,050,000	4.98	12,050,000	[●]
Sub Total (A)	149,990,000	61.98	149,990,000	[●]
Promoter Group				
Mr. Venugopal Nandlal Dhoot	10,000	Negligible	10,000	[●]
Mr. Anirudha V. Dhoot	40,000	0.02	40,000	[●]
Shree Dhoot Trading And Agencies Limited	45,980,000	19.00	45,980,000	[●]
Dome-Bell Electronics India Private Limited	45,980,000	19.00	45,980,000	[●]
Sub Total (B)	92,010,000	38.02	92,010,000	[●]
Total Promoters and Promoter Group ((A) + (B))	242,000,000	100	242,000,000	[●]

The directors of our Corporate Promoters do not directly hold any of our Equity Shares.

6. The JGCBRLMs and their respective associates currently do not hold any Equity Shares in our Company.
7. The lists of top 10 shareholders of our Company and the number of Equity Shares held by them as on the date of filing, 10 days before the date of filing and two years before the date of filing of this Draft Red Herring Prospectus are set forth below.
- (a) Our top shareholders as on the date of filing and 10 days prior to the filing of this Draft Red Herring Prospectus are as follows:

S. No.	Name of Shareholder	No. of Equity Shares	Percentage shareholding
1.	Synergy Appliances Private Limited	45,980,000	19.00
2.	Solitaire Appliances Private Limited	45,980,000	19.00
3.	Shree Dhoot Trading And Agencies Limited	45,980,000	19.00
4.	Greenfield Appliances Private Limited	45,980,000	19.00
5.	Dome-Bell Electronics India Private Limited	45,980,000	19.00
6.	Platinum Appliances Private Limited	12,050,000	4.98
7.	Mr. Anirudha V. Dhoot	40,000	0.02
8.	Mr. Venugopal Nandlal Dhoot	10,000	Negligible
	Total	242,000,000	100

- (b) Our top shareholders two years prior to filing of this Draft Red Herring Prospectus, were as follows:

S. No.	Name of Shareholder	No. of Equity Shares	Percentage shareholding
1.	Synergy Appliances Private Limited	45,980,000	19.00
2.	Solitaire Appliances Private Limited	45,980,000	19.00
3.	Shree Dhoot Trading And Agencies Limited	45,980,000	19.00
4.	Greenfield Appliances Private Limited	45,980,000	19.00
5.	Dome-Bell Electronics India Private Limited	45,980,000	19.00
6.	Platinum Appliances Private Limited	12,050,000	4.98
7.	Mr. Anirudha V. Dhoot	40,000	0.02
8.	Mr. Venugopal Nandlal Dhoot	10,000	Negligible
	Total	242,000,000	100

8. As on the date of this Draft Red Herring Prospectus, there is no public shareholder holding more than 1% of the pre-Issue share capital of our Company.
9. Except as provided below, there has been no subscription to or sale or purchase of our Equity Shares, within three years preceding the date of filing of this Draft Red Herring Prospectus, by our Promoters or Directors or Promoter Group which in aggregate equals to or is greater than 1% of the pre-Issue share capital of our Company.

S. No.	Name of Shareholder	Promoter/Director/ Promoter Group	Number of Equity Shares Acquired	Number of Equity Shares Sold
1.	Synergy Appliances Private Limited	Promoter	11,400,000	-
2.	Solitaire Appliances Private Limited	Promoter	11,400,000	-
3.	Greenfield Appliances Private Limited	Promoter	11,400,000	-
4.	Platinum Appliances Private Limited	Promoter	3,000,000	-
5.	Shree Dhoot Trading And Agencies Limited	Promoter Group	11,400,000	-
6.	Dome-Bell Electronics India Private Limited	Promoter Group	11,400,000	-
7.	Mr. Anirudha V. Dhoot	Promoter Group	50	-

10. Subject to allotment of not less than 75% of the Issue to QIBs, under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, at the discretion of our Company in consultation with the JGCBRLMs and the Designated Stock Exchange.

11. As on the date of this Draft Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act 1956.
12. There are no partly paid-up Equity Shares in our Company. All the Equity Shares offered through the Issue will be fully paid-up at the time of Allotment.
13. Our Company, pursuant to resolutions passed our Board and our shareholders on June 23, 2014 and July 17, 2014, respectively, subject to the approval of the MIB, has adopted an employees' stock option plan, i.e., the Videocon d2h Employees Stock Option Scheme 2014 ("ESOP 2014"), effective from August 1, 2014. Pursuant to ESOP 2014, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2014), including permanent employees and any whole-time directors, except any employee who is a promoter of our Company or belongs to the Promoter Group; or a director, who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of our Company; or an Independent Director of our Company. The ESOP 2014 shall be administered by the Nomination, Remuneration and Compensation Committee of our Board and shall be implemented by the Videocon d2h Employees Welfare Trust. Kadam & Co., Chartered Accountants, have provided a certificate dated September 25, 2014, confirming that the ESOP 2014 is in compliance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.

As on the date of filing of this Draft Red Herring Prospectus, our Company has not granted any options to any eligible employees under the ESOP 2014. As per the ESOP 2014, a maximum of 4,000,000 options may be granted to eligible employees. Further, a single eligible employee cannot be granted options in excess of 1.00% of the issued capital of our Company. Each option granted pursuant to the ESOP 2014 will entitle the grantee to apply for one Equity Share. The terms and conditions of ESOP 2014 are detailed below:

Particulars	Details																																																								
Options granted	Nil. No options have been granted as on the date of this Draft Red Herring Prospectus, pursuant to ESOP 2014.																																																								
Pricing formula	The exercise price will be intimated to the employees at the time of grant of options to them and shall be the lower of ₹ 50 or a price equivalent to 50% of the Issue Price determined pursuant to the IPO.																																																								
Vesting period	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Level</th> <th style="text-align: center;">Roles</th> <th colspan="5" style="text-align: center;">Vesting Period</th> </tr> <tr> <td></td> <td></td> <th style="text-align: center;">18 months</th> <th style="text-align: center;">24 months</th> <th style="text-align: center;">30 months</th> <th style="text-align: center;">36 months</th> <th style="text-align: center;">48 months</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">CEO</td> <td style="text-align: center;">Top Management</td> <td style="text-align: center;">20 %</td> <td style="text-align: center;">10 %</td> <td style="text-align: center;">30 %</td> <td style="text-align: center;">25 %</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">M5</td> <td style="text-align: center;">Top Management</td> <td style="text-align: center;">30 %</td> <td style="text-align: center;">25 %</td> <td style="text-align: center;">25 %</td> <td colspan="2" style="text-align: center;">20 %</td> </tr> <tr> <td style="text-align: center;">M3 / M4</td> <td style="text-align: center;">Head of Departments</td> <td style="text-align: center;">40 %</td> <td style="text-align: center;">30 %</td> <td colspan="3" style="text-align: center;">30 %</td> </tr> <tr> <td style="text-align: center;">M2</td> <td style="text-align: center;">Circle/ Sales Heads</td> <td style="text-align: center;">50 %</td> <td colspan="4" style="text-align: center;">50 %</td> </tr> <tr> <td style="text-align: center;">M1</td> <td style="text-align: center;">Junior Management</td> <td colspan="5" style="text-align: center;">100 %</td> </tr> <tr> <td style="text-align: center;">F</td> <td style="text-align: center;">Officer Cadre</td> <td colspan="5" style="text-align: center;">100 %</td> </tr> </tbody> </table>	Level	Roles	Vesting Period							18 months	24 months	30 months	36 months	48 months	CEO	Top Management	20 %	10 %	30 %	25 %	15%	M5	Top Management	30 %	25 %	25 %	20 %		M3 / M4	Head of Departments	40 %	30 %	30 %			M2	Circle/ Sales Heads	50 %	50 %				M1	Junior Management	100 %					F	Officer Cadre	100 %				
Level	Roles	Vesting Period																																																							
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M5	Top Management	30 %	25 %	25 %	20 %																																																				
M3 / M4	Head of Departments	40 %	30 %	30 %																																																					
M2	Circle/ Sales Heads	50 %	50 %																																																						
M1	Junior Management	100 %																																																							
F	Officer Cadre	100 %																																																							
Options vested	Nil																																																								
Options exercised	Nil																																																								
The total number of Equity Shares arising as a result of exercise of options	Nil																																																								
Options lapsed	Nil																																																								
Variation of terms of options	Nil																																																								

Particulars	Details
Money realized by exercise of options	Nil
Total number of options in force	Nil
Employee-wise detail of options granted to	
(i) Senior managerial personnel	Nil
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard	N.A.
Lock-in	To be determined by the Nomination, Remuneration and Compensation Committee at the time of grant of options
Impact on profit and EPS of the last three years	Nil
Difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	N.A.
Impact on the profits of the Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	N.A.
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.
Method and significant assumptions used to estimate the fair value of options granted during the year	N.A.
Intention of the holders of Equity Shares allotted on	N.A.

Particulars	Details
exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	
Intention to sell Equity Shares arising out of the ESOP 2014 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of ESOP 2014 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N.A.

14. Neither the members of our Promoter Group, nor our Promoters, nor the directors of our Corporate Promoters, nor our Directors and their relatives have purchased or sold, or financed the purchase of Equity Shares by any other person, other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
15. As of the date of the filing of this Draft Red Herring Prospectus, our Company has eight shareholders.
16. Over-subscription to the extent of 10% of the Issue to the public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalising the basis of Allotment.
17. Our Promoters, members of our Promoter Group, our Company, our Directors and the JGCBRLMs have not entered into any buy-back or standby arrangements for purchase of Equity Shares from any person.
18. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into our Equity Shares as on date of this Draft Red Herring Prospectus. Our Company has adopted an employee stock option plan, i.e., ESOP 2014. However, as on date of this Draft Red Herring Prospectus no employee stock options have been granted pursuant to ESOP 2014.
19. Our Company has not raised any bridge loans against the Net Proceeds.
20. Except as disclosed above under '*Shareholding of our Promoters and our Promoter Group*', none of the Equity Shares held by our Promoters or any member of our Promoter Group is subject to any pledge.
21. Except to the extent of the allotment of Equity Shares, if any, to the Videocon d2h Employees Welfare Trust, pursuant to the terms of ESOP 2014 and any issuance of Equity Shares pursuant to the Pre-IPO Placement, we currently do not intend or propose any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchange or all application moneys have been refunded on account of failure of the Issue.
22. We currently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus issue or on a rights basis or by way of further public issue of Equity Shares or qualified institutional placements or otherwise. However, if we enter into any acquisitions, joint ventures or other arrangements, we may,

subject to necessary approvals, consider raising additional capital to fund such activity or use the Equity Shares as currency for acquisition or participation in such joint ventures.

23. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. Our Promoters, members of our Promoter Group and Group Entities will not participate in the Issue.
25. We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group, if any, between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date are reported to the Stock Exchange within 24 hours of such transactions being completed.

OBJECTS OF THE ISSUE

The objects of the Net Proceeds of the Issue are:

- (i) acquisition of set-top boxes, outdoor units and accessories thereof;
- (ii) repayment/prepayment of certain indebtedness; and
- (iii) general corporate purposes.

Further, we believe that, as a growing company, accessing the equity capital markets will be an effective source for meeting our long term funding requirements and that the listing of our Equity Shares will enhance our visibility and brand name among our existing and potential consumers.

The main objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by us in this Issue. Further, the activities we have been carrying out until now are in accordance with the main objects clause of our Memorandum of Association.

Issue Proceeds

The details of the proceeds of the Issue are summarized in the following table:

<i>(₹ in million)</i>		
S. No.	Particulars	Amount
(a)	Gross Proceeds of the Issue	7,000.00
(b)	Issue Expenses*	[●]
(c)	Net Proceeds of the Issue (Gross proceeds of the Issue less Issue Expenses, or “Net Proceeds”)	[●]

**To be finalized upon determination of Issue Price.*

Schedule of Implementation and Deployment, Use of Net Proceeds, Requirement of Funds and Means of Finance

We intend to utilize the Net Proceeds of ₹ [●] million towards the objects, in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. As of the date of this Draft Red Herring Prospectus, our Company has not deployed any funds towards the objects of the Issue.

<i>(₹ in million)</i>				
S. No.	Expenditure Items	Total Amount proposed to be financed from the Net Proceeds	Estimated Utilization in financial year 2015	Estimated Utilization in financial year 2016
1.	Fund expenditure towards acquisition of set-top boxes, outdoor units and accessories thereof	3,508.31	1,310.98	2,197.33
2.	Repayment/prepayment of certain indebtedness	1,750.00	450.00	1,300.00
3.	General corporate purposes*	[●]	[●]	[●]
Total		7,000.00	[●]	[●]

** To be finalized upon determination of Issue Price. The amount shall not exceed 25% of the Gross Proceeds.*

We propose to fund the requirements of the objects detailed above entirely from the Net Proceeds. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

The fund requirements and deployment, as discussed below, are based on internal management estimates in light of the current requirements of our business and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan and estimates from time to time and consequently our funding requirements and

deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds, subject to compliance with applicable law. See, “*Risk Factors – Our management will have flexibility in utilizing the Net Proceeds of the Issue, which could affect our profitability and cause the price of our Equity Shares to decline*” on page 29.

In case of any increase in the actual utilization of funds earmarked for the objects, such additional funds for a particular activity will be met by way of means available to the Company, including from internal accruals and any additional equity and/or debt arrangements. If the actual utilization towards any of the objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required and general corporate purposes.

Details of the Objects

1. Acquisition of set-top boxes, outdoor units and accessories thereof

The transmission of programming to our consumers is carried out through satellite broadcasting, which allows a consumer to directly receive and decode the programming signal from the satellite, through the equipment installed at the premises of the consumer, which includes the set-top box, smart card, outdoor unit and accessories thereof. The outdoor unit primarily consists of (i) a satellite dish, (ii) a low-noise block (an antenna mounted on the satellite dish) and (iii) coaxial cable (to connect the satellite dish to the set-top box). To enable us to enlarge our subscriber base, we intend to utilize ₹ 3,508.31 million out of the Net Proceeds, towards acquisition of set-top boxes, outdoor units and accessories thereof.

We have entered into an agreement dated March 11, 2011 with TEL, a Videocon Group entity, for procurement of set-top boxes. For details, see “*Our Business – Set-Top Boxes Supplied by TEL*” on page 119. Additionally, we typically also purchase the outdoor units and accessories thereof from TEL.

Our Company has obtained a quotation dated September 24, 2014, from TEL for the purchase of set-top boxes (both standard definition variants and high definition variants), outdoor units and accessories thereof, out of the Net Proceeds, which is valid until December 31, 2015. Set forth below is a break-down of the estimated expenditure towards acquisition of various components, along with quotations obtained from TEL:

Particulars of Equipment	Number of units		Average Basic Cost per unit* (in ₹)	Amount# (₹ in million)
	In Maharashtra	Rest of India		
Set-top Boxes				
Standard Definition Variants	175,000 – 225,000	700,000 – 900,000	1,350	
High Definition Variants	75,000 – 125,000	400,000 – 600,000	1,650	
Outdoor Units and Accessories	225,000 – 275,000	800,000 – 1,200,000	575	3,508.31
Total				3,508.31

* Excluding excise duty and value added tax/central sales tax and assuming an exchange rate of ₹ 61 per US\$ 1.00. Depending on the variant, the basic price of standard definition set-top boxes may range from ₹ 1,300 to ₹ 1,400 and the cost of high definition set-top boxes ranges from ₹ 1,600 to ₹ 1,700.

Inclusive of excise duty at 10.30% and value added tax at 12.50% (in the case of Maharashtra)/central sales tax at 2% (in the case of rest of India). This amount is calculated based on average quantity and average basic price per unit for the variants of standard definition set-top boxes and high definition set-top boxes, as applicable.

No second-hand equipment is proposed to be purchased out of the Net Proceeds. All of the set-top boxes, outdoor units and accessories are proposed to be acquired in a ready-to-use condition.

Policies and arrangements governing our transactions with TEL

Our Board has, pursuant to resolution dated January 5, 2013, adopted a formal policy in connection with all transactions to be entered into by our Company with TEL, in relation to purchase of set-top boxes. In accordance with such policy, transactions between our Company and TEL shall be:

- undertaken on arms' length basis only;
- placed periodically before the Audit Committee of our Board and the recommendations of the Audit Committee in this regard shall be placed before the Board for approval;
- reviewed by the Audit Committee, in consultation with the management of our Company, and a report detailing the nature of such transactions and whether the pricing of such transactions are on arms' length, shall be submitted to our Board on a quarterly basis.

Our Auditors have issued a certificate dated September 25, 2014, whereby our Auditors have confirmed that all transactions between our Company and TEL undertaken during the three months ended June 30, 2014 and the Financial Years ended March 31, 2014, 2013, 2012, 2011 and 2010, have been carried out on an arms' length basis.

2. Repayment/Prepayment of certain indebtedness

Our Company has entered into various financing arrangements with banks and other lenders. We intend to utilize up to ₹ 1,750 million from the Net Proceeds towards repayment/prepayment of certain of our outstanding term loans in the financial year 2015 and 2016, as identified below.

The loans identified and listed below are in no particular order of priority. The selection of debt facilities and the quantum to be repaid or prepaid shall be based on various factors, including commercial considerations such as interest rate and tenor of the debt, applicability of any prepayment penalty and its quantum and other market conditions.

(₹ in million)

Lenders	Sanctioned Amount	Rate of interest as on August 31, 2014* (%)	Repayment Schedule	Amount outstanding as on August 31, 2014**
ICICI Bank Limited (arranger), IDBI Trusteeship Services Limited (security trustee), Canara Bank, Karur Vysya Bank, Dena Bank, Jammu and Kashmir Bank, Syndicate Bank, Oriental Bank of Commerce and Bank of India	₹ 3,000 million from ICICI Bank; ₹ 2,000 million from Canara Bank; ₹ 500 million from Karur Vysya Bank; ₹ 1,000 million from Dena Bank; ₹ 1,000 million from Syndicate Bank; ₹ 1,000 million from Jammu and Kashmir Bank; ₹ 1,000 million from Oriental Bank of Commerce; and ₹ 500 million from Bank of India	13.25% - 13.75%	To be repaid in unequal quarterly instalments commencing at the end of 39 months from the first utilization date under the facility agreement until the end of 78 months from such date	9,575
Central Bank of India	₹ 1,000 million	14.25%	24 unequal quarterly installments commencing on April 1, 2015, after a moratorium of 27 months from the date of first disbursement	958.25
IDBI Bank Limited	₹ 3,000 million ₹ 1,750 million	14.75% 14.50%	24 unequal quarterly installments commencing from April 1, 2015, after a moratorium of 15 months from the date of first disbursement	3,000 1,700

Lenders	Sanctioned Amount	Rate of interest as on August 31, 2014* (%)	Repayment Schedule	Amount outstanding as on August 31, 2014**
Bank of Baroda	₹ 2,000 million	14.50%	24 unequal quarterly installments commencing on April 1, 2015, after a moratorium of 27 months from the date of first disbursement	2,000
Canara Bank	₹ 1,750 million	13.50%	24 structured quarterly installments, commencing after 24 months from the date of first disbursement	1,700
Bank of India	₹ 1,500 million	13.50%	24 quarterly ballooning installments starting after a moratorium period of two years and three months from the date of first disbursement.	1,500
Union Bank of India	₹ 1,500 million	13.00%	24 unequal quarterly installments commencing after 27 months from the date of first disbursement	1,500
United Bank of India	₹ 1,500 million	13.00%	24 unequal quarterly installments commencing after 27 months from the date of first disbursement	1,500
Bank of Maharashtra	₹ 1,000 million	13.15%	24 unequal quarterly installments commencing after 27 months from the date of first disbursement	1,000
YES Bank Limited	₹ 2,750 million	12%	Repayable in nine increasing instalments commencing from June 30, 2015	2,750

* Based on the applicable benchmark rate plus spread.

** As per certificate issued by our Auditors, dated September 25, 2014. Amount outstanding is exclusive of interest.

As per the certificate issued by our Auditors dated September 25, 2014, the amounts drawn down under abovementioned loans have been utilized towards purposes for which such loans have been sanctioned. For further details on the terms and conditions of these financing arrangements, see “**Financial Indebtedness**” on page 217.

Our Company will approach the lenders after completion of this Issue for repayment/prepayment of some of the above loans. In the event that we choose to prepay our loans, we may be required to pay an additional prepayment premium to our lenders. See, “**Risk Factors – A portion of the Net Proceeds of the Issue is proposed to be utilized towards repayment or prepayment of certain loans**” on page 29. We believe that such repayment or prepayment will help in reducing our outstanding indebtedness and debt servicing costs, which in turn will assist in maintaining a favourable debt-equity ratio in the near future. In addition, we believe that our leverage capacity will improve to raise further funds in the future for purposes of potential business expansion opportunities.

3. **Fund expenditure for general corporate purposes**

We intend to use a part of the Net Proceeds, approximately ₹ [●] million, for general corporate purposes, as may be approved by our Board of Directors or any duly authorized committee thereof, including:

- (i) funding working capital requirements;
- (ii) funding capital expenditure;
- (iii) strengthening marketing capabilities and brand building exercises; and
- (iv) meeting exigencies which our Company may face in the course of its business.

Our management, in accordance with the competitive and dynamic nature of our business and the policies of the Board, will have the flexibility to revise its business plan from time to time and in utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending on our business requirements, we may consider raising bridge financing facilities, pending receipt of the Net Proceeds of the Issue.

Variation in Objects

Under Section 27 of the Companies Act, 2013, any variation in the objects for which a company had issued a prospectus requires approval of the shareholders of the company by way of a special resolution, and the promoter or controlling shareholders are required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the objects, at such price, and in such manner, as may be prescribed by the SEBI in this regard.

Issue Expenses

The details of the estimated Issue expenses are set forth below.

Activity	Estimated expenses*	As a % of the total estimated Issue expenses	As a % of the total Issue size
Fees payable to the JGCBRLMs	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar	[●]	[●]	[●]
Underwriting commission, fees payable to the Bankers to the Issue, brokerage and selling commission, as applicable**	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers**	[●]	[●]	[●]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs**	[●]	[●]	[●]
Others (listing fees, legal fees, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

*Will be incorporated at the time of filing of the Prospectus.

** Disclosure of commission and processing fees will be incorporated at the time of filing the Red Herring Prospectus.

Appraisal of the Objects

None of the objects for which the Net Proceeds are proposed to be utilized have been financially appraised. The estimates of the cost of the objects mentioned above are based on internal estimates of the Company and quotations received from certain vendors.

Interim Use of Funds

Our management, in accordance with the policies established by the Board of Directors, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, we intend to temporarily invest the funds in interest/dividend bearing liquid instruments including deposits with banks, investments in mutual funds and other financial products and investment grade interest bearing securities, for the necessary duration. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time. Our Company confirms that pending utilization of the Net Proceeds it shall not use the funds for any investments in the equity markets.

Monitoring of Utilization of the Net Proceeds

We will appoint a monitoring agency in relation to this Issue and details of such monitoring agency will be updated in the Red Herring Prospectus to be filed with the RoC. The monitoring agency will monitor the utilization of the Net Proceeds and submit its report to us in terms of Regulation 16(2) of SEBI ICDR Regulations.

We will disclose the details of the utilization of the Net Proceeds, including interim use, under a separate heading in our financial information specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our Listing Agreement with the Stock Exchange. As per the requirements of Clause 49 of the Listing Agreement, we will disclose to the Audit Committee the uses and applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made until such time that the Net Proceeds have been fully spent. The statement shall be certified by our statutory auditors. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of the Net Proceeds, as stated in this Draft Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchange along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49 of the Listing Agreement.

Other Confirmations

Except in the case of payment of consideration for acquisition of set top boxes, outdoor units and accessories from TEL, which is a Videocon Group entity, in accordance with the disclosures above, there are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds or estimated cost as above with our Promoters, our Directors, our key management personnel, associates and Group Entities and no part of the Net Proceeds will be paid by us as consideration to our Promoters, Promoter Group, our Directors, Group Entities or key management personnel.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company, in consultation with the JGCBRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

1. Established brand name and relationship with the Videocon Group
2. Distribution capabilities
3. Superior technology
4. Wide range of packages and services in India
5. Strong focus on subscriber management and customer service
6. Experienced management team

For a detailed discussion on the qualitative factors, which form the basis for computing the price, see “*Our Business – Our Strengths*” and “*Risk Factors*” on pages 110 and 12, respectively.

Quantitative factors

Information presented in this section is derived from the Company’s restated financial statements prepared in accordance with Indian GAAP, Companies Act and the SEBI ICDR Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic Earnings Per Share (EPS) & Diluted Earnings Per Share (EPS)

Financial Period	Basic EPS (₹)	Diluted EPS (₹)	Weight Standalone
Financial Year 2012	(26.48)	(26.48)	1
Financial Year 2013	(24.25)	(24.25)	2
Financial Year 2014	(19.40)	(19.40)	3
Weighted average	(22.20)	(22.20)	
Three months period ended June 30, 2014*	(3.23)	(3.23)	

*Not annualized

Notes:

- i. The figures disclosed above are based on the restated summary statements of the Company.
- ii. The face value of each Equity Share is ₹10.
- iii. Earnings Per Share has been calculated in accordance with Accounting Standard 20 - Earnings Per Share issued by the Institute of Chartered Accountants of India.
- iv. The above statement should be read with Significant Accounting Policies and Notes on Restated Financial Information as appearing in Financial Statements - Annexure IV.

2. Price Earning (P/E) Ratio in relation to the Issue Price of ₹ [●] per Equity Share of ₹ 10 each

S. No.	Particulars	P/E
1.	P/E ratio on the Basic EPS for the year ended March 31, 2014 at the Floor Price	[●]
2.	P/E ratio on the Diluted EPS for the year ended March 31, 2014 at the Floor Price	[●]
3.	P/E ratio on the Basic EPS for the year ended March 31, 2014 at the Cap Price	[●]
4.	P/E ratio on the Diluted EPS for the year ended March 31, 2014 at the Cap Price	[●]

Peer Group P/E

The peer group comprises Dish TV India Limited. Price earning ratio for Dish TV India Limited is negative, and accordingly, has not been disclosed.

3. Return on Net Worth (RONW)*

Financial Period	Standalone (%)	Weight Standalone
Financial Year 2012	N.A.#	N.A.#
Financial Year 2013	N.A.#	N.A.#
Financial Year 2014	N.A.#	N.A.#
Weighted average	N.A.#	N.A.#
Three months period ended June 30, 2014**	N.A.#	N.A.#

*Restated PAT/Net Worth, as restated

#Not ascertainable due to negative net worth and loss

** Not annualized

4. Minimum Return on Net Worth after Issue to maintain Pre-Issue EPS for Financial Year 2012:

(a) Based on Basic EPS:

At the Floor Price – [●] based on the restated financial statements.

At the Cap Price – [●] based on the restated financial statements.

(b) Based on Diluted EPS

At the Floor Price – [●] based on the restated financial statements.

At the Cap Price – [●] based on the restated financial statements.

5. Net Asset Value per Equity Share

Period	(₹)
Financial Year 2012	(34.05)
Financial Year 2013	(34.50)
Financial Year 2014	(53.89)
NAV after the Issue	[●]
Issue Price*	[●]

*Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

6. Comparison of Accounting Ratios with Industry Peer*

S. No.	Name of the company	Standalone/ Consolidated	Face Value (₹ per Share)	EPS (₹)	P/ E Ratio	RoNW (%)	Book value per share (₹)
1.	Videocon d2h Limited	Standalone**	10.00	(19.40)	[●]	N.A.##	(53.89)
Peer Group*							
2.	Dish TV India Limited	Standalone	1.00	(1.45)	N.A.#	N.A.##	(2.90)

* Source: Respective annual report of the company, as available, for the Financial Year 2014 and financials results as disclosed to the stock exchange. Information on industry peer is on a standalone basis.

** Our Company does not have any subsidiaries. The ratios are based on restated financial statements of the Company for Financial Year 2014.

Not applicable, as earnings are negative.

Return on Net Worth for the year ended March 31, 2014 is not given as net worth as well as profit for the year is negative.

The peer group above has been determined on the basis of listed public companies comparable in size to our Company or whose business portfolio is comparable with that of our business.

For further details and to have a more informed view, please review the entire Draft Red Herring Prospectus including in particular the sections titled “**Risk Factors**”, “**Our Business**” and “**Financial Statements**” on pages 12, 109 and 159, respectively. The face value of the Equity Shares is ₹ 10 each and the Issue price will be [●] times the face value of Equity Shares. The Issue Price of ₹ [●] has been determined by us, in consultation with

the JGCBRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative factors.

STATEMENT OF TAX BENEFITS

Statement of possible tax benefits available to Videocon d2h Limited (Formerly Bharat Business Channel Limited) and its shareholders

To

The Board of Directors
Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Auto Cars Compound
Adalat Road, Aurangabad 431 005
Maharashtra, India

Dear Sirs,

We hereby confirm that the enclosed Annexure, prepared by Videocon d2h Limited (formerly Bharat Business Channel Limited) ('the Company'), states the possible tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 ('Act'), the Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India in connection with the Initial Public Offer of Equity shares of the Company ('the Issue'). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfill.

The Direct Tax Code (which consolidates the prevalent direct tax laws) was proposed to come into effect from April 1, 2013. However, it has not come into effect and it may undergo a few more changes by the time it is actually introduced and hence, at the moment, it is premature to analyze the effect of the proposed Direct Tax Code on the Company and its investors.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We do not express and opine or provide any assurance as to whether:

- The Company is currently availing any of these tax benefits or will avail these tax benefits in future.
- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been/would be met.
- The authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and our interpretation of the same, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Red Herring Prospectus and the Prospectus to be filed by the Company with SEBI and the concerned Registrar of Companies in connection with the proposed issue.

FOR KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Registration No. 105049W

FOR KADAM & CO.
Chartered Accountants
Firm Registration No. 104524W

AKASH SHINGHAL
Partner
Membership No. 103490

Place: Mumbai
Date: September 25, 2014

U. S. KADAM
Partner
Membership No.: 31055

Annexure to the Statement of possible tax benefits available to Videocon d2h Limited (Formerly Bharat Business Channel Limited) and its shareholders

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the Financial Year 2014-15.

A. Special Tax Benefits available to the Company

There are no special tax benefits available to the Issuer Company.

B. Benefits to the Company under the Act

1. General tax benefits

• **Business income**

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. Unabsorbed Business losses, if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 r.w.s 72 of the Act.

• **MAT credit**

➤ As per provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax ('MAT') paid for any assessment year commencing on or after 1 April 2006. The amount of credit available shall be the difference between MAT paid under section 115JB of the Act and taxes payable on total income computed under other provisions of the Act. MAT credit shall be allowed for set-off for subsequent assessment years to the extent of difference between the tax payable as per the normal provisions of the Act and the taxes payable under Section 115JB of the Act for that assessment year.

➤ MAT credit is eligible for carry forward and set-off for up to 10 years succeeding the assessment year in which the MAT credit arises.

• **Capital gains**

(i) Computation of capital gains

➤ Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets, being shares held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than 12 months are considered to be long-term capital assets, capital gains arising from the transfer of which are termed as long-term capital gains ('LTCG'). In respect of unlisted shares, units of debt mutual fund and any other capital assets, the holding period should exceed 36 months to be considered as long-term capital assets.

- Short-term capital gains ('STCG') means capital gains arising from the transfer of capital asset being a share held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bond, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a Company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.
- Income by way of LTCG exempt under Section 10(38) of the Act is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration. Further, expenditure incurred wholly and exclusively with the transfer is also deductible.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 10% where the taxable income of a domestic company exceeds ₹ 100,000,000 and by 5% where the taxable income of a domestic company exceeds ₹ 10,000,000 but is less than ₹ 100,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any,

shall be carried forward and set-off against long-term capital gains arising during subsequent eight assessment years.

(ii) Exemption of capital gains from income tax

- Under Section 54EC of the Act, capital gain arising from transfer of long-term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gains are invested within a period of six months from the date of transfer, in bonds redeemable after three years and issued by:
 - National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
 - Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long-term asset cannot exceed ₹5,000,000 by the assessee during the financial year in which assets are transferred and in the subsequent year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provision of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

• **Securities Transaction Tax (STT)**

- As per provisions of Section 3 6(1) (xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

• **Dividends**

- As per provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax. The Company distributing the dividend will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 10% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend. Credit in respect of dividend distribution tax paid by a subsidiary of the Company could be available while determining the dividend distribution tax

payable by the Company as per provisions of Section 115-O(1A) of the Act, subject to fulfillment of prescribed conditions.

- Section 115-O of the Act also provides for the grossing up of the dividend distributed for the purpose of computing DDT with effect from 1st October, 2014.
- As per provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) is exempt from tax.
- As per provisions of Section 80G/80GGB of the Act, the Company is entitled to claim deduction of specified amount in respect of eligible donations and contribution to any political party, subject to the fulfillment of the conditions specified in that section.
- As per the provisions of Section 115BBD of the Act, dividend received by an Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess). No deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provisions of the Act.

C. Benefits to the shareholders of the Company under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax (DDT) at the rate of 15% plus a surcharge of 10% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.
- Section 115-O of the Act also provides for the grossing up of the dividend distributed for the purpose of computing DDT with effect from 1st October, 2014.

(b) Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets, being shares held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than 12 months are considered to be long-term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of unlisted shares, units of debt mutual fund and any other capital assets, the holding period should exceed 36 months to be considered as long-term capital assets.
- STCG means capital gains arising from the transfer of capital asset being a share held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bond, held by an assessee for 12 months or less.

- In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a Company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration. Further, expenditure incurred wholly and exclusively with the transfer is also deductible.
- In respect of a non-resident share holder, as per the first proviso to section 48 of the Act, the capital gains arising from the transfer of a capital asset being shares or debentures in an Indian company, shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains so computed shall be reconverted into Indian currency.
- Further, the benefit of indexation as provided in second proviso to Section 48 is not available to nonresident shareholders.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

Further, in respect of a non-resident shareholder, the amount of capital gains arising from transfer of unlisted securities shall be taxable at the rate of 10% without giving effect to first and second proviso to section 48.

- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to SIT. No deduction under Chapter VIA is allowed from such income.
- STCG arising in any other case or arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to SIT is taxable at the rate of 30%/40%, as applicable.
- The tax rates mentioned above stands increased by applicable surcharge depending on the status of the tax payer (i.e., resident or non-resident). Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

- As per provisions of Section 71 read with Section 74 of the Act, short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, shall be carried forward and set-off against long-term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains from income tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long-term capital asset are exempt from capital gains tax if such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein.
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long-term asset cannot exceed ₹ 5,000,000 by the assessee during the financial year in which assets are transferred and in the subsequent year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain/losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a resident shareholder being an individual or Hindu Undivided Family ('HUF').
- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- As per provisions of Section 56(2)(vii), (vii-a) of the Act and subject to exception provided in respective proviso therein, where an individual or HUF, a firm or company (not being a company in which public are substantially interested) receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.
- As per section 10(34A) read with section 115QA of the Act, any income arising to a shareholder on account of buy back of shares (not being shares listed on a recognised stock exchange) shall be exempt.

As per section 115QA of the Act, the Company will be liable to tax on the distributed income at the rate of 20% plus a surcharge of 10% and education cess and secondary and higher education cess of 2% and 1% respectively. The term, distributed income has been defined to mean, the difference between the consideration paid on buy back of shares as reduced by the amount which was received for issue of such shares.

(c) Tax treaty benefits

- As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial.

(d) Non-resident Indian taxation

- Special provisions in case of Non-Resident Indian ('NRI') in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:
 - NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
 - Specified foreign exchange assets include shares of an Indian company which are acquired /purchased / subscribed by NRI in convertible foreign exchange.
 - As per provisions of Section 115E of the Act, LTCG arising to a NRI from transfer of specified foreign exchange assets is taxable at the rate of 10% (plus education cess and secondary & higher education cess of 2% and 1% respectively).
 - As per provisions of Section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under Section 10(38)) from assets (other than specified foreign exchange assets) arising to a NRI is taxable at the rate of 20% (education cess and secondary & higher education cess of 2% and 1% respectively). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.
 - As per provisions of Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.
 - As per provisions of Section 115 Gof the Act, where the total income of a NRI consists only of investment income / LTCG from such foreign exchange asset! specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.
 - As per provisions of Section 115H of the Act, where a person who is a NRT in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him! her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

- As per provisions of Section 115-I of the Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of the chapter shall not apply for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and tax liability arising thereon.

D. Benefits available to Foreign Institutional Investors ('FIIs') under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 10% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.
- Section 115-O of the Act also provides for the grossing up of the dividend distributed for the purpose of computing DDT with effect from 1st October, 2014.

(b) Long term capital gains exempt under section 10(38) of the Act

- LTCG arising on sale equity shares of a company subjected to STT is exempt from tax as per provisions of Section 10(38) of the Act.
- It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

(c) Capital gains

- As per provisions of Section 1 15AD of the Act, capital gains arising from transfer of securities is taxable as follows:

Nature of income	Rate of tax (%)
LTCG on sale of equity shares not subjected to STT	10
STCG on sale of equity shares subjected to STT	15
STCG on sale of equity shares not subjected to STT	30

- For corporate FITs, the tax rates mentioned above would have to be increased by applicable surcharge, payable at the rate of 5% where the taxable income company exceeds INR 100,000,000 and by 2% where the taxable income of ₹ 10,000,000 but is less than ₹ 100,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of FITs. No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.
- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FTTs.

(c) Others

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.
- Income in respect of interest referred to in section 194LD is taxable at the rate of 5%.

(e) Securities Transaction Tax

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

(f) Tax Treaty benefits

- As per provisions of Section 90(2) of the Act, FITs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FIT, whichever is more beneficial
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

E. Benefits available to Mutual Funds under the Act

(a) Dividend income

Dividend income, if any, received by the shareholders from the investment of mutual funds in shares of a domestic Company will be exempt from tax under section 10(34) read with section 115-O of the Act.

- (b) As per provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, is exempt from income-tax, subject to the prescribed conditions.

F. Wealth Tax Act, 1957

- Wealth tax is chargeable on prescribed assets. As per provisions of Section 2(m) of the Wealth Tax Act, 1957, the Company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax while determining the net taxable wealth.
- Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and hence, wealth tax is not applicable on shares held in a company.

G. Gift Tax Act, 1958

- Gift tax is not leviable in respect of any gifts made on or after October 1, 1998.

Note: All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.

SECTION IV- ABOUT US INDUSTRY OVERVIEW

The information contained in this section is derived from various Government of India publications and industry sources. Neither we nor any other person connected with the Issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government of India's publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

Overview of the Indian Economy

India's economic growth, reflected in higher per capita income and an ever-increasing middle class with greater disposable incomes, is providing a foundation for the growth of pay TV services. Recently economic growth in India has decreased from the 8% rates achieved in 2010 and 2011. The outcome of the 2014 elections is expected to create increased political stability in India. (Source: Media Partners Asia, India DTH Market Overview – Key Dynamics and Future Outlook, 2014 Report (hereinafter referred to as the "MPA Report"))

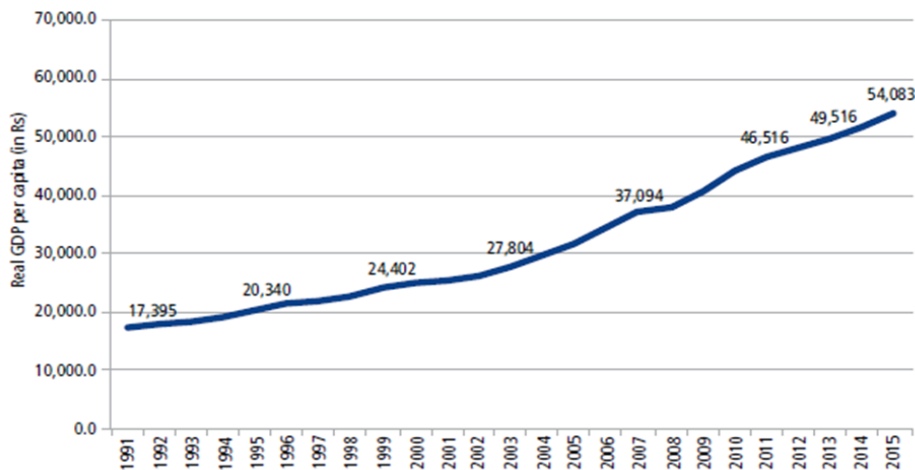
The new Government is expected to increase the pace of reform in order to achieve long-term economic growth. These reforms aim to remove supply chain problems to improve physical infrastructure and accelerate urbanization; simplify the tax structure with the implementation of a goods and services tax ("GST"); and provide more transparent mechanisms to drive strategic investments across various sectors. (Source: MPA Report)

In recent times, the Indian economy had been in a state of stagflation with dwindling GDP growth, high consumer price inflation and policy paralysis. However, recent macro indicators suggest that India's economy may be recovering. Buoyed by strong growth in service-oriented sectors, India's real GDP growth was 4.7% in the fourth quarter of the financial year 2014, an increase from the 4.4% growth for the fourth quarter of the financial year 2013. (Source: MPA Report)

The most encouraging aspect, however, was the narrowing of the current account deficit ("CAD") which as of March 31, 2014 was US\$1.2 billion down from US\$18.1 billion as of March 31, 2013. This means that CAD and GDP has fallen to 0.2% of the GDP for the fourth quarter of financial year 2014 as compared to 0.9% in the third quarter of financial year 2014. The fiscal deficit has also decreased to 4.6% of the GDP as of March 31, 2014. Furthermore, the proactive steps taken by the Reserve Bank of India ("RBI") to improve foreign capital inflows has led to foreign exchange reserves exceeding US\$300 billion as of March 31, 2014. As a result, the Indian Rupee, which depreciated to an all-time low of approximately ₹ 69/US\$ in August 2013, has found stability at approximately ₹ 60/US\$ as of July 2014. (Source: MPA Report)

Equity markets have also witnessed a revival on account of the improved macro environment. During the financial year 2014, Foreign Institutional Investors ("FIIs") invested a net amount of ₹ 797.1 billion into Indian equities. Encouraged by this increased FII interest, India's benchmark equity indices, Sensex and Nifty, created new lifetime highs. At the same time, Foreign Direct Investment ("FDI") continued to exhibit growth. According to the United Nations Conference on Trade and Development ("UNCTAD"), FDI flows into India grew by 17.0% over the financial year 2013 to US\$28 billion. Business confidence in India has also seen an improvement in recent months on hopes of greater political stability post the Union elections. (Source: MPA Report)

The chart below illustrates India's gross domestic product ("GDP") per capita between 1991 and 2015:



(Source: MPA Report)

The Media and Entertainment Industry in India

In 2014, the Indian Media & Entertainment (“M&E”) sector continued to exhibit growth. As of December 31, 2013, the M&E sector generated revenues of ₹ 933.6 billion. Pay-TV industry revenues were driven by the digitalization mandate which has led to improved subscriber quality and higher ARPU. An increase in the readership of local and regional newspapers was a key driver for the Indian print media industry, which continues to outperform its global peers. Box-office collections of movies also improved as tier-2 and tier-3 cities experienced an increase in the number of multiplexes and movie-screens. While the size of the music industry decreased, the radio industry increased with advertisers expanding their local reach. The growing penetration of internet, broadband and smart phones provided the impetus for the gaming and digital advertising sub-sectors. In the future, the M&E industry is expected to experience higher growth as the pay-TV industry benefits from the digitalization of Phase III and IV and is supported by the growth in regional print and the increased proliferation of new media. (Source: MPA Report).

The table below illustrates the overall media and entertainment industry size between the calendar year 2008 and the calendar year 2018:

Particulars	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	CAGR 2008-2012	CAGR 2012-2018
Subscription Revenue	170.7	196.3	224.4	254.5	280.3	300.2	334.6	375.4	423.7	467.8	505.8	13.2	10.3
Advertisement Revenue	83.1	88.1	105.7	115.5	121.5	132.4	145.3	161.7	179.0	197.0	214.9	10.0	10.0
Television	253.9	284.4	330.1	370.0	401.8	432.7	479.9	537.1	602.7	664.8	720.7	12.2	10.2
Print	172.0	175.2	192.9	208.8	224.1	243.1	264.0	287.0	313.0	343.0	374.0	6.8	8.9
Film	104.4	89.3	83.3	92.9	112.4	125.3	138.0	158.3	181.3	200.0	219.8	1.9	11.8
Radio	8.4	8.3	10.0	11.5	12.7	14.6	16.6	19.0	23.0	27.8	33.6	10.9	17.6
Music	7.4	7.8	8.6	9.0	10.6	9.6	10.1	11.3	13.2	15.1	17.8	9.4	9.0
OOH	16.1	13.7	16.5	17.8	18.2	19.3	21.2	23.1	25.2	27.5	30.0	3.1	8.7
Animation and VFX	17.5	20.1	23.7	31.0	35.3	39.7	45.0	51.7	60.0	70.2	82.9	19.2	15.3
Gaming	7.0	8.0	10.0	13.0	15.3	19.2	23.5	28.0	32.3	36.1	40.6	21.6	17.7
Digital Advertising	6.0	8.0	10.0	15.4	21.7	30.1	41.2	55.1	69.7	88.1	102.2	37.9	29.5
Overall M&E Industry	592.7	614.8	685.1	769.4	852.1	933.6	1039.5	1170.6	1320.4	1472.6	1621.6	9.5	11.3

(Source: MPA Report)

The chart below illustrates the percentage estimated revenue contribution by certain industry components in 2014 and 2018:

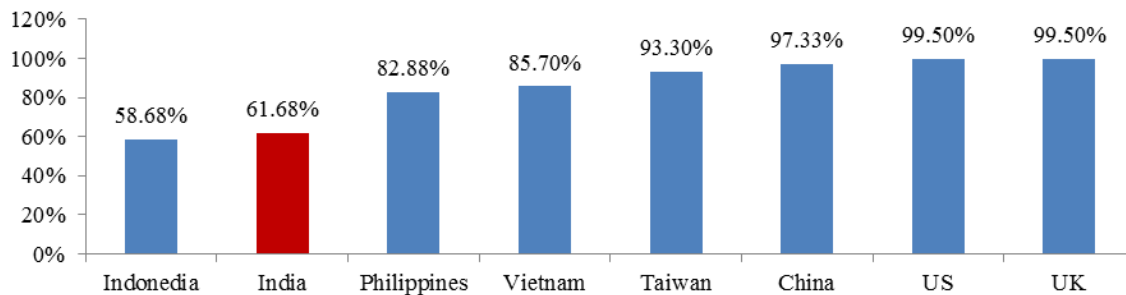


(Source: MPA Report)

Increasing Television Penetration Levels

In 2013, there were approximately 162 million television households in India, which constituted a television penetration level of approximately 61.7%. On 2023, television penetration is expected to increase to 68.0%. (Source: MPA)

The chart below illustrates the household television penetration in certain countries:



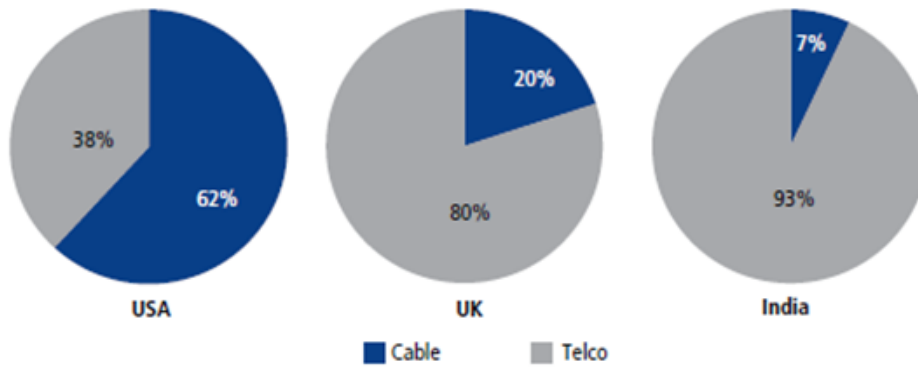
(Source: MPA Report)

The following table illustrates the penetration of television, pay-TV and fixed broadband in India, the United States and the United Kingdom:

Country	TV households	PAY TV Households	Fixed BB Household Penetration
United States of America	99%	85%	81%
United Kingdom	99%	58%	85%
India	62%	80%	6%

(Source: MPA Report)

The share of cable broadband in India is lower than countries such as the United States of America and the United Kingdom. The charts below illustrate the percentage shares of cable and telecommunication of the broadband markets of the United States of America, the United Kingdom and India as of December 31, 2013:

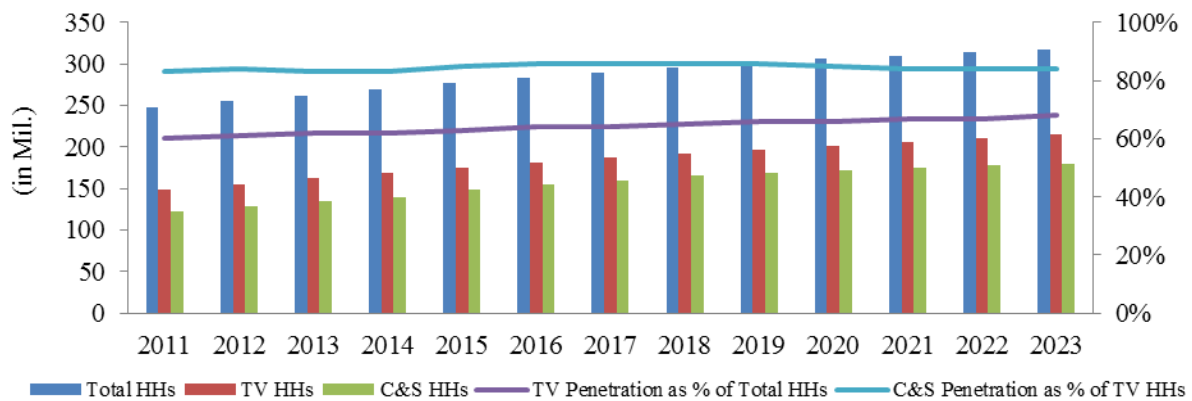


(Source: MPA Report)

The Television Industry in India

In 2013, the number of cable and satellite (“C&S”) households in India increased by 6 million to reach 135 million. Excluding DD Direct, the number of paid C&S households is estimated to be 135 million representing 83.0% of television households. This paid C&S base is expected to increase to 180 million by 2023, representing 84.0% of television households. (Source: MPA Report)

The chart below illustrates the expected increase in C&S and Indian television penetration between 2011 and 2023:



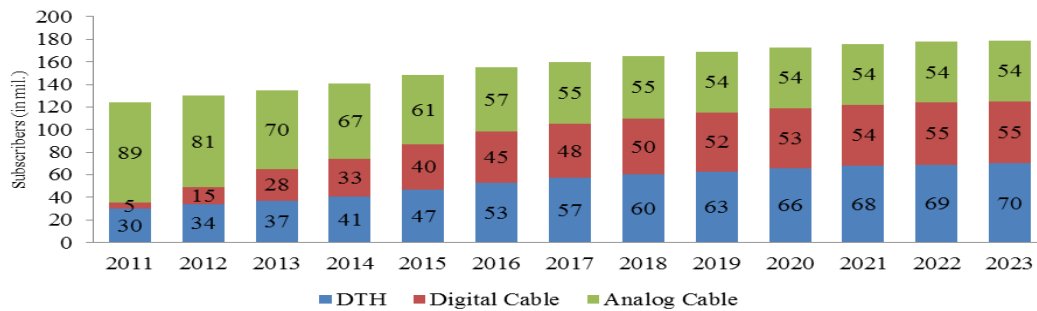
(Source: MPA Report)

(in Mil.)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total HHs	247	255	262	270	277	284	290	296	301	306	310	314	318
TV HHs	148	155	162	169	175	181	187	192	197	202	206	211	215
C&S HHs	123	129	135	140	148	155	160	165	169	172	175	178	180
TV Penetration as % of Total HHs	60%	61%	62%	62%	63%	64%	64%	65%	66%	66%	67%	67%	68%
C&S Penetration as % of TV HHs	83%	84%	83%	83%	85%	86%	86%	86%	86%	85%	84%	84%	84%
Total C&S subscriber additions (Mil.)	10	6	5	6	8	7	5	4	4	4	3	3	2
DTH	7	4	4	4	6	6	4	3	3	3	2	2	1
Analog Cable	1	-8	-11	-3	-6	-4	-2	-1	-1	0	0	0	0
Digital Cable	1	10	13	5	8	5	3	2	2	1	1	1	1

Increasing purchasing power is expected to result in a higher number of TV homes in India. Pay-TV penetration of TV homes will also grow at a rate with increasing incidence of multiple TV set homes. By 2023, it is

estimated that 70.0% of the pay-TV market will be digitalized. The Government’s DAS program will be a catalyst while improved supply side factors, including healthy financial markets and investments from foreign strategic investors, will be important. Between 2015 and 2017, subscriber growth is expected to be strong as DAS is implemented in Phases III and IV. After 2017, digital pay-TV subscriber growth will decrease as consolidation and monetization will take priority. (Source: MPA Report)

The chart below illustrates the number of subscribers and the expected number of subscribers in India for the years 2011 through 2023:

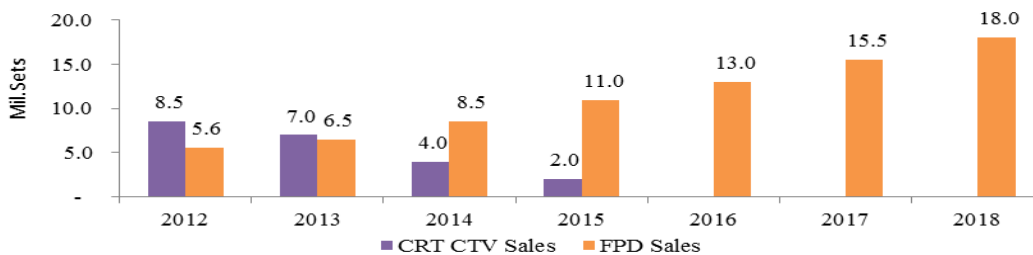


(Source: MPA Report)

The television industry in India comprises revenues derived from television distribution, content and advertising. Television is the largest medium for media delivery in India. In terms of revenue, television represented approximately 46.0% of India’s total media industry in 2013.

In 2012, the television industry in India was estimated at ₹ 401.8 billion and is expected to grow at a CAGR of 10.2% between 2012 and 2018, to reach ₹ 720.7 billion in 2018. Subscription charges, as a portion of total industry revenue, are expected to increase from 67.2% in 2008 to 72.2% in 2018. (Source: MPA Report)

The chart below illustrates television sales and expected television sales in India between 2012 and 2018:



(Source: MPA Report)

Break up of Subscription Revenue: DTH and Cable

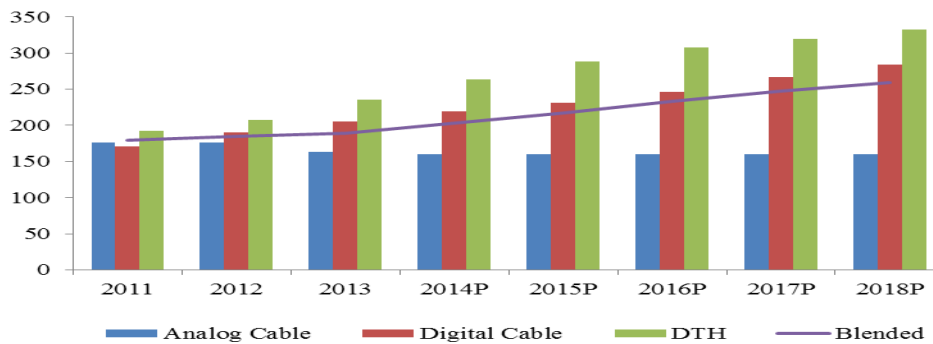
The subscription revenue for television services in India is split. The table below illustrates the subscription revenue for DTH and cable for the period 2011 to 2018:

Subscription Revenues (million)	2011	2012	2013	2014	2015	2016	2017	2018
Cable	195,024	201,690	199,771	210,569	222,955	239,107	257,345	272,781
- Analog	185,867	179,363	147,420	130,968	122,463	113,231	108,161	105,994
- Digital	9,158	22,328	52,351	79,601	100,493	125,876	149,184	166,787
DTH	59,490	78,615	100,475	124,035	152,451	184,555	210,417	233,009

Subscription Revenues (million)	2011	2012	2013	2014	2015	2016	2017	2018
Total	449,539	481,996	500,016	545,173	598,362	662,769	725,107	778,571

(Source: MPA Report)

The chart below illustrates the approximate ARPU and expected ARPU in India between 2012 and 2018:



ARPU in ₹	2011	2012	2013	2014	2015	2016	2017	2018
Analog Cable	176	176	163	160	160	160	160	160
Digital Cable	171	190	205	219	231	246	267	284
DTH	192	208	236	264	288	308	320	332
Blended	179	185	189	203	217	233	247	259

Overview of the Television Industry Value Chain

Content Production

Despite the recent increase in production costs, digitalization continues to create new opportunities for content producers. The focus is now on improving the quality of content, targeting specific demographics through localized content and niche offerings. Further, owning intellectual property rights has enabled content providers to grow and attain better monetization. (Source: MPA Report)

Broadcasters

Broadcasters have benefited most from digitalization as it has resulted in improved addressability and higher yields. The revenue mix continues to be dominated by advertising revenue. However, in the future, subscription fee growth is expected to outpace that of advertising. Improved addressability in cable and CPS-linked deals with higher consumer ARPU will be long-term growth drivers for pay-TV channel subscription revenues. Two key regulatory developments, the cap on commercial advertisement inventory and the unbundling of channel aggregators, will determine the future course of the industry. These regulations adversely impact the economics of smaller or standalone players. The industry is expected to consolidate and a more level playing field to develop. (Source: MPA Report)

India TV Distribution Overview

In 2013, the industry added 5.4 million net new subscribers, taking the overall industry base to 135 million, 80.0% penetration of TV homes, including multiple subscriptions. Much of this growth has been driven by DTH satellite, which had a 66.0% share of net new additions in 2013. Cable TV subscribers numbered 97.6 million in 2013, a 72.0% market share, with 27.9 million gross digital subscribers.

Phases III and IV will be critical for growth in overall digital penetration. DTH in particular is expected to play a key role in adding net new subscribers. Without monetization, digitalization is meaningless and cable multi-system operators (“MSOs”) may need to increase billing, packaging and revenue collections in Phases I and II, a trend that began in the first quarter of 2014. (Source: MPA Report)

Digitalization

A notable driver of TV industry value has been the advent of digital TV services, spurred largely by a well-organized and highly competitive DTH industry. DTH subscription revenues accounted for 33.5% of total pay-TV subscription revenues generated in India, and 23.5% of total TV industry revenues. Digital TV penetration in India is also expected to increase on account of the government mandated cable digitalization process, which accelerated post November 1, 2012. Phases III and IV will be rolled out December 31, 2015 and December 31, 2016, respectively and will comprise of all other regions in the country.

The table below outlines the current digitalization deadlines and expected households to be digitalized:

Phase	Area	Implementation Date	Number of Cities	Number of Analog Homes (in millions)	Number of Digital Homes (in millions)
I	Delhi, Mumbai, Kolkata and Chennai	October 30, 2012	4	-	13.5
II	In all the cities having population over one million	March 31, 2013	38	-	17.3
III	In all other urban areas (municipal corporation / municipalities) across the country	December 31, 2015	n/a		34.4
IV	Rest of India	December 31, 2016		75.6	

(Source: MPA Report, Notification (S.O. 2308(E)) dated September 11, 2014, issued by the Ministry of Information and Broadcasting, GoI)

DAS Implementation to Date

DAS Phases	Parliamentary approval for analog switch off	Actual DAS Implementation Date	TV Households (in millions)	Digital Cable STB rolled out	DTH Shares of pay-TV market (%)	DTH Share of digital Subscribers (%)	Collection of KYC Forms	Gross Billing	Rollout of Channel Packages
Phase I	June 30, 2012	November 1, 2012	13.5	10.0	26	26	100	Gross billing only in Delhi	Across Mumbai, Delhi, Kolkata
Phase II	March 31, 2013	April 1, 2013	17.3	12.0	31	31	80	Not yet started	Selected Markets
Phase III & IV	December 31, 2015 and December 31, 2016, respectively	N/A	131.0	6.0	26	83	Not yet started	Not yet started	Not yet started

(Source: MPA Report, Notification (S.O. 2308(E)) dated September 11, 2014, issued by the Ministry of Information and Broadcasting, GoI)

In November 2012, DAS Phase I was successfully implemented. The rollout had some problems with opposition from certain LCO groups and local political parties. Despite conflicting opinion from certain sections of the industry, the Phase I rollout was reasonably successful in Delhi, Mumbai, Kolkata and Chennai. It is estimated that the top five MSOs deployed approximately 9 million STBs in Phase I markets. However, these are gross

subscriptions and the platform is yet to test its initial churn numbers. Net-ARPU to MSOs have started to see improvement as operators implement gross billing and roll out packages.

Phase II has been a success in terms of digital deployment. Cable operators deployed 12 million STBs in these markets although on ground collections have remained below par. Digital cable managed to retain a little over 70.0% market share in DAS Phases I and II combined. The stronger presence of MSOs in Phases I and II markets enabled them to gain higher share against DTH. However, making inroads to Phases III and IV will be challenging for cable as this remains a dominant market for DTH with established distribution network spread across a much wider geography. *(Source: MPA Report)*

Advantages and Growth of DTH

In 2007, consumers had limited exposure to the benefits of digital TV. In 2007, digital TV penetration of total TV homes in the country was 3.0%, but has since increased to 40.0% in 2013. This increase was driven primarily by a 37 million aggregate active subscriber base across six DTH satellite pay-TV platforms. The growth of DTH has provided consumers with greater choice and quality through an improved viewing experience, more channels and new services such as HDTV, pay-per-view and DVRs. DTH operators have worked closely with broadcasters to program and retail attractive packages of channels at competitive prices with tiered and a-la-carte options. DTH operators have benefited through subscriber growth and, more recently, improved ARPUs while broadcasters have gained through subscription revenues as DTH operators spent a combined approximately US\$556 million on pay-TV content in 2013. *(Source: MPA Report)*

DAS vs CAS

Unlike DAS, India's two previous efforts at digitalization of Cable TV were unsuccessful. In 2003, Conditional Access System ("CAS") was made mandatory for Delhi, Mumbai, Kolkata and Chennai. While it was successful in Chennai, the move experienced problems in other cities. Similarly, in 2007, CAS was intended to be implemented in notified areas of Delhi, Mumbai and Kolkata. However, penetration levels failed to meet expectations. However, the DAS mandate witnessed unprecedented success as it was driven by change in market dynamics, positive regulatory developments and most importantly, found consensus amongst stakeholders.

HD Content

Digitalization has improved addressability for broadcasters thus enabling monetization of subscriptions and has also led to rationalization of distribution costs. It has also led to improvement in the quality of content, content production and transmission. Most channels in key genres such as Hindi GECs, movies, sports and infotainment now offer HD feed. This has increased the number of HD subscribers for operators, while also improving their blended yields. The next wave of growth is expected to come from HD feeds for regional content; however, with the exception of Sun TV in south India, this has not been explored. Additionally, subsidized HD offerings will also act as a key differentiator for DTH players as cable is yet to roll out packages and push HD services across broader markets. *(Source: MPA Report)*

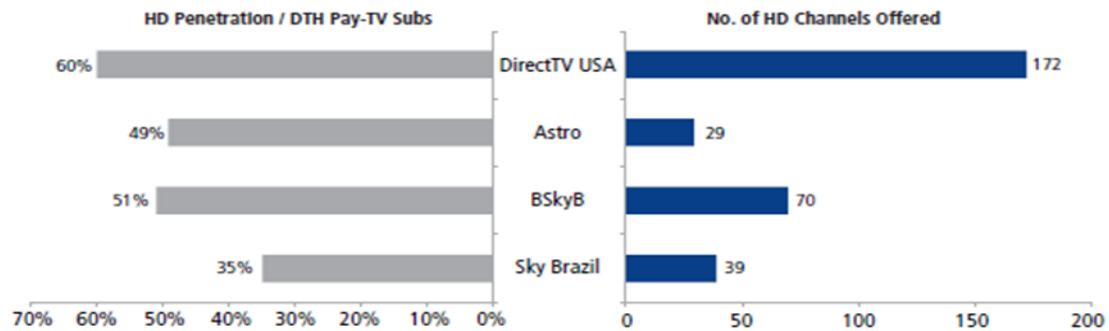
Growing Importance of HD

HD is expected to contribute to the industry. Although revenue growth is expected to be driven by increasing subscriber numbers as a result of the mandated cable digitalization program, an increase in high-ARPU HD subscribers is also expected. *(Source: MPA Report)*

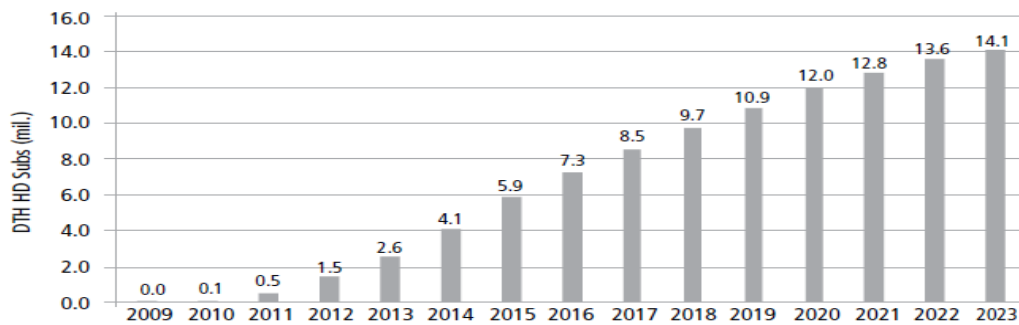
Projected Growth of HD

It is expected that HD penetration will grow significantly in the future, rising from less than 7.0% of active DTH subscribers currently, to over 20.0% by 2020, based on benchmarks in the United States, United Kingdom, Latin America and Southeast Asia. In the United Kingdom, incumbent DTH operator BSkyB currently has more than 50.0% of its subscriber which has adopted HD. Malaysia's Astro has also demonstrated strong rates with 49.0% penetration at present on its DTH platform. An increase in HD channel offering is critical for growth in HD penetration. However, for some mature global operators HD penetration as a percentage of total subscribers is limited between 60.0% and 65.0%. *(Source: MPA Report)*

The charts below illustrate HD penetration and channel offerings by major global operators:



The following chart shows the growth of DTH HD subscribers by 2023:

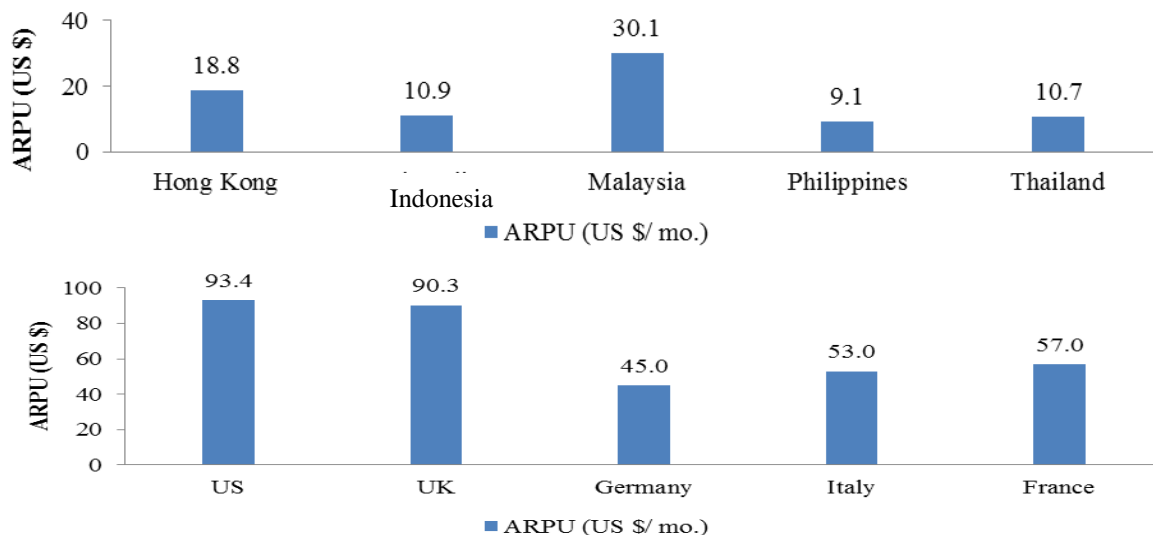


(Source MPA Report)

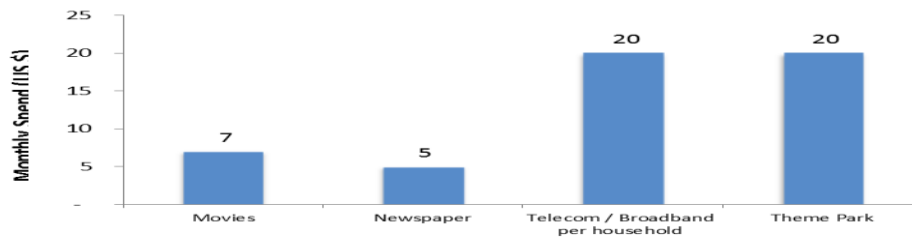
Growth of ARPU

Although India's pay TV ARPUs remain one of the lowest in the world at US\$3.2 per month, it has been showing improvements in recent years as a direct result of digitalization, smarter packaging of content and channels and the provision of value added services, such as HD and DVR. Further improvements from rational DTH and digital cable pricing and the growth of premium pay-TV are expected in the next few years. (Source: MPA Report)

The charts below illustrate the ARPU of certain Asian countries and the United States and European countries as of December 31, 2013:



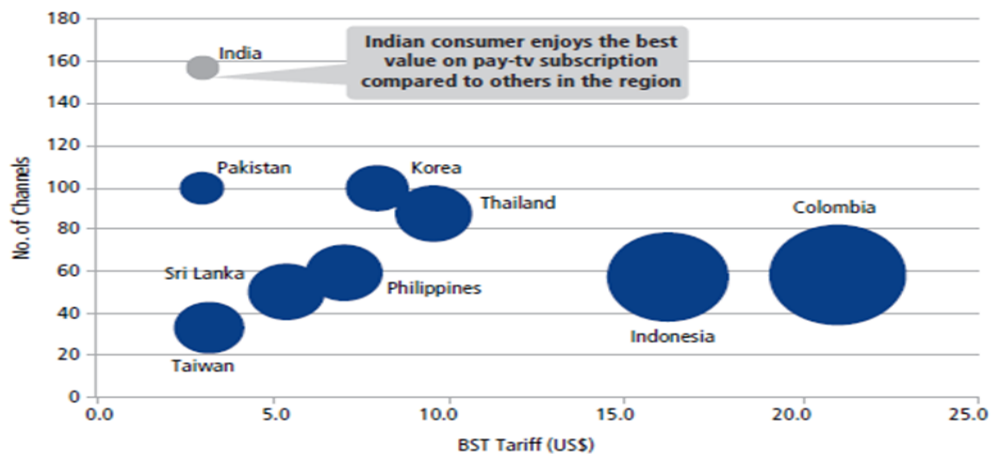
The chart below illustrates the monthly spend of a typical Indian household on movies, newspapers, telecom and broadband and theme parks:



(Source: MPA Report)

Comparison of Basic Tier Offering in Emerging Markets

The chart below illustrates the number of channels available in certain countries and the basic tariff price in US dollars:



The chart below illustrates basic digital pay-TV offerings across emerging markets as of December 31, 2013:

Market	Basic Tier Cost (US \$/mo)	No. Of Channels (approx.)
India	3.0	157
Pakistan	3.0	100
Sri Lanka	5.4	50
Korea	8.0	100
Taiwan	3.2	33
Thailand	9.6	87
Philippines	7.0	59
Indonesia	16.2	57
Colombia	21.0	58

(Source: MPA Report)

DTH Drives Digital TV Growth in India

Over the past eight years, the Indian television industry has experienced significant growth in the adoption of DTV services, driven by DTH. Below are some key drivers:

Increased awareness: Increasing competition in the six-player market has certain advantages. In recent years, consumer awareness of DTH services has improved as operators launch aggressive advertising campaigns. Consumers today are more aware of the choices available in the market and the distinct advantages of DTH over traditional analog cable services. Between 2007 and 2013, it is estimated that the DTH industry has spent approximately ₹ 25 billion to create consumer awareness and have been successful in establishing a new category in consumer electronics.

TV technology: Upgrades in television hardware technology and the growing installed base of flat panel displays and HDTVs have also played a role in the uptake of DTH services. TV manufacturers such as Samsung and LG have in the past partnered with DTH operators to market their wares jointly through retail outlets, providing DTH an opportunity to play up the distinct advantages of digital TV over analog cable and gain entry into new TV homes. Videocon D2H leverages its tie-ins with Videocon, Philips and Sansui. Given the low penetration of flat panel displays and the dramatic drop in prices of hardware as a result of increasing competition, there are growth opportunities for both TV manufacturers and DTH operators in the coming years.

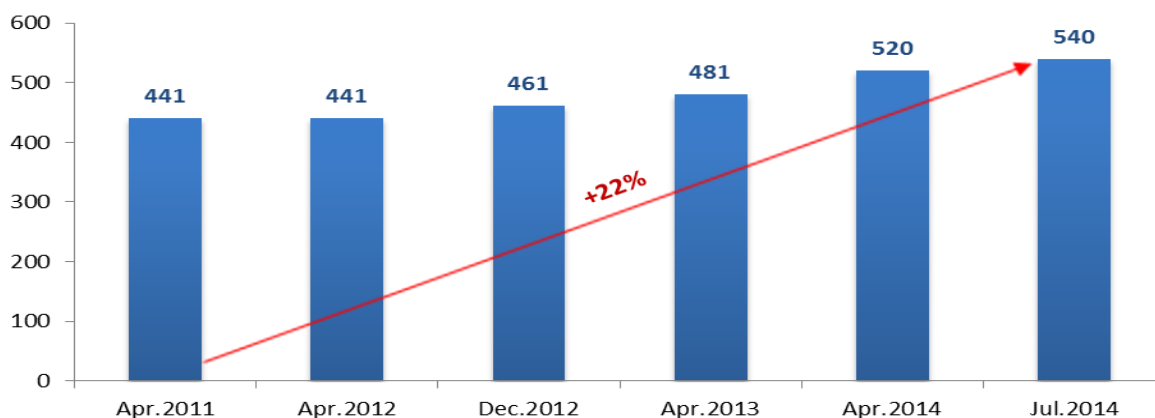
Early additions from cable-dark areas: Initial demand for DTH services came from cable-dark areas (regions not served by cable services) and smaller towns and villages. However, advertising on the part of DTH operators, growing awareness among consumers of digital TV services and the launch of advanced services such as HD, DVRs and catch-up TV has helped DTH operators convert cable consumers into high-ARPU subscribers in affluent regions (metropolitan regions and tier-I cities), as well as in smaller towns and cities. It is estimated that gross subscriber additions have grown from a mere approximately 1.5 million subscribers as of December 31, 2006 to 64.3 million as of December 31, 2013. (Source: MPA Report)

Increase in pack prices: Over the last 24 months, the base back ARPU for the platform has increased by 47.0%. Entry level pricing has been increased while the free viewing period has also been reduced from three months to zero months. (Source: MPA report)

The chart below illustrates the increasing trend in SD base and HD base pack prices from 2011 till 2014:



(Source: MPA Report)



(Source: MPA Report)

Recent Trends

Focus shifts from volume to profits

DTH operators are shifting their focus from increasing scale to improving profitability and value creation. Since November 2011, the industry has implemented frequent price increases for subscription packages and customer premises equipment (“CPE”). Operators have also taken steps to keep rotational churn under check, by reducing trade margins and the free viewing period for new subscribers.

Future Trends

Subscriber Quality to Improve

In the future, gross subscriber additions will gain momentum as mandatory cable digitization is implemented. The quality of subscriber additions is expected to be superior, as the switch-off of analog signals will allow DTH to further develop within urban areas and target high-ARPU subscribers, while at the same time managing churn rates. The recent increase in entry prices will also help control industry churn levels. (Source: MPA Report)

Decrease in Free Viewing Period

The table below illustrates the free viewing (“FVP”) trend for a basic pack in ROI markets:

	Mar-11	Apr-11	Mar-12	Dec-12	Apr-13	Apr-14
Average FVP (Months)	4	3	2	1	0	0

(Source: MPA Report)

DTH operators have also reduced hardware subsidies by increasing entry prices across SD and HD connections. The table below illustrates entry prices trend in last two year. In June 2014, entry price on SD connections was increased to ₹ 1,890 per connection from ₹ 1,690 in financial year 2013. The table below illustrates the SD connection rate and HS connection rate for the financial years 2012 to 2014:

In ₹ per unit	FY2012	FY2013	FY2014	June 2014
SD connection rate	1,290	1,690	1,890	1,890
HD connection rate	2,200	2,490	2,390	2,000

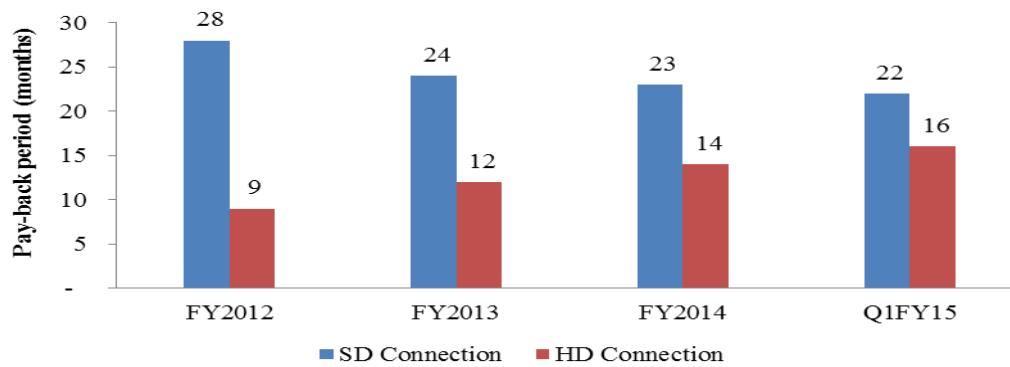
(Source: MPA Report)

Consumer Proposition

The consumer proposition remains relatively similar for all DTH operators, at least in terms of their entry-level offers, with operators charging approximately ₹ 1,700 (adjusted for free viewing periods and installation charges). This is approximately two times the price charged by digital cable service providers. Entry-level pricing for DTH operators is expected to maintain a status quo. Competition will restrict any major price increase while the current rupee-dollar equation will not support a price cut. An intense price war with cable operator seems unlikely as this will stretch the balance sheet of cable operators which have already been under pressure. (Source: MPA Report)

DTH Pay-back Period

Due to improvement in customer realization on account of increase in package price and reduction in free viewing months as well as reduction in subsidy on account of increase in entry offer prices, average pay back period has improved over the years.



(Source: MPA Report)

DTH Subscriptions

Market Share of DTH Operators

There are six pay DTH operators in India. The table below gives details of DTH operators' shares of gross subscribers for the financial years 2012, 2013, 2014 and the three months ended June 30, 2014:

	DTH Operators' Yearly Gross Subscribers (millions)			
	Three months ended June 30, 2014	Financial Year 2014	Financial Year 2013	Financial Year 2012
Videocon D2h Limited (operating under the "Videocon d2h" brand)	11.21	10.45	8.03	5.48
Dish TV India Limited	17.14	16.56	15.11	12.89
Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	12.98	12.41	10.60	8.38
Tata Sky Limited	13.98	13.33	11.03	8.66
Reliance Big TV Limited	4.84	4.81	4.72	4.33
Sun Direct TV Private Limited	9.23	9.01	8.31	7.43
Total	69.38	66.57	57.80	47.17

(Source: MPA Report)

	DTH Operators' Shares of Active Subs (%)			
	Three months ended June 30, 2014	Financial Year 2014	Financial Year 2013	Financial Year 2012
Videocon D2h Limited (operating under the "Videocon d2h" brand)	19.0%	18.7%	16.5%	13.6%
Dish TV India Limited	20.3%	20.2%	21.0%	23.3%
Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	20.3%	20.2%	20.0%	19.7%
Tata Sky Limited	23.8%	23.6%	22.5%	20.3%
Reliance Big TV Limited	4.4%	5.0%	6.3%	8.0%
Sun Direct TV Private Limited	12.3%	12.2%	13.8%	15.1%
Total	100.0%	100.0%	100.0%	100.0%

(Source: MPA Report)

Net Active Addition by Global Players

The table below illustrates the net active additions by global players in the market as of December 31, 2012 and December 31, 2013:

Net Active Addition / Operator	As of December 31, 2012	As of December 31, 2013
D2h	1,540,000	16,90,000
Naspers (Africa)	1,218,000	1,320,000
Astro	181,000	166,000
Signal	184,000	161,000
Direct TV-US	199,000	169,000
Direct TV- Latin America	2,357,000	1,340,000
KT Skylife	529,000	390,000
MNC Sky Vision	558,000	579,000
SingTel	45,000	20,000
Sky TV New Zealand	748	10,127
Sky UK	101,000	134,000
True Visions	83,000	19,000

Note: D2h Numbers are as per financial years 2013 and 2014.

(Source: MPA Report)

Product Offering

The table below provides the number of linear channels and services for each DTH operator as of July 4, 2014:

Channel Summary	Videocon D2h Limited (operating under the "Videocon d2h" brand)	Dish TV India Limited	Tata Sky Limited	Reliance Big TV Limited	Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)
SD Channels	328	313	263	237	291
Asli HD Channel	27	29	24	10	20
Upscaled HD Channels	0	16	0	0	0
Total Channels	355	358	287	247	311
Services	143	104	102	61	92
Total Channels and Services	498	462	389	308	403

(Source: MPA Report)

The table below provides details on regional channels for each DTH operator as of July 4, 2014:

	D2h	Dish TV	Tata Sky	Big TV	Airtel
Total Regional Channels	183	171	147	134	162
Tamil	36	25	26	24	30
Telugu	25	28	21	22	21
Malayalam	21	16	19	16	18
Kannada	18	13	14	15	16
Bengali	16	22	12	12	15
Marathi	12	13	12	10	12
Other Regional	55	54	43	35	50

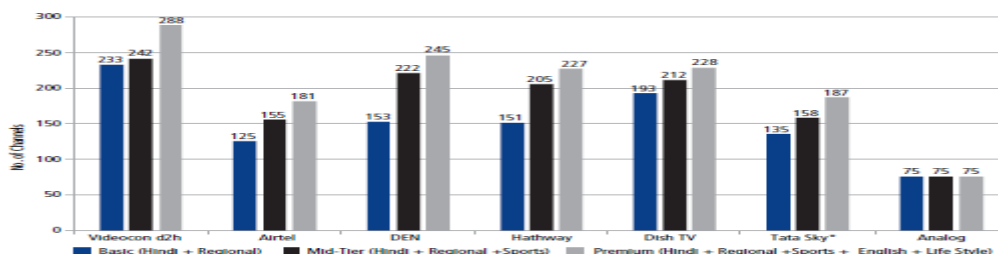
(Source: MPA Report)

Key KPIs of Major Cable MSO in India as of March 31, 2014:

Current Scenario	DEN	Hathway	IN Cable	Siti Cable	Digi Cable	Asianet	Ortel
MSO Launch Date	2007	1998	1995	1995	2009	1993	1995
Major region of operation	North	West + South	West	East	Punjab + East	South (Kerala)	East (Orissa)
Subscriber Reach	13,000,000	11,500,000	8,240,000	10,000,000	5,700,000	1,200,000	805,389
Digital Subscribers	6,100,000	8,000,000	2,740,000	4,000,000	2,850,000	560,000	69,873
HD Subs as % of Digital subs	0.2%	0.5%	0.7%	0.4%	0.2%	2.5%	N/A
Analog Subscribers	6,900,000	3,500,000	5,500,000	6,000,000	2,850,000	640,000	735,516
Primary Points	200,000	644,000	100,000	0	97,000	630,000	406,135
Broadband Subs	5,000	440,000	30,000	35,000	85,000	120,000	54,427
Cable ARPU (US \$ Mo.)	3.0	3.1	2.0	3.0	3.0	2.8	3.0
Broadband ARPU (US \$/ Mo.)	N/A	5.7	4.0	6.8	7.1	9.6	7.0

(Source: MPA Report)

The table below provides a comparison of basic, medium and premium tiers of DTH operator subscription packages in India as of July4, 2014:



* HD channels offered by Tata Sky have been excluded (Source: MPA Report)

Sports and GECs act as HD catalysts: In India, following a run of major cricketing events in early 2011, the introduction of major Hindi general entertainment channels (“GECs”) in HD has been critical in maintaining HD growth. Currently, 44 true HD (i.e. not up-converted) channels are available, and operators expect several new HD channel launches in the coming years. In the DTH space, D2H and Dish TV offer the most number of HD channels.

As of December 31, 2013, the DTH industry had a total of 2.6 million active HD subsidiaries, an increase of 72.0% from December 31, 2012. Tata Sky and Videocon D2H collectively account for over 70.0% market share. Tata Sky continues to lead the pack in terms of cumulative and new HD monthly additions primarily due to its positioning. Unlike its peers, the company has focused on acquiring customers in urban areas since it started operations eight years ago. This has helped build natural demand for HD. Also with the drop in cost of HD STBs, operators Tata Sky and Airtel Digital have stopped ordering SD boxes. (Source: MPA Report)

Technology

Due to a lack of transponders in India, many operators are struggling to increase channel availability and provide new channels.

Short Term Capacity Constraints

In terms of satellite capacity, Dish TV India Limited, Bharti Telemedia Limited (operating under the “Airtel Digital TV” brand) and Videocon d2h Limited (operating under the “Videocon d2h” brand) are considered the best positioned. Videocon d2h offers over 498 channels and services, the highest in the industry including highest number of regional channels followed by Dish TV which offers 462 channels and services.

Tackling capacity constraints

Having a clear road map for building satellite capacity is critical for DTH operators to ensure long term competitiveness. Restricted by the spectrum crunch and the falling reliability of INSAT satellites have resulted in instances where India's DTH operators are migrating to foreign satellites. In 2010, Sun Direct shifted several channels to Measat after INSAT 4B, which hosted its channels, encountered a major technical snag. Likewise in 2011, Airtel Digital had to transition subscribers from Insat 4CR to SES 7.

Tata Sky, which until recently was behind in terms of channel offerings is upgrading its subscribers from MPEG-2 to MPEG-4 STBs. This will enable the company to substantially expand its channel suite, especially in HD, however it will cost the company ₹ 9 billion to complete the exercise. Tata Sky has already added a number of SD and HD channels in the last few months. With 24 HD channels, it is almost at par with Videocon D2H and Dish TV but it has fewer SD channels.

Dish TV has been the most efficient at managing satellite capacity, enabling it to carry the highest number of channels. Its 313 SD channels include 59 channels offered as pass through from DD Freedish, which will expand to 120 channels by CY 2014 as DD Freedish expands its capacity. The successful SES-8 satellite launch in Dec. 2013 will enable Dish TV to further augment its capacity. Dish TV aims to completely shift to MPEG-4 compression at some point since the STBs for its new subscribers support MPEG-4.

Already supporting MPEG-4 compression and DVB-S2 transmission, Videocon offers the highest number of regional channels, which is a strong driver of monthly subscriber additions. The improved efficiency of these compression standards has enabled Videocon and Airtel Digital to offer more interactive services.

Sun Direct and Big TV have sufficient capacity for the near term, although they may face capacity issues further down in the event of further delays in the launch of Measat 3B. Sun Direct's orbital slot is adjacent to DD Direct's which may cause further delays. Plans for expanding the DD Direct service are underway that will require additional capacity, and this could raise some issues for the operator.

(Source: MPA Report)

The table below illustrates the satellite capacity of DTH operators in India and of June 30, 2014:

	Dish TV India Limited	Tata Sky Limited	Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	Sun Direct TV Private Limited	Reliance Big TV Limited	Videocon D2h Limited (operating under the "Videocon d2h" brand)
DTH Launch Date	2004	2006	2008	2008	2008	2009
Satellite	NSS6, Asiasat 5, SES-8*	Insat 4A	Insat 4CR, SES 7	Measat 3, Insat 4B	Measat 3	Singtel 2
Orbital Slot	95E,100.5E	83E	74E, 108.2E	91.5E, 93.5E	91.5E	88E
Number of Transponders	10+4	12	11	4+2	9	10
TP Bandwidth	36 Mhz, 54 Mhz	36 Mhz	36 MHz	36 Mhz	36 Mhz	54 Mhz
Video Compression Technology	MPEG-2	MPEG-4/ MPEG-2	MPEG-4	MPEG-4	MPEG-4	MPEG-4
Transmission Standard	DVB S	DVB S	DVB S2	DVB S	DVB S	DVB S2
Total Bandwidth (MHz)	648	432	392	180	324	540
Equivalent Bandwidth (Mhz)#	648	432	634	281	421	864

Note – * Received one transponder but not operational as on end-June -2014

Equivalent Bandwidth: MPEG 2 + DVB S- 1x, MPEG 4 + DVB S – 1.3x, MPEG 4 + DVB S2 – 1.6x

(Source: MPA Report)

Differentiation Via Set Top Box

Technologies deployed within set-top boxes are essential in delivering a quality consumer proposition and also differentiate one provider from another. Compression standards such as Mpeg-4, combined with transmission standards like DVB S2, have helped newer operators like Videocon manage their satellite bandwidth and compress more channels per transponder. Although the improvement that these standards have on picture quality is debatable (despite it being highlighted by many operators in their advertising), it has helped serve as a minor differentiator from one operator to another. Likewise, the quality and scalability of middleware deployed within STBs has helped operators launch additional value-added services (VAS) such as interactive services and on-demand and catch-up TV. (Source: MPA Report)

Major Disputes between Distribution Network and Broadcaster since FY 2013 till Date

Particular's	D2H	Airtel	Dish TV	Big TV	Tata Sky	Sun Direct	Hathway	DEN
Key Driver Broadcasters								
Indiacast UTV Disney	😊	😊	😞	😊	😊	😊	😊	😊
Star India	😊	😊	😞	😞	😊	😊	😞	😊
Zee & Turner	😊	😊	😊	😞	😊	😊	😞	😊
One Alliance	😊	😊	😊	😞	😊	😊	😞	😞
Sun Channels	😊	😞	😊	😞	😊	😊	😊	😊
Sports Broadcasters								
Star Sports	😊	😞	😞	😞	😊	😊	😞	😊
Ten Network	😊	😊	😊	😊	😊	😞	😊	😊
Neo Sports	😊	😊	😊	😊	😞	😊	😊	😊
Other Broadcasters								
NDTV	😊	😊	😊	😊	😊	😊	😊	😊
MAA Channels	😊	😊	😊	😊	😊	😊	😊	😊
Sahara Channels	😊	😊	😊	😞	😊	😊	😊	😊
Times Channels	😊	😊	😊	😊	😊	😊	😊	😊

(Source: MPA Report)

Content Partnership

To keep up with technology, which has been rapidly evolving consumer's viewing habits, choice and delivery of content, collaboration between broadcasters and operators becomes highly critical in the overall pay-TV ecosystem. Operators which enjoy strong and cordial relationship with broadcasters are thus better placed for long term monetization of subscription revenues, both in terms of volume and value share. In India, the regulators have intervened previously to ensure there is a balance between the two parties.

In February 2014, TRAI issued new regulations to significantly limit the role of channel aggregators. The new regulations prevent aggregators from: (1) publishing reference interconnect offers (RIO, which form the basis of wholesale bouquet/channel agreements), and (2) to enter into agreements with distributors. These functions will only be assumed by broadcasters directly. Aggregators can continue to exist as authorized agents but only in the name and on behalf of the broadcaster. The broadcaster must ensure that the aggregator does not alter the bouquet of channels as stipulated in its RIO. Significantly, the aggregator cannot bundle channels and bouquets of multiple broadcasters.

The one exception is that broadcasters belonging to the same promoter group can bundle their channels. This potentially benefits domestic incumbents such as Star and Zee. However more significantly, the new guidelines allow for distribution platforms to negotiate rates with broadcasters which are mutually acceptable and closer to market reality.

Over 2013 and 2014, the industry experienced several disputes between broadcasters and aggregators and platforms which forced several operators to carry individual channels on an à-la-carte basis at RIO rates. For cable, frequent black outs of channels may upset the end-subscriber and the LCO who might decide to move its entire network to a competing MSO, leading to the swapping of STBs. With regard to DTH, which offers several channel packages, frequent switch offs might result in higher churn or on a sustained basis and may weaken the consumer proposition for a given tier, thereby having an adverse impact on its new subscriber additions. Procuring channels on RIO is an expensive proposition due to TRAI's stipulated two-part rate increase, a 15.0% increase effective April 1, 2014 and a 12.5% increase to take effect from January 1, 2015). (Source: MPA Report)

Videocon d2h was the first platform for several HD channels in India. Some key channels which Videocon d2h first brought to consumers include: Star Plus HD, Zee TV HD, Colors HD, Star Gold HD, Star Sports HD-1, Star Sports HD-2, Star world HD, Star Movies HD, Discovery HD and National Geographic Channel HD. (Source: MPA Report)

Distribution Spread of India

The chart below illustrates the distribution spread of India of consumer electronics and home appliances, cable hardware and mobile outlets and reflects the amount of subscribers gained through these outlets, as of June 30, 2014:

Particulars	Consumer Electronics / Home Appliances	Cable Hardware	Mobile/Other
Universe	35,000	45,000	20,000
SD Contribution	30%	55%	15%
HD Contribution	65%	30%	5%
DTH (Avg presence)	20,000	30,000	17,000
Cable (Avg presence)	NIL	NIL	NIL

Videocon D2h: Direct Service Network

The chart below illustrates the percentage of installation (direct network for acquisition) and servicing (direct network for service) carried out by direct service centers owned by Videocon D2H:

Particulars	Number of Cities	Direct Network for Acquisition	Direct Network for Service
>1 mn population	42	100%	100%
District Head – quarters	600	60%	75%
Small Towns	>6000	20%	65%

(Source: MPA Report)

Digitalization Impact on Market Consolidation

The table below illustrates the effect digitalization has on markets:

US Pay TV Market	Before Digitalization	After Digitalization
Pay Subscribers	70 million	100 million
Key MSO's	11	2
Key DTH Player	2	2
Cable/DTH/IPTV Share (%)	88:12:0	54:35:11
Contribution by Key Operators in Pay base	~42 million	~80 million

India Pay TV Market	2007	2013	2018
Pay-TV Subs*	80 million	135 million	165 million
Key MSO's	5	5	4
Key DTH Player	2	5	4
Key MSO / DTH Market Share	N/A	44%	64%
Contribution by Key Operators in Pay base	N/A	59 million	106 million

* net of Terrestrial base

Future Outlook on India's Pay-TV Market

Industry at Glance Platform	Year 2018			
	DTH	Cable TV	Free Dish	OTT
Active Subscribers (in mil.)	60	105	20	10
Number of Channels - SD	600	500	250	300
Number of Channels - HD	75	75	0	0
ARPU - US \$	\$6	\$4	NIL	\$1
Other Services	TVE	TVE & Broadband	-	-
% Subscribers Multiple Services	3%	3% of Digital Subscribers	-	-
Subscription Revenue (US \$)	4 billion	4.7 billion	-	30 million

(Source: MPA Report)

Business Model: DTH & Digital Cable

Current Scenario	Cable-	Cable-	DTH	Post Digitalization:2018	Cable-	Cable-	DTH
	Primary	Secondary			Primary	Secondary	
Last mile penetration	5%	95%	100%	Last mile penetration	25%	75%	100%
ARPU	260	240	280	ARPU	360	335	400
Taxes / Licenses Fees	20%	12%	30%	Taxes / Licenses Fees	20%	12%	30%
LCO Share	-	95	-	LCO Share	-	133	-
Wtg Avg. Margin		120	195	Wtg Avg. Margin		194	280
Content Cost		60	77	Content Cost		90	100
Operating Cost		40	58	Operating Cost		50	60
Operational EBITDA		20	60	Operational EBITDA		54	120
Carriage Revenue		50	5	Carriage Revenue		35	5
Total EBITDA		70	65	Total EBITDA		89	125

(Source: MPA Report)

OUR BUSINESS

Overview

We are the fastest growing DTH service provider in India and operate under the “Videocon d2h” brand. (Source: MPA Report) We distribute multiple television channels and allied video and audio services to subscribers as part of our DTH services. We bring to our subscribers digital quality television viewing and, as of June 30, 2014, carried over 495 national and international channels and services, including 27 HD channels and 41 audio and video Active Music Channel Services. We commenced our DTH operations in July 2009 and, as of June 30, 2014, had 11.21 million gross subscribers with a market share of 16.2% of the gross DTH subscriber base across India (Source: MPA Report). Our total income for the three months ended June 30, 2014 and the financial year 2014 was ₹ 5,377.42 million and ₹ 17,608.45 million, respectively. We have a presence across India and we believe we are ideally positioned to capitalize on the growth opportunities in the Indian DTH market.

Our distribution of multiple television channels and services is enabled through consumer premises equipment installed at the end consumers’ premises which allows a subscriber to directly receive programming from our leased satellite through a mini-dish which is then de-coded by a digital receiver called a set-top box. We use state-of-the-art MPEG-4 technology, which permits high compression for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We have leased K_u-Band space capacity on the ST-2 satellite of SingTel, which was launched on May 21, 2011 and has an estimated useful life through 2026. We currently lease ten 54 Mhz transponders on the satellite. This technology and access to these ten transponders allows us to transmit over 495 channels and services.

We benefit from our relationship with the Videocon Group. The Videocon Group has diversified interests in consumer electronics, oil and gas, power, retail and insurance, among others. The Videocon Group’s flagship entity is Videocon Industries, a company listed on the BSE and the NSE and with a market capitalization of ₹ 58,877.13 million as of June 30, 2014 on the NSE. Videocon Industries believes it has one of the largest distribution networks of consumer electronics and home appliances in India. We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players including television sets and DVD players with built-in set-top boxes. We believe that the cross selling of our services through the Videocon Group’s television business increases our marketing opportunities.

We believe that the “Videocon” brand is well recognized in India. Videocon Industries was named as one of the Boston Consultancy Group’s 100 “Rapidly Developing Economy Emerging Global Challengers” in May 2006 and the “Videocon” brand was named one of the top 20 most trusted brands in India by the Economic Times – Brand Equity in May 2007. Our Company was also ranked one of the most successful launches in 2009 (the year we commenced offering our services) by the Brand Derby survey, undertaken by the Business Standard. Our Company received “Asia’s Most Promising Brand Award 2012-2013” in the DTH category from iBrands 360 (Iconic Brands 360), a World Consulting and Research Corporation enterprise.

The MIB has notified a four-phase digitization process for cable television in India with a sunset date of December 31, 2016. As a result, the cable television industry in India will be transitioned to the DAS for television distribution and all cable operators will be legally bound to transmit only digital signals. We believe that this is a key growth opportunity for us as we believe that a significant portion of current analog cable television subscribers will switch to DTH services, such as ours.

As of June 30, 2014, in addition to providing our subscribers with the enabling hardware for our channels and services, we offer our subscribers “12 Picture-in-Picture Mosaic”, a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the “Electronic Program Guide”, a graphical user interface to browse channels and program schedules; “Movie Channel Services”, where we offer three movie channel services; “HD 3D Active Channel service”; “tickers”, which include tickers at the bottom of the screen displaying sports scores, stock market data, news updates, Active Music Channel Services and content-recording features; and we are one of the first companies in India to offer 4K ready set-top boxes.

Our Growth

We commenced our DTH operations in July 2009. We have grown our subscriber base from 0.44 million gross subscribers as of March 31, 2010, representing approximately 1.9% of the total DTH subscriber base in India to

10.45 million gross subscribers as of March 31, 2014, representing approximately 15.7% of the total DTH subscriber base in India. As of June 30, 2014, we had 11.21 million gross subscribers, which represented approximately 16.2% of the total DTH subscriber base in India. (Source: MPA Report) For the first quarter of 2015 and the financial years 2014, 2013, 2012, 2011 and 2010, we had approximately 27.0%, 27.7%, 24.0%, 23.9%, 18.1% and 4.5%, respectively, of the incremental market share of the DTH subscriber base in India. (Source: MPA Report)

Our Strengths

Our vision is to be a DTH category innovator with the most advanced products and services and our mission is to strive towards making the brand recall of the Videocon d2h brand highest in the DTH category with the strongest brand equity and most satisfied customer base. We believe that the following are our principal strengths:

Established brand name and relationship with the Videocon Group

We benefit from our relationship with the Videocon Group which is among India's most prominent corporate houses. The diversified business interests of the Videocon Group include consumer electronics, oil and gas, power, retail and insurance, among others. The "Videocon" brand has over two decades of operating history and we believe that it is recognizable among the populace in India. Videocon Industries was named as one of the Boston Consultancy Group's 100 "Rapidly Developing Economy Emerging Global Challengers" in May 2006 and the "Videocon" brand was named one of the top 20 most trusted brands in India by the Economic Times – Brand Equity in May 2007.

We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players, including television sets and DVD players with built-in set-top boxes. Videocon Industries, the flagship company of the Videocon Group, believes it has one of the largest distribution networks of consumer electronics and home appliances in India. As of June 30, 2014, the Videocon Group had over 210 owned and operated retail outlets, and over 670 franchisee-owned distribution outlets. We believe that the cross selling of our services through the Videocon Group's television business increases our marketing opportunities. Our relationship with the Videocon Group allows us to reduce our marketing spend, which is a significant expense in the industry we operate in. In addition, we believe this relationship also positively affects our growth.

We purchase set-top boxes from TEL, a company that is part of the Videocon Group and manufactures set-top boxes which we generally lease to our customers. This allows us to maintain quality standards, as well as design and customize our set-top boxes for local needs, particularly as a result of TEL's experience in manufacturing electronic products for the last two decades for Indian consumers. This relationship also allows us to reduce the time-to-market for new set-top boxes, allows us an adequate supply of set-top boxes and allows for a quicker turn-around-time for faulty or defective set-top boxes. As we purchase set-top boxes from an Indian company, we save on customs or import duties, which helps us control our set-top box costs.

Distribution capabilities

We have a pan-India presence with a wide distribution network and a presence across urban, semi-urban and rural parts of India. We believe that we have an extensive distribution network that enables us to reach out to our customers. As of June 30, 2014, we had over 2,700 distributors and direct dealers, and over 150,000 sub-dealers and, we had a team of 313 sales executives working in 25 offices that seeks to sign up new distributors and dealers to expand our network. We appoint distributors based on certain key criteria, such as location, potential for expansion, technological competence and business type. We also provide discounts to the members of our distribution network to augment our sales. We believe that this enables us to have a more effective distribution network.

Superior technology

We use state-of-the-art MPEG-4 technology, which permits high compressions for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We lease ten 54 Mhz transponders with Ku-Band space capacity on the ST-2 satellite of SingTel. This technology and access to these ten transponders allows us to transmit over 495 channels and services.

Wide range of packages and services in India

We provide our subscribers with a range of subscription packages, value-added services and customer support services. As of June 30, 2014, our subscribers had access to over 495 international, national and regional digital channels and services, including 27 HD channels and 41 audio and video Active Music Channel Services through several subscription packages, as well as the option of choosing add-ons and à la carte channels.

We offer competitively priced subscription packages, thereby offering our customers an economical choice for the wide range of content that we offer. Our programming agreements with broadcasters and channel distribution companies for the provision of channels generally have terms ranging up to five years, which helps ensure the long-term provision of content to our subscribers.

In order to provide a differentiated customer user experience, we offer our customers value-added services such as “12 Picture-in-Picture Mosaic”, a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the “Electronic Program Guide”, a graphical user interface to browse channels and program schedules; “Movie Channel Services”, where we offer movie channel services to our subscribers; “Active Music Channel Service”; “HD 3D Active Channel Service”; and “tickers”, which appear at the bottom of the screen displaying sports scores, stock market data and news updates. For further details on our subscription packages, hardware products and services, see “— ***DTH Subscription Television Services***” on page 114.

Strong focus on subscriber management and customer service

We have a dedicated subscriber management team that focuses on converting inactive customers to active customers. Our subscriber management team undertakes one-on-one interactions with customers and offers attractive incentives to inactive customers, thereby allowing us to control subscriber churn and reduce customer suspension. As of June 30, 2014, we had 11.21 million gross subscribers and 9.09 million net subscribers.

We believe that after-sales service is also key to our growth and success and as of June 30, 2014, we had 226 direct service centers, over 725 service franchisees and direct sales and service dealers and over 1,600 residential service engineers. Our direct service centers are operated by us and we are present in 175 of India’s major cities where a large portion of our subscriber base is located. This allows us to ensure that we provide our customers with timely and quality customer care, which encourages customer loyalty. Our service centers serve as one-point resolution centers for our customers.

In addition to the service centers, we provide our customers with access to call centers for troubleshooting or for other enquiries, which operate on a 24 hours 7 days a week basis. These call centers can cater to six regional languages in addition to English and Hindi.

Experienced management team

Our management team is experienced in the television and media industry and in the application of technology and marketing and distribution initiatives in this sector. The average years of experience of our key management personnel is over 16 years. See “***Our Management – Key Managerial Personnel***” on page 138, for further details about our management.

We believe that the knowledge and experience of our management team enables us to rapidly respond to market opportunities, adapt to changes in the business landscape and competitive environment and bring innovations to our business, marketing and strategy.

Our Strategies

The following are the key elements of our business strategies:

Continue to provide value for money services by offering a selection of quality programming

We intend to provide superior DTH services at highly competitive rates in order to increase our subscriber base and in order to allow our consumers to have access to quality programming. We believe that as a result of the increasing urbanization in India, customers are inclined towards the high value-added offerings such as HD channels. Towards this end, we will continue to offer premium offerings of channels and services, including HD

channels, regional channels and a range of value-added services that we believe will contribute to adding to our subscriber base.

We seek to offer as many popular channels as possible to our subscribers and to offer new channels ahead of our competitors, which we believe increases subscriber satisfaction and encourages new subscribers to sign up for our services. Through our diverse range of value-added services, including audio and video Music Active Channel Services, tickers and content-recording features, we seek to provide a range of programming options to our subscribers in addition to our channel offerings. We will also continue to offer new value-added services to our subscribers to maximize subscriber value.

In addition, we attempt to maximize value to our subscribers by offering our channels and value-added services through a simple “three tier” selection of subscription packages composed of entry-level, mid-tier and high-end subscription packages. We believe that offering our channels through this structure eases the subscribers’ decision making process and enables them to choose larger sets of channels, which in turn allows us to maximize ARPU.

Focus on providing HD channels to cater to growth in HD subscriber base

At the end of 2013, the DTH industry had 2.6 million active HD subscribers, an increase of 72.0% from 2012. (Source: MPA Report)

Currently, 44 true HD (not upscaled) channels are available and operators expect several more to be added in the next year. (Source: MPA Report) The increasing subscriptions for HD channels may help increase ARPU and provide increased subscription revenue to distributors and broadcasters.

As of June 30, 2014, we believe we had one of the highest number of true HD channels among the DTH providers in India, with 27 HD channels as of June 30, 2014. In addition, certain popular HD channels such as Star Plus HD, Zee TV HD, Colors HD, Star Gold HD, Star Sports HD-1 and HD-2, Star Movies HD, Star World HD, Discovery HD and National Geographic Channel HD aired for the first time on our platform. (Source: MPA Report) We will continue to increase the number of HD channels we can offer our subscribers as we believe this will be a significant growth area in the industry.

Focus on reducing costs and improving margins

Due to the highly competitive nature of the industry in which we operate, it is critical for us to reduce our costs and improve margins. In our industry, subscriber acquisition costs are a significant expense and we intend to continue to reduce these costs while we continue to increase our subscriber base. Towards this extent, we will continue to obtain our set-top boxes from TEL in order to reduce such costs including customs and other import duties and also maintain low subscriber acquisition costs.

Additionally, we reduce our costs by providing DTH services to multi-dwelling units through a single mini-dish. This provides a more cost-efficient and simple option to societies or buildings where one mini-dish may be used for all the units in the building or the society. We currently offer such services in Metro cities and select cities such as Goa, Jaipur, Gurgaon and Pune and plan to offer them in Tier-I cities. We will continue to optimize our marketing spend per new subscriber acquired.

Further, we propose to enter into agreements for outsourcing the ‘non-licensing’ activities carried on by us, i.e. activities not entirely related to the provision of DTH services, such as consumer premises equipment installation services and after-sales repair services provided to our consumers. We believe that outsourcing of these services will reduce our working capital costs in addition to allowing us to dedicatedly focus on our core DTH services business.

We believe that the above steps will help improve our margins and we will continue to focus on new initiatives towards this extent. See “***Management’s Discussion and Analysis of Financial Condition and Results of Operation***” on page 224.

Focus on Profitability

Focus on profitability is an important element of our strategy. We have taken several steps in the past, and continue to do so, in order to meet this objective including by improving the price of our subscription packages, which in turn improves revenue realization, which have a direct impact on profitability. Our base pack, as an example, has gone up from ₹ 150 in April 2011 to ₹ 231 in July 2014. We have also ended the free viewing period provided to every new subscriber over a period of time, which in turn, we believe, improves revenue realization.

As a result, our profitability has shown positive trends for EBITDA and EBIT. EBITDA increased from (11.3)% for the financial year 2012 to 6.9% to 22.5% for the financial years 2013 and 2014, respectively. Our EBITDA for the three months ended June 30, 2014 was 28.3%. In addition, our EBIT has increased from (40.1) % for the financial year 2012 to (20.9) % to (1.4) % for the financial years 2013 and 2014, respectively. EBIT for the three months ended June 30, 2014 was 5.2 % .

Continue to enhance our subscriber base through marketing and retention initiatives

We continue to undertake a number of initiatives to reach out to potential customers in order to grow our subscriber base. Our marketing initiatives include the use of retail signage, print, television, radio and digital advertising, road shows, exhibitions and special events and promotional campaigns to market our products and services. We have strategically targeted, what we believe to be, high-value and high-growth markets, focusing on the youth, urban and sub-urban segments. In addition, we work with the Videocon Group to sell products as a bundle. We intend to expand our marketing initiatives by seeking potential customers on shop floors, organizing road shows, organizing or sponsoring events and participating in trade and consumer exhibitions. In addition, we also leverage our brand by operating through exclusive sales areas located within retail stores.

We also continue to undertake a number of initiatives focused on customer retention. We have a dedicated team of customer retention executives, a dedicated outbound call center and we also offer a quarterly subscription recharge program. We conduct extensive visits to subscriber premises to gather valuable market feedback and through our dedicated revenue and retention teams, ensure timely and convenient recharge of subscriptions, which we believe strengthens our relationships with our customers. In order to provide higher quality service, we operate 226 direct service centers across India, as of June 30, 2014. We also have a large team of residential service engineers and revenue and retention teams located throughout India to help ensure high quality and timely customer service. We believe our customer loyalty program helps us reduce churn and retain our existing customer base. Additionally, we intend to enhance our portfolio of channels to cater to the needs of our customers, thereby increasing customer retention.

Continue to focus on technological innovation

The consumer electronics industry is driven by technological advancement in key components such as chipsets and memory and by the demand for better, faster and cheaper equipment from consumers. Implementation of technology is a key driver of success in our business. We offer DTH services through set-top boxes, including integrated set-top box televisions, integrated set-top box DVD players, set-top boxes with external memory capabilities, and we are one of the first companies to offer 4K ready set-top boxes. This ensures that our subscribers are offered devices which provide them with a better user experience which are, at the same time, more reliable. We have a strong research and development team and we will continue to focus on technological innovation to enhance our market position in India.

We also focus on technological innovation by providing a high quality viewing experience to our subscribers through the offering of a large selection of HD channels, which is one of the largest selection of HD channels offered by DTH companies in India. (Source: MPA Report) In addition, we offer an HD 3D Active Channel Service, which allows our subscribers to experience 3D content in their own homes. We believe that providing a wide selection of HD and HD 3D content is key to our focus on technological innovation.

Leverage the Government of India's initiatives to digitize the television industry in India

The cable television industry in India will be transitioned to the DAS for television distribution. As a result, all cable operators are legally bound to transmit only digital signals after December 31, 2016. Subscribed channels can be received at the customer's premises only through a set-top box equipped with a conditional access card and a subscriber management system.

The MIB has notified a four-phase digitization process for cable television in India with the sunset date for India becoming completely digitized by December 31, 2016. The implementation of this process will be carried out in four phases. Phase I, which affects the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai, was digitized on October 31, 2012. Phase II, which affects all cities with a population of over one million, was implemented on March 31, 2013. Phase III, which affects all other urban areas across India, and lastly, Phase IV, which affects the rest of India, are scheduled to be completed by December 31, 2015 and December 31, 2016, respectively. We believe that our pan-India presence, along with our widespread distribution network, wide selection of channels and service offerings and content positions us ideally to leverage the implementation of the new DAS and maximize subscriber additions. As we have had significant growth in our subscriber base and market share during the voluntary phase of digitization, we expect that our growth will continue as the Government of India proceeds with the mandatory digitization phases.

DTH Subscription Television Services

The provision of DTH subscription television services to subscribers in India is our primary business, which we operate under the “Videocon d2h” brand. The transmission of programming to our subscribers is carried out through satellite broadcasting, which allows a subscriber to directly receive from a satellite, through a satellite dish receiver installed at the subscriber’s premises, the programming signal, which is then decoded by a set-top box.

All of our channels are turnaround channels, in that we rebroadcast all of the channels we offer without modifying the content. As such, we do not insert advertising content and as a result, we have no advertising revenues.

Hardware Products

We provide our subscribers with a variety of hardware equipment for the reception of our DTH content. We charge new subscribers an initial fee for providing them with consumer premises equipment, primarily (i) a satellite dish, (ii) a low-noise block, which is essentially an antenna mounted on the satellite dish, (iii) a set-top box, (iv) a smart card and (v) cable to connect the satellite dish to the set-top box. A new subscriber pays a subsidized fee to us for the set-top box, satellite dish and its accessories. The subscriber also pays an installation fee for the installation of consumer premises equipment. Consumer premises equipment is capitalized on activation and amortized over a period of seven years.

Our hardware products include a standard-definition set-top box, our basic hardware product; a HD set-top box with 3D which features high-definition picture up to a resolution of 1080p, High Definition Sound, 16:9 aspect ratio display and a USB port for display of images from a USB storage device; and Satellite HD DVR which has all the features of the HD set-top box with 3D in addition to a 1000 GB hard disk with digital video recorder for the recording of programming content.

We enter into subscription agreements, which we call customer agreement forms cum Work Order (“CAF”) with the subscriber at the time of installation of the consumer premises equipment. The CAF allows subscribers to opt for any of the three separate options with respect to obtaining the consumer premises equipment –outright sale, rental or hire purchase. The following table sets out the number of consumer premises equipment units sold on an outright sale basis, hire purchase basis and rental basis for the periods indicated:

(in millions)

Particulars	Three months ended June 30, 2014	Financial Year		
		2014	2013	2012
Outright Sales	0.00	0.00	0.01	-
Hire Purchase Basis	-	-	-	-
Rental Basis	0.76	2.42	2.53	2.59
Total	0.76	2.43	2.54	2.59

In the case of consumer premises equipment provided to subscribers on a lease rental basis, upon the expiry of

the initial lease period of seven years, the lease is renewed, in accordance with the terms determined by our Board at such time and in keeping with the market scenario. The lease rental amount for this extended lease period is not expected to be more than the applicable monthly lease rental amount for the initial lease period (i.e. ₹ 5.29 per month, currently). As such, the consumer premises equipment is recorded in our books of account at a value of ₹ 1 upon expiry of the initial lease period, until it is finally retired as assets from our books of accounts.

Subscription Packages and Package Options

As of June 30, 2014, our subscribers had access to over 495 national and international channels and services, including 27 HD channels and 41 audio and video Active Music Channel Services through several subscription packages, as well as the option of choosing add-ons and à la carte channels and receiving certain discounts through long-term recharge offers. We, from time to time, launch various subscription packages to cater to the varied needs of customers.

As of June 30, 2014, the charges for our monthly subscription packages range from ₹ 221.00 to ₹ 520.00 per month (inclusive of taxes). The packages offered are similar throughout India, apart from South India, where we offer more regional specific packages. All packages include Doordarshan and free-to-air channels. As of July 1, 2014, we increased the pack rates by ₹10.00 for basic subscription packages.

The following sets forth the key monthly subscription packages that we offered, in addition to certain other regional and HD related packages:

Super Gold Pack. Under this package, the subscriber receives up to 338 channels and services for ₹221.00 per month (inclusive of taxes). This package includes popular Hindi channels, in addition to regional channels.

New Gold Sports Pack. Under this package, the subscriber receives up to 347 channels and services for ₹300.00 per month (inclusive of taxes). This package, in addition to all the channels offered in the *Super Gold Pack*, provides a variety of sports channels.

New Diamond Pack. Under this package, the subscriber receives up to 395 channels and services for ₹355.00 per month (inclusive of taxes). This package, in addition to all the channels offered in the *New Gold Sports Pack*, mainly provides additional English channels.

Platinum Pack. Under this package, the subscriber receives up to 405 channels and services for ₹410.00 per month (inclusive of taxes). This package, in addition to all the channels offered in the *New Diamond Pack*, mainly provides additional lifestyle channels.

New Platinum HD Pack. Under this package, the subscriber receives up to 429 channels and services for ₹520.00 per month (inclusive of taxes). This package, in addition to all the channels offered in the *Platinum Pack*, provides additional lifestyle channels and all of the HD channels we offer.

For any of the packages selected, the subscriber has a choice of 10 different language zones: Hindi, Punjabi, Marathi, Gujarati, Oriya, Bengali, Tamil, Malayalam, Kannada and Telugu. Upon selection of a language zone, the subscriber receives certain regional programming in his or her chosen language.

Add-Ons. With add-ons, a subscriber may add individual channels or a set of channels to their current subscription package.

À La Carte. With à la carte programming, a subscriber may create a custom subscription package.

Long-Term Recharge Offers. Long term recharge offers reward our subscribers who have subscribed to our services for a duration of at least three months.

Additional subscriptions are required for the use of an additional set-top box in the same household by a subscriber. We charge a reduced price for the additional subscription and also subsidize the payment relating to the installation of the additional set-top box as an incentive to the subscriber.

User Experience Services

In addition to our subscription packages and package options, we offer certain services designed to augment customers' viewing experiences. The following sets forth the key services that we offered as of June 30, 2014:

12 Picture-in-Picture Mosaic. This feature allows a subscriber to view an on-screen mosaic of the current programming of up to 12 channels to choose a channel for viewing.

Electronic Program Guide. The Electronic Program Guide is a graphical user interface that allows subscribers to browse channels and program schedules.

Value-Added Services

In addition to our subscription packages, package options, and user experience services, we offer a variety of value-added services. The following sets forth the key value-added services that we offered as of June 30, 2014:

Movie Channel Services: We offer three Movie Channel Services to our subscribers. Two of these Movie Channel Services are available as a part of all of our subscription packages for no additional charge and one of these Movie Channel Services an add-on Movie Channel Service which can be subscribed on a monthly basis.

Active Music Channel Services: We offer 41 Active Music Channel Services that include a variety of musical genres.

HD 3D Active Channel Service: We offer the HD 3D Active Channel Service with a variety of HD 3D content.

Tickers: We offer a variety of tickers that may be viewed at the same time as any channel. The tickers we offer include tickers displaying sports scores, stock market numbers and a variety of news, including Bollywood, politics, sci-tech, business, lifestyle and general news.

Subscribers

Our subscriber base has increased significantly since we commenced our operations. Our gross DTH subscriber base has increased from approximately 0.44 million as of March 31, 2010 to 11.21 million as of June 30, 2014.

The following table presents information regarding our gross and net subscriber base as of June 30, 2014 and March 31, 2014, 2013 and 2012:

(in millions)

Particulars	As of June 30, 2014	As of March 31,		
		2014	2013	2012
Gross Subscribers	11.21	10.45	8.03	5.48
Net Subscribers	9.09	8.44	6.71	4.84

The following table presents information regarding our HD and SD as of June 30, 2014 and March 31, 2014, 2013 and 2012:

(in millions)

Particulars	As of June 30, 2014	As of March 31,		
		2014	2013	2012
SD Subscribers:				
Gross Subscribers	10.57	9.89	7.75	5.42
Net Subscribers	8.49	7.91	6.45	4.79
HD Subscribers:				
Gross Subscribers	0.64	0.56	0.28	0.06
Net Subscribers	0.60	0.53	0.26	0.05

Sales, Distribution and Marketing

Sales and Distribution

We utilize a zonal sales and distribution network to facilitate distribution across India and to provide an optimum level of service throughout India. As of June 30, 2014, we had over 2,700 distributors and direct dealers, and over 150,000 sub-dealers and recharge counters. As of June 30, 2014, we had a team of 313 sales executives working in 25 offices that seeks to sign up new distributors and dealers to expand our network.

Our distributors act as wholesale distributors of our consumer premises equipment and recharge vouchers, and are typically distributors of products that are in a related category or synergistic to ours, such as durable consumer goods, consumer electronics or telecommunications. We appoint distributors based on certain key criteria, such as location, potential for expansion, technological competence and business type.

Dealers provide product and service demonstrations, sell consumer premises equipment and subscription packages and serve as collection and service points for existing subscribers. Dealers are typically retail outlets of various kinds. Certain dealers also provide installation and other services and are typically not exclusive to any particular DTH operator.

Marketing

Our marketing program includes the use of retail signage, print, television, radio and digital advertising, road shows, exhibitions and special events and promotional campaigns to market our products and services. We have strategically targeted what we believe to be high-value and high-growth markets, focusing on the youth, urban and suburban segments. We determine the platform to be utilized for our marketing efforts on the basis of various factors such as the target group, the location, the communication suitability, the return on investment and the final expected outcome from the initiative. From time to time, we work with the Videocon Group to sell products as a bundle. As part of our marketing initiatives, we have sponsored, in the past, teams participating in the Indian Premier League cricket matches. In order to market our brand, we use actors Abhishek Bachchan and Parineeti Chopra, to be our national brand ambassadors. We have entered into arrangements with modern traders such as Next Retail India Limited and Pantaloon Retail (India) Limited to market our products and services.

Subscriber Care

We have outsourced our call center operations to Serco BPO Private Limited, Digicall Teleservices Private Limited, Cogent E-Services Private Limited and Competent Synergies Private Limited. Our call center operations operate on a “24 hours a day, seven days a week” basis and can handle calls in eight languages such as Hindi, English, Gujarati, Marathi, Tamil, Telugu, Kannada and Malayalam. These services are currently provided by seven call centers located in Dehradun, Pune, Ahmedabad, Bengaluru (two centers), Vadodara, and Mohali. The call centers feature interactive voice response systems, automatic call distributors and voice logging software.

We also provide other subscriber care and billing services through the use of systems licensed from Irdeto USA Incorporated. We have large revenue and retention teams located throughout India to help ensure high quality and timely customer service.

Additionally, we also have nodal officers per circle designated by us, who maintain all customer related queries and provide customer support.

Service of Consumer Premises Equipment

As of June 30, 2014, we had over 725 service franchisees and direct sales and service dealers and 226 direct service centers, which provide first-time installation and after-sale services and over 1600 residential service engineers. These locations serve as single-point resolution centers for billing and for equipment installation, servicing and collection.

Recharge

DTH subscription payments are made on a prepaid basis. We provide a wide range of recharge options, including (i) prepaid charge cards with various denominations that are activated by keying a pass code by SMS, online or through the telephone by means of an interactive voice response system, (ii) credit card payment, (iii) online bank account transfers for account holders of 42 banks, with individual transfers, (iv) cash or cheque at selected dealer outlets, and (v) mobile phone-based electronic payment recharge system. We have entered into agreements to appoint various entities as distributors and dealers of electronic prepaid service coupons for the recharge of subscriber billing accounts.

Programming Suppliers

Content procurement by DTH operators in India, including us, generally takes place through channel distributors or owners. Under Indian interconnection regulations, all broadcasters and distributors are required to offer their content to all platforms and operators. We enter into content agreements with channel distributors and owners to license channels for viewing by our subscribers and we pay them content and programming cost as stipulated under the agreements. The content providers, from whom we license channels include 355 linear channels and include primarily:

- Media Pro Enterprises India Private Limited;
- India Cast UTV Media Distribution Private Limited;
- Sun TV Network Limited;
- MSM Discovery Private Limited; and
- Star India Private Limited.

Traditionally, content owners have charged DTH operators in India an agreed price per subscriber for the content provided or an agreed upon fixed fee. In addition to paid content, a number of channel distributors or owners, such as the free-to-air channels, provide their content at no cost, and in certain instances, we charge channel owners carriage fees for including certain channels in our subscription packages, such as newly launched channels that seek exposure and a distribution platform. We also pay a certain fee to the content owners for broadcasting our pay-per-view movie channel services.

Technology and Infrastructure

We use state-of-the-art MPEG-4 technology, which permits high compression for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We currently lease ten transponders with the K_u-band space capacity on the ST-2 satellite of SingTel. This technology and access to these ten transponders allows us to transmit over 495 channels and services.

To consolidate programming content, ensure its digital quality, and transmit that content to our satellite transponders, we have a digital broadcast center, located in Greater Noida. Substantially all of the functions necessary to provide satellite-delivered services occur at our digital broadcast center. Programming is received by our digital broadcast center from channel or content providers via satellite, which is then decrypted. Equipment at our digital broadcast center then digitizes, compresses, multiplexes, compresses and encrypts all of our programming signals into digital video streams prior to uplink to the ST-2 satellite of SingTel. The equipment we use has been sourced from vendors who we believe are industry leaders such as Harmonic International Limited for compression, Evertz Microsystems Limited and Harris Communications Limited for baseband, Irdeto B.V. for encryption and General Dynamics SATCOM Technologies for uplink. We also operate a subscriber management system at our digital broadcast center in Greater Noida.

We entered into the K_u-Band Lease Agreement, with the Department of Space for the lease of K_u-band space segment capacity on the ST-2 satellite of SingTel. We currently lease ten 54 Mhz transponders of the ST-2 satellite. Under the K_u-Band Lease Agreement, the Department of Space is required to make available to us the K_u-band space segment on a “24 hours a day, seven days a week” basis, for the period of the lease and in the event of any technical non-compliance of a satellite transponder, the Department of Space is required to provide an alternate transponder to us at the same orbital position with similar technical performance and specifications. We are not allowed to assign any of our rights or delegate any of our obligations under the K_u-Band Lease Agreement without the prior consent of the Department of Space. Further, we are not allowed to sub-lease the leased capacity without the prior consent of the Department of Space, except to group companies and affiliates.

Under the K_u-Band Lease Agreement, we are required to pay to Antrix Corporation, the commercial division of

the Department of Space, the cost of transponder provisioning charges for ten transponders on the ST-2 satellite, contract management charges and the amount of income tax to be withheld on the full transponder provisioning cost, as applicable.

The K_u-Band Lease Agreement will stand terminated if the DTH license granted to us by the MIB is not renewed after expiry or is cancelled by the Government of India. Any termination of the K_u-Band Lease Agreement due to non-fulfilment of payment obligations by us or due to cancellation or non-renewal of the DTH license does not absolve us of liabilities incurred under the K_u-Band Lease Agreement, accrued till date of termination. Upon the termination of the K_u-Band Lease Agreement or upon the end of the lease period, the use of the leased capacity so terminated or expired unconditionally reverts to the Department of Space.

Consumer Premises Equipment

At the subscriber's premises, the satellite dish receiver receives the signal from the satellite and the set-top box decodes and converts the signal into digital format for reception by the subscriber's television set. We have entered into a license agreement dated November 1, 2007 with Irdeto B.V. for licensing digital conditional access system equipment and software. Our set-top boxes use the "Irdeto KMS" conditional access system for encryption and authentication, which allows us to control the encryption and decryption of digital video, audio and data services provided to subscribers and entails the use by subscribers of "Irdeto Smart Card Technology". These features allow us to prevent unauthorized viewing and to provide tiered channel packages. We are also able to activate and deactivate a set-top box remotely and change a subscriber's subscription package remotely.

Set-top Boxes Supplied by TEL

We have entered into an agreement dated March 11, 2011 (the "**TEL Purchase Agreement**") for the purchase of set-top boxes manufactured by TEL by us for a price to be negotiated from time to time either through purchase orders or exchange of letters. The TEL Purchase Agreement is valid until March 10, 2016 and the term may be extended by mutual agreement. The TEL Purchase Agreement does not provide for a specific quantity of set-top boxes required to be bought by us from TEL or to be supplied by TEL to us. Accordingly, we place purchase orders for the number of set-top boxes required by us from time to time.

Information Technology

We have entered into a SAP support agreement with Infodart Technologies India Limited for the provision of its SAP services. We have entered into an agreement with Irdeto USA Incorporated for subscriber care and billing services and an agreement with Irdeto B.V. for licensing digital conditional access system equipment and software.

We have also entered into an agreement with Tech Mahindra Limited for the license of software and support for the operation of certain of our information technology systems.

Competition

We compete directly with other DTH operators, as well as indirectly with cable operators, free-to-air television, IPTV and other mass media, including print media, film, computer and video games, and internet media. We believe that we compete primarily based on price, programming offerings, service, subscriber satisfaction, network quality and content delivery. We believe that our key DTH competitors are Tata Sky Limited, Dish TV India Limited and Bharti Telemedia Limited.

DTH License

We have entered into the DTH License Agreement pursuant to which we have been granted the DTH License. The DTH License is valid until December 12, 2018 (10 years from the date of the issue of the wireless operational license from WPC).

Pursuant to the terms of the DTH License Agreement, we have paid a non-refundable entry fee of ₹100.00 million and are required to pay an annual fee of 10.0% of our Gross Revenue to the MIB. The determination of Gross Revenue is currently subject to the Telecom Disputes Settlement Appellate Tribunal's ruling which determined that gross revenue should be determined after taking into consideration certain deductions. See

“Risk Factors – We may be required to pay additional amounts towards our DTH license fees for our prior years of operation which may have an adverse effect on our business, financial condition and results of operations. For the period until financial year 2013, such additional amounts may be up to ₹ 1,582.89 million” on page 18. We are also required to pay license fees and royalty for the spectrum we use, as determined by the WPC.

The DTH License Agreement is effective until December 12, 2018, unless terminated earlier for default, insolvency or transfer of the DTH License or in the event that MIB revokes or suspends the DTH License in the event of any breach of terms and conditions of the license. The DTH License may be terminated by the Licensor without compensation to us if we become bankrupt or otherwise insolvent or apply for being adjudicated as insolvent or bankrupt.

Under the terms of the DTH License Agreement, any change in the equity structure of our Company is required to be carried out in consultation and with the prior approval of the Licensor. In addition, a majority of our Board and the Chief Executive of our Company are required to be resident Indian citizens. See ***“Regulations and Policies in India –Foreign Investment Regulations”*** on page 125, for details on foreign investment permitted in companies involved in our industry.

Intellectual Property

We have entered into a renewal of trademark license agreement with CE India Limited, a Group Entity, for the use of the “Videocon” and “V” trademarks on a non-exclusive basis, which is valid until March 31, 2018, which is renewable on a mutual basis. We have registered 25 trademarks and have applied for the registration of 22 trademarks in the name of our Company.

Insurance

We maintain insurance on our Greater Noida digital broadcast center infrastructure assets, and consumer premises equipment up to the point where we deliver them to our distributors, for a variety of risks, including fire. We do not maintain any insurance for business interruption, including due to satellite failure or environmental liabilities and do not hold key man insurance.

Employees

As of until June 30, 2014, we had, on our rolls, 1,113 employees.

In addition, as of June 30, 2014, we utilized the services of over 7,500 persons on a contract basis, including, residential service engineers, support staff, service engineers and in-shop demonstrators, on a contractual basis.

Our employee compensation and benefits include salaries, discretionary bonuses and health insurance. Pension contributions are limited to contributions required to be made under Indian law to state-run compulsory pension programs. Our employees are not unionized and we have not experienced any work stoppages or significant labor disruptions during our operational history.

Property

Our Registered Office, situated at Aurangabad, our Corporate Office, situated at Mumbai and our digital broadcast facility, situated at Greater Noida, Uttar Pradesh, where our digital broadcast center is located, are our principal operating facilities.

Pursuant to a “Transfer Deed of Leasehold Rights for Industry” dated April 25, 2008, Videocon Industries, has transferred its leasehold rights in the industrial plot leased from the GNIDA (under a lease deed dated March 29, 2000 executed between Videocon Industries and GNIDA), and the ownership rights in the buildings constructed by it, comprising of covered area measuring 25 sq. mts. and industrial shed covering 2,358.29 sq. mts., to us. This transfer was permitted by the GNIDA and we have the right to use this industrial plot until the year 2090. We operate our digital broadcast center at these premises.

“Auto Cars”, a Promoter Group entity, has authorized us to use the premises where our Registered Office is located pursuant to a letter dated August 1, 2012. We are licensed to use the premises where our Corporate

Office is located, pursuant to a leave and license agreement dated October 23, 2012 executed with V-Techweb (India) Private Limited, which is valid until September 30, 2017.

Additionally, we have entered into leave and license agreements with various parties in respect of 265 premises, which are used by us as branch offices, for use by our employees and other offices for carrying out our business and marketing activities across India.

REGULATIONS AND POLICIES IN INDIA

The following is an overview of the important laws, regulations and policies which are relevant to our business in India. The description of law, regulations and policies set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Except as otherwise specified in this Draft Red Herring Prospectus, taxation statutes such as the Income Tax Act, 1961 and Central Sales Tax Act, 1956, various labour laws and other miscellaneous laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Laws applicable to the DTH services sector

Guidelines for DTH Licenses

The MIB has issued the DTH Guidelines which provides the eligibility criteria, basic conditions, obligations and procedure for obtaining a license to set up and operate a DTH platform. Under the DTH Guidelines, only companies registered in India under the Companies Act and having Indian management control (with majority representatives on board of directors as well as the chief executive of such company being an Indian resident) can provide DTH services in India. Further, companies licensed to provide DTH services in India cannot have more than 20% of total equity in any company engaged in the business of cable network services and vice versa.

A non-exclusive license is provided to companies providing DTH services, which is valid for 10 years subject to cancellation/suspension in the interest of Union of India. The licensee company is required to adhere to program code and advertising code as and when issued by the MIB. The licensees also have to follow technical standards and other obligations. A company providing DTH services cannot provide any other mode of communication, including voice, fax, data, communication, internet, etc. unless specific license for these value-added services has been obtained from the competent authority.

Further, the MIB passed an amendment in the DTH Guidelines in May, 2006 whereby no licensee is permitted to carry or include in its DTH service, any television broadcast or channel which has not been registered by the Central Government for being viewed within the territory of India. Further, on September 10, 2007, the MIB passed another notification amending the DTH guidelines making it compulsory for all licensees to include in their DTH service the television channels which are notified for mandatory and compulsory carriage by the MIB from time to time. Recently, the Central Government notified that it would be mandatory for every cable operator to transmit or re-transmit programmes of any channel in an encrypted form through a digital addressable system with effect from such date as is notified.

This move is aimed at digitization of the cable industry in four phases. Phase I, which affect the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai, was digitized on October 31, 2012. Phase II, which affects all cities with a population of over one million, was implemented on March 31, 2013. Phase III, which affects all other urban areas across India, is scheduled to be completed by December 31, 2015, and lastly, Phase IV, which affects the rest of India, is scheduled to be completed by December 31, 2016.

Recommendations on Issues related to New DTH Licenses

On July 23, 2014, TRAI released its Recommendations on Issues related to New DTH Licenses (“**New DTH License Recommendations**”), which include recommendations relating to a new DTH licensing regime. TRAI has recommended that, among other things, the period of the DTH license be increased to 20 years, renewable for 10 years at a time, the license fee be reduced from 10% of gross revenue to 8% of adjusted gross revenue (where adjusted gross revenue is calculated by excluding service tax, entertainment tax and sales tax/VAT actually paid from the gross revenue) and that a one time entry fee of ₹ 100 million be charged. TRAI has also recommended that once the GoI notifies the new DTH licensing regime, existing DTH operators be allowed to migrate to the new regime at any time during the currency of their existing licenses. However, prior to obtaining a license under the new regime, an existing DTH operator will be required to clear all its dues and fulfill all obligations under the terms and conditions of the existing license as well as those arising out of legal cases pending before various courts of law.

The Telecom Regulatory Authority of India Act, 1997

The Telecom Regulatory Authority of India Act, 1997 (“**TRAI Act**”) came into force with retrospective effect from January 25, 1997 to provide for the establishment of the TRAI and the TDSAT for regulating telecommunication services, adjudication of disputes, disposal of appeals, to protect the interest of service providers and consumers of the telecom sector and to promote and ensure orderly growth of the telecom sector and matters connected therewith or incidental thereto. TRAI Act among other things provides for adjudication of disputes between licensor and licensees or between two or more service providers or between the service provider and a group of consumers.

The TRAI Act entrusts various powers to the TRAI to discharge functions relating to terms and conditions relating to licenses granted to service providers, ensuring technical compatibility and effective inter-connection between different service providers, regulating arrangement amongst service providers for sharing their revenue derived from telecommunication services, facilitate competition and promote efficiency in the operation of telecommunication services so as to facilitate growth in such services, monitor the quality of service and conduct the periodical survey of such services provided, levying fees and other charges at rates and in respect of services provided. The TRAI Act also mandates the TRAI to undertake administrative and financial functions as may be entrusted to it by the Central Government. In order to streamline and regulate broadcasting and cable sector, TRAI has framed various regulations and has issued various notifications, tariff orders and directions from time to time.

The Indian Wireless Telegraphy Act, 1933

Under the Indian Wireless Telegraphy Act, 1933, as amended (“**Wireless Act**”), no person is permitted to possess a wireless telegraphy apparatus without obtaining a license and any contravention can attract a penalty of ₹ 100 and ₹ 250 for a subsequent offence. Any person held in possession of a wireless telegraphy apparatus, other than a wireless transmitter, without a license is liable to be punished under the Wireless Act with imprisonment which may extend to three years or a fine which may extend to ₹ 1,000, or both.

The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007

The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007, were issued in August 31, 2007 and amended on March 12, 2009 to lay down the standards of quality of direct to home services and to protect the interests of subscribers. These regulations make it mandatory for DTH service providers to make available to every prospective customer the option of taking the DTH consumer premises equipment on an out right purchase basis or hire purchase basis or rental basis. Further the DTH service providers have been prohibited from changing the composition of their subscription packages so as to discontinue exhibition of any particular channel, during the first six months of enrolment to the subscription package or during the period of validity of a prepaid subscription package, whichever is longer, if such channel continues to be available on their platforms for direct to home service. The DTH service providers cannot increase the charges for a subscription package to the disadvantage of the subscriber for a minimum period of six months from the date of enrolment of the subscriber for such subscription package. These regulations also lay down procedures for billing and effective redressal of grievances of the subscribers.

Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2004

The Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2004 (“**Inter connection Regulations**”) cover arrangements among service providers for interconnection and revenue sharing, for all Telecommunication (Broadcasting and Cable) services throughout the territory of India. These regulations have been issued to enable the distributors of TV channels to get non-discriminatory access to content of all broadcasters and to mandate issue of a public notice by a broadcaster before disconnection of signals so as to enable the consumers to protect their interests. According to these regulations, all broadcasters shall intimate the DTH service providers of a reference interconnect offer specifying the rates of the channels on an a-la-carte basis and rates of bouquets, discounts, payment terms, security and anti-piracy requirements, tenure and termination of agreement.

The Broadband Policy 2004

The Broadband Policy, 2004, issued by the Department of Telecommunications, Ministry of Communications and Information Technology, Government of India (“DoT”), visualises creation of infrastructure through various access technologies which can contribute to growth and can mutually coexist. Under the Broadband Policy, 2004, DTH service providers shall be permitted to provide ‘receive only’ internet service after obtaining Internet Service Provider (“ISP”) licence from the DoT. Such ISP licensees shall be permitted to allow its customers to download data through DTH after obtaining necessary permission from the competent authority. DTH Service is also permitted to provide bidirectional internet services after obtaining the ‘very small aperture terminal’ (VSAT) and ISP licence from the DoT. The quality of service parameters for such services is determined by TRAI. For DTH services with Receive Only internet, no SACFA/WPC clearance is required wherever the total height of such installation is less than five meters above the rooftop of an authorized building.

Telecommunication (Broadcasting and Cable) Services (Sixth)(The Direct to Home Services) Tariff Order, 2013 (“DTH Tariff Order”)

On May 27, 2013, TRAI issued the DTH Tariff Order, directing all DTH service providers in India to offer to every subscriber the standard packages for supply and installation of the consumer premises equipment, as specified in the DTH Tariff Order, in addition to any other packages that may be offered. The standard packages prescribe, among other things, the rent per month (for the consumer premises equipment) and refundable/adjustable security deposit that a subscriber may be charged.

Certain DTH service providers, including our Company, have challenged the DTH Tariff Order before the TDSAT. For details, see “*Outstanding Litigation and Material Developments*” on page 242.

Intellectual Property Laws

Trade Marks Act, 1999

The Trade Marks Act, 1999 (the “**Trade Marks Act**”) provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement for commercial purposes as a trade description. Application for registering a trademark has to be made to the Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. The Trade Marks Act prohibits registration, among other things, deceptively similar marks. It also provides for penalties for infringement, falsifying and falsely applying trademarks.

Environmental Laws

The Environment Protection Act, 1986

The Environment Protection Act, 1986 (“**Environment Act**”) gives wide powers to the Central Government to take all measures it deems fit for the purpose of protecting and improving the environment. This includes laying down of standards for the quality of environment, co-ordination of actions of the State Governments and pollution control authorities, inspection of any premises and plants for preventing environmental pollution and others. Contravention of directions issued under the Environment Act is punishable with imprisonment of up to seven years and fine.

The Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) constitutes the Central and State Pollution Control Boards for the performance of various functions relating to prevention and control of water pollution. Prior consent of the State Board is required before the establishment of a new operation which is likely to discharge sewage or trade effluent into a stream, well, sewer or on land. The Water Act prohibits the use of a stream or well for the disposal of any polluting matter. The State Boards have the power of entry and inspection and to take samples of effluents passing from any plant into any stream or well for the purposes of determining such violation. Contravention of the provisions of the Water Act may lead to imprisonment of up to six years and fine.

The Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”) extends the powers of the Central and State Pollution Control Boards under the Water Act to the prevention and control of air pollution. The State Board lays down standards for emission of air pollutants into the atmosphere to which all industrial plants are required to comply with. The State Government in consultation with the State Board is empowered to declare any areas within the state as a pollution control area. Prior consent of the State Board is required for operating any industrial plant in an air pollution control area. Contravention of the provisions of the Air Act may attract imprisonment of up to six years and fine.

Labour Related Laws

The Factories Act, 1948

The Factories Act, 1948 (“**Factories Act**”) provides for the health, safety and welfare of all workers while at work in the factory, including adequate maintenance of plant, systems and other places of work, and provision of adequate information, training and supervision. The Factories Act also provides for the approval, licensing and registration of factories by the respective State Governments. Contravention of the provisions of the Factories Act may attract imprisonment of up to 10 years, along with fine.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees who have been in continuous service for a period of five years upon their resignation, retirement, superannuation, death or disablement due to accident or disease.

Employees’ Provident Funds and Miscellaneous Provisions Act, 1952

The Employees’ Provident Funds And Miscellaneous Provisions Act, 1952 (“**Employees Provident Fund Act**”) provides for the institution of provident funds, pension fund and deposit-linked insurance fund and applies to every establishment which is a factory engaged in any industry (as specified in the Act) and any other establishment which employ twenty or more persons. Contravention of the Employees Provident Fund Act is punishable by imprisonment up to six months and/or a fine of up to ₹ 5,000.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 (“**CLRA**”) provides for welfare and health of contract labourers. Under the CLRA, both the principal employer and the contractor are to be registered with the appropriate authority. The contractors are required to provide facilities such as canteens, rest-rooms, first-aid amongst others. In case of failure of the contractor in providing such facilities, the CLRA shifts the obligation upon the principal employer within a prescribed time period. Contravention of the provisions of the CLRA may result in imprisonment of up to three months or a fine of up to one thousand rupees.

Foreign Investment Regulations

FEMA Regulations

The Department of Industrial Policy and Promotion has issued the Consolidated FDI Policy, with effect from April 17, 2014, (the “**FDI Policy**”) which consolidates the policy framework on FDI, and is updated from time to time.

Currently, under the provisions of the FDI Policy, FDI in a company engaged in the DTH broadcasting sector is permitted up to 49% of the paid-up equity share capital of such company under the automatic route, and up to 74%, with prior approval of the GoI for FDI between 49% and 74%, subject to, among others, the following conditions:

- A majority of the directors and key executives, including any chief executive officer, chief officer in charge of technical network operations and chief security officer must be citizens of India;
- Each of the company, directors, key executives such as any managing director, chief executive/financial officer, chief operating/technical/security officer, any shareholder of such company

- who holds 10% or more of the paid-up equity share capital, and any other category of persons as may be specified by the MIB from time to time, have obtained security clearance from the MIB;
- Prior permission of the MIB must be obtained for effecting any changes in the board of directors, appointment of directors and any key executives as mentioned above, and any other executives as may be specified by the MIB from time to time; and
 - Security clearance must also be obtained for each foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract, consultancy or any other capacity for providing any services to such company. Such security clearance is required to be renewed every two years.

Additionally, the company is required provide traceable identity of its subscribers and to ensure that the subscribers' database is not transferred to any person or place outside India, unless permitted by applicable law. Further, the company is obligated to provide for a provision in its equipment which enables lawful interception and monitoring from a centralized location as and when required by the GoI.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on November 22, 2002 in Maharashtra under the Companies Act 1956, as a public limited company under the name ‘Bharat Business Channel Limited’ with the RoC. Our Company received the certificate for commencement of business from the RoC on June 17, 2003. Pursuant to a resolution of our shareholders dated June 12, 2014, our name was changed to ‘Videocon d2h Limited’, and a fresh certificate of incorporation was issued by the RoC on July 1, 2014.

For details in relation to our activities, services, products, market of each segment, our growth, technology, market, managerial competence and capacity built-up, our standing with reference to our prominent competitors, see “*Our Business*” and “*Industry Overview*” on pages 109 and 90, respectively.

Our Company has eight equity shareholders, as on the date of filing of this Draft Red Herring Prospectus. For further information, see “*Capital Structure*” on page 59.

Our registered office at the time of incorporation of our Company was situated at 171-C, 17th Floor, Mittal Court, C Wing, Nariman Point, Mumbai 400 021, Maharashtra, India, which was shifted to Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India, due to administrative and operational convenience at Aurangabad, with effect from August 1, 2012, pursuant to a resolution passed by our shareholders on June 12, 2012.

Major Events

Calendar Year	Event
2002	Incorporation of our Company
2009	DTH services launched in July 2009
2010	Achieved one million gross subscriber base
2011	Launched the HD DVR with 3D
2011	Achieved three million gross subscriber base
2012	<ul style="list-style-type: none"> • Achieved five million gross subscriber base; • Title sponsors of the Kings XI Punjab Team in the Indian Premier League 2012; and • Achieved six million gross subscriber base
2013	Achieved eight million gross subscriber base
2014	<ul style="list-style-type: none"> • Achieved 10 million gross subscriber base • Launched 4K ready set-top boxes

Awards, Certifications and Recognitions

We have received the following, awards, certifications and recognitions:

Calendar Year	Award/Certification/Recognition
2009	Recognized as one of the most successful brand launches across product categories at the Business Standard Brand Derby
2012	Received a silver trophy for the ‘Best Search Engine Optimization Campaign’ by the Indian Digital Media Awards 2012
2013	Recognised as ‘Asia’s Most Promising Brand 2012-2013’ in the DTH category

Our Main Objects

The main objects of our Company as contained in Clause III.(A) 1. of our MoA are as follows:

“To engage in India or abroad in the business of Direct to Home TV Service in Ku Band, Broadcasting, Entertainment, Education and Information through various media including electronic, mechanical, electrical, print or otherwise and to carry on all or any of the business of theatre, music hall, concert hall, exhibitors, and to present, produce, manage, conduct and represent at any theatre, music hall, or place of amusement or entertainment and on Televisions, Computers, videos, any present or new form of Multi-Media, plays, dramas, musical and other places, shows, exhibitions, variety and other entertainment as the Company may from time to time think fit and to organize, arrange and conduct, exhibitions and shows of all kinds and to produce, trade, distribute, deal in, let on hire Feature Films, Documentary Films, Tele Film, Video Films, Educational Films, Art Films, Advertisement Film, Television Serials, Plays.”

Changes in the Memorandum of Association

Since our incorporation, the following changes have been made to our MoA:

Date of Amendment/ Shareholders' Resolution	Amendment
October 5, 2006	The main objects clause of the MoA was amended to include the words "Direct to Home TV service in Ku Band", in order to enable the Company to engage in the business of provision of DTH broadcasting services.
April 9, 2007	Increase in authorized share capital from ₹ 5 million to ₹ 100 million
September 2, 2009	Increase in authorized share capital from ₹ 100 million to ₹ 1,850 million
September 6, 2012	Increase in authorized share capital from ₹ 1,850 million to ₹ 5,000 million
June 12, 2014	Change in the name of the Company from 'Bharat Business Channel Limited' to 'Videocon d2h Limited'

Other Details Regarding our Company

Injunction or restraining order, if any, with possible implications

Our Company is not operating under any injunction or restraining order.

Capital raising activities through equity and debt

Except as disclosed in the section "*Capital Structure*" on page 59, our Company has not raised capital through equity.

For details of our Company's debt facilities, see "*Financial Indebtedness*" on page 217.

Changes in the activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company including discontinuance of lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

As on date of this Draft Red Herring Prospectus, there are no defaults or rescheduling of borrowings with financial institutions or banks. Further, none of our loans have been converted into Equity Shares.

Lock outs and strikes

There have been no strikes or lock outs affecting our Company.

Time and cost overruns

There have been no time and cost overruns affecting our Company.

Holding Company and Subsidiaries

As on date of this Draft Red Herring Prospectus, our Company does not have a holding company or any subsidiaries.

Collaboration Agreements

As on the date of this Draft Red Herring Prospectus, our Company is not a party to any collaboration agreements.

Shareholders' Agreements

As on date of this Draft Red Herring Prospectus, our Company has not entered into any shareholders' agreements.

Other Material Agreements

Except as described in this section, we have not entered into any material contract, not being a contract entered into in the ordinary course of the business carried out on or intended to be carried on by us or a contract entered into more than two years before the filing of the Draft Red Herring Prospectus.

1. License Agreement for operation of a DTH platform

Our Company, as the licensee, has entered into a license agreement dated December 28, 2007 with the President of India acting through the Director, Broadcasting, Policy & Legislation (“**BP&L**”), MIB, GoI, as licensor (“**Licensor**”) (“**DTH License Agreement**”) pursuant to which our Company is licensed (under Section 4 of the Telegraph Act and the Indian Wireless Telegraphy Act, 1933) to establish, maintain and operate a DTH platform, on the terms and conditions set out in the DTH License Agreement.

Pursuant to the terms of the DTH License Agreement, our Company has paid a non-refundable entry fee of ₹ 100 million and is thereafter required to pay an annual fees of 10% of its gross revenue (gross revenue includes, among other things, the gross inflow of cash, receivable or other consideration arising in the course of ordinary activities of the DTH enterprise from rendering of services and from the use by others of the enterprise resources yielding rent, interest, dividend, royalties, commissions). Our Company is further required to pay license fees and royalty for the spectrum used by it as prescribed by the Wireless Coordination and Planning Wing of the Ministry of Communications and Information Technology, GoI. Additionally, our Company has furnished a bank guarantee of ₹ 400 million in favour of the Licensor, which is valid for the duration of the license, and which the Licensor may encash, in full or in part, in the event of non-payment of licensee fees or violation of any of the conditions of the license.

The DTH License Agreement is effective for a period of 10 years from the date of issue of the wireless operational license (which was issued to our Company on December 12, 2008 by the Wireless Planning and Coordination Wing), unless terminated earlier for default or for insolvency, convenience or transfer of the license.

Following are key terms of the DTH License Agreement:

- (i) Any change in the equity structure of our Company is required to be carried out in consultation and with the prior approval of Licensor;
- (ii) Our Company is required to have Indian management control with majority representatives on the Board, as well as the chief executive of our Company, being resident Indian citizens;
- (iii) The total foreign investment (including FDI/NRI/OCB/FII) in the paid-up Equity Share capital of our Company is not permitted to exceed 49%, of which, the FDI component cannot exceed 20%;
- (iv) Our Company is not permitted to allow broadcasting companies and/or cable network companies to collectively hold or own more than 20% of the total paid-up Equity Share capital of our Company, and our Company shall not hold or own more than 20% equity shares in a broadcasting and/or cable network company, at any time during the license period;
- (v) Our Company is not permitted to transfer the license or its rights and obligations under the DTH License Agreement, without the prior approval of the Licensor; and
- (vi) Our Company is required to provide access to various content providers/ channels on a non-discriminatory basis and include channels which have been notified for mandatory and compulsory carriage as per Section 8 of Cable Television Networks (Regulation) Act, 1995, except for the regional television channels.

The Licensor has the right to terminate the DTH License Agreement, after recording reasons in writing, to revoke/suspend the license in the event of breach of any terms and conditions of the license after giving our

Company an opportunity to be heard. The license may also be terminated by the Licensor without compensation to us, if our Company becomes, or applies for being adjudicated to become, bankrupt or otherwise insolvent.

2. *K_u-Band Lease Agreement*

Our Company has entered into the K_u-Band Lease Agreement dated April 19, 2012, as amended by amendment no. 1 dated June 19, 2013, with the Satellite Communication and Navigation Programme Office, Department of Space, GoI, for the lease of K_u-band space segment capacity on the ST-2 satellite, in order to enable us to engage in the business of providing DTH broadcasting services. Under the K_u-Band Lease Agreement, the Department of Space is required to make available to us, the K_u-Band space segment on a '24 hours, 7 days per week' basis through eight transponders of 54MHz each, throughout the lease period, which expires on February 28, 2015.

Presently, Antrix, the commercial arm of the Department of Space, has procured the required space segment capacity from Singapore Telecommunications Limited ("**Singtel**"), which has been sub-provisioned by the Department of Space on a back-to-back basis to our Company, for which Antrix is liable to pay space segment provisioning charges to Singtel as per its agreement with Singtel dated April 18, 2012, as amended by supplemental agreement dated June 19, 2013. Accordingly, our Company is required to pay Antrix a monthly fee for the sub-provisioning of 10 transponders on the ST-2 satellite, which includes fees for the transponder capacity, reimbursement of income tax withholding by Antrix and Antrix's contract management fees.

In accordance with the terms of the K_u-Band Lease Agreement, our Company is not permitted to assign any of its rights or delegate any of its obligations without the prior consent of the Department of Space. Further, our Company is prohibited from sub-leasing the leased capacity without the prior consent of the Department of Space, except to group companies and affiliates. Further, our Company is required to ensure that the utilization of the leased capacity is not in breach of any applicable laws, rules and regulations imposed by any governmental and regulatory authorities either in India or in the countries where our Company may perform its obligations, including those governing the content of programming of any television transmission by our Company.

The Department of Space has the right to terminate availability of the leased capacity to our Company by issuing a written notice, in the event that (i) our Company fails to pay any amount due under the K_u-Band Lease Agreement for a consecutive period of two months; or (ii) commits any breach of or fails to perform any of its obligations under the K_u-Band Lease Agreement, and such breach/failure is not remedied within 20 days of receipt of a notice of breach in writing. Our Company may terminate the K_u-Band Lease Agreement by issuing a prior written notice of nine months and paying early termination charges as prescribed under the K_u-Band Lease Agreement. Such termination by our Company shall become effective only upon acceptance by Singtel. Additionally, the K_u-Band Lease Agreement will automatically stand terminated if the DTH license granted to the Company is not renewed after expiry or is cancelled by the GoI or any regulatory body for any reason whatsoever.

Strategic and Financial Partners

As on the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

OUR MANAGEMENT

Our Articles of Association require us to have not less than three and not more than 15 Directors. We presently have five Directors.

The following table sets out the current details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
Mr. Saurabh Pradipkumar Dhoot Designation: Whole-time Director DIN: 00970362 Nationality: Indian Occupation: Industrialist Term: Five years from October 5, 2012	30	Dhoot Bungalow, Station Road, Aurangabad 431 001, Maharashtra, India	<i>Public Companies:</i> <ul style="list-style-type: none"> • Videocon International Electronics Limited • Virtual Electronics Limited • Instant Retail India Limited • Madhya Pradesh Power Ventures Limited • Videocon Developers Limited • Hindustan Oil Ventures Limited <i>Private Companies:</i> <ul style="list-style-type: none"> • Veronica Properties Private Limited • Titan Realty Private Limited • Videocon SEZ Infrastructures Private Limited • Videocon Realty Private Limited • Verizon Communications India Private Limited • Comet Power Private Limited • Unity Power Private Limited • Instant Energy Private Limited • Force Energy Private Limited • Synergy Appliances Private Limited • Planet Mobiles Private Limited
Mr. Shivratn Jeetmal Taparia Designation: Independent Director DIN: 00112513 Nationality: Indian Occupation: Industrialist Term: Liable to retire by rotation*	69	71, Girikunj, 6 th Road, Marine Lines, Mumbai 400 020, Maharashtra, India	<i>Public Companies:</i> <ul style="list-style-type: none"> • The Supreme Industries Limited • Supreme Petrochem Limited • Supreme Capital Management Limited • Oricon Enterprises Limited <i>Private Companies:</i> <ul style="list-style-type: none"> • Boon Investment and Trading Company Private Limited • Jovial Investment and Trading Company Private Limited • Platinum Plastic and Industries Private Limited <i>Company incorporated under Section 25 of the Companies Act 1956:</i> <ul style="list-style-type: none"> • Automotive Component Manufacturers Association of India
Mr. Pradeep Ramwilas Rathi Designation: Independent Director DIN: 00018577 Nationality: Indian	61	2, Boat Club Road, Pune 411 001, Maharashtra, India	<i>Public Companies:</i> <ul style="list-style-type: none"> • Sudarshan Chemical Industries Limited • Prescient Color Limited • Rathi Brothers Madras Limited • Rathi Brothers Poona Limited • Rathi Brothers Calcutta Limited • Rathi Brothers Delhi Limited

Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
Occupation: Industrialist Term: Liable to retire by rotation*			<ul style="list-style-type: none"> Sanghvi Movers Limited Finolex Cables Limited <p><i>Private Companies:</i></p> <ul style="list-style-type: none"> Rathi Brothers Private Limited PRR Finance Private Limited Clean Science and Technology Private Limited Rathi Mixers Private Limited Rathi Enterprises Private Limited <p><i>Foreign Companies:</i></p> <ul style="list-style-type: none"> Sudarshan Europe B.V. Sudarshan North America Inc.
Mr. Nabankur Gupta Designation: Independent Director DIN: 00020125 Nationality: Indian Occupation: Consultant Term: Liable to retire by rotation*	65	11, Jayshree, 75 Worli Sea Face, Worli, Mumbai 400 025, Maharashtra, India	<p><i>Public Companies:</i></p> <ul style="list-style-type: none"> Raymond Limited Cravatex Limited British Nandy Communications Limited Magma Fincorp Limited PNC Wellness Limited V I P Industries Limited J.K. Helene Curtis Limited <p><i>Private Companies:</i></p> <ul style="list-style-type: none"> Quantum Advisors Private Limited Blueocean Capital and Advisory Services Private Limited Gomukhi Indus Capital Advisory Private Limited <p><i>Companies incorporated under Section 25 of the Companies Act 1956:</i></p> <ul style="list-style-type: none"> Society for Innovation and Entrepreneurship
Mr. Karunchandra Srivastava Designation: Independent Director DIN: 00314951 Nationality: Indian Occupation: Consultant Term: Liable to retire by rotation*	70	306, Shalaka, Maharshi Karve Marg, Mumbai 400 021, Maharashtra, India	<p><i>Public Companies:</i></p> <ul style="list-style-type: none"> Grauer And Weil (India) Limited Liberty Videocon General Insurance Company Limited Videocon Oil Ventures Limited <p><i>Private Companies:</i></p> <ul style="list-style-type: none"> Chhattisgarh Power Ventures Private Limited Suasth Health Care (India) Private Limited

* Proposed to be re-appointed as an Independent Director for a term of five years, in accordance with applicable provisions of the Companies Act, 2013 and the Listing Agreement to be entered into with the Stock Exchange.

Brief Profile of our Directors

Mr. Saurabh Pradipkumar Dhoot is our Promoter and whole-time Director. He has more than eight years of experience in the field of investor relations, mergers and acquisitions, finance and corporate communications. He has been on our Board since January 31, 2007 and was appointed as a whole-time Director on October 5, 2012 for a term of five years.

Mr. Shivratn Jeetmal Taparia is our Independent Director. He is also the promoter-director of The Supreme Industries Limited. He has been on our Board since October 11, 2012.

Mr. Pradeep Ramwilas Rathi is our Independent Director. He is the managing director of Sudarshan Chemical Industries Limited. He has been on our Board since October 11, 2012.

Mr. Nabankur Gupta is our Independent Director. He has been on our Board since October 11, 2012.

Mr. Karunchandra Srivastava, is our Independent Director. He is a senior retired civil servant of the Indian Administrative Services. He has been on our Board since October 18, 2012.

None of our Directors are related to each other.

None of our Directors is or was a director of any listed companies during the last five years preceding the date of filing of this Draft Red Herring Prospectus and until date, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such companies.

Except Mr. Nabankur Gupta, who is a director on the board of directors of J.K. Investo Trade (India) Limited, relevant details of which are disclosed below, none of our Directors is or was a director of any listed companies which have been or were delisted from any stock exchange during the term of their directorship in such companies.

Particulars	Details
Name of the company	J.K. Investo Trade (India) Limited
Name of the stock exchange(s) on which the company was listed	BSE
Date of delisting on stock exchanges	February 19, 2008
Whether delisting was compulsory or voluntary	Voluntary delisting under the SEBI (Delisting of Securities) Guidelines, 2003
Reasons for delisting	Consolidation of the shareholding of the promoters of the company
Whether the company has been relisted	No
Date of relisting	-
Term of directorship in the company	He was on the board of directors from July 18, 2003 until July 10, 2014

Remuneration paid to Directors in Financial Year 2014

We have not paid any remuneration to our Directors in the Financial Year 2014, except in the form of sitting fees, details of which are set out below.

			(₹ in million)
S. No.	Name of Director	Amount Paid	
1.	Mr. Saurabh Pradipkumar Dhoot	Nil	
2.	Mr. Shivratn Jeetmal Taparia	20,000	
3.	Mr. Pradeep Ramwilas Rathi	80,000	
4.	Mr. Nabankur Gupta	140,000	
5.	Mr. Karunchandra Srivastava	210,000	
Total		450,000	

Further, since our Company does not have any subsidiaries or associate companies as on the date of filing of this Draft Red Herring Prospectus, our Directors are entitled to receive remuneration only from our Company. Except as otherwise provided in this section, we have not entered into any service contracts with our Directors providing for benefits upon termination of employment.

Terms and conditions of employment of our whole-time Director

Mr. Saurabh Pradipkumar Dhoot was appointed as a whole-time Director of our Company for a period of five years with effect from October 5, 2012, at the meeting of our shareholders held on October 5, 2012. He currently does not receive any remuneration from the Company.

Sitting Fees

Pursuant to a resolution passed by our shareholders on October 11, 2012, we pay sitting fees of an amount not

exceeding ₹ 20,000 to our Directors, except to our whole-time Director, for attending each meeting of the Board of Directors and the committees of our Board.

Borrowing Powers of the Board of Directors of our Company

Our Articles of Association, subject to Section 180 of the Companies Act, 2013, authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Pursuant to a resolution passed at the extraordinary general meeting dated July 17, 2014, our shareholders have authorized our Board to borrow, from time to time, such sums of money as may be required, provided that such amount shall not exceed ₹ 100,000 million.

Corporate Governance

The provisions of the Equity Listing Agreement to be entered into with the Stock Exchange with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchange. We believe we are in compliance with the requirements of the applicable regulations, including the Equity Listing Agreement (as is in effect as on the date of this Draft Red Herring Prospectus) and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board constituted in compliance with the Companies Act, 2013 and the Equity Listing Agreement (as is in effect as on the date of this Draft Red Herring Prospectus) to be entered into with the Stock Exchange. The Board functions either on its own or through various committees constituted to oversee specific operational areas.

As on date, our Board comprises five Directors, of which four Directors are independent Directors. Prior to filing of the Red Herring Prospectus, we will also appoint a woman director on our Board.

Committees of the Board

Our Company has constituted the following Board committees for compliance with corporate governance requirements:

a. *Audit Committee*

The Audit Committee was last re-constituted by our Directors at their Board meeting held on June 23, 2014. The Audit Committee comprises:

1. Mr. K.C. Srivastava (Chairman);
2. Mr. Nabankur Gupta;
3. Mr. Pradeep Ramwilas Rathi; and
4. Mr. Saurabh Pradipkumar Dhoot.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and clause 49 of the Equity Listing Agreement and its terms of reference are as follows:

- examine the financial statement and the auditor's report thereon and have an oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommend for appointment, remuneration and terms of appointment of auditors of the company and approve payments to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;

- (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) qualifications in the draft audit report.
- reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 - reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - approval of any subsequent modification of transactions of the company with related parties;
 - scrutiny of inter-corporate loans and investments;
 - valuation of undertakings or assets of the company, wherever it is necessary;
 - evaluation of internal financial controls and risk management systems;
 - reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - discussion with internal auditors of any significant findings and follow up there on;
 - reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - establish a vigil mechanism and whistle blower policy for directors and employees of the Company, report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy⁷
 - provide for adequate safeguards against victimization of director(s)/employee(s) who avail of the vigil mechanism and also provide for direct access to the chairman of the Audit Committee in exceptional cases;
 - approval of appointment of CFO (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 - carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee shall mandatorily review the following information:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

As required under the Equity Listing Agreement, the Audit Committee shall meet at least four times in a year, and not more than four months shall elapse between two meetings. The quorum shall be two members present, provided that there should be a minimum of two independent directors present.

b. Stakeholder Relationship Committee

The Stakeholder Relationship Committee was last re-constituted pursuant to the resolution passed by our Board at its meeting held on June 23, 2014. The Stakeholder Relationship Committee comprises:

1. Mr. Nabankur Gupta (Chairman);
2. Mr. K.C. Srivastava; and
3. Mr. Pradeep Ramwilas Rathi.

The scope and functions of the Stakeholder Relationship Committee are as under:

Redressal of shareholders' and investors' complaints, including in respect of:

- Non-receipt of declared dividends, balance sheets of the Company, etc.;
- Allotment of shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

The Stakeholder Relationship Committee shall meet at least at least four times a year with maximum interval of four months between two meetings and shall report to our Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.

c. Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation Committee was last re-constituted by our Directors pursuant to a resolution passed by our Board on June 23, 2014. The Nomination, Remuneration and Compensation Committee comprises:

1. Mr. K.C. Srivastava (Chairman);
2. Mr. Nabankur Gupta; and
3. Mr. Pradeep Ramwilas Rathi.

The scope and terms of reference of our Remuneration and Compensation Committee are:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Consideration and recommending grant of employees stock option, if any, and administration and superintendence of the same;
- Determining/formulating the terms and conditions of the employee stock option scheme, including the number of options to be granted per employee, the exercise period, vesting period, procedure for making adjustments to the number of options in case of corporate actions, procedure for cashless exercise of options, conditions for expiry or lapse of options, etc.;
- Framing of suitable policies and systems to ensure that there is no violation by any employee of applicable laws, including the SEBI (Insider Trading) Regulations, 1992, as amended and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, as amended; and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

Our Company, pursuant to a Board resolution dated June 23, 2014 and a shareholders resolution dated July 17, 2014 and subject to approval of the MIB, has adopted an employees' stock option plan, i.e., the ESOP 2014. The

ESOP 2014 is administered by the Nomination, Remuneration and Compensation Committee of our Board. For details, see “*Capital Structure*” on page 59.

d. Corporate Social Responsibility Committee

Our Board constituted a Corporate Social Responsibility Committee, in compliance with the requirements of Section 135 of the Companies Act, 2013, pursuant to a resolution passed at its meeting held on June 23, 2014. The Corporate Social Responsibility Committee comprises:

1. Mr. Saurabh Pradipkumar Dhoot (Chairman);
2. Mr. Nabankur Gupta; and
3. Mr. K.C.Srivastava.

The Corporate Social Responsibility Committee shall be responsible for, among other things, the following:

- formulating and recommending to the Board, a corporate social responsibility policy which will indicate the activities to be undertaken by the Company, in accordance with Schedule VII of the Companies Act, 2013;
- recommending the amount of expenditure to be incurred on such activities; and
- monitoring the corporate social responsibility policy of the Company.

e. IPO Committee

Our Board constituted an IPO Committee pursuant a resolution passed at its meeting held on October 18, 2012, in order to facilitate and deal with various matters in connection with the Issue. The IPO Committee comprises:

1. Mr. Saurabh Pradipkumar Dhoot (Chairman);
2. Mr. Nabankur Gupta;
3. Mr. Pradeep Ramwilas Rathi; and
4. Mr. K.C.Srivastava.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares in our Company. As on date of filing of this Draft Red Herring Prospectus, none of our Directors hold any Equity Shares.

Interest of our Directors

Our Directors (except our whole-time Director) are entitled to receive sitting fees of an amount not exceeding ₹ 20,000, for attending each meeting of the Board and committees of the Board.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue. Further, our Directors (except our Promoter and whole-time Director, Mr. Saurabh Pradipkumar Dhoot, who has undertaken to not participate in the Issue) may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them, out of the present Issue.

Our Directors do not have any relatives who have been appointed to a place or office of profit in our Company.

Bonus or profit sharing plan for our Directors

We have no bonus or profit sharing plan for our Directors.

Properties acquired by our Company from Directors in the last two years

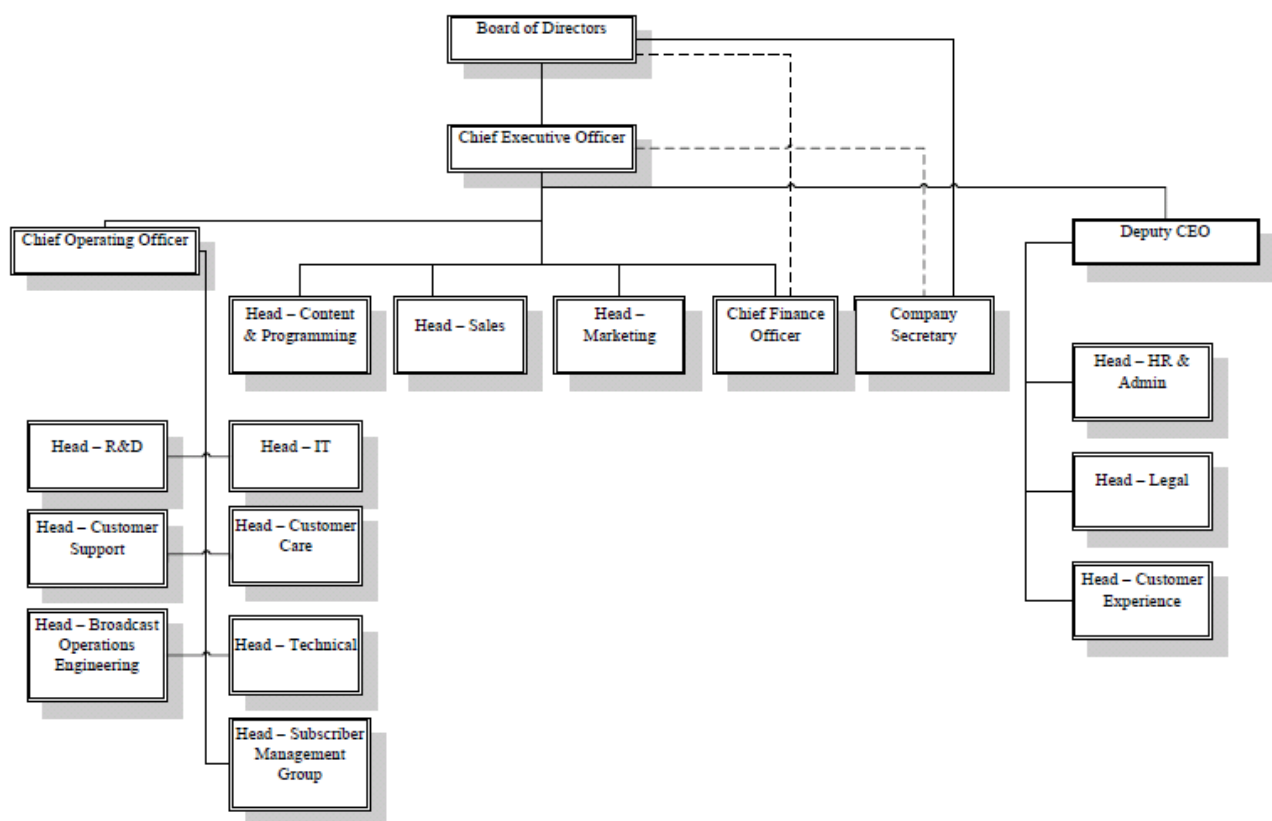
Our Directors confirm that they have no interest in any property acquired by our Company during the last two years from the date of filing of this Draft Red Herring Prospectus or proposed to be purchased by our Company.

Changes in our Board of Directors during the last three years

The changes in the Board of Directors during the last three years are as follows:

Name of Director	Date of appointment	Date of cessation	Reason
Mr. Saurabh Pradipkumar Dhoot	October 5, 2012	-	Appointment as a whole-time Director
Mr. Shivratn Jeetmal Taparia	October 11, 2012	-	Appointment
Mr. Pradeep Ramwilas Rathi	October 11, 2012	-	Appointment
Mr. Nabankur Gupta	October 11, 2012	-	Appointment
Mr. Rajkumar Nandlal Dhoot	April 9, 2007	October 12, 2012	Resignation
Mr. Suresh Madhava Hegde	November 22, 2002	October 12, 2012	Resignation
Mr. Vivek Dattatraya Dharm	October 1, 2005	October 12, 2012	Resignation
Mr. Karunchandra Srivastava	October 18, 2012	-	Appointment

Management Organisation Structure



Key Managerial Personnel

The details regarding our key managerial personnel as on the date of filing this Draft Red Herring Prospectus are as follows:

Mr. Anil Khara, aged 54 years, is the Chief Executive Officer of our Company. He started his career with the Videocon Group in 1985 and joined our Company on July 1, 2008 as our Chief Executive Officer. He is currently responsible for the overall supervision of the operations of our Company. He received a gross remuneration of ₹ 10.11 million in the financial year 2014.

Mr. Rohit Jain, aged 39 years, is the Deputy Chief Executive Officer of our Company. He is a qualified chartered accountant certified by the Institute of Chartered Accountants of India. He has 20 years of experience

in the field of consulting, finance and business management and has worked with organizations like Price Waterhouse Coopers and Hewitt Associate (India) Private Limited, in the past. He joined our Company on June 1, 2010 and his present role is to conceptualize and implement the overall business and financial strategy of our Company. Further, he is also responsible for the supervision of our Company's human resources and other corporate functions. He received a gross remuneration of ₹ 9.03 million in the financial year 2014.

Mr. Himanshu Patil, aged 49 years, is the Chief Operating Officer of our Company. He holds a master's degree in management studies from the University of Bombay. He has over 26 years of experience in the field of marketing, operations and technology and has been associated with organisations like Onida, Adina Electronics and Videocon Industries Limited in the past. He joined our Company on February 1, 2009 from Videocon Industries Limited, and his present role is to conceptualize and implement the overall operational and technology strategy of our Company. He received a gross remuneration of ₹ 7.45 million in the financial year 2014.

Mr. Avanti Kumar Kanthaliya, aged 43 years, is the Chief Financial Officer of our Company. He holds bachelor's and master's degree in commerce from the Mohanlal Sukhadia University, Udaipur. He is also a qualified cost and works accountant from the Institute of Cost and Works Accountants of India. He has also completed a four-month full-time residential management education programme at the Indian Institute of Management, Ahmedabad. He has over 20 years of experience in the field of finance and accounts management. He has been with the Videocon Group since 1996 and he joined our Company on July 1, 2008. He currently heads the finance function of our Company and is responsible for developing and deploying our corporate financial policy in line with our strategy. He received a gross remuneration of ₹ 4.35 million in the financial year 2014.

Mr. Siddharth Kabra, aged 36 years, is the Vice President – Sales of our Company. He holds a master's degree in business administration from the Cardiff Business School, University of Wales, Cardiff. He has over 14 years of experience in Sales and Marketing. He has been employed with the Videocon group since 2000 (at Videocon Industries Limited and Next Retail India Limited) and he joined our Company on July 3, 2009 and currently supervises the sales department of our Company. His role entails establishing the sales operations strategy of our Company. He received a gross remuneration of ₹ 5.48 million in the financial year 2014.

Ms. Amruta Karkare, aged 27 years, is the Company Secretary of our Company. She is a qualified company secretary and holds a bachelor's degree in commerce from Brihan Maharashtra College of Commerce, University of Pune. She has four years of experience in secretarial functions. She joined our Company on September 1, 2012. She received a gross remuneration of ₹ 0.65 million in the financial year 2014.

All our key managerial personnel are permanent employees of our Company.

The term of office of our employees, including our key managerial personnel, is until the attainment of 58 years of age. However, in exceptional cases, where replacements are not available in view of special knowledge or skills required for the concerned position, the concerned employee may be considered for continuation in our Company based on the merits of such employee and the business requirements of our Company.

None of our key managerial personnel are related to each other.

Shareholding of the Key Managerial Personnel

As on date, none of our key managerial personnel hold any Equity Shares of our Company.

Bonus or profit sharing plan for our Key Managerial Personnel

There is no bonus or profit sharing plan for our key managerial personnel.

Interest of Key Managerial Personnel

Our Company entered into a leave and license agreement dated August 1, 2010 with Mrs. Shelly Anil Khera, wife of Mr. Anil Khera, our Chief Executive Officer, for the license to use a premises located at Borivali, Mumbai, for commercial purposes, which was valid until May 31, 2013. In terms of the agreement, the monthly license fee payable by our Company to Mrs. Shelly Anil Khera during the lease period was ₹ 72,000, subject to a 10% increase in the license fee after every 11 months commencing from July, 2011. Additionally, our

Company had also paid a sum of ₹ 432,000 to Mrs. Shelly Anil Khera as an interest-free refundable security deposit, in accordance with the terms of the said leave and license agreement. Upon expiry of the term of such agreement, an agreement dated June 1, 2013 was entered into by our Company with Mrs. Shelly Anil Khera, for the license to use the said premises for a period of 33 months from June 1, 2013, i.e., until February 28, 2016. In terms of the agreement, the monthly license fee payable by our Company to Mrs. Shelly Anil Khera is ₹ 95,832, subject to a 10% increase in the license fee after every 11 months commencing from May 2014. Additionally, our Company has also paid a sum of ₹ 432,000 to Mrs. Shelly Anil Khera as an interest-free refundable security deposit, in accordance with the terms of such agreement.

Except as disclosed above, none of our key managerial personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business, or to the extent of any employee stock options that may be granted to them pursuant to ESOP 2014.

Changes in Key Managerial Personnel in the last three years

Except appointment of Ms. Amruta Karkare as our Company Secretary on September 1, 2012, there have been no changes in our key managerial personnel in the last three years.

Employee Stock Option Scheme

As on date of this Draft Red Herring Prospectus, no employee stock options have been granted pursuant to ESOP 2014. For details on ESOP 2014, see “*Capital Structure*” on page 59.

Payment or Benefit to officers of our Company

Except as stated otherwise in this Draft Red Herring Prospectus and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company’s officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer’s employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance.

Except as stated in the “*Financial Statements*” on page 159, none of the beneficiaries of loans and advances and sundry debtors are related to our Company, the Directors or our Promoters.

Arrangements and understanding with major shareholders

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

OUR PROMOTERS AND GROUP ENTITIES

Our Promoters are Mr. Saurabh Pradipkumar Dhoot, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited and Platinum Appliances Private Limited.

As on date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate, 149,990,000 Equity Shares, representing 61.98% of the issued and paid-up equity share capital of our Company.

Details of our Individual Promoter

Mr. Saurabh Pradipkumar Dhoot



Mr. Saurabh Pradipkumar Dhoot, aged 30 years, has eight years of experience in the field of investor relations, mergers and acquisitions, finance and corporate communications. He has also been on our Board since January 31, 2007 and is currently our whole-time Director.

Residential Address: Dhoot Bunglow, Station Road, Aurangabad 431 001, Maharashtra, India

His voter's identification number is NWT7724701
His driving license number is MH20/02/67488

We confirm that the PAN, bank account number and passport number of Mr. Saurabh Pradipkumar Dhoot will be submitted to the Stock Exchange, at the time of filing the Draft Red Herring Prospectus with the Stock Exchange.

Details of our Corporate Promoters

I. Synergy Appliances Private Limited

Synergy Appliances Private Limited ("**Synergy**") was originally incorporated as R N Dhoot Investment Company Private Limited on December 11, 1979, with the Registrar of Companies, Maharashtra. Its name was changed to Synergy Appliances Private Limited on June 16, 2009. Synergy is engaged in the business of trading in consumer electronics and home appliances and its registered office is presently situated at 2275, Adate Bazar, Ahmednagar 414 001, Maharashtra, India.

Our Promoter, Mr. Saurabh Pradipkumar Dhoot, is also the promoter and controlling shareholder of Synergy. There has been no change in the control or management of Synergy during the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

The equity shares of Synergy are not listed on any stock exchange in India or abroad. Other than equity shares, as on date of this Draft Red Herring Prospectus, there are no other securities of Synergy in existence.

Shareholding Pattern

The shareholding pattern of Synergy, as on date of this Draft Red Herring Prospectus, is as follows.

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
1.	Solitaire Appliances Private Limited	3,592	0.18
2.	Ms. Ramabai V. Dhoot	3,591	0.18
3.	Ms. Sushma R. Dhoot	3,591	0.18
4.	Ms. Nalini P. Dhoot	3,591	0.18
5.	Mr. Saurabh Pradipkumar Dhoot	1,800,000	90.00
6.	Ms. Pooja A. Dhoot	185,635	9.28

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
	Total	2,000,000	100.00

Board of Directors

The board of directors of Synergy consists of (i) Mr. Yatinder Vir Singh; (ii) Mr. Vivek D. Dharm; and (iii) Mr. Saurabh Pradipkumar Dhoot.

Financial Information

Certain details of the audited financial results of Synergy for fiscal 2013, 2012 and 2011 are set forth below.

	Fiscal 2013 (July 1, 2012 – June 30, 2013)	Fiscal 2012 (July 1, 2011 – June 30, 2012)	Fiscal 2011 (April 1, 2010 – June 30, 2011)
Equity capital	20,000,000	20,000,000	500,000
Reserves and surplus (excluding revaluation)	93,889,919	93,889,919	86,203,508
Sales	22,568,099	19,685,699	21,518,496
Profit/(Loss) after tax	(244,915,951)	7,686,411	17,026,000
Earnings per share (Basic)	(122.46)	4.38	553.78
Earnings per share (Diluted)	(122.46)	4.38	553.78
Net asset value per share	(65.61)	56.94	1,734.07

(in ₹)

As on date of this Draft Red Herring Prospectus, Synergy has not been declared as a sick company and is not under winding up.

2. Solitaire Appliances Private Limited

Solitaire Appliances Private Limited (“**Solitaire**”) was originally incorporated as V.N. Dhoot Investment Company Private Limited on December 11, 1979, with the Registrar of Companies, Maharashtra. Its name was changed to Solitaire Appliances Private Limited on July 1, 2009. Solitaire is engaged in the business of trading in consumer electronics and home appliances and its registered office is presently situated at 2275, Adat Bazar, Ahmednagar 414 001, Maharashtra, India.

Our Promoter, Mr. Saurabh Pradipkumar Dhoot, is also the promoter and controlling shareholder of Solitaire. There has been no change in the control or management of Solitaire during the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

The equity shares of Solitaire are not listed on any stock exchange in India or abroad. Other than equity shares, as on date of this Draft Red Herring Prospectus, there are no other securities of Solitaire in existence.

Shareholding Pattern

The shareholding pattern of Solitaire, as on date of this Draft Red Herring Prospectus, is as follows.

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
1.	Electroparts (India) Private Limited	2,000	0.20
2.	Shree Dhoot Trading And Agencies Limited	2,000	0.20
3.	Greenfield Appliances Private Limited	2,000	0.20
4.	TekCare India Private Limited	2,000	0.20
5.	Platinum Appliances Private Limited	2,000	0.20
6.	Mr. Saurabh Pradipkumar Dhoot	900,000	90.00
7.	Ms. Pooja Dhoot	90,000	9.00
	Total	1,000,000	100.00

Board of Directors

The board of directors of Solitaire consists of (i) Mr. Subhash S. Dayama; and (ii) Mr. Vilas R. Salunke.

Financial Information

Certain details of the audited financial results of Solitaire for fiscal 2013, 2012 and 2011 are set forth below.

(in ₹)

	Fiscal 2013 (January 1, 2013 – December 31, 2013)	Fiscal 2012 (January 1, 2012 – December 31, 2012)	Fiscal 2011 (October 1, 2010 – December 31, 2011)
Equity capital	10,000,000	10,000,000	10,000,000
Reserves and surplus (excluding revaluation)	102,398,520	102,598,520	97,141,057
Sales	447,345,432	21,191,766	23,409,438
Profit/(Loss) after tax	(352,970,670)	5,457,463	12,107,978
Earnings per share (Basic)	(352.97)	5.46	36.81
Earnings per share (Diluted)	(352.97)	5.46	36.81
Net asset value per share	(240.37)	112.60	107.14

As on date of this Draft Red Herring Prospectus, Solitaire has not been declared as a sick company and is not under winding up.

3. Greenfield Appliances Private Limited

Greenfield Appliances Private Limited (“Greenfield”) was originally incorporated as Keshar Dhoot Investment Company Private Limited on December 11, 1979, with the Registrar of Companies, Maharashtra. Its name was changed to Greenfield Appliances Private Limited on May 29, 2009. Greenfield is engaged in the business of trading in consumer electronics and home appliances and its registered office is presently situated at 2275, Adat Bazar, Ahmednagar 414 001, Maharashtra, India.

Our Promoter, Mr. Saurabh Pradipkumar Dhoot, is also the natural person in control of Greenfield. There has been no change in the control or management of Greenfield during the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

The equity shares of Greenfield are not listed on any stock exchange in India or abroad. Other than equity shares, as on date of this Draft Red Herring Prospectus, there are no other securities of Greenfield in existence.

Shareholding Pattern

The shareholding pattern of Greenfield, as on date of this Draft Red Herring Prospectus, is as follows.

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
1.	Synergy Appliances Private Limited	4,600	46.00
2.	Platinum Appliances Private Limited	4,380	43.80
3.	Shree Dhoot Trading And Agencies Limited	1,020	10.20
	Total	10,000	100.00

Board of Directors

The board of directors of Greenfield consists of (i) Mr. Rajesh Vohra; and (ii) Mr. Murukan Sivaramakrishnan.

Financial Information

Certain details of the audited financial results of Greenfield for fiscal 2013, 2012 and 2011 are set forth below.

(in ₹)

	Fiscal 2013 (April 1, 2012 – March 31, 2013)	Fiscal 2012 (April 1, 2011 – March 31, 2012)	Fiscal 2011 (April 1, 2010 – March 31, 2011)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	76,929,899	76,929,899	71,112,582
Sales	1,291,814,828	1,764,538,800	1,950,911,663

	Fiscal 2013 (April 1, 2012 – March 31, 2013)	Fiscal 2012 (April 1, 2011 – March 31, 2012)	Fiscal 2011 (April 1, 2010 – March 31, 2011)
Profit/(Loss) after tax	(442,087,465)	5,817,317	(7,242,067)
Earnings per share (Basic)	(44208.75)	581.73	(724.21)
Earnings per share (Diluted)	(44208.75)	581.73	(724.21)
Net asset value per share	(36,505.76)	7,702.99	7,121.26

As on date of this Draft Red Herring Prospectus, Greenfield has not been declared as a sick company and is not under winding up.

4. *Platinum Appliances Private Limited*

Platinum Appliances Private Limited (“**Platinum**”) was originally incorporated as Dhoot Brothers Investment Company Private Limited on December 13, 1979, with the Registrar of Companies, Maharashtra. Its name was changed to Platinum Appliances Private Limited on November 19, 2009. Platinum is engaged in the business of trading in consumer electronics and home appliances and its registered office is presently situated at 2275, Adat Bazar, Ahmednagar 414 001, Maharashtra, India.

Our Promoter, Mr. Saurabh Pradipkumar Dhoot, is also the natural person in control of Platinum. There has been no change in the control or management of Platinum during the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

The equity shares of Platinum are not listed on any stock exchange in India or abroad. Other than equity shares, as on date of this Draft Red Herring Prospectus, there are no other securities of Platinum in existence.

Shareholding Pattern

The shareholding pattern of Platinum, as on date of this Draft Red Herring Prospectus, is as follows.

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
1.	Synergy Appliances Private Limited	4,950	49.50
2.	Solitaire Appliances Private Limited	4,950	49.50
3.	Mr. Saurabh Pradipkumar Dhoot	100	1.00
	Total	10,000	100.00

Board of Directors

The board of directors of Platinum consists of (i) Mr. Vivek D. Dharm; and (ii) Mr. Subhash S. Dayama.

Financial Information

Certain details of the audited financial results of Platinum for Fiscal 2013, 2012 and 2011 are set forth below.

	Fiscal 2013 (April 1, 2012 – March 31, 2013)	Fiscal 2012 (April 1, 2011 – March 31, 2012)	Fiscal 2011 (April 1, 2010 – March 31, 2011)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	73,000,906	73,000,906	63,577,643
Sales	796,298,935	1,142,420,380	1,804,724,985
Profit/(Loss) after tax	(162,567,106)	9,423,263	(6,093,175)
Earnings per share (Basic)	(16,256.71)	942.33	(609.32)
Earnings per share (Diluted)	(16,256.71)	942.33	(609.32)
Net asset value per share	(8,946.62)	7,310.09	6,367.76

(in ₹)

As on date of this Draft Red Herring Prospectus, Platinum has not been declared as a sick company and is not under winding up.

We confirm that the PAN, bank account numbers, company registration numbers and the address of the RoC, where our Corporate Promoters are registered, will be submitted to the Stock Exchange, at the time of filing the Draft Red Herring Prospectus with the Stock Exchange.

Interests of our Promoters

Our Promoters are interested in our Company to the extent of their shareholding in our Company and in any dividend distribution which may be made by our Company in future. For details pertaining to our Promoters' shareholding, see "*Capital Structure*" on page 59.

The Promoters and Group Entities confirm that they have no interest in any property acquired by our Company during the two years preceding the date of filing of this Draft Red Herring Prospectus or any property proposed to be acquired by our Company or in any transaction in the acquisition of land, construction of building or supply of machinery. None of our Promoters are interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to the firm or company in cash or shares or otherwise by any person either to induce any of our Promoters to become, or to qualify such Promoters as, a director, or otherwise for services rendered by such Promoters or by the firm or company, in connection with the promotion or formation of our Company.

Group Entities

Set forth below are brief details of our Group Entities.

S. No.	Name of Group Entity [#]	Brief description of permitted business activities	Interest of our Promoters
1.	CE India Limited	Dealing manufacturing, trading in electric and electrical consumer durables and home appliances	Subscription to the memorandum of association
2.	Chhattisgarh Power Ventures Private Limited	Power generation by various conventional and non conventional methods	Through VIL*
3.	Comet Power Private Limited	Power generation by various conventional and non conventional methods	Subscription to the memorandum of association
4.	Galaxy Power Private Limited	Power generation, distribution and installation of power houses, power stations	62%
5.	Instant Retail India Limited	Purchasing, selling and dealing as retailers, distributors, agents, collaborators in all kinds of food and beverages items	Subscription to the memorandum of association
6.	Liberty Videocon General Insurance Company Limited	Non-life insurance business	Subscription to the memorandum of association
7.	Madhya Pradesh Power Ventures Limited	Business of power generation and construction of power transmission and distribution systems for generation and supply of electrical energy	99.88%
8.	Pipavav Energy Private Limited	Power generation by various methods and constructing power plants and power houses, transmission and distribution systems	Through VIL*
9.	Prosperous Energy Private Limited	Power generation and building of transmission and distribution systems	Through VIL*
10.	Quadrant Enterprises Private Limited	Trading, manufacturing and dealing in electronic/electrical consumer durables and home appliances, electrical/electronic goods, electrical/electronic components	57%
11.	Quadrant Televentures Limited	Providing telecommunication services, including voice telephony (wireline and fixed wireless), CDMA and GSM based mobiles, internet services, broadband data services and value added services like centrex, leased lines, VPNs, voice mail and video conferencing. Exploration, extraction, refining and distribution/marketing of different hydro-carbons like oil, gas and other oil equivalents to carry on, manage, supervise and control business of telecommunications, its infrastructure, systems and network.	Through Quadrant Enterprises Private Limited*
12.	Videocon Realty Private Limited	Carrying on the business of property owner, investor, builder, promoter for commercial and residential premises	25%

S. No.	Name of Group Entity [#]	Brief description of permitted business activities	Interest of our Promoters
13.	Titan Realty Private Limited	Construction and realtors for commercial and residential premises and infrastructure	18%
14.	Uttaranchal Appliances Limited	Dealing, manufacturing, trading, branding, converting and repairing all types of electronic and electrical appliances, consumer durables and their components	81.80%
15.	Value Industries Limited	Dealing, manufacturing, trading, branding, converting and repairing all types of electronic and electrical appliances, consumer durables and their components	11%
16.	Veronica Properties Private Limited	Contracting, building, maintenance of all kinds of infrastructure facilities	18%
17.	Videocon Developers Limited	Construction of residential and commercial premises	Subscription to the memorandum of association
18.	Virtual Limited (Formerly: Videocon Display Limited)	Dealing in electric and electrical consumer durables and home appliances	49.94%
19.	Videocon Energy Limited	Power generation and building of transmission and distribution systems; and mining and dealing in minerals	Through VIL*
20.	Videocon Industries Limited	Trading, manufacturing and dealing in consumer electronics and home appliances; exploration, extraction, refining and distribution/marketing of hydrocarbons like oil, gas and other oil equivalents; generate, accumulate, transmit, distribute, supply and trade in electricity; take on lease under licence, concession, grant, buy or otherwise acquire minerals including coal and fuel and source of minerals; and carry on, manage, supervise and control the business of telecommunication	17.87%
21.	Vital Infosystems Limited (Formerly: Infotel Limited)	Developing and implementing computer hardware and software telecommunication	49.94%
22.	Videocon International Electronics Limited	Managing, supervising and controlling the business of telecommunication, telecommunication infrastructure, telecommunication systems and networks; and providing telecom networks and running and maintaining telecom services	Through VIL*
23.	Videocon Oil Ventures Limited	Exploration, extraction, refining, production, sale, distribution, marketing and dealing otherwise of/in oils including petroleum crude oil, oil products, oil equivalents, minerals, fuels, gases including natural gas and hydro carbons; and to acquire oil blocks by way of purchase, lease under license, concession, grant or otherwise	Through VIL*
24.	Vibgyor Infrastructures Private Limited (Formerly: Videocon Infrastructures Private Limited)	Developing all kinds of infrastructure facilities including SEZ	Subscription to the memorandum of association
25.	Videocon Infrastructures Limited	Developing all kinds of infrastructure facilities including SEZ	18%
26.	Akai Consumer Electronics India Limited	Dealing, manufacturing, trading, branding, converting, repairing all types of electronic and electrical household appliances, consumer durables and their components	54.32%
27.	Fortune Telecom Holdings Private Limited (Formerly: Videocon Telecom Holdings Limited)	To engage in the business of telecommunication, telecommunication infrastructure, telecommunication systems, telecommunication network and telecommunication services, it is currently not actively engaged in any business activity.	66.50%
28.	Hindustan Oil Ventures Limited	Exploration, extraction, refining, production, sale, distribution, marketing and dealing otherwise of/in oils including petroleum crude oil, oil products, oil equivalents, minerals, fuels, gases including natural gas and hydro carbons; and to acquire oil blocks by way of purchase, lease under license, concession,	49.90%

S. No.	Name of Group Entity [#]	Brief description of permitted business activities	Interest of our Promoters
		grant or otherwise	
Entities incorporated in foreign jurisdictions			
29.	Middle East Appliances LLC	Manufacturing and trading of home appliances and consumer electronics	Through VIL [*]
30.	Videocon Global Limited	Trading in goods, other merchandise and engaging in investing activities	Through VIL [*]
31.	Videocon Electronic (Shenzhen) Limited (Chinese Name: Weiyokang Electronics (Shenzhen) Co. Limited)	Trading in consumer electronics and home appliances	Through VIL [*]

^{*} As a direct subsidiary.

[#] Velogis-Net India Limited has filed an application on April 29, 2014 to the Registrar of Companies, Mumbai, Maharashtra, for striking the name of the company off the register on account of the company being inoperative from the date of its incorporation.

Except as specifically mentioned below, the equity shares of our Group Entities are not listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

Top five Group Entities

Following are details of our top five Group Entities, comprising our three listed Group Entities, i.e. Videocon Industries Limited, Value Industries Limited and Quadrant Televentures Limited and two of our largest unlisted Group Entities, determined on the basis of turnover in the last fiscal, i.e. Comet Power Private Limited, and Instant Retail India Limited.

1. Videocon Industries Limited (“VIL”)

VIL was incorporated on September 4, 1986, as Adhigam Trading Private Limited in Gujarat. Its name was changed to Videocon Leasing and Industrial Finance Private Limited with effect from February 14, 1991 and it was also converted into a public limited company on the same date. Its registered office was shifted from Gujarat to Maharashtra on October 29, 1996. Subsequently, the name was changed to Videocon Industries Limited with effect from December 17, 2003.

The registered office of VIL is situated at 14 K. M. Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad 431 105, Maharashtra, India.

The equity shares of VIL were listed on the BSE Limited in 1993 and on the NSE in 1996.

Currently, business of VIL comprises of five core businesses, namely, consumer electronics, oil and gas, power, telecommunications and insurance.

As on June 30, 2014, our Promoters (directly) collectively held 17.86 % of the total issued and paid-up equity share capital of VIL comprising 318,771,669 equity shares.

Financial Performance

Certain details of the standalone audited financials of VIL for fiscal 2013, 2011 and 2010 are set forth below.

	(₹ in million)		
	Fiscal 2013 (January 1, 2012 to June 30, 2013)	Fiscal 2011 (January 1, 2011 to December 31, 2011)	Fiscal 2010 (October 1, 2009 to December 31, 2010)
Equity Capital	3,187.64	3,030.11	3,019.48
Reserves and surplus (excluding revaluation)	97,839.04	96,190.40	90,859.20
Sales	181,572.75	126,502.22	144,096.91
Profit/(Loss) after tax	(716.32)	5,455.58	7,446.94
Earnings per share (₹) (Basic)	(2.3)	17.73	27.88
Earnings per share (₹) (Diluted)	(2.3)	17.73	26.65
Net asset value per share (₹)	317.41	327.44	310.89

Significant notes of auditors

Significant notes of auditors in the standalone financial statements of VIL for the period ended June 30, 2013 are given below.

“In respect of Point No. 4(f) of the Auditor's Report on Standalone Financial Statement for the period ended 30th June, 2013, regarding the extent of realisability of investments made in and advances given to Videocon Telecommunications Limited (VTL), the subsidiary, the explanation of management is as under:

The Company has, directly and through its subsidiaries, made investments aggregating to Rs. 49,337.50 Million and also given advances of Rs. 782.74 Million to Videocon Telecommunications Limited (VTL), the subsidiary. VTL was granted the license for providing Unified Access Services (UAS) in 21 circles by the Department of Telecommunications, Government of India (DoT) in 2008 and was also allotted spectrum in 20 circles. The Hon'ble Supreme Court of India, vide its judgment dated 2nd February, 2012, quashed all the UAS licenses granted on or after 10th January, 2008 and the subsequent allocation of spectrum to these licensees, which also include the 21 UAS licenses granted to VTL and the spectrum allotted to it. The Hon'ble Supreme Court of India, also directed the Telecom Regulatory Authority of India (TRAI) to make fresh recommendations for grant of licenses and allocation of spectrum and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter.

The Central Government conducted the auction of spectrum in November, 2012. VTL participated in the auction and has been declared as a successful bidder in 6 circles and has been awarded spectrum in these circles. VTL is continuing its business as a going concern. As VTL has huge accumulated losses, its ability to continue as going concern is dependent on its ability to fund its operating requirements. VTL is confident of mobilizing necessary resources for continuing its operations as per the business plan. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments and advances to VTL.”

Significant notes of auditors in the standalone financial statements of VIL for the year ended December 31, 2011 are given below.

“As mentioned in Note No. B-9 of Schedule No. 15 to the financial statements, VIL has, directly and through its subsidiaries, made investments of ₹ 15,000.00 Million, given share application money of ₹ 5,000.00 Million and advanced loans of ₹ 19,620.84 Million to Videocon Telecommunications Limited (VTL), the subsidiary. VTL was granted Unified Access Services (UAS) Licenses in 21 circles on 10th January, 2008 and had also been allotted spectrum in 20 circles out of which it has launched its services in 16 circles.

The Hon'ble Supreme Court of India, vide its judgement dated 2nd February, 2012 in two separate writ petitions filed by Centre for Public Interest Litigation and by another, has quashed all the UAS licenses granted on or after 10th January, 2008 and the subsequent allocation of spectrum to these licensees. This includes the 21 licenses issued to VTL and the spectrum allotted to it in 20 circles.

The Hon'ble Supreme Court of India had directed that its aforesaid order shall be operative after four months from 2nd February, 2012. On 24th April, 2012, the Hon'ble Supreme Court of India modified its order and postponed the operation of its order of quashing the Telecom Licenses and related allocation of spectrum to 7th September, 2012. The Hon'ble Supreme Court of India has, vide order dated 2nd February, 2012, also directed TRAI to make fresh recommendations for grant of licenses and allocation of spectrum and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of licenses and related spectrum on or before 31st August, 2012.

Pending the fresh auction as mentioned above, VTL is continuing its business. It proposes to participate in the fresh auction and is hopeful of continuing the business thereafter. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments, share application money and advances. We are unable to comment upon the extent of realisability of the said investments, share application money and advances.”

Highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of VIL during the preceding six months at the BSE and the NSE are set forth below.

Month	BSE		NSE	
	High*	Low*	High*	Low*
August 2014	170.95	162.70	171.00	162.25
July 2014	196.05	168.05	195.45	168.90
June 2014	207.90	176.85	207.90	177.05
May 2014	188.45	158.60	188.55	158.60
April 2014	180.35	160.40	180.55	160.70
March 2014	170.50	159.45	170.30	160.00

*The high and low prices are based on the close prices of the company.

The closing share prices of VIL as on August 28, 2014 on the BSE and the NSE were ₹ 167.25 and ₹ 167.70, respectively.

The market capitalization of VIL as on August 28, 2014 as per the closing prices on the BSE and the NSE was ₹ 53,314.56 million and ₹ 53,458.01 million, respectively.

Public or Rights Issue in the last three years

VIL has not made any public or rights issue in the past three years.

Rates of Dividend

Rates of dividend declared by VIL for fiscal 2013, 2011 and 2010 were 20% (non-promoter shareholders i.e., public shareholders) 5%, and 10% respectively.

Promise v. performance

Except as disclosed below, VIL has not made any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus.

On April 22, 2010, VIL issued 51,392,243 equity shares of face value ₹ 10 each at a price of ₹ 225.00 per equity share, pursuant to a rights issue undertaken in accordance with the provisions of the SEBI ICDR Regulations and other applicable laws. The proceeds of the rights issue were utilized in accordance with the objects of such issue disclosed in the letter of offer dated March 19, 2010 of VIL.

Mechanism for redressal of investor grievance

The board of directors of VIL has constituted a Stakeholders' Relationship Committee comprising Major General S.C.N. Jatar (Chairman), Mr. Anil Joshi and Mr. R. S. Agarwal, in accordance with Clause 49 of the Listing Agreement entered into with the stock exchanges for redressal of complaints of investors such as transfers or credit of shares to demat accounts and non-receipt of dividend/annual reports. Mr. Vinod Kumar Bohra, the company secretary of VIL, is the compliance officer. VIL seeks to redress any complaints received as expeditiously as possible.

As of June 30, 2014, there were ten investor complaints pending against VIL.

2. Value Industries Limited ("Value Industries")

Value Industries was incorporated on March 8, 1988, as Videocon Appliances Limited, with the Registrar of Companies, Maharashtra, and its name was subsequently changed to Value Industries Limited with effect from April 3, 2008.

The registered office of Value Industries is situated at 14, K.M Stone, Aurangabad Paithan Road, Village Chittegaon, Taluka Paithan, Aurangabad 431 105, Maharashtra, India.

Value Industries is currently engaged in the business of manufacturing, trading and dealing in electronic home appliances, electronic/electrical consumer durables and their components.

The equity shares of Value Industries are presently listed on the BSE since 1989 and the NSE since 1994.

As on June 30, 2014, our Promoters (directly) collectively held 11% of the total issued and paid-up equity share capital of Value Industries comprising 39,185,675 equity shares.

Financial Performance

Certain details of the audited financials of Value Industries for fiscal 2012, 2011 and 2010 are set forth below.

(₹ in million)

	Fiscal 2013 (January 1, 2013 to December 31, 2013)	Fiscal 2012 (January 1, 2012 to December 31, 2012)	Fiscal 2011 (January 1, 2011 to December 31, 2011)
Equity Capital	391.86	391.86	391.86
Reserves and surplus (excluding revaluation)	2,829.97	3,557.74	4,201.62
Sales	14,261.88	11,844.08	13,386.87
Profit/(Loss) after tax	(727.77)	(643.88)	35.18
Earnings per share (₹) (Basic)	(18.57)	(16.43)	1.05
Earnings per share (₹) (Diluted)	(18.57)	(16.43)	1.05
Net asset value per share (₹)	82.42	101.04	117.22

Highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of Value Industries during the preceding six months at the BSE and the NSE are set forth below.

(in ₹)

Month	BSE		NSE	
	High*	Low*	High*	Low*
August 2014	9.98	9.07	10.00	9.00
July 2014	11.66	9.52	11.70	9.60
June 2014	11.49	9.74	11.5	9.80
May 2014	11.67	7.58	11.7	7.50
April 2014	9.04	6.92	9.15	6.95
March 2014	7.35	6.81	7.50	6.85

*The high and low prices are based on the close prices of the company.

The closing share prices of Value Industries as on August 28, 2014 on the BSE and the NSE were ₹ 9.18 and ₹ 9.25, respectively.

The market capitalization of Value Industries as on August 28, 2014 as per the closing price on the BSE and the NSE was ₹ 359.72 million and ₹ 362.47 million, respectively.

Public or Rights Issue in the last three years

Value Industries has not made any public or rights issue in the past three years.

Rates of Dividend

No dividend was declared by Value Industries for fiscal 2013, 2012 and 2011.

Promise v. performance

Value Industries has not made any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus.

Mechanism for redressal of investor grievance

The board of directors of Value Industries has constituted a stakeholder relationship committee comprising Mr. Avinash M. Malpani (Chairman), Mr. Naveen Bhanwarlal Mandhana and Mr. Subhash Shamsunder Dayama, in accordance with Clause 49 of the Listing Agreement entered into with the stock exchanges for redressal of

complaints of investors such as transfers or credit of shares to demat accounts and non-receipt of dividend/annual reports. Ms. Anagha Joshi, the company secretary of Value Industries, is the compliance officer. Value Industries seeks to redress any complaints received as expeditiously as possible.

As of June 30, 2014, there were no investor complaints pending against Value Industries.

3. **Quadrant Televentures Limited (“QTL”)**

QTL was incorporated on August 2, 1946 under the then Indian Companies Act, 1913 (Act VII of 1913), as a public limited company, with the name ‘The Investment Trust of India Limited’ (“ITI”). ITI received its certificate for commencement of business on September 9, 1946. In September 2002, pursuant to a scheme of amalgamation approved by the High Court of Punjab and Haryana and the High Court of Tamil Nadu on March 6, 2003 and March 20, 2003, respectively, ITI was merged with the erstwhile HFCL Infotel Limited. On May 12, 2003, the name of the company was changed to HFCL Infotel Limited, and subsequently, to Quadrant Televentures Limited with effect from September 24, 2010. Pursuant to a settlement approved under the corporate debt restructuring scheme on August 13, 2009 and an order dated March 3, 2010 passed by the SEBI exempting compliance with provisions of the Takeover code, issued in this regard, the promoter’s stake of 326,705,000 equity shares of face value ₹ 10, representing 53.36% of the total paid-up share capital of the company, held by Himachal Futuristic Communications Limited (“HFCL”), were transferred to the new promoter Quadrant Enterprises Private Limited (“QEPL”). The registered office of QTL is situated at Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India.

QTL is currently engaged in the business of providing telecommunication services, including voice telephony (wireline and fixed wireless), CDMA and GSM based mobiles, internet /broadband data services and a wide range of value added services like centrex, leased lines, VPNs, voice mail and video conferencing.

The equity shares of QTL are listed on the BSE, since July 26, 2000.

As on June 30, 2014, QEPL which is our Group Entity and of which our Promoters directly hold 57% of the paid-up equity share capital, held 53.36% out of the total issued, subscribed and paid-up equity share capital of QTL comprising of 326,705,000 equity shares.

Financial Performance

Certain details of the standalone audited financials of QTL for fiscal 2014, 2013 and 2012 are set forth below.

(in ₹)

	Fiscal 2014 (April 1, 2013 – March 31, 2014)[#]	Fiscal 2013 (April 1, 2012 – March 31, 2013)	Fiscal 2012 (April 1, 2011 – March 31, 2012)
Equity capital	6,122,602,680	6,122,602,680	6,122,602,680
Reserves and surplus (excluding revaluation)	(19,328,460,694)	(16,716,852,531)	(15,360,030,408)
Sales	4,059,951,787	3,295,652,189	2,813,018,834
Profit/(Loss) after tax	(2,611,608,163)	(1,356,822,123)	(1,791,601,978)
Earnings per share (Basic)	(4.27)	(2.22)	(2.93)
Earnings per share (Diluted)	(4.27)	(2.22)	(2.93)
Net asset value per share	(21.57)	(17.30)	(15.09)

[#] Annual accounts for fiscal 2014 are proposed to be adopted by the shareholders of QTL in the forthcoming annual general meeting, scheduled to be held on September 30, 2014.

Significant notes of auditors

Fiscal 2014

- As mentioned in Note 27 (8) (a) to the financial statements, based on Company’s request, the Corporate Debt Restructuring (‘CDR’) Cell vide their letter dated August 13, 2009 (‘CDR letter’) has revised the terms of CDR scheme with effect from April 1, 2009. The Company has accounted for the impact of revised CDR scheme as approved by CDR Cell after complying with the most of the terms and conditions stipulated therein, though compliance of some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent, the impact of which on the loss for the year, if any, is unascertainable.

2. The accumulated loss of QTL as at March 31, 2014, is more than fifty percent of its net worth as at that date. The Company has incurred cash loss during the period. In the immediately preceding financial year also, the company had incurred cash loss.

Fiscal 2013

1. As mentioned in Note 27 (8) (a) to the financial statements, based on Company's request, the Corporate Debt Restructuring ('CDR') Cell vide their letter dated August 13, 2009 ('CDR letter') has revised the terms of CDR scheme with effect from April 1, 2009. The Company has accounted for the impact of revised CDR scheme as approved by CDR Cell after complying with the most of the terms and conditions stipulated therein, though compliance of some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent, the impact of which on the loss for the year, if any, is unascertainable.
2. The accumulated loss of QTL as at March 31, 2013, is more than fifty percent of its net worth as at that date. The Company has incurred cash loss during the period. In the immediately preceding financial year also, the company had incurred cash loss.

Fiscal 2012

1. As mentioned in Note 27 (8) (a) to the financial statements, based on QTL's request Corporate Debt Restructuring ('CDR') Cell vide their letter dated August 13, 2009 ('CDR letter') has revised the terms of CDR scheme with effect from April 1, 2009. The company has accounted for the impact of revised CDR scheme as approved by CDR Cell after complying with the most of the terms and conditions stipulated therein, however compliance of some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent.
2. The accumulated loss of QTL as at March 31, 2012, is more than fifty percent of its net worth as at that date. The Company has incurred cash loss during the period. In the immediately preceding financial year also, the company had incurred cash loss.

Highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of QTL during the preceding six months at the BSE are set forth below.

Month	BSE	
	High*	Low*
August 2014	3.64	2.88
July 2014	4.59	3.24
June 2014	4.87	3.80
May 2014	4.08	2.72
April 2014	3.35	2.79
March 2014	3.16	2.62

**The high and low prices are based on the close prices of the company.*

The closing share prices of QTL as on August 28, 2014 on the BSE was ₹ 3.01.

The market capitalization of QTL as on August 28, 2014 as per the closing price on the BSE was ₹ 1,842.90 million.

Public or Rights Issue in the last three years

QTL has not made any public or rights issue in the past three years.

Rates of Dividend

QTL has not declared any dividend for fiscal 2014, 2013 and 2012.

Promise v. performance

Except for a rights issue of 1,730,814 equity shares at an issue price of ₹ 10 per equity share completed in fiscal 2004, QTL has not made any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus. The proceeds from the said rights issue were used in accordance with the objects of the rights issue as stated in the offer document. There were no projections made in the offer document.

Mechanism for redressal of investor grievance

The board of directors of QTL has constituted a stakeholder relationship committee comprising Mr. Babu Mohanlal Panchal, Mr. Yatinder Vir Singh and Mr. Vinay Kumar Monga, in accordance with Clause 49 of the Listing Agreement entered into with the BSE for redressal of complaints of investors such as transfers or credit of shares to demat accounts and non-receipt of dividend/annual reports. Mr. Kapil Bhalla, the company secretary of QTL, is the compliance officer. QTL seeks to redress any complaints received as expeditiously as possible.

As of June 30, 2014 there were no investor complaints pending against QTL.

4. Comet Power Private Limited (“Comet”)

Comet was incorporated on August 13, 2008, under the Companies Act 1956, with the Registrar of Companies, Maharashtra.

The registered office of Comet is situated at Fort House, II Floor, 221, Dr. D. N. Road, Fort, Mumbai 400 001, Maharashtra, India.

Comet is currently engaged in the business of power generation by various conventional and non conventional methods.

The authorized capital of Comet is ₹ 240,000,000 and its paid-up capital is ₹ 207,322,000 comprising 20,732,200 equity shares of ₹ 10 each. Mr. Saurabh Pradipkumar Dhoot, our Promoter, is one of the subscribers to the memorandum of association of Comet.

Financial Performance

Certain details of the audited financials of Comet for fiscal 2013, 2011 and 2010 are set forth below.

	Fiscal 2013 (January 1, 2012 – March 31, 2013)	Fiscal 2011 (January 1, 2011 – December 31, 2011)	Fiscal 2010 (April 1, 2010 – December 31, 2010)
Equity capital	207,322,000	207,322,000	100,000
Reserves and surplus (excluding revaluation)	32,960,150	32,960,150	0
Sales	222,657,120	12,971,175	0
Profit/(Loss) after tax	(27,257,014)	(27,877,605)	(37,772)
Earnings per share (Basic)	(1.31)	(1.87)	(0.58)
Earnings per share (Diluted)	(1.31)	(1.87)	(0.58)
Net asset value per share	8.93	10.24	6.23

(in ₹)

5. Instant Retail India Limited (“Instant Retail”)

Instant Retail was incorporated on April 9, 2008, under the Companies Act 1956, with the Registrar of Companies, Maharashtra.

The registered office of Instant Retail is situated at Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India.

The authorized capital of Instant Retail is ₹ 500,000 and its paid-up capital is ₹ 500,000 comprising 50,000 equity shares of ₹ 10 each. Mr. Saurabh Pradipkumar Dhoot, our Promoter, is one of the subscribers to the memorandum of association of Comet.

Instant Retail is currently engaged in the business of purchasing, selling and dealing as retailers, distributors, agents, collaborators in all kinds of food and beverages items.

Financial Performance

Certain details of the audited financials of Instant Retail for fiscal 2013, 2012 and 2011 are set forth below.

(in ₹)

	Fiscal 2013 (April 1, 2012 – March 31, 2013)	Fiscal 2012 (April 1, 2011 – March 31, 2012)	Fiscal 2011 (April 1, 2010 – March 31, 2011)
Equity capital	500,000	500,000	500,000
Reserves and surplus (excluding revaluation)	2,217,746	1,742,440	850,613
Sales	18,454,432	19,130,529	4,882,627
Profit/(Loss) after tax	475,306	891,827	906,677
Earnings per share (Basic)	9.51	17.84	18.13
Earnings per share (Diluted)	9.51	17.84	18.13
Net asset value per share	54.35	44.85	27.01

Group Entities with negative net worth

Relevant details of Group Entities which had negative net worth in the last audited fiscal year are as provided below:

1. Galaxy Power Private Limited (“GPPL”)

GPPL was incorporated under the Companies Act 1956 on August 1, 2008.

While GPPL is authorized by its memorandum of association to engage in the business of power generation, distribution and installation of power houses and power stations, it is currently not actively engaged in any business activity.

Financial Performance

Certain details of the audited financials of GPPL for fiscal 2013, 2012 and 2011 are set forth below.

(in ₹)

	Fiscal 2013 (April 1, 2012 to March 31, 2013)	Fiscal 2012 (January 1, 2011 to March 31, 2012)	Fiscal 2011 (April 1, 2010 to December 31, 2010)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	-	-	-
Sales	-	-	-
Profit/(Loss) after tax	(108,959)	(4,113,160)	(37,812)
Earnings per share (Basic)	(10.90)	(411.32)	(3.78)
Earnings per share (Diluted)	(10.90)	(411.32)	(3.78)
Net asset value per share	(417.51)	(406.62)	4.70

2. Akai Consumer Electronics India Limited (“Akai”)

Akai was incorporated under the Companies Act 1956 on July 6, 1999.

While Akai is authorized by its memorandum of association to engage in the business of dealing, manufacturing, trading, branding, converting, repairing electric and electrical appliances, consumer durables and their components, it is currently not actively engaged in any business activity.

Financial Performance

Certain details of the audited financials of Akai for fiscal 2013, 2012 and 2011 are set forth below.

(in ₹)

	Fiscal 2013 (October 1, 2012 to September 30, 2013)	Fiscal 2012 (October 1, 2011 to September 30, 2012)	Fiscal 2011 (October 1, 2010 to September 30, 2011)
Equity capital	2,500,000	2,500,000	2,500,000
Reserves and surplus (excluding revaluation)	-	-	-
Sales	-	-	1,001,719,140
Profit/(Loss) after tax	(212,784,791)	(1,616,630)	(868,784)
Earnings per share (Basic)	(851.14)	(6.47)	(3.51)
Earnings per share (Diluted)	(851.14)	(6.47)	(3.51)
Net asset value per share	(2,081.90)	(1,230.76)	(122.43)

3. Chhattisgarh Power Ventures Private Limited (“CPVPL”)

CPVPL was incorporated under the Companies Act 1956 on March 31, 2010.

While CPVPL is authorized by its memorandum of association to engage in the business of power generation, distribution and installation of power houses and power stations, it is currently not actively engaged in any business activity.

Financial Performance

Certain details of the audited financials of CPVPL for fiscal 2013, 2012 and 2011 are set forth below.

(in ₹)

	Fiscal 2013 (January 1, 2012 – March 31, 2013)	Fiscal 2011 (January 1, 2011 – December 31, 2011)	Fiscal 2010 (January 1, 2010 – December 31, 2010)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	-	-	-
Sales	-	-	-
Profit/(Loss) after tax	(69,945)	(24,770)	(11,484)
Earnings per share (Basic)	(6.99)	(2.48)	(1.15)
Earnings per share (Diluted)	(6.99)	(2.48)	(1.15)
Net asset value per share	(0.62)	6.37	8.85

4. Fortune Telecom Holdings Private Limited (“FTHPL”)

FTHPL was incorporated (originally as Videocon Telecom Holdings Private Limited) on November 26, 2008 under the Companies Act 1956.

While FTHPL is authorized by its memorandum of association to engage in the business of telecommunication, telecommunication infrastructure, telecommunication systems, telecommunication network and telecommunication services, it is currently not actively engaged in any business activity.

Financial Performance

Certain details of the audited financials of FTHPL for fiscal 2013, 2012 and 2011 are set forth below.

(in ₹)

	Fiscal 2013 (April 1, 2012 to March 31, 2013)	Fiscal 2012 (April 1, 2011 to March 31, 2012)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	-	-	-

	Fiscal 2013 (April 1, 2012 to March 31, 2013)	Fiscal 2012 (April 1, 2011 to March 31, 2012)	Fiscal 2011 (April 1, 2010 to March 31, 2011)
revaluation)			
Sales	-	-	-
Profit/(Loss) after tax	(1,416,029)	(11,579)	(10,020)
Earnings per share (Basic)	(141.60)	(1.16)	(1.00)
Earnings per share (Diluted)	(141.60)	(1.16)	(1.00)
Net asset value per share	(159.70)	(18.09)	(16.94)

5. Videocon Global Limited (“VGL”)

VGL was incorporated on July 7, 2004 under the International Business Companies Act, 1984, in the British Virgin Islands.

VGL is currently engaged in the business of trading in consumer electronics, home appliances and general goods.

Financial Performance

Certain details of the audited financials of VGL for fiscal 2013, 2012 and 2011 are set forth below.

(in US \$)

	Fiscal 2013 (January 1, 2013 to December 31, 2013)	Fiscal 2012 (January 1, 2013 to December 31, 2013)	Fiscal 2011 (January 1, 2013 to December 31, 2013)
Equity capital	802,500	2,500	2,500
Reserves and surplus (excluding revaluation)	-	2,582,604	3,972,603
Sales	-	-	30,649,930
Profit/(Loss) after tax	(3,495,365)	(1,389,999)	(36,708,906)
Earnings per share (Basic)	(4.48)	(556.00)	(14,683.56)
Earnings per share (Diluted)	(4.48)	(556.00)	(14,683.56)
Net asset value per share	(0.14)	1,034.04	1,590.04

Disassociation by the Promoters in the last three years

Except as disclosed below, our Promoters have not disassociated themselves as a promoter from any company in the preceding three years.

Name of the Company	Date of Disassociation	Reasons for Disassociation
Goa Energy Limited	March 1, 2012	Divestment of shareholding

Payment or Benefit to Promoters and Group Entities

Except as stated above under “ - *Interests of our Promoters*” and “*Financial Statements – Annexure XXVI – Restated Statement of Related Party Transactions*” on pages 145 and 216, respectively, there has been no payment of benefits to our Promoters and Group Entities during the financial year 2012 and 2011.

Other Information

Common Pursuits

None of our Group Entities are engaged in any activities similar to those conducted by us. Our Company has not adopted any measures for mitigating such conflict situations. As and when such conflict may arise, we will examine viable solutions as per applicable law and as determined by our Board.

Our Promoters, our Directors and Group Entities have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

For details relating to legal proceedings involving our Promoters and Group Entities, see “***Outstanding Litigation and Material Developments***” on page 242.

As on date of this Draft Red Herring Prospectus, our Promoters, Promoter Group and Group Entities are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI. However, in the past, Mr. Venugopal N. Dhoot, a member of our Promoter Group and Videocon International Limited (now amalgamated with VIL, which is our Group Entity) were debarred from accessing the capital markets for three years, commencing in April 2001. For details, see “***Risk Factors – Mr. Venugopal N. Dhoot, a member of our Promoter Group, and Videocon International Limited (now amalgamated with Videocon Industries Limited, (“Videocon Industries”)) a Group Entity, are involved in proceedings relating to alleged fraudulent and unfair trading practices.***” on page 12.

Sick or Defunct Companies

None of the companies forming part of our Promoters or Group Entities have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up.

Additionally, except as stated above under “ - ***Group Entities***” on page 145, none of our Group Entities have become defunct in the five years preceding the date of filing of this Draft Red Herring Prospectus and no application has been made, in respect of any of the Group Entities, to the relevant Registrar of Companies for striking off their names.

Business interests within the group

Except as stated under “***Financial Statements***” on page 159, none of our Group Entities have any business or other interest in our Company, except for business conducted on an arms’ length basis or to the extent of any Equity Shares held by them. Further, our Company does not have any sales/purchase arising out of any transaction with any group company exceeding aggregate 10% of total sales or purchase of our Company during the financial years 2014, 2013, 2012, 2011 and 2010.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders at their discretion, subject to the provision of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of other factors, including, restrictive covenants under the loan or financing documents we may enter into from time to time. For further details on restrictive covenants, see “*Financial Indebtedness*” on page 217. Our Company has no formal dividend policy. Our Board may also, from time to time, pay interim dividends.

Our Company has not declared any dividends during the last five financial years.

**SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS**

INDEPENDENT AUDITORS' REPORT

(As required by Section 26 of Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014)

To,

The Board of Directors,
Videocon d2h Limited
(Formerly Bharat Business Channel Ltd.)
Auto Cars Compound,
Adalat Road,
Aurangabad – 431 005.

Dear Sirs,

- 1) We, Khandelwal Jain & Co., Chartered Accountants ('KJCO') and Kadam & Co., Chartered Accountants ('Kadam') (collectively 'the joint auditors') have examined the attached financial information of Videocon d2h Limited (Formerly Bharat Business Channel Limited) ('the Company'), as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 comprising Restated Summary Statement of Assets and Liabilities, Restated Summary Statement of Profits and Losses, Restated Summary Statement of Cash Flows and other financial information explained in paragraph below for the three months ended June 30, 2014 and for the financial years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 (collectively the 'Restated Financial Information'). The Restated Financial Information has been prepared by the Company and approved by the Board of Directors, for the purpose of inclusion in the offer document in connection with its proposed Initial Public Offer ("IPO") of equity shares, in accordance with the requirements of:
 - (a) Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 ('the Act') read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules ('the Rules'), 2014 and
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI") as amended to date.
- 2) We have examined such restated financial information taking into consideration:
 - (a) The terms of our engagement vide our engagement letter dated July 10, 2014 received from the Company, requesting us to carry out the assignment, in connection with the offer document being issued by the Company for its proposed Initial Public Offering ('IPO') of equity shares; and
 - (b) The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

- 3) The Restated Financial Information of the Company have been compiled by the management from:
- a) the Audited Balance Sheets of the Company as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 and the related Audited Statement of Profit and Loss and Cash Flow Statements for the three months ended June 30, 2014 and for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 which have been approved by the Board of Directors and have been jointly audited by us.
 - b) other financial and other records of the Company, to the extent considered necessary, for the presentation of the restated financial statements under the requirements of the schedule III to the Companies Act, 2013, in relation to the three months ended June 30, 2014 and years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010.
- 4) In accordance with the requirements of sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and the terms of our engagement agreed with you, we further report that:
- (a) We have examined the Restated Financial Information of the Company for the three months ended June 30, 2014 and for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 as set out in Annexure I, II and III to this report which after making adjustments and regrouping, as in our opinion, were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Financial Information as set out in Annexure IV and V to this report.
 - (b) Based on the above, we are of the opinion that the Restated Financial Information have been made, after incorporating:
 - i) Adjustments for the material amounts in the respective financial years / period to which they relate;
 - ii) There were no changes in accounting policies which required adjustments retrospectively;
 - iii) There are no extraordinary items which need to be disclosed separately in the Restated Financial Information;
 - iv) There are no qualifications in the auditor's reports requiring adjustments to the Restated Summary Information.
 - v) Emphasis of Matter included in Auditor's report for the three months ended June 30, 2014 and for the years ended March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011, is given in Note No. B(2) of Annexure V, which does not require adjustment to the Restated Financial Information and is as below –

Attention has been invited to Notes to Account that as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, and March 31, 2011, the accumulated losses exceed the paid up share capital of the company and the net worth of the company has been completely eroded. The company's ability to continue as a going concern is dependent on its ability to fund its operations and capital expenditure requirements. The management is confident of mobilizing necessary resources for continuing the operations and generating cash flow from business operations by increasing subscribers' base. Accordingly, those statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

- vi) As mentioned in Note No. B(3) of Annexure V of the Restated Financial Information, audit qualifications in the Annexure to the Auditor's reports which do not require any corrective adjustment in the financial information pertained to:

Financial year ended March 31, 2014, March 31, 2013 and March 31, 2012:

- slight delays in few cases regarding deposit of certain statutory dues; and
- default in repayment (principal and interest) to the financial institutions or banks.

Financial year ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010:

- incurring cash loss

Financial year ended March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011:

- accumulated losses of the Company were more than fifty percent of its networth at the end of the respective financial year

Financial year ended March 31, 2014 and March 31, 2013:

- Short-term funds amounting have been used for long-term purposes primarily for losses of the Company.

- 5) We have not audited any financial statement of the Company as of any date or for any period subsequent to June 30, 2014. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to June 30, 2014.
- 6) We have also examined the following other Financial Information prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the three months ended June 30, 2014 and for the financial years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010:
- (a) Annexure IV – Significant Accounting Policies and Notes on Restated Financial Information
 - (b) Annexure V – Statement on Adjustments to Audited Financial Statements
 - (c) Annexure VI – Statement of Share Capital;
 - (d) Annexure VII – Restated Statement of Reserves and Surplus
 - (e) Annexure VIII – Restated Statement of Long Term Borrowings;
 - f) Annexure VIII (a) – Details of Terms and Conditions of Long Term Borrowings Outstanding as on June 30, 2014;
 - (g) Annexure IX – Restated Statement of Non - Current Liabilities - Long-Term Provisions;
 - (h) Annexure X – Restated Statement of Current Liabilities - Short Term Borrowings;
 - (i) Annexure XI – Restated Statement of Current Liabilities - Trade Payable;
 - (j) Annexure XII – Restated Statement of Current Liabilities - Other Current Liabilities;
 - (k) Annexure XIII – Restated Statement of Current Liabilities - Short Term Provisions;
 - (l) Annexure XIV A to F – Restated Statement of Tangible and Intangible Assets;
 - (m) Annexure XV – Restated Statement of Long-Term Loans & Advances;

- (n) Annexure XVI – Restated Statement of Trade Receivables;
- (o) Annexure XVII – Restated Statement of Cash and Bank Balances;
- (p) Annexure XVIII – Restated Statement of Short-Term Loans & Advances;
- (q) Annexure XIX – Restated Statement of Other Income;
- (r) Annexure XX – Restated Statement of Expenses;
- (s) Annexure XXI – Restated Statement of Contingent Liabilities;
- (t) Annexure XXII – Statement of Dividend paid;
- (u) Annexure XXIII – Restated Statement of Accounting & Other Ratios;
- (v) Annexure XXIV – Statement of Capitalization;
- (w) Annexure XXV – Statement of Tax Shelter;
- (x) Annexure XXVI – Restated Statement of Related Party Transactions.

In our opinion, the other Financial Information as disclosed in the Annexures to this report as referred to above, read with the respective Significant Accounting Policies as set out in Annexure IV and Notes to Restated Financial Information as set out in Annexure IV and V, and prepared after making the adjustments and regrouping as considered appropriate have been prepared in accordance with sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Regulations. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.

- 7) This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by either any of us singly or issued jointly or by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 8) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 9) This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not be used, referred to or distributed for any other purpose without our prior written consent.

For KHANDELWAL JAIN & CO.
Chartered Accountants,
Firm Registration No: 105049W

For KADAM & CO.
Chartered Accountants,
Firm Registration No: 104524W

AKASH SINGHAL
PARTNER
Membership No.103490

U. S. KADAM
PARTNER
Membership No.31055

Place: Mumbai

Date : September 23, 2014

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Summary Statement of Assets and Liabilities

Annexure I

(₹ in Millions)

	Particulars	As on					
		Jun 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
(1) Equity & Liabilities							
	Shareholder's Fund						
	(a) Share Capital	2,420.00	2,420.00	2,420.00	1,820.00	1,820.00	1,820.00
	(b) Reserves and Surplus	(16,256.00)	(15,462.07)	(10,768.40)	(8,017.51)	(3,197.45)	2,087.70
	Total Shareholder's Fund – 1	(13,836.00)	(13,042.07)	(8,348.40)	(6,197.51)	(1,377.45)	3,907.70
(2) Share Application Money Pending for Allotment		-	-	-	3,000.00	-	-
(3) Non-Current Liabilities							
	(a) Long-Term Borrowings	24,419.50	23,533.25	19,909.40	13,917.80	9,722.34	6,911.14
	(b) Other Long-Term Liabilities						
	Advance Against Lease Rental	2,776.58	2,668.99	2,376.74	1,849.35	1,558.01	250.30
	(c) Long-Term Provisions	46.84	48.06	42.45	28.58	19.41	12.21
	Deferred Tax Liabilities (Net)	-	-	-	-	-	-
	Total Non Current Liabilities – 3	27,242.92	26,250.30	22,328.59	15,795.73	11,299.76	7,173.65
(4) Current Liabilities							
	Short-Term Borrowings	2,250.00	2,250.00	5,500.00	250.00	3,231.67	360.00
	Trade Payable	2,075.98	2,213.07	1,981.85	1,548.56	844.89	673.07
	Other Current Liabilities	11,517.63	11,549.30	9,639.45	6,200.55	2,903.85	527.28
	Short-Term Provisions	11.71	4.81	4.05	3.34	0.55	2.77
	Total Current Liabilities – 4	15,855.32	16,017.18	17,125.35	8,002.45	6,980.96	1,563.12
	Total	29,262.24	29,225.41	31,105.54	20,600.67	16,903.27	12,644.47
	Assets						
(5) Non-Current Assets							
	(a) Fixed Assets						
	Tangible Assets	21,532.77	20,677.44	18,208.30	14,373.47	9,797.94	4,159.62
	Intangible Assets	1,197.14	1,250.93	1,431.81	1,165.83	980.71	736.64
	Capital Work-in-Progress	2,280.46	2,224.53	2,510.07	2,239.09	1,983.18	3,790.55
	(b) Non – Current Investments	-	-	-	-	-	-
	(c) Long-Term Loans and Advances	823.78	2,131.64	111.40	336.09	1,958.36	3,208.29
	(d) Other Non-Current Assets	-	-	-	-	-	-
	(e) Deferred Tax Assets (Net)	-	-	-	-	-	-
	Total Non Current Assets – 5	25,834.15	26,284.54	22,261.58	18,114.48	14,720.19	11,895.10
(6) Current Assets							
	(a) Current Investments	-	-	-	-	-	-
	(b) Inventories	345.67	317.13	253.17	188.87	216.46	149.58
	(c) Trade Receivables	2.02	4.24	3.32	13.15	21.44	0.91
	(d) Cash and Bank Balances	1,700.08	881.87	6,443.18	404.26	346.48	104.45
	(e) Short-Term Loans and Advances	1,380.32	1,737.63	2,144.29	1,879.91	1,598.70	494.43
	(f) Other Current Assets	-	-	-	-	-	-
	Total Current Assets – 6	3,428.09	2,940.87	8,843.96	2,486.19	2,183.08	749.37
	Total	29,262.24	29,225.41	31,105.54	20,600.67	16,903.27	12,644.47

Note: -

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Reg. No. - 105049W

For KADAM & CO.
Chartered Accountants
Firm Reg. No. - 104524W

For and on behalf of the Board

AKASH SHINGHAL
Partner
Membership No. 103490

U. S. KADAM
Partner
Membership No. 31055

SAURABH P. DHOOT
Whole Time Director
K. C. SRIVASTAVA
Director

AVANTI KANTHALIYA
Chief Finance Officer
AMRUTA KARKARE
Company Secretary

Place: Mumbai
Date: September 23, 2014

	Particulars	Three months	For the year ended				
		Period ended Jun 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
I.	Revenue From Operations						
	Subscription Revenue (Net)	4,556.05	14,808.91	9,300.72	5,134.24	1,071.34	37.22
	Installation and Other Operating Income	522.59	1,437.01	934.86	793.35	646.64	93.63
	Activation Revenue (Net)	49.66	373.50	331.53	579.17	-	-
	Lease Rental	216.56	761.34	591.90	423.59	131.02	7.91
	Sales of STB and Other Accessories	18.76	113.47	46.49	44.80	3.78	2.30
	Sub - Total	5,363.62	17,494.23	11,205.50	6,975.15	1,852.78	141.06
II.	Other Income	13.80	114.22	54.42	30.31	6.56	1.01
III.	Total Revenue (I + II)	5,377.42	17,608.45	11,259.92	7,005.46	1,859.34	142.07
IV.	Expenses:						
	Cost of Materials Consumed	42.90	218.86	125.24	91.15	34.97	49.31
	Employee Benefits Expense:						
	Salaries and Wages	229.07	809.94	729.34	600.30	449.32	168.58
	Contribution to Provident and Other Funds	9.25	33.76	31.34	26.56	20.99	7.38
	Staff Welfare Expenses	5.43	20.58	18.02	20.97	15.58	4.30
	Other Expenses						
	Foreign Currency (Gain) / Loss (other than considered as finance cost)	(4.49)	48.17	26.29	72.06	(11.97)	(4.39)
	Operating Expenses	3,046.91	10,496.21	8,139.33	5,692.17	3,754.05	723.91
	Selling and Distribution Expenses	399.24	1,524.18	998.91	900.16	617.99	111.25
	Administrative and Other Expenses	126.78	488.87	417.45	395.02	289.49	85.58
	Total (a)	3,855.09	13,640.57	10,485.92	7,798.39	5,170.42	1,145.92
V	Earnings before Interest, tax, depreciation and amortization (EBITDA) (III - IV)	1,522.33	3,967.88	774.00	(792.93)	(3,311.08)	(1,003.85)
VI	Finance Costs:(b)						
	Interest Expense	1,015.66	4,347.22	2,658.41	1,904.28	935.96	142.79
	Other Borrowing Costs	43.06	100.76	138.94	108.67	142.82	8.12
VII	Depreciation, Amortization and Impairment Expenses (c)	1,245.13	4,213.57	3,127.54	2,014.18	895.29	157.80
VIII	Total Expenses (a+b+c)	6,158.94	22,302.12	16,410.81	11,825.52	7,144.49	1,454.63
IX	Loss Before Exceptional And Extraordinary Items And Tax (V - VI - VII)	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)
X	Exceptional Items	-	-	-	-	-	-
XI	Loss Before Extraordinary Items and Tax (IX - X)	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)
XII	Extraordinary Items	-	-	-	-	-	-
XIII	Loss Before Tax (XI - XII)	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)

	Particulars	Three months	For the year ended				
		Period ended	March 31,	March 31,	March 31,	March 31,	March 31,
		Jun 30, 2014	2014	2013	2012	2011	2010
XIV	Tax Expense:						
	(1) Current Tax	-	-	-	-	-	-
	(2) Fringe Benefit Tax	-	-	-	-	-	-
	(3) Deferred Tax	-	-	-	-	-	6.24
XV	Loss for the Period/Year (XIII - XIV)	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,318.80)
XVI	Earnings Per Equity Share:						
	(1) Basic	(3.23)	(19.40)	(24.25)	(26.48)	(29.04)	(54.20)
	(2) Diluted	(3.23)	(19.40)	(24.25)	(26.48)	(29.04)	(54.20)

Note:

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Reg. No. - 105049W

For KADAM & CO.
Chartered Accountants
Firm Reg. No. - 104524W

For and on behalf of the Board

AKASH SHINGHAL
Partner
Membership No. 103490

U. S. KADAM
Partner
Membership No. 31055

SAURABH P. DHOOT
Whole Time Director

K. C. SRIVASTAVA
Director

AVANTI KANTHALIYA
Chief Finance Officer

AMRUTA KARKARE
Company Secretary

Place: Mumbai
Date: September 23, 2014

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Summary Statement of Cash Flow Statement

Annexure III

(₹ in Millions)

	Particulars	Three months	For the year ended				
		Period ended	March 31,	March 31,	March 31,	March 31,	March 31,
		Jun 30, 2014	2014	2013	2012	2011	2010
A	Cash flow from operating activities						
	Net profit / (loss) before tax	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)
	Adjustments for :						
	Depreciation and amortization	1,245.13	4,213.57	3,127.54	2,014.18	895.29	157.80
	Provision for Leave Encashment	2.90	2.01	5.64	5.35	2.25	3.42
	Provision for Gratuity	2.78	4.36	9.07	6.57	4.13	3.29
	Provision for Doubtful Debts	0.35	(15.41)	(2.52)	11.44	1.18	0.35
	Interest and Finance charges	1,058.72	4,447.98	2,797.35	2,012.95	1,078.78	150.91
	Loss on Sale of Fixed Assets	1.68	-	-	-	-	-
	Interest Income	(13.61)	(96.96)	(50.83)	(28.63)	(6.11)	(0.85)
	Operating profit / (loss) before working capital changes	1,516.43	3,861.88	735.36	(798.20)	(3,309.63)	(997.64)
	Adjustments for -						
	Decrease / (Increase) in inventories	(28.54)	(63.96)	(64.30)	27.59	(66.88)	(144.77)
	Decrease / (Increase) in Trade and Other receivables	358.46	450.07	(265.65)	(290.10)	(1,126.79)	(372.06)
	(Decrease) / Increase in liabilities and provisions	591.98	1,171.22	3,275.99	2,905.11	3,323.79	1,011.36
	Cash generated from / (used in) operations	2,438.33	5,419.21	3,681.40	1,844.40	(1,179.51)	(503.11)
	Direct taxes (paid)/ Refund Received (Net)	(0.21)	(19.26)	(20.01)	(9.89)	(2.36)	(1.15)
	Net cash from / (used in) operating activities	2,438.12	5,399.95	3,661.39	1,834.51	(1,181.87)	(504.26)
B	Cash flow from investing activities						
	(Purchase) of Fixed Assets	(2,059.08)	(6,501.83)	(7,228.35)	(6,774.85)	(6,777.67)	(4,909.66)
	Loss on Sale of Fixed Assets	(1.68)	-	-	-	-	-
	(Increase)/Decrease in Capital Work in Progress	(55.93)	285.54	(270.98)	(255.91)	1,807.37	(1,550.65)
	(Increase)/Decrease in Capital Advance	1,308.79	(2,029.90)	258.33	1,637.94	1,251.70	(665.27)
	(Increase)/Decrease Other Bank Balances	(41.23)	(42.46)	(292.08)	(214.89)	(91.80)	(55.74)
	Interest received	13.61	96.96	50.83	28.63	6.11	0.85
	Dividend received	-	-	-	-	-	-
	Net cash used in investing activities	(835.52)	(8,191.69)	(7,482.25)	(5,579.08)	(3,804.29)	(7,180.47)

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)

	Particulars	Three months	For the year ended				
		Period ended	March 31,	March 31,	March 31,	March 31,	March 31,
		Jun 30, 2014	2014	2013	2012	2011	2010
C	Cash flow from financing activities						
	Proceeds from issue of shares including securities premium	-	-	3,000.00	-	-	1,720.00
	Share application money received/(paid)	-	-	-	3,000.00	-	-
	Share application money/ premium (Net)	-	-	(3,000.00)	-	-	2,140.00
	Proceeds from borrowings	1,750.00	7,333.25	14,275.00	6,094.63	6,265.17	4,767.62
	Repayment of borrowings	(1,516.90)	(5,697.30)	(1,909.95)	(3,494.22)	(50.00)	(959.00)
	Finance charges paid	(1,058.72)	(4,447.98)	(2,797.35)	(2,012.95)	(1,078.78)	(150.91)
	Net cash provided by financing activities	(825.62)	(2,812.03)	9,567.70	3,587.46	5,136.39	7,517.71
	Net increase / (decrease) in cash and cash equivalents	776.98	(5,603.77)	5,746.84	(157.11)	150.23	(167.02)
	Cash and cash equivalents at the beginning of the period / year	184.90	5,788.67	41.83	198.94	48.71	215.73
	Cash and cash equivalents at the end of the period / year	961.88	184.90	5,788.67	41.83	198.94	48.71
	Other Bank Balances	738.20	696.97	654.51	362.43	147.54	55.74
	Cash and Bank Balances at the end of the year	1,700.08	881.87	6,443.18	404.26	346.48	104.45
	Components of cash and cash equivalents						
	Cash in hand	3.02	1.35	2.45	2.20	1.19	1.03
	Balance with scheduled banks						
	- on Current account	958.86	183.55	286.22	39.63	197.75	47.68
	Balances with Banks in Fixed Deposits (Maturity of less than 3 months)	-	-	5,500.00	-	-	-
	Total	961.88	184.90	5,788.67	41.83	198.94	48.71

Notes:

- The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, specified under the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).
- The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Reg. No. - 105049W

For KADAM & CO.
Chartered Accountants
Firm Reg. No. - 104524W

For and on behalf of the Board

AKASH SHINGHAL
Partner
Membership No. 103490

U. S. KADAM
Partner
Membership No. 31055

SAURABH P. DHOOT
Whole Time Director

K. C. SRIVASTAVA
Director

AVANTI KANTHALIYA
Chief Finance Officer

AMRUTA KARKARE
Company Secretary

Place: Mumbai
Date: September 23, 2014

Significant Accounting Policies and Notes on Restated Financial Information

A Significant Accounting Policies

Company Overview

The Videocon d2h Limited (hereinafter called as “VDL” or the “Company”) (Formerly Bharat Business Channel Limited) is in the business of providing direct to home (“DTH”) broadcasting services to its subscribers. The Company has entered into a License Agreement with the Ministry of Information and broadcasting to provide DTH services. The DTH services are rendered to subscribers through Consumer Premises Equipment (CPE) used for receiving and broadcasting DTH signals at subscriber’s premises.

1 Basis for preparation of Financial Statements

- a) The Restated Summary Statement of Assets and Liabilities of the Company as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011, and March 31, 2010 and the Restated Summary Statement of Profit and Loss and Restated Summary Statements of Cash Flows for the three months period ended June 30, 2014 and years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 and the annexure thereto (collectively, the “Restated Financial Information”) have been extracted by the management from the Financial Statements of the Company for the three months period ended June 30, 2014 and years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010.
- b) The financial statements are prepared and presented under the historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956 (upto March 31, 2014), and notified sections, schedules and rules of the Companies Act 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of Companies (Accounts) Rules, 2014).

c) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

2 Fixed Assets / Capital Work-in-Progress

- a) Tangible Fixed Assets are stated at cost of acquisition less accumulated depreciation/amortization and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, borrowing cost and other incidental expenses for bringing the asset to its working conditions for its intended use but net of CENVAT and Value Added Tax, wherever input credit is claimed.
- b) Consumer Premises Equipments are capitalized on Activation.

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- c) Intangible Assets which includes License Fees, Computer software, Technical Know-how and Brand Development, are measured at cost of acquisition and development and are stated at cost less accumulated amortization and impairment, if any.
- d) Capital Work in Progress is stated at cost, comprising of direct Cost, attributable borrowing cost and related incidental expenditure. All expenses incurred for acquiring, erecting and commissioning of fixed assets and incidental expenditure incurred during construction of the projects are shown under Capital Work in Progress

3 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises of purchase costs and other costs incurred in bringing such inventories to their present location and condition. Cost is determined on Weighted Average Basis.

4 Depreciation and Amortization

- i) With effect from April 01, 2014, depreciation on tangible fixed assets is provided on the straight line method as per useful life prescribed in Schedule II to the Companies Act, 2013 and upto March 31, 2014, depreciation on tangible fixed assets is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except as stated in (ii) below.
- ii) In the following cases depreciation is provided over the estimated useful life as determined by the management which is different from the useful life / rates prescribed as mentioned above (and the useful life is not longer than that wherever prescribed):
 - a) Leasehold Land is amortized over the period of primary lease.
 - b) Consumer Premises Equipments are depreciated over the period of 7 years.

Intangible assets are amortized over their useful life as follow:

 - a) License fee for DTH License is amortized over the period of license.
 - b) Computer Software is amortized over the period of 5 years or the period of license whichever is less.
 - c) Technical Know-how and Designs, Brand Development are amortized over the period of 10 years.

5 Revenue Recognition

- a) Subscription revenue from DTH services is recognized on accrual basis on rendering of the services and is net of service tax and any discount given.
- b) Activation revenue is recognized on the date of activation and is net of service tax and any discount given.
- c) Revenue from installation is recognized on completion of the installation and is net of service tax.
- d) Revenue on account of sale of Set up box (STB), accessories and goods is recognized when the goods are dispatched and are stated net of Sales tax / VAT, discounts and rebates.
- e) Lease rentals are recognized as revenue as per the terms of contract of operating lease over the period of lease on straight line basis.
- f) Other services revenue are recognized on rendering of the service and is net of service tax.
- g) Interest income is recognized on time proportion basis taking into account the amount invested and the rate of interest.

6 Impairment of Assets

The Fixed Assets or a group of assets (Cash generating unit) are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the assets or cash generating unit to which the assets belongs is less than it's carrying amount, the impairment loss is recognized by writing down such assets to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

(Formerly Bharat Business Channel Limited)**7 Leases**

- a) Leases which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are classified as 'Finance Leases'. Assets acquired on 'Finance Lease' which transfer risk and rewards of the ownership to the Company are capitalized as the assets by the company.
- b) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as 'Operating Leases'. Rentals in respect of Operating Leases are recognized as an expense / income in the Statement of Profit and Loss on a basis which reflect the time pattern of such payment / receipt appropriately.
- c) Initial direct cost incurred specifically to earn revenue from operating lease are deferred and allocated to income over the estimated period in which the benefit is expected to be derived from the use of related leased assets, in proportion to the recognition of lease rental income.

8 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all potential dilutive equity shares, except where result would be anti-dilutive.

9 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets till the time they are ready for intended use are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

10 Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and Liabilities are translated at the yearend rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized, as the case may be, as income or expense for the year.

11 CENVAT / VAT Credit

The CENVAT / VAT credit available on purchase of materials, capital goods and other eligible inputs is adjusted against service tax / output VAT payable. The unadjusted CENVAT/VAT credit is shown under the head "Short Term Loans and Advances" until the same is adjusted against service tax / output VAT payable.

12 Employees Benefits**a) Short Term Employees Benefits**

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, and bonus etc., are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

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b) Long Term Employee Benefits

i) Provident Fund

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employees and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. This contribution is made to the fund administered and managed by the Government of India.

The employers contribution to this plan is charged to Statement of Profit and Loss.. The Company has no further obligations under this plan beyond its monthly contributions.

ii) Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company makes provision for the Gratuity Plan based on independent actuarial valuations in accordance with Accounting Standard 15 (revised), "Employee Benefits". The present value of obligation under gratuity is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Statement Profit and Loss as income or expenses.

iii) Leave Encashment and Other long term benefit

Liability in respect of leave encashment is determined using the projected unit credit method with independent actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Statement Profit and Loss.

13 Taxation

Income tax comprises of current tax and deferred tax. Provision for current income tax is made on the assessable income/benefits at the rate applicable to relevant assessment year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date and recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

14 Provisions, Contingent Liabilities and Contingent Assets

The Company recognize a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

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Contingent Liabilities are disclosed by way of Notes to Accounts: Disputed demands in respect of Central Excise, Customs, Income-tax, Sales Tax and Others are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, till the final outcome of the matter and where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements.

15 Measurement of Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present EBIDTA as a separate line item on the face of the statement of profit and loss. The Company measures EBIDTA on the basis of Profit / (Loss) from continuing operations. In the measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

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B Notes to Restated Financial Information

1 Details of Contingent liabilities not provided for are given in Annexure XXI.

2 Capital Commitment

(₹ in Millions)

Particulars	As On					
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	311.48	160.67	82.12	302.26	26.96	46.96

In respect of other commitment, as per management's judgment, there are no non-cancellable contracts having any material financial impact.

3 Disclosures under Micro, Small and Medium Enterprises Development Act, 2006

During the years 2009-10 to 2012-13 there are no Micro, Small and Medium Enterprise to whom the Company owes dues which were outstanding as the balance sheet date.

For three months period ended June 30, 2014 and year ended March 31, 2014 -

(₹ in Millions)

Particulars	As On	
	Jun. 30, 2014	Mar. 31, 2014
a) Principal amount remaining unpaid as at the end of the period / year	173.25	103.71
b) Interest due thereon as at the end of the period / year	-	-
c) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the suppliers beyond the appointed day during the period / year.	-	-
d) Interest due and payable for the period of delay in making payment	-	-
e) Interest accrued and remaining unpaid at the end of the period / year.	-	-
f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note: The above information regarding Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

4 In the opinion of the management, the value of realization of Current Assets and Short Term & Long Term Loans and Advances in the ordinary course of business would not be less than amount at which they are stated in the Balance Sheet and the provisions for all known liabilities and determined liabilities is adequate and not in excess of the amount reasonably required.

5 Disclosures pursuant to Accounting Standard 15 (Revised) "Employee Benefits"**a) Defined Contribution Plans:**

During three months period ended June 30, 2014 ₹ 9.25mn and for 2013-14 ₹ 33.76mn, 2012-13 ₹ 31.34mn, 2011-12 ₹ 26.56mn and 2010-11 ₹ 20.99mn have been recognized as expense in respect of the Company's contribution to Provident Fund, deposited with the government authorities and have been included under "Employee Benefits Expense" in the Statement of Profit and Loss.

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During the year 2009-10, the Company has paid Employer's Contributions to Employees' Provident Fund and Employees' Pension Scheme, 1995 amounting to ` 29.96mn out of which ` 22.57mn has been capitalized and balance ` 7.39 has been charged to Statement of Profit and Loss under "Employee Benefits Expense".

b) Defined Benefit Plans:

Defined benefit plans as per actuarial valuation:

GRATUITY**(` in Millions)**

	Particulars	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
a.	The amounts recognized in the Balance Sheet as at the end of the year					
	1. Present Value of Defined Benefit Obligation	31.67	27.32	18.25	11.69	7.55
	2. Fair value of plan assets	Nil	Nil	Nil	Nil	Nil
	3. Funded Status – Surplus / (Deficit)	(31.67)	(27.32)	(18.25)	(11.69)	(7.55)
	4. Net Assets/(Liability)	(31.67)	(27.32)	(18.25)	(11.69)	(7.55)
b.	The amounts recognized in Profit and Loss Account / Capitalized for the year					
	1. Current Service Cost	7.13	5.83	4.97	4.53	3.46
	2. Interest Cost	2.25	2.09	1.37	0.97	0.60
	3. Paid During the year	Nil	Nil	Nil	Nil	Nil
	4. Actuarial (Gains) / Losses	(3.21)	1.48	0.22	(1.61)	(0.77)
	4. Past Service Cost	Nil	Nil	Nil	0.25	Nil
	5. Capitalized during the year	Nil	Nil	Nil	Nil	2.19
	6. Total Expenses	6.18	9.40	6.56	4.14	1.10
c.	The changes obligations during the Year					
	1. Present value of Defined Benefit Obligation at the beginning of the year	27.32	18.25	11.69	7.55	4.26
	2. Current Service Cost	7.13	5.83	4.97	4.53	3.46
	3. Interest Cost	2.25	2.09	1.37	0.97	0.60
	4. Past Service Cost	Nil	Nil	Nil	0.25	Nil
	5. Actuarial (Gain) / Losses	(3.21)	1.48	0.22	(1.61)	(0.77)
	6. Benefit Payments	(1.82)	(0.33)	Nil	Nil	Nil
	7. Present value of Defined Benefit Obligation at the end of the year	31.67	27.32	18.25	11.69	7.55

The Company makes provision for the Gratuity Plan based on independent actuarial valuations in accordance with Accounting Standard 15 (revised), "Employee Benefits" at the end of every Financial Year. However, for three months period ended June 30, 2014 the provision of ` 3.01 mn has been made on the basis of estimation made by the management.

LEAVE ENCASHMENT**(` in Millions)**

	Particulars	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
a.	The amounts recognized in the Balance Sheet as at the end of the year					
	1. Present Value of Defined Benefit Obligation	21.20	19.18	13.53	8.17	5.94
	2. Fair value of plan assets	Nil	Nil	Nil	Nil	Nil
	3. Funded Status – Surplus/ (Deficit)	(21.20)	(19.18)	(13.53)	(8.17)	(5.94)
	4. Net Assets/(Liability)	(21.20)	(19.18)	(13.53)	(8.17)	(5.94)

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Particulars		Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
b.	The amounts recognized in Profit and Loss Account / Capitalized for the year					
	1. Current Service Cost	3.64	3.93	1.45	3.16	1.80
	2. Interest Cost	1.58	1.30	0.70	0.59	0.33
	3. Paid During the year	Nil	Nil	Nil	Nil	1.22
	4. Actuarial (Gains) / Losses	4.37	5.72	5.47	1.96	1.30
	5. Past Service Cost	Nil	Nil	Nil	Nil	Nil
	6. Capitalized during the year	Nil	Nil	Nil	Nil	2.20
	7. Total Expenses	9.59	10.95	7.62	5.71	2.45
c.	The changes obligations during the Year					
	1. Present value of Defined Benefit Obligation at the beginning of the year	19.18	13.53	8.17	5.94	2.50
	2. Current Service Cost	3.64	3.93	1.45	3.16	1.80
	3. Interest Cost	1.58	1.30	0.70	0.59	0.33
	4. Past Service Cost	Nil	Nil	Nil	Nil	Nil
	5. Actuarial (Gain)/ Losses	4.37	5.72	5.47	1.96	1.30
	6. Benefit Payments	(7.57)	(5.31)	2.26	3.47	Nil
	7. Present value of Defined Benefit Obligation at the end of the year	21.20	19.18	13.53	8.17	5.94

For Leave Encashment liability, the Company makes provision using the projected unit credit method with independent actuarial valuations at the end of every Financial Year. However, for three months period ended June 30, 2014 the provision for Leave Encashment of ₹ 3.71 mn has been made on the basis of estimation made by the management.

Actuarial Assumptions:

Particulars	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Discount Rate	9.31%	9.31%	8.75 %	8.25 %	8.00 %
Mortality	Indian Assured Lives Mortality (2006-08)		L.I.C.1994-96 Ultimate		
Salary Escalation	5%	5%	5 %	5 %	5 %
Attrition Rate	2%	2%	2 %	2 %	2 %

6 Borrowing Cost pursuant to Accounting Standard 16 “Borrowing Costs”

(₹ in Millions)

Particulars	Three months Period ended	For the year ended				
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Capitalized to the cost of fixed assets / capital work in progress.	-	-	-	-	179.32	532.31

7 Segmental information pursuant to Accounting Standard 17 – “Segment Reporting”

The Company operates in a single business segment viz. Direct to Home services in India, Accordingly there is no reportable business or geographical segments as prescribed Under Accounting Standard 17 “Segment Reporting”.

8 Related Party Disclosures as required in terms of Accounting Standard -18 – “Related Party Disclosures” is given in Annexure XXVI.

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9 Disclosures in respect of Leases pursuant to Accounting Standard 19 – “Leases”**A Operating Lease****i) In Respect of Assets taken on Operating Lease:**

During three months period ended June 30, 2014 and for the financial years 2009-10 to 2013-14 the Company’s leasing arrangements are in respect of operating leases for premises (for offices and warehouses) and Transponder. These leasing arrangements are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms. The period of the agreements between 1 to 5 years in the case of office premises and between 11 months to 5 years in the case of warehouse premises. The period of the agreement is 3 years in case of transponders. The aggregate lease rentals payable are charged as rent.

ii) In Respect of Assets given under Operating Lease:

The Company has leased out Consumer Premises Equipment’s (CPE) to its subscribers whereby, (i) the company effectively retains substantially all the risk and benefits of ownership of the leased assets, (ii) these lease are cancellable at the option of lessee or lessor at any time during the period of lease, (iii) on the expiry of initial term, the Company reserves rights to renew the lease or may use the same as beneficial to the Company. Accordingly the lease of CPE has been classified as the operating lease. The gross book value of such assets, its accumulated depreciation (including impairment) and depreciation (including impairment) for the period/year are given below.

(C in Millions)

Particulars	As On					
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Gross Value of the Assets	27,937.13	25,895.83	19,715.20	13,186.69	6,937.71	790.82
Accumulated Depreciation / Amortization and amortization	9,395.23	8,318.38	4,670.39	2,067.16	531.98	40.05
Depreciation / Amortization and impairment for the period /years	1,076.85	3,647.96	2,603.23	1,535.18	491.93	40.05
Revenue from Lease Rental	216.56	761.34	591.90	423.59	131.02	7.91

Accounting Standard 19 on ‘Leases’ has specifically given the methodology for classification of lease. Paragraph no. 5 to 10 of the said Accounting Standard deals with the classification of lease.

The paragraph no. 8 states that “whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than its form. Examples of situations which would normally lead to a lease being classified as a finance leases are:”

(a) The lease transfers the ownership of the asset to the lessee by the end of the lease term

Unlike in the finance lease, the Company has a module where the lease does not transfer the ownership of the CPE to the lessee by the end of the lease term. This is evident from the numerous terms and conditions enshrined in the CAF. Some of the relevant terms and conditions or parts of CAF are as under:

Paragraph no. 6 of the CAF:

6. Services: “...The Customer hereby acknowledges and agrees that he shall not acquire any right or title to the CPE including any other accessories in case it is on Rental and Hire Purchase Model and that the same shall be

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returned by the Customer upon determination hereof, and/or deactivation of the services. In the event the Customer discontinues subscription of VDL DTH Services or the Customers Subscription gets terminated due to any reason, the customer shall be liable to return the CPE.”).

Under paragraph no. 10 of the CAF:

“In case the STB is taken on Rent, the Customer agrees to pay rental as agreed and in that case STB along with the ODU shall remain the property of VDL and the Customer shall only have right to use the same for accessing VDL services.”

Paragraph no. 15 (9) of the CAF states that the Company shall always remain the owner of the VDL hardware.

(b) The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised

In this case even after expiry of lease, the ownership of the CPE continues to remain with the Company. The subscriber continues to avail services and pay subscription charges towards services until the end of the minimum contracted period and/or until renewal thereof. The relevant part of paragraph no. 6 of the CAF as below.

“...The Customer hereby acknowledges and agrees that he shall not acquire any right or title to the CPE including any other accessories in case it is on Rental and Hire Purchase Model and that the same shall be returned by the Customer upon determination hereof, and/or deactivation of the service. In the event the Customer discontinues subscription of VDL DTH Services or the Customers Subscription gets terminated due any reason, the Customer shall be liable to return the CPE.’

(c) The lease term is for the major part of the economic life of the asset even if the title is not transferred

The Economic life has been defined under AS 19 as – *“Economic life is either:*

- (i) The period over which an asset is expected to be economically usable by one or more users; or*
- (ii) The number of production or similar units expected to be obtained from the asset by one or more users.”*

Under the rental module, the Company gives its CPE to its subscribers for a minimum period of 84 months and/or its further renewal thereof. The Company has clarified that upon expiry of the said lease period, the lease period may be extended and the relevant subscribers would be charged further lease rental for such extended period (which would not be higher than the lease rental charged for the initial lease period), in accordance with the terms determined by the Board of Directors of the Company, who are vested with the power to make such decisions, in keeping with the market scenario at the time of making such decision.

Since the CPE of the Company are in compliance with all applicable manufacturing standards, including but not limited to the Bureau of Indian Standards, it is expected to last not only during the initial minimum period but also during the extended period. As such the economic life of the CPE is higher than the initial period of lease. It can be utilized for the purpose of the Company’s business of broadcasting of channel for higher period than the minimum lease period and thus continue to generate subscription revenue there from.

Additionally in order to maintain the VDL Hardware during the minimum period and/or extension thereof, the Company has obligated the customer to ensure that he complies with certain terms and conditions of CAF.

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(d) At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and

The Company provides a substantial subsidy to its subscribers in connection with licensed use of the CPE, as the Company retains ownership of such CPE. Thus, company does not recover substantially all of the fair value of the leased asset.

(e) The leased asset is of a specialized nature such that only the lessee can use it without major modification being made.

The CPE which is leased by the Company to its subscriber is capable of being used by any subscriber for viewing the broadcasting services of the Company without any modification.

From the above facts it is concluded that none of the specific conditions laid down under AS 19 – paragraph 8, get satisfied in the context of the services and transactions of the Company with regard to CPE.

The paragraph no. 9 of AS 19 has given further additional criteria for classification of lease being a finance lease. It states that – “*indicators of situation which individually or in combination could also lead to a lease being classified as a finance lease are:*”

(f) If the lessee can cancel the lease, the lessor’s losses associated with the cancellation are borne by the lessee;

In this scenario, the subscriber may terminate the lease, however, there are no transfers of loss or cost associated with it except that he will have to return the leased assets to the Company.

The terms and conditions enshrined in Paragraph (6) of the CAF in this context are reproduced hereunder:-

“...The Customer hereby acknowledges and agrees that he shall not acquire any right or title to the Satellite Card and the ODU together with the STB (in case it is on rental) and further shall not acquire any right or title to the Satellite Card and ODU in case if he has opted for a rental or hire purchase model, including any other accessories and that the same shall be returned by the Customer upon determination hereof, and/or deactivation of the service. Further, the Customer is aware that in case if the Customer has opted for a rental model STB is permitted to be used till such time the Customer continues subscribing to VDL’s DTH service. In the event the Customer discontinues subscription of VDL DTH Services or the Customers Subscription gets terminated due any reason, the Customer shall be liable to return the CPE...”

In this regard the provisions of the Direct To Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievance) Regulations, 2007 incorporated under clause 4 are as follows:

4. Option to provide Direct To Home Customer Premises Equipment on outright purchase or hire purchase or rent:-----

(1) ...

(iv) refund of security deposit or advance payments, if any, after appropriate and reasonable adjustments in case of return of Direct to Home Customer Premises Equipment by a direct to home subscriber to direct to home operator;

(g) Gains or losses from the fluctuation in the fair value of the residual fall to the lessee (for example in the form of rent rebate equaling most of the sales proceeds at the end of the lease);

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The customer under rental module deposits with the Company the advance rental for the contracted period and thereafter until the end of the contracted period, apart from the subscription charges, the customer has no obligation to remit any amount towards the rental in favor of the Company. Under clause 4(1)(iv) of the DTH Regulations, the Company is under an obligation to refund to the customer the security deposit or advance payments, if any, after appropriate and reasonable adjustments in case of return of CPE.

(h) The lessee can continue the lease for a secondary period at a rent which is substantially lower than market rent

The Company has clarified that upon expiry of the said lease period, the lease period may be extended and relevant subscribers would be charged further lease rental for such extended period (which would not be higher than the lease rental charged for the initial lease period), in accordance with the terms determined by the board of directors of the Company, who are vested with the power to make such decisions, in keeping with the market scenario at the time of making such decision.

Considering the above, the leased assets i.e., CPE of the Company do not satisfy or fall under the additional classification criteria for finance lease mentioned under paragraph 9 of AS 19.

As the CPE under rental module does not fall under paragraph 8 and paragraph 9 of AS – 19, it does not fall under finance lease. And as defined under AS – 19, the lease which is not finance lease is an operating lease. Accordingly, the CPE given on rent is considered as operating lease within the meaning of AS – 19 on “Leases”.

B Finance Lease

The company has acquired certain capital assets under finance lease. Minimum lease payments are as follows:

(` in Millions)

Particulars	Minimum Lease Payments	Finance Charges	Present Value of Minimum Lease Payments
As on 31-03-2012			
Amount due within one year	6.11	0.37	5.74
Amount due between one year & five year	Nil	Nil	Nil
As on 31-03-2011			
Amount due within one year	6.12	0.73	5.39
Amount due between one year & five year	6.11	0.37	5.74
As on 31-03-2010			
Amount due within one year	8.16	1.68	6.48
Amount due between one year & five year	12.23	1.10	11.13

10 Earnings per Share (EPS) pursuant to Accounting Standard 20 “Earnings Per Share”

As required in terms of Accounting Standard 20 “Earnings Per Share” is given in Annexure - XXIII.

11 Taxation

In absence of taxable income during the year, no provision for the Current Tax has been made. During three months period ended June 30, 2014 and for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 in view of losses and unabsorbed depreciation, considering the grounds of prudence, deferred tax assets is recognized to the extent of deferred tax liabilities and balance deferred tax assets have not been recognized in the books of accounts for all the foresaid years / period.

(` in Millions)

Particulars	As On			
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012
Deferred tax asset				
Arising on account of timing difference in:				
Provision for gratuity	10.65	9.79	8.44	5.64
Disallowances in Tax	57.48	46.11	121.84	57.13
Allowance under section 35D	1.85	2.77	4.24	1.08
Unabsorbed depreciation allowance and carried forward business loss	6,600.56	6,708.55	5,319.65	3,921.60
Deferred tax liability				
Arising on account of timing difference in:				
Depreciation/ amortization and impairment	(120.42)	(233.46)	(432.57)	(460.79)
Net deferred tax assets	6,550.12	6,533.76	5,021.60	3,524.66
Deferred Tax Assets Recognized in Financial Statement	NIL	NIL	NIL	NIL

12 As on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 the accumulated losses exceed the paid up share capital of the company and the net worth of the company has been completely eroded. The company's ability to continue as a going concern is dependent on its ability to fund its operations and capital expenditure requirements. The management is confident of mobilizing necessary resources for continuing the operations and generating cash flow from business operations by increasing subscribers' base. Accordingly, these financial statements have been prepared on a going concern basis.

13 The Activation Revenue collected from subscribers are netted out with related activation expenses.

(` in Millions)

Particulars	Three months Period ended	For the year ended				
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Activation Revenue	608.08	2,022.72	2,014.70	1,780.15	778.83	72.24
Activation Expenses	558.42	1,649.22	1,683.17	1,200.96	997.36	155.83
Activation Revenue / (Expense) – Net	49.66	373.50	331.53	579.17	(218.53)	(83.59)

Currently the Activation Revenue per subscriber is ` 792.10 (net of taxes). The Company, before April 01, 2011, used to charge ` 353.58 (net of Taxes) towards Activation Revenue. This Activation Revenue used to get netted of with Activation Expenses. During the Financial Year (FY) 2009-10 and FY 2010-11, the Activation Expenses were higher than Activation revenue (as shown in the above table) and the same was disclosed under the head "Operating Expenses" in the Statement of Profit and Loss. From April 01, 2011 the Company is charging ` 792.10 (net of taxes) towards Activation Revenue and hence from the FY 2011-12 the Activation Revenue is higher than Activation expenses and the same is disclosed under the head "Revenue from Operations" in the Statement of Profit and Loss.

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- 14 The Company has not paid any remuneration to its Directors for three months period ended June 30, 2014 and for the financial years 2009-10 to 2013-14. However the Company has paid director sitting fees as under:

(₹ in Millions)

Particulars	Three months Period ended	For the year ended				
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Director Sitting Fees	0.12	0.45	0.27	-	-	-

15 Auditors Remuneration

(₹ in Millions)

Particulars	Three months Period ended	For the year ended				
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Auditor's Fees	0.30	1.20	1.00	0.55	0.50	0.10
Tax Audit Fees	0.02	0.10	0.10	0.05	0.05	0.05
Certification and Other Matters	0.05	0.20	0.40	0.40	0.30	0.10
Out of Pocket Expenses	0.03	0.03	0.01	0.09	0.02	-
Total	0.40	1.53	1.51	1.09	0.87	0.25

16 Programming and Other Costs

The Programming and other Costs includes IT Support expenses as shown under below table

(₹ in Millions)

Particulars	Three months Period ended	For the year ended				
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
IT Support Expenses	70.72	283.60	233.15	213.66	287.16	68.84

- 17 The lease rental which shall accrue as income beyond 12 months from the reporting date is considered as long term liability as "Advance against Lease Rental" under "Other Long Term Liabilities", whereas, lease rental accruing within 12 months from the reporting date is reported as "Advance against Lease Rental" under "Other Current Liabilities" as a part of "Current Liabilities" and subscription revenue accruing within 12 months from the reporting date is reported as "Advance against subscriptions" under "Other Current Liabilities".

- 18 Additional information pursuant to the provisions of paragraph 5(vii) of Part II of Schedule III of the Companies Act, 2013 and / or paragraphs 3, 4c, 4d of part II of Schedule VI of the Companies Act, 1956:

- A) There is no applicability of licensed capacity as the Company is in the business of providing Direct to Home services through satellite. The Direct to Home business is such that installed capacity cannot be quantified.
- B) The Company is generally engaged in the business of providing Direct to Home services, the material purchased are with the purpose of services i.e. captive consumption purposes. As a part of nature of business there is very small amount of sales that happens as routine part of business. In view of the same Company's management is of the opinion that there is no material/significant transactions to provide the details of Opening Stock, purchases, sales and closing stock details.

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C) CIF value of Imports

(₹ in Millions)

Particulars	Three months Period ended	For the year ended				
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Raw material/Components	-	-	25.88	4.31	72.84	7.47
Capital Goods	268.83	1,009.88	891.73	923.29	1,123.89	304.05

D) Expenditure and Earnings in Foreign Currency

(₹ in Millions)

Particulars	Three months Period ended	For the year ended				
	Jun. 30, 2014 (Accrual Basis)	Mar. 31, 2014 (Accrual Basis)	Mar. 31, 2013 (Accrual Basis)	Mar. 31, 2012 (Accrual Basis)	Mar. 31, 2011 (Payment Basis)	Mar. 31, 2010 (Payment Basis)
IT Support Costs	17.23	72.96	39.31	42.59	144.45	163.90
Travelling	1.64	3.33	3.17	1.40	1.32	1.45
Office and General Expenses	0.02	0.83	1.21	-	-	-
Legal and Professional Charges	-	1.95	-	-	-	-

19 Share Application Money Pending allotment

- i) During the financial year 2011-12: note no. 2.24 to financial statement is as under:
the Company had received an amount of ₹ 3,000mn towards share application money. The Company intends to increase its Share Capital by 60mn Equity Shares of ₹ 10/- each at a premium of ₹ 40 Per Equity Share aggregating to ₹ 3,000mn. The Company had made an application to the Ministry of Information and Broadcasting for its approval to increase its Authorized Share Capital from ₹ 1,850mn to ₹ 5,000mn which has since been received by the Company. The Company is in the process of filing necessary forms and documents with registrar of Companies in this regard.
- ii) During the year ended March 31, 2013, the Company has allotted, on September 28, 2012, the equity share to the following entities: -

Name of the entity	No of Equity Share (in Millions)	Face value per Equity share (in ₹)	Share Premium per Equity share (in ₹)	Total Amount (₹ in Millions)
Shree Dhoot Trading & Agencies Limited	11.40	10	40	570.00
Solitaire Appliances Private Limited	11.40	10	40	570.00
Greenfield Appliances Private Limited	11.40	10	40	570.00
Synergy Appliances Private Limited	11.40	10	40	570.00
Dome-Bell Electronics India Private Limited	11.40	10	40	570.00
Platinum Appliances Private Limited	3.0	10	40	150.00
Total	60.00			3,000.00

- 20 Till the year ended March 31, 2011, the Company was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. With effect from financial year commencing on or after April 01, 2011 till March 31, 2014, the revised schedule VI notified under the Companies Act 1956 became applicable to the Company. Now, with the Companies Act, 2013 becoming applicable with effect from April 1, 2014, the financial statements for the three months period ended June 30, 2014 are prepared using schedule III to the Companies Act, 2013. Previous period / year's figures have been appropriately regrouped / reclassified to conform to three months period ended June 30, 2014.

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21 The adoption of the Revised Schedule VI to the Companies Act, 1956 or Schedule III to the Companies Act, 2013 do not impact recognition and measurement principles followed for preparation of Financial Statements and have no significant impact on the presentations and disclosure made in the Financial Statements.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycles and other criteria set out in the Revised Schedule VI to the Companies Act, 1956, which is applicable from the financial year commencing on or after April 01, 2011 to March 31, 2014. The assets and liabilities maturing beyond the period of 12 months from the reporting date are considered as non-current. The capital advances are considered as non-current. With effect from financial year commencing on or after April 01, 2014, the Schedule III to the Companies Act, 2013 has become applicable.

Statement on Adjustments to Audited Financial Statements

A Material Adjustments

1 The Summary of results of restatements made in the audited financial statements of the Company for the respective period / years and their impact on the profit / (losses) and assets and liabilities of the Company is as under:

Impact on Profit / (Losses)

(₹ in Millions)

Particulars	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Loss after Tax as per Audited Statement of Account	(781.52)	(4,693.67)	(5,150.90)	(4,801.65)	(5,330.17)	(1,293.69)
Impact Due to Prior Period Adjustments						
Selling and Distribution Expenses [Debit / (Credit)] – Refer Note 3(a)	-	-	-	-	-	25.11
Prior Period Adjustments [Debit / (Credit)] – Refer Note 3(a)	-	-	-	-	(25.11)	-
Impact Due to Short Provision for Taxes						
Short Provision of Income Tax [Debit / (Credit)] – Refer Note 3(b)	-	-	-	-	(1.47)	-
Short Provision of Fringe Benefit Tax [Debit / (Credit)] – Refer Note 3(c)	-	-	-	(0.03)	-	-
Impact due to excess charge of Depreciation						
Depreciation [Debit / (Credit)] - Refer Note 3(d)	-	-	-	18.44	(18.44)	-
Net Increase / (Decrease) in Loss	-	-	-	18.41	(45.02)	25.11
Restated Loss after Tax	(781.52)	(4,693.67)	(5,150.90)	(4,820.06)	(5,285.15)	(1,318.80)

Figures in bracket indicates decrease in losses

Impact on Assets and Liabilities

(₹ in Millions)

Particulars	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Trade payables [Debit / (Credit)]	-	-	-	-	-	(25.11)
Short Term Provisions [Debit / (Credit)]	-	-	-	-	-	-
Accumulated Depreciation [Debit / (Credit)]	-	-	-	(18.44)	18.44	

Figures in bracket indicates increase in Assets / Liabilities

2 Change in Accounting Policy

The Company has not made any change in accounting policy that will have retrospective impact on the Profits and losses of the company. However:

- a) during the Year ended March 31, 2011, the Company had revised its estimate of the useful life of Consumer Premises Equipment from 5 years to 7 years with effect from April 1, 2010, as the Management believes that the revised useful life is more representative of the pattern of economic benefits derived from these assets. Pursuant to the change in the useful life, the unamortized depreciable amount of the asset is being charged to Profit and Loss account over the revised remaining useful life. The related income from lease rentals of these assets is accordingly recognized over a period of 7 years.

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Consequent to the above change, the depreciation charge for the year ended March 31, 2011 is lower by ₹ 199.35mn with a corresponding higher amount in the net block of Fixed Assets, the lease rentals income for the year is lower by ₹ 57.58mn the net loss for the year and the debit balance of Statement Profit and Loss are lower by ₹ 141.77mn.

As the above revision of estimated useful life is a change in accounting estimate it does not bring the adjustment within the definition of an extraordinary item or prior period item as per paragraph 21 of the Accounting Standard (AS) 5 – “Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies”. Accordingly, there is no adjustment in this respect in the Restated Financial Information.

- b) With effect from April 01, 2014, the Company has revised the useful life of some of its fixed assets to comply with the useful life as prescribed by Schedule II to the Companies Act, 2013. As per Note 7 of Part C of Schedule II to the Companies Act, 2013 the carrying amount of the asset as on the date, the said Schedule comes in to effect (i.e., April 01, 2014) has to be depreciated over the remaining prescribed useful life of the asset. Consequently, the depreciation charge for the three months period ended June 30, 2014 is higher by ₹ 23.08mn.

Further, where the remaining useful life of an asset is nil, the carrying amount of the asset as on that (i.e., April 01, 2014) date has to be recognised in the opening balance of retained earnings. Accordingly, an amount of ₹ 12.41mn has been added to the opening balance of the deficit in the Statement of Profit and Loss.

Accordingly, no adjustment is required in this regard in the Restated Financial Information.

3(a) Prior Period Adjustments

In the financial statements for the year ended March 31, 2011 the Company has classified certain transactions as prior period items. Accordingly, for the purpose of the Restated Summary Statements, the said transactions of income /expense have been appropriately adjusted in the respective years to which they relate. Details of the same areas under: -

Prior Period Expenditure

The financial statement for the year ended March 31, 2011 includes prior period expenses for the year ended March 31, 2010 amounting to ₹ 25.11mn the said prior period expenditure is incurred towards advertisement expenses and has been adjusted under the head selling and distribution. Accordingly for this restatement, these prior period expenses have been adjusted in the respective year.

3(b) Short Provision of Income Tax

The profit and loss account for the year ended March 31, 2011 includes short provision for Income Tax for the year ended March 31, 2008 amounting to ₹ 1.47mn. Accordingly for this restatement, such short provision of income tax has been adjusted in the respective year.

3(c) Short Provision of Fringe Benefit Tax

The Profit and loss account of year ended March 31, 2012 includes short provision for Fringe Benefit Tax for the year ended March 31, 2008 amounting to ₹ 0.03mn. Accordingly for this restatement, such short provision for Fringe Benefit Tax paid has been adjusted in the respective year.

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3(d) Excess Charge of Depreciation

The Profit and loss account of year ended March 31, 2012 includes adjustment of excess depreciation charged on Leasehold Land in the year ended March 31, 2011 amounting to ` 18.44mn. The depreciation has resulted in to excess charge to profit and loss account in the year March 31, 2011 and short charge to profit and loss in the year March 31, 2012. Accordingly for this restatement, such excess depreciation charged on Leasehold Land has been adjusted in the respective year.

4 Regroupings

Appropriate adjustments have been made in the Restated Financial Information, wherever required, by a reclassification and regrouping of the corresponding items of assets, liabilities, income, expenditure and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the year ended March 31, 2014 which have been prepared as per the Revised Schedule VI to the Companies Act, 1956 and three months period ended June 2014 which have been prepared as per the Schedule III to the Companies Act, 2013.

B Non – Adjustment Items**1) Auditors Qualifications requiring corrective adjustments in the Restated Financial Information**

There are no audit qualifications that require corrective adjustments in the Restated Financial Information.

2) Other Audit Observations, which do not require any corrective adjustments in the Restated Financial Information

For the period ended June 30, 2014 the Auditors have drawn the attention to the preparation of financial statements on going concern basis in spite of accumulated losses. The Company has incurred a loss of ` 781.52 mn (` 781.52 mn as restated) for the period ended June 30, 2014 and accumulated losses as on June 30, 2014 amounting to ` 22,096.00mn (` 22,096.00mn as restated) resulting into erosion of its net worth as at June 30, 2014. The company's ability to continue as a going concern is dependent on its ability to fund its operations and capital expenditure requirements. The management is confident of mobilizing necessary resources for continuing the operations and generating cash flow from business operations by increasing subscribers' base. Accordingly, those statements have been prepared on a going concern basis.

For the years ended March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011, the Auditors have, without qualifying their opinion, drawn the attention to the preparation of financial statements on going concern basis in spite of accumulated losses. The Company has incurred a loss for the years ended March 31, 2014 ` 4,693.67mn (` 4,693.67mn as restated), March 31, 2013 ` 5,150.89mn (` 5,150.89mn as restated), March 31, 2012 ` 4,801.64mn (` 4,820.06mn as restated), March 31, 2011 ` 5,330.17mn (` 5,285.15mn as restated) and accumulated losses as on March 31, 2014, amounting to ` 21,302.07mn (` 21,302.07mn as restated), as on March 31, 2013, amounting to ` 16,608.40mn (` 16,608.40mn as restated), as on March 31, 2012 ` 11,457.51mn (` 11,457.51mn as restated) and as on March 31, 2011 ` 6,655.86mn (` 6,637.45mn as restated) resulting into erosion of its net worth as at March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011. The management is confident of meeting its funds requirements in the future and generating cash flow from business operations through increasing subscribers' base. Accordingly, these financial statements have been prepared on going concern basis.

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3) **Audit Qualifications in Annexure to Auditors' Report, which do not require any corrective adjustments in the Restated Financial Information**

i(a) **Clause IX**

Financial Year 2013-14 to 2011-12

According to the information and explanations given to us and records examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess, and other statutory dues wherever applicable to it with the appropriate authorities, *though there has been a slight delay in few cases*. According to information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 for a period of more than six months from the date they became payable.

i(b) **Clause IX**

According to the records of the Company, the dues which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Financial Year 2013-14

Name of the Statute	Nature of the Dues	Amount in Million	Period to which The amount relates	Forum where Dispute is pending
Income Tax Act, 1961	Interest on Tax Deducted at Source	1.81	AY 2010-11	Income Tax Appellate Tribunal
		Less : Deposited : (1.81)		
		14.31	AY 2011-12	
		Less : Deposited : (2.00)		
		12.53	AY 2012-13	CIT(A)

The above amount has been provided in the books of accounts.

Financial Year 2012-13

Name of the Statute	Nature of the Dues	Amount in Million	Period to which The amount relates	Forum where Dispute is pending
Income Tax Act, 1961	interest on Tax Deducted at Source	1.81	AY 2010-11	Income Tax Appellate Tribunal
		14.31	AY 2011-12	

The above amount has been provided in the books of accounts.

Financial Year 2011-12

Name of the Statute	Nature of the Dues	Amount in Million	Period to which The amount relates	Forum where Dispute is pending
Income Tax Act, 1961	Interest on Tax Deducted at Source	1.85	2010-11	Appeal is being filed with Income Tax Appellate Tribunal
		18.76	2011-12	

Financial Year 2010-11

Name of the Statute	Nature of the Dues	Amount in Million	Period to which The amount relates	Forum where Dispute is pending
Entertainment Tax	Interest Entertainment Tax	0.21	F.Y. 2009-10 and F.Y. 2010-11	Entertainment Tax Department, Bihar

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Financial Year 2009-10

Name of the Statute	Nature of the Dues	Amount in Million	Period to which The amount relates	Forum where Dispute is pending
Entertainment Tax	Entertainment Tax	0.21	2009-10	Entertainment Tax Department, Uttaranchal
		0.23	2009-10	Entertainment Tax Department, Rajasthan

ii Clause X

a As on March 31, 2010, the accumulated losses of the company are not more than fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year and also in the immediately preceding financial year.

b As on March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011, the accumulated losses of the company are more than fifty percent of its net worth at the end of the each financial year. The Company has incurred cash losses during the financial year and also in the immediately preceding financial year.

iii Clause XI**Financial Year 2013-14**

During the year ended March 31, 2014, the Company has defaulted in repayment to the financial institutions or banks. The delays have been summarized below indicating the principal amount, interest amount and period. The company has not issued any debentures.

(in Millions)

Particulars	Principal	Interest	Delay in days - Range
Amount paid before the year end	2,447.25	3,476.68	1 - 88 Days
Amount outstanding as on March 31, 2014	595.85	378.54	1 - 59 Days
Total	3,043.10	3,855.22	

Financial Year 2012-13

During the year ended March 31, 2013, the Company has defaulted in repayment to the financial institutions or banks. The delays have been summarized below indicating the principal amount, interest amount and period. The company has not issued any debentures.

(in Millions)

Particulars	Principal	Interest	Delay in days - Range
Amount paid before the year end	1,909.95	2,604.42	1 to 89 Days
Amount outstanding as on March 31, 2013	59.70	-	1 Day
Total	1,969.65	2,604.42	

Financial Year 2011-12

During the year ended March 31, 2012, the Company has defaulted in repayment to the financial institutions or banks. The delays have been summarized below indicating the principal amount, interest amount and period. The company has not issued any debentures.

(in Millions)

Particulars	Principal	Interest	Delay in days - Range
Amount paid before the year end	387.55	1,212.14	1 to 83 Days
Amount outstanding as on March 31, 2012 and paid	70.85	168.39	41 to 83 Days
Total	458.40	1,380.53	

(Formerly Bharat Business Channel Limited)

Note:

During the three months period ended June 30, 2014 the Company has defaulted in repayment to the financial institutions or banks. The delays have been summarized below indicating the principal amount, interest amount and period. The Company has not issued any debenture.

(` in Millions)

<i>Particulars</i>	<i>Principal</i>	<i>Interest</i>	<i>Delay in day - Range</i>
Amount Paid before the period end	772.50	636.73	2 - 57 Days
Amount Outstanding as on June 30, 2014	-	-	
Total	772.50	636.73	

iv Clause XVII**Financial Year 2013-14**

For the Financial year ended March 31, 2014, the auditors have observed that the short-term funds amounting to ` 3,532.82mn have been used long-term purposes primarily for losses of the Company.

Financial Year 2012-13

For the Financial year ended March 31, 2013, the auditors have observed that the funds raised during the year on short-term basis amounting to ` 1,627.49mn have been used for long-term purposes primarily for losses of the Company.

As per our report of even date

For KHANDELWAL JAIN & CO .
Chartered Accountants
Firm Reg. No. - 105049W

For KADAM & CO.
Chartered Accountants
Firm Reg. No. - 104524W

For and on behalf of the Board

AKASH SHINGHAL
Partner
Membership No. 103490

U. S. KADAM
Partner
Membership No. 31055

SAURABH P. DHOOT
(Whole Time Director)

K. C. SRIVASTAVA
(Director)

AVANTI KANTHALIYA
(Chief Finance Officer)

AMRUTA KARKARE
(Company Secretary)

Place: Mumbai

Date: September 23, 2014

Statement of Share Capital

(` in Millions)

Particulars	As on					
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Authorized:						
500 mn (March 31, 2014 500mn) Equity Shares of ` 10/- each	5,000	5,000	5,000	1,850	1,850	1,850
Issued, Subscribed and Paid-up:						
242 mn (March 31, 2014 242mn) Equity Shares of ` 10/- each fully paid-up.	2,420	2,420	2,420	1,820	1,820	1,820
Total	2,420	2,420	2,420	1,820	1,820	1,820
The company has only one class of shares referred to as equity shares having a par value of ` 10/-. Each holder of equity shares is entitled to one vote per share.						

(No's. in Millions)

The reconciliation of the number of shares outstanding as on: -						
Particulars	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Number of shares at the beginning	242	242	182	182	182	10
Add: Shares issued during the year	-	-	60	-	-	172
Number of shares at the end	242	242	242	182	182	182

(No's. in Millions)

The detail of shareholders holding more than 5% of Shares as on: -												
Name of Share Holder	Jun. 30,	% shares	Mar. 31,	% shares	Mar. 31,	% shares	Mar. 31,	% shares	Mar. 31,	% shares	Mar. 31,	% shares
	2014	held at	2014	held at	2013	held at	2012	held at	2011	held at	2010	held at
	No. of	Jun. 30,	No. of	Mar. 31,	No. of	Mar. 31,	No. of	Mar. 31,	No. of	Mar. 31,	No. of	Mar. 31,
	Shares	2014	Shares	2014	Shares	2013	Shares	2012	Shares	2011	Shares	2010
Shree Dhoot Trading and Agencies Limited	45.98	19	45.98	19	45.98	19	34.58	19	34.58	19	34.58	19
Solitaire Appliances Private Limited	45.98	19	45.98	19	45.98	19	34.58	19	34.58	19	34.58	19
Greenfield Appliances Private Limited	45.98	19	45.98	19	45.98	19	34.58	19	34.58	19	34.58	19
Synergy Appliances Private Limited	45.98	19	45.98	19	45.98	19	34.58	19	34.58	19	34.58	19
Dome- Bell Electronics India Private Limited.	45.98	19	45.98	19	45.98	19	34.58	19	34.58	19	34.58	19
	229.90	95	229.90	95	229.90	95	172.90	95	172.90	95	172.90	95

Annexure VII

Restated Statement of Reserves and Surplus

(in Millions)

Particulars	As On					
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Securities premium reserve						
Opening balance	5,840	5,840	3,440	3,440	3,440	3,440
Add: Addition during the year	-	-	2,400	-	-	-
Closing Balance	5,840	5,840	5,840	3,440	3,440	3,440
Deficit in Statement of Profit and Loss						
Opening balance	(21,302.07)	(16,608.40)	(11,457.51)	(6,637.45)	(1,352.30)	(33.50)
Add: Carrying amount of the asset where the remaining useful life is NIL as per schedule II of Companies Act, 2013 *	(12.41)	-	-	-	-	-
Add: Loss for the year as per statement of Profit and Loss	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,318.80)
Closing Balance	(22,096.00)	(21,302.07)	(16,608.40)	(11,457.51)	(6,637.45)	(1,352.30)
Total	(16,256.00)	(15,462.07)	(10,768.40)	(8,017.51)	(3,197.45)	2,087.70

* Note: - Refer Note No. A(2)(b) of Annexure 5.

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Long Term Borrowings

Annexure VIII

(` in Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Secured						
Rupee Term Loans from banks	24,419.50	23,533.25	19,909.40	13,917.80	9,716.60	6,900.00
Unsecured						
Finance Lease Obligations	-	-	-	-	5.74	11.14
Total	24,419.50	23,533.25	19,909.40	13,917.80	9,722.34	6,911.14

Notes:

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

(2) For Terms & Conditions & Other Details in respect of above Loans refer Annexure – VIII (a)

Annexure VIII (a)

Details of Terms and Conditions of Rupee Term Loans from banks Outstanding as on June 30, 2014

(` in Millions)

Total Amount of Rupee Loan Outstanding as on June 30, 2014	Repayment Period						
	01st Jul 2014 to 30th Jun 2015	01st Jul 2015 to 30th Jun 2016	01st Jul 2016 to 30th Jun 2017	01st Jul 2017 to 30th Jun 2018	01st Jul 2018 to 30th Jun 2019	01st Jul 2019 to 30th Jun 2020	01st Jul 2020 to 30th Jun 2021
28,121.55	3,702.05	4,514.38	6,788.13	3,058.75	3,168.75	3,834.38	3,055.13

(1) Prepayment Conditions

(a) In case of IDBI Bank Ltd., prepayment premium shall be paid by the Company at minimum rate of 1% of the Outstanding Loan. Prepayment option may be exercised by the borrower on interest reset dates, with a notice period of 30 days, without payment of any prepayment premium.

(b) In case of Central Bank of India, Nil charges, if repaid out of Cash accruals generated from Business Otherwise 1%.

(c) In case of Bank of Baroda, Prepayment Penalty is on the amount that is prepaid at the rate of 0.50% p.a. for the period for which the loan is paid in advance

Videocon d2h Limited

(Formerly Bharat Business Channel Limited)

(2) The Rupee Term Loans from Banks are secured by:

- (a) First pari-passu charge by way of equitable mortgage on the entire immovable assets, hypothecation of entire movable assets, both present and future.
- (b) Assignment of contracts relating to transponder capacity, all government authorizations, license and insurance policies, if any, or a negative lien, if contracts are not assignable.
- (c) Charge on Escrow Accounts and Debt Service Reserve Account.
- (d) Personal Guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

(` in Millions)

Name of the Guarantor	Sanctioned Amount of Loan	Outstanding as on Jun. 30, 2014
Mr. Venugopal N. Dhoot	Term Loan: - ` 35,850	Term Loan: - ` 28,121.55
Mr. Pradipkumar N. Dhoot	BG / LC: - ` 850	BG / LC: - ` 843
	Bill Discounting: - ` 1500	Bill Discounting: - ` 995.48

- (3) A part of rupee loans are secured by first pari-passu charge on entire current assets of the Company, present and future.
- (4) A part of rupee loans from banks are further secured by corporate guarantee of Videocon Industries Limited.
- (5) The Rupee Term Loans from Banks are secured by:**
 - (a) A part of rupee loans from banks are secured by Pledge of 30% shares of the Company.
 - (b) A part of rupee loans from banks are secured by Pledge of 21% shares of the Company along with Non-Disposal undertaking.
- (6) Installment of secured loans falling due within 12 months from Jun 30, 2014 for Rupee term loan is ` 3702.05mn (March 31, 2014 ` 4,355.20mn). The same are classified under Other Current Liabilities.
- (7) The rate of interest range from 12.00 % to 14.75 % per annum.

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Non - Current Liabilities - Long-Term Provisions

Annexure IX
(` in Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Long Term Provisions						
Provision for Leave Encashment	17.38	18.19	16.67	11.55	7.85	4.66
Provision for Gratuity	29.46	29.87	25.78	17.03	11.56	7.55
Total	46.84	48.06	42.45	28.58	19.41	12.21

Note: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Restated Statement of Current Liabilities - Short Term Borrowings

Annexure X

(` in Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Short Term Borrowings						
Secured						
Rupee Term Loan from Bank	-	-	3,250.00	-	-	-
Unsecured						
Loans and advances - Payable on Demand - Group Entity	2,250.00	2,250.00	2,250.00	250.00	3,231.67	360.00
Total	2,250.00	2,250.00	5,500.00	250.00	3,231.67	360.00

Notes: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

(2) There are no amounts due from Promoters / Promoter Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010

(3) List of persons / entities classified as Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

(4) Total Short term borrowing is unsecured borrowing repayable on demand carrying interest at the rate of SBI PLR minus 2%.

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Current Liabilities - Trade Payable

Annexure XI

(` in Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Trade Payable						
Sundry Creditors						
- Micro, Small and Medium Enterprises (Include acceptance)	173.25 (125.57)	103.71 (85.74)	- -	- -	- -	- -
- for Others (Include acceptance)	1,902.73 (869.91)	2,109.36 (990.09)	1,981.85 (499.09)	1,548.56 (492.77)	844.89 -	673.07 -
Total	2,075.98	2,213.07	1,981.85	1,548.56	844.89	673.07

Notes: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

(2) Outstanding balances of Promoter Group Entity, Videocon Group Entity and Group Entity transactions are as under: -

(` in Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Promoter Group Entity	(2.29)	2.56	(8.33)	36.25	32.69	6.23
Videocon Group Entity	14.69	13.54	152.41	67.86	(2.69)	(2.16)
Group Entity	4.58	0.26	284.40	5.67	(14.39)	417.55

(3) There are no amounts due to Promoters / Relatives of Promoters / Directors / Relatives of Directors as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010.

(4) List of persons / entities classified as Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Current Liabilities - Other Current Liabilities

Annexure XII

(` in Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Other Current Liabilities						
Current maturities of Rupee Term Loans from banks	3,702.05	4,355.20	3,093.10	1,969.65	583.40	50.00
Current maturities of Finance Lease Obligation	-	-	-	5.74	5.39	6.48
Interest accrued but not due on borrowings	74.82	346.42	255.18	197.77	120.71	-
Interest accrued and due on borrowings	-	378.54	-	168.39	-	-
Advance against Lease Rental	764.01	714.53	554.33	385.65	210.03	22.25
Advances against Subscriptions	2,262.30	2,206.56	1,591.40	902.25	291.89	41.35
Advance Billing Revenue - Refer Note 3	1,224.04	1,421.12	1,546.98	1,396.50	845.57	148.31
Payable for Fixed Assets (Include acceptance)	707.26 (595.55)	633.94 (495.14)	1,608.36 (578.45)	623.61 (532.93)	528.36 (261.11)	118.94 (87.70)
Payable to Employees	52.06	51.39	69.59	45.00	32.96	30.29
Statutory Dues	122.64	142.04	147.97	63.75	86.79	32.48
Bank Overdraft as per books	-	-	-	-	-	41.55
Retention Money	185.30	180.29	107.91	76.85	53.96	13.45
Provision for Expenses	2,423.15	1,119.27	664.63	365.39	144.79	22.18
Total	11,517.63	11,549.30	9,639.45	6,200.55	2,903.85	527.28

Statement of Provision for Income Tax and Income tax paid

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Provision for Income Tax	-	-	-	-	-	-
Income Tax Paid	-	-	-	-	1.88	1.15
Total	-	-	-	-	(1.88)	(1.15)

Notes: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

(2) Interest accrued and due on borrowing represents outstanding up to 1 month

(3) Outstanding balances of Promoter Group Entity, Videocon Group Entity and Group Entity transactions are as under: -

(` in Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Promoter Group Entity	6.62	(0.20)	6.10	5.41	(0.81)	(1.04)
Videocon Group Entity	-	-	898.35	-	107.27	-
Group Entity	1.62	-	(0.13)	23.09	-	-

(4) There are no amounts due to Promoters / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity as on June 30, 2014 March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010.

(5) List of persons / entities classified as Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

Videocon d2h Limited

(Formerly Bharat Business Channel Limited)

Annexure XIII
Restated Statement of Current Liabilities - Short Term Provisions

(in Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Short Term Provisions						
Provision for Income Tax	-	-	-	-	-	1.47
Provision for Wealth Tax	-	-	-	0.14	0.07	-
Provision for FBT	-	-	-	-	0.03	0.03
Provision for Leave Encashment	6.71	3.00	2.51	1.98	0.33	1.27
Provision for Gratuity	5.00	1.81	1.54	1.22	0.12	-
Total	11.71	4.81	4.05	3.34	0.55	2.77

Note: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Particulars	Gross Block				Depreciation / Amortization and Impairment					Net Block		
	As on March 31, 2014	Additions During the period	Deduction / Adjustments	As on June 30, 2014	Up to March 31, 2014	Adjustment**	Depreciation/ Amortization for the period	Impairment for the period	Deductions	Up to June 30, 2014	As on June 30, 2014	As on March 31, 2014
Tangible Assets												
Lease Hold Land	135.74	-	-	135.74	8.38	-	0.42	-	-	8.80	126.94	127.36
Building	232.52	0.09	-	232.61	32.61	-	1.94	-	-	34.55	198.06	199.91
Plant and Equipment	3,151.76	1.17	-	3,152.93	830.44	-	63.44	-	-	893.88	2,259.05	2,321.32
Consumer Premises Equipments (CPE)*	25,895.83	2,041.30	-	27,937.13	8,318.38	-	972.34	104.51	-	9,395.23	18,541.90	17,577.45
Electrical Installations	186.28	1.01	-	187.29	33.75	-	6.35	-	-	40.10	147.19	152.53
Furniture and Fixtures	54.29	1.14	-	55.43	12.52	-	1.69	-	-	14.21	41.22	41.77
Office Equipments	28.69	5.39	-	34.08	4.58	-	5.55	-	-	10.13	23.95	24.11
Computers	566.11	3.81	-	569.92	344.99	12.41	27.11	-	-	384.51	185.41	221.12
Vehicles	18.17	-	2.96	15.21	6.30	-	0.65	-	0.79	6.16	9.05	11.87
Sub-Total	30,269.39	2,053.91	2.96	32,320.34	9,591.95	12.41	1,079.49	104.51	0.79	10,787.57	21,532.77	20,677.44
Intangible Assets												
License Fees	100.00	-	-	100.00	48.15	-	2.78	-	-	50.93	49.07	51.85
Computer Software	469.54	7.34	-	476.88	321.54	-	20.86	-	-	342.40	134.48	148.00
Technical Know-how and Designs	274.45	-	-	274.45	117.59	-	6.86	-	-	124.45	150.00	156.86
Brand Development	1,225.31	-	-	1,225.31	331.09	-	30.63	-	-	361.72	863.59	894.22
Sub-Total	2,069.30	7.34	-	2,076.64	818.37	-	61.13	-	-	879.50	1,197.14	1,250.93
Total as on June 30, 2014	32,338.69	2,061.25	2.96	34,396.98	10,410.32	12.41	1,140.62	104.51	0.79	11,667.07	22,729.91	21,928.37
Total as on March 31, 2014	25,836.85	6,501.84	-	32,338.69	6,196.74	-	3,851.65	361.93	-	10,410.32	21,928.37	

Notes: -

* The Company has made assessment as at June 30, 2014 for any indication of impairment in the carrying amount of the fixed assets and has determined that the impairment loss on certain CPEs of ₹ 104.51mn which has been included in the depreciation, amortization and impairment for the period (Previous Year ₹ 361.93mn)

** As per the Companies Act, 2013, where remaining useful life of assets as at April 1, 2014 is Nil, remaining WDV of assets is recognized in the opening retained earnings.

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Tangible and Intangible Assets - 2013-14

(₹ In Millions)

Particulars	Gross Block			Depreciation / Amortization and Impairment				Net Block		
	As on March 31, 2013	Additions During the period	Deduction / Adjustments	As on March 31, 2014	Up to March 31, 2013	Depreciation/ Amortization for the period	Impairment for the period	Up to March 31, 2014	As on March 31, 2014	As on March 31, 2013
Tangible Assets										
Lease Hold Land	135.74	-	-	135.74	6.70	1.68	-	8.38	127.36	129.03
Building	229.78	2.74	-	232.52	24.89	7.72	-	32.61	199.91	204.89
Plant and Equipment	2,961.64	190.12	-	3,151.76	620.67	209.77	-	830.44	2,321.32	2,340.97
Consumer Premises Equipments (CPE)*	19,715.21	6,180.62	-	25,895.83	4,670.42	3,286.03	361.93	8,318.38	17,577.45	15,044.81
Electrical Installations	176.23	10.05	-	186.28	25.14	8.61	-	33.75	152.53	151.09
Furniture and Fixtures	51.10	3.19	-	54.29	9.13	3.39	-	12.52	41.77	41.97
Office Equipments	24.16	4.53	-	28.69	3.20	1.38	-	4.58	24.11	20.96
Computers	518.53	47.58	-	566.11	257.54	87.45	-	344.99	221.12	260.98
Vehicles	18.17	-	-	18.17	4.57	1.73	-	6.30	11.87	13.60
Sub-Total	23,830.56	6,438.83	-	30,269.39	5,622.26	3,607.76	361.93	9,591.95	20,677.44	18,208.30
Intangible Assets										
License Fees	100.00	-	-	100.00	37.04	11.11	-	48.15	51.85	62.96
Computer Software	406.53	63.01	-	469.54	238.73	82.81	-	321.54	148.00	167.80
Technical Know-how and Designs	274.45	-	-	274.45	90.15	27.44	-	117.59	156.86	184.30
Brand Development	1,225.31	-	-	1,225.31	208.56	122.53	-	331.09	894.22	1,016.75
Sub-Total	2,006.29	63.01	-	2,069.30	574.48	243.89	-	818.37	1,250.93	1,431.81
Total as on March 31, 2014	25,836.85	6,501.84	-	32,338.69	6,196.74	3,851.65	361.93	10,410.32	21,928.37	19,640.11
Total as on March 31, 2013	18,608.93	7,230.06	2.14	25,836.85	3,069.62	2,898.75	228.37	6,196.74	19,640.11	

Notes: -

* The Company has made assessment as at March 31, 2014 for any indication of impairment in the carrying amount of Consumer Premises Equipments (CPE) and determined that the impairment loss on certain Consumer Premises Equipments (CPE) has resulted into impairment loss of ₹ 361.93mn which has been debited to Statement of Profit and Loss for the period (March 31, 2013 - ₹ 228.37mn)

(₹ In Millions)

Particulars	Gross Block				Depreciation / Amortization and Impairment					Net Block	
	As on March 31, 2012	Additions During the period	Deduction / Adjustments	As on March 31, 2013	Up to March 31, 2012	Depreciation/ Amortization for the period	Impairment for the period	Deduction / Adjustments	Up to March 31, 2013	As on March 31, 2013	As on March 31, 2012
Tangible Assets											
Lease Hold Land	135.74	-	-	135.74	5.04	1.67	-	-	6.71	129.03	130.71
Building	229.18	0.61	-	229.79	17.24	7.66	-	-	24.90	204.89	211.94
Plant and Equipment	2,782.08	179.74	0.18	2,961.64	426.63	194.07	-	0.03	620.67	2,340.97	2,355.45
Consumer Premises Equipments (CPE)*	13,186.69	6,528.51	-	19,715.20	2,067.16	2,374.86	228.37	-	4,670.39	15,044.81	11,119.54
Electrical Installations	173.34	2.89	-	176.23	16.89	8.25	-	-	25.14	151.09	156.45
Furniture and Fixtures	48.34	3.71	0.95	51.10	6.22	3.11	-	0.20	9.13	41.97	42.11
Office Equipments	21.45	2.70	-	24.15	2.02	1.17	-	-	3.19	20.96	19.43
Computers	503.57	15.00	0.04	518.53	175.70	81.86	-	0.01	257.55	260.98	327.86
Vehicles	13.33	5.82	0.97	18.18	3.35	1.41	-	0.18	4.58	13.60	9.98
Sub-Total	17,093.72	6,738.98	2.14	23,830.56	2,720.25	2,674.06	228.37	0.42	5,622.26	18,208.30	14,373.47
Intangible Assets											
License Fees	100.00	-	-	100.00	25.93	11.11	-	-	37.04	62.96	74.07
Computer Software**	322.19	84.34	-	406.53	157.23	81.50	-	-	238.73	167.80	164.95
Technical Know-how and Designs	274.45	-	-	274.45	62.71	27.44	-	-	90.15	184.30	211.74
Brand Development	818.57	406.74	-	1,225.31	103.50	105.06	-	-	208.56	1,016.75	715.07
Sub-Total	1,515.21	491.08	-	2,006.29	349.37	225.11	-	-	574.48	1,431.81	1,165.83
Total as on March 31, 2013	18,608.93	7,230.06	2.14	25,836.85	3,069.62	2,899.17	228.37	0.42	6,196.74	19,640.11	15,539.30
Total as on March 31, 2012	11,834.08	6,774.85	-	18,608.93	1,055.42	1,998.79	15.39	-	3,069.62	15,539.30	

Notes: -

* The Company has made assessment as at March 31, 2013 for any indication of impairment in the carrying amount of Consumer Premises Equipments (CPE) and determined that the impairment loss on certain Consumer Premises Equipments (CPE) has resulted into impairment loss of ₹ 229.37mn which has been debited to Statement of Profit and Loss for the period (March 31, 2012 - ₹ 15.39mn)

** It includes assets acquired on Finance Lease having Gross Capitalized Value of ₹ 19.24mn, Accumulated Depreciation as on March 31, 2013 of ₹ 19.24mn (as on March 31, 2012 - ₹ 14.96mn) and WDV as on March 31, 2013 of ₹ Nil (as on March 31, 2012 - ₹ 4.28mn).

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Tangible and Intangible Assets -2011-12

Annexure XIV D

(₹ In Millions)

Particulars	Gross Block				Depreciation / Amortization and Impairment				Net Block	
	As on March 31, 2011	Additions During the Year	Deduction / Adjustments	As on Mar 31, 2012	Up to March 31, 2011	For the period	Impairment for the period	Up to Mar 31, 2012	As on Mar 31, 2012	As on March 31, 2011
Tangible Assets										
Lease Hold Land	135.74	-	-	135.74	3.36	1.68	-	5.04	130.70	132.38
Building	222.30	6.88	-	229.18	9.69	7.55	-	17.24	211.94	212.61
Plant and Machinery	2,698.27	83.81	-	2,782.08	238.48	188.15	-	426.63	2,355.45	2,459.79
Consumer Premises Equipments (CPE)*	6,937.71	6,248.98	-	13,186.69	531.98	1,519.79	15.39	2,067.16	11,119.53	6,405.74
Electrical Installations	151.99	21.35	-	173.34	9.48	7.41	-	16.89	156.45	142.51
Furniture and Fixtures	45.72	2.62	-	48.34	3.22	3.00	-	6.22	42.12	42.50
Office Equipments	17.47	3.98	-	21.45	1.00	1.02	-	2.02	19.43	16.47
Computers	472.67	30.90	-	503.57	96.62	79.08	-	175.70	327.87	376.04
Vehicles	12.09	1.24	-	13.33	2.19	1.16	-	3.35	9.98	9.90
Sub-Total	10,693.96	6,399.76	-	17,093.72	896.02	1,808.84	15.39	2,720.25	14,373.47	9,797.94
Intangible Assets										
License Fees	100.00	-	-	100.00	14.81	11.11	-	25.93	74.07	85.19
Computer Software **	263.88	58.31	-	322.19	75.82	81.41	-	157.23	164.95	188.06
Technical Know-how and Designs	270.58	3.87	-	274.45	35.62	27.09	-	62.71	211.74	234.96
Brand Development	505.66	312.91	-	818.57	33.15	70.34	-	103.50	715.07	472.50
Sub-Total	1,140.12	375.09	-	1,515.21	159.40	189.95	-	349.37	1,165.83	980.71
Total as on 31st March, 2012	11,834.08	6,774.85		18,608.93	1,055.42	1,998.79	15.39	3,069.62	15,539.30	10,778.65
Total as on 31st March, 2011	5,056.41	6,777.67	-	11,834.08	160.15	895.29	-	1,055.42	10,778.65	

* The Company has made assessment as at March 31, 2012 for any indication of impairment in the carrying amount of Consumer Premises Equipments (CPE) and determined that the impairment loss on certain Consumer Premises Equipments (CPE) has resulted into impairment loss of ₹ 15.39mn which has been debited to Statement of Profit and Loss for the year (March 31, 2011 - NIL)

** It includes assets acquired on Finance Lease having Gross Capitalized Value of ₹ 19.24mn, Accumulated Depreciation as on March 31, 2012 of ₹ 14.96mn (as on March 31, 2011 - ₹ 8.55mn) and WDV as on March 31, 2012 of ₹ 4.28 (as on March 31, 2011 - ₹ 10.69mn).

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Tangible and Intangible Assets -2010-11

Annexure XIV E

(₹ In Millions)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As on March 31, 2010	Additions During the Year	Deduction / Adjustments	As on Mar 31, 2011	Up to March 31, 2010	For the period	Deduction / Adjustments	Up to Mar 31, 2011	As on Mar 31, 2011	As on March 31, 2010
Tangible Assets										
Lease Hold Land	135.74	-	-	135.74	1.68	1.68	-	3.36	132.38	134.06
Building	215.95	6.35	-	222.30	2.37	7.32	-	9.69	212.61	213.58
Plant and Machinery	2,503.42	194.84	-	2,698.27	57.66	180.82	-	238.48	2,459.79	2,445.77
Consumer Premises Equipments (CPE)	790.82	6,146.89	-	6,937.71	40.05	491.93	-	531.98	6,405.73	750.77
Electrical Installations	148.11	3.88	-	151.99	2.34	7.14	-	9.48	142.51	145.76
Furniture and Fixtures	36.35	9.37	-	45.72	0.67	2.55	-	3.22	42.50	35.68
Office Equipments	12.11	5.37	-	17.47	0.21	0.79	-	1.00	16.47	11.90
Computers	437.68	34.99	-	472.67	23.63	72.99	-	96.62	376.05	414.05
Vehicles	9.16	2.93	-	12.09	1.11	1.08	-	2.19	9.90	8.05
Sub-Total	4,289.34	6,404.62	-	10,693.96	129.72	766.30	-	896.02	9,797.94	4,159.62
Intangible Assets										
License Fees	100.00	-	-	100.00	3.70	11.11	-	14.81	85.19	96.30
Computer Software	202.82	61.06	-	263.88	16.55	59.28	-	75.82	188.06	186.27
Technical Know-how and Designs	270.58	-	-	270.58	8.56	27.06	-	35.62	234.96	262.02
Brand Development	193.67	311.99	-	505.66	1.62	31.54	-	33.15	472.50	192.05
Sub-Total	767.07	373.05	-	1,140.12	30.43	128.99	-	159.40	980.71	736.64
Total as on 31st March, 2011	5,056.41	6,777.67	-	11,834.08	160.15	895.29	-	1,055.42	10,778.65	4,896.26
Total as on 31st March, 2010	145.02	4,911.39	-	5,056.41	0.61	157.81	1.73	160.15	4,896.26	

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Tangible and Intangible Assets -2009-10

Annexure XIV F

(₹ In Millions)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As on March 31, 2009	Additions During the Year	Deduction / Adjustments	As on Mar 31, 2010	Up to March 31, 2009	For the period	Deduction / Adjustments	Up to Mar 31, 2010	As on Mar 31, 2010	As on March 31, 2009
Tangible Assets										
Lease Hold Land	135.74	-	-	135.74	-	0.56	1.12	1.68	134.06	135.74
Building	-	215.95	-	215.95	-	2.37	-	2.37	213.58	-
Plant and Machinery	-	2,503.42	-	2,503.42	-	57.66	-	57.66	2,445.76	-
Consumer Premises Equipments (CPE)	-	790.82	-	790.82	-	40.05	-	40.05	750.77	-
Electrical Installations	-	148.11	-	148.11	-	2.34	-	2.34	145.77	-
Furniture and Fixtures	-	36.35	-	36.35	-	0.67	-	0.67	35.68	-
Office Equipments	0.01	12.10	-	12.11	-	0.21	-	0.21	11.90	0.01
Computers	0.39	437.29	-	437.68	0.06	23.53	0.04	23.63	414.05	0.32
Vehicles	6.82	2.34	-	9.16	0.39	0.29	0.43	1.11	8.05	6.43
Sub-Total	142.96	4,146.38	-	4,289.34	0.45	127.68	1.59	129.72	4,159.62	142.50
Intangible Assets										
License Fees	-	100.00	-	100.00	-	3.70	-	3.70	96.30	-
Computer Software	2.06	200.76	-	202.82	0.16	16.25	0.14	16.55	186.27	1.90
Technical Know-how and Designs	-	270.58	-	270.58	-	8.56	-	8.56	262.02	-
Brand Development	-	193.67	-	193.67	-	1.62	-	1.62	192.05	-
Sub-Total	2.06	765.01	-	767.07	0.16	30.13	0.14	30.43	736.64	1.90
Total as on March 31, 2010	145.02	4,911.39	-	5,056.41	0.61	157.81	1.73	160.15	4,896.26	144.40
Total as on March 31, 2009	1.32	143.70	-	145.02	-	0.61	-	0.61	144.40	

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Long-Term Loans & Advances

Annexure XV

(` In Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Long-term loans and advances						
Unsecured, considered good						
Capital Advances	723.47	2,032.26	2.36	260.69	1,898.63	3,150.33
Security Deposits	48.76	48.04	76.96	63.33	57.59	56.80
Advance Income Tax (inclusive of Tax deducted by others)	51.55	51.34	32.08	12.07	2.14	1.16
Total	823.78	2,131.64	111.40	336.09	1,958.36	3,208.29

Notes: -

1 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

2 Outstanding balances in Capital Advances of Videocon Group Entity transactions are as under: -

(` In Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Videocon Group Entity	722.59	2,031.38	-	187.48	1,825.13	2,741.61

3 There are no amounts due from Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors / Relatives of Directors as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010

4 List of persons / entities classified as Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors /Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Trade Receivables

Annexure XVI
(In Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Outstanding for a period exceeding six months						
Unsecured						
Considered Good	-	-	-	-	-	-
Considered Doubtful	0.79	0.63	0.18	12.97	1.53	0.35
	0.79	0.63	0.18	12.97	1.53	0.35
Less: Provision for Doubtful Debts	0.79	0.63	0.18	12.97	1.53	0.35
Others - Considered Good						
Unsecured	2.02	4.24	3.32	13.15	21.44	0.91
	2.02	4.24	3.32	13.15	21.44	0.91

Notes: -

1 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively

2 There are no amounts due from Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010

3 List of persons / entities classified as Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

Restated Statement of Cash and Bank Balances

Annexure XVII
(In Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Cash and Cash Equivalents:						
Cash on Hand	3.02	1.35	2.45	2.20	1.19	1.03
Balance with Banks in Current Accounts	958.86	183.55	286.22	39.63	197.75	47.68
Balances with Banks in Fixed Deposits (Maturity of less than 3 months)	-	-	5,500.00	-	-	-
Sub Total	961.88	184.90	5,788.67	41.83	198.94	48.71
Other Bank Balances						
In Fixed Deposits (Maturity of less than 12 months)	738.20	662.87	549.65	362.23	147.54	45.34
In Fixed Deposits (Maturity of more than 12 months)	-	34.10	104.86	0.20	-	10.40
Sub Total	738.20	696.97	654.51	362.43	147.54	55.74
	1,700.08	881.87	6,443.18	404.26	346.48	104.45

Notes: -

1 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Short-Term Loans & Advances

Annexure XVIII
(` In Millions)

Particulars	As on					
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Short-term loans and advances						
Advances to Vendors	40.78	12.76	1.67	7.95	204.30	27.65
Loans and Advances to Employees	7.28	5.65	5.70	5.54	4.10	1.31
Deposits	20.06	17.99	8.14	20.41	0.44	0.15
Interest Receivables	27.69	31.14	26.86	16.67	3.80	0.74
Prepaid Expense	79.90	90.37	106.12	42.80	47.11	44.52
Balance with excise authority / VAT authority	1,204.61	1,579.72	1,995.80	1,786.54	1,338.95	420.04
Advance Fringe Benefit Tax	-	-	-	-	-	0.02
Total	1,380.32	1,737.63	2,144.29	1,879.91	1,598.70	494.43

Notes: -

1 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

2 There are no amounts due from Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity as on June 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010

3 List of persons / entities classified as Promoters / Promoter Group Entity / Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

Restated Statement of Other Income

Annexure XIX

(` in Millions)

Particulars	Three months period ended	For the year ended				
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Interest Income on Fixed Deposits - Recurring	13.61	96.96	50.83	28.63	6.11	0.85
Income on Sale of Investment (Non - Recurring)	-	-	-	-	-	-
Excess Provision of Doubtful Debts Written Back	-	15.41	2.52	-	-	-
Miscellaneous income	0.19	1.85	1.07	1.68	0.45	0.16
Total	13.80	114.22	54.42	30.31	6.56	1.01

Note: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Expenses

Annexure XX

(` in Millions)

Particulars	Three months period ended	For the year ended				
	June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Operating Expense						
Space Segment Charges and Fees	352.13	1,332.29	994.47	591.15	512.12	132.39
Content and Other Support Costs	1,827.72	6,303.19	4,801.72	3,318.60	2,005.19	372.45
Installation Expenses	294.29	1,028.68	1,228.71	1,130.66	923.58	132.66
Activation Expenses (Net)	-	-	-	-	218.53	83.59
License Fees and Taxes	572.77	1,832.05	1,114.43	651.76	94.63	2.82
Total	3,046.91	10,496.21	8,139.33	5,692.17	3,754.05	723.91
Selling and Distribution Expenses						
Advertisement and Marketing Expenses	174.20	812.30	302.36	186.60	116.82	36.97
Customer Support Services	201.78	627.16	640.79	664.47	463.52	60.85
Distribution Expenses	23.26	84.72	55.76	49.09	37.65	13.43
Total	399.24	1,524.18	998.91	900.16	617.99	111.25
Administrative and Other Expenses						
Power and Fuel	21.12	68.98	55.70	43.10	35.61	7.55
Rates and Taxes	2.01	4.51	1.38	7.94	7.40	1.35
Rent	23.97	88.10	71.23	63.61	56.00	15.60
Printing and Stationery	3.65	10.84	9.93	15.41	8.43	3.03
Repairs to Building	0.36	0.62	0.54	0.67	0.34	0.03
Repairs to Plant and Machinery	1.76	4.91	4.05	4.29	3.45	1.08
Repairs and Maintenance - Others	3.54	16.68	14.02	9.96	8.11	1.37
Insurance Expenses	1.20	5.78	5.43	10.74	1.98	4.18
Auditors' Remuneration						
as auditor	0.30	1.20	1.00	0.55	0.50	0.10
for taxation matters	0.02	0.10	0.10	0.05	0.05	0.05
for other services,	0.05	0.20	0.40	0.40	0.30	-
for reimbursement of expenses	0.03	0.03	0.01	0.09	0.02	-
Director Sitting Fees	0.12	0.45	0.27	-	-	-
Legal and Professional Charges	7.97	67.11	53.98	35.46	21.80	13.10
Communication Expenses	6.78	24.88	20.09	17.40	20.11	5.51
Travelling and Conveyance Expenses	34.17	131.45	122.53	117.34	83.55	21.29
Provision for Doubtful Debts	0.35	-	-	11.44	1.18	0.35
Bad Debts	-	-	-	6.63	0.49	-
Loss on Sale of Fixed Assets	1.68	-	-	-	-	-
Office and General Expenses	17.70	63.03	56.79	49.94	40.17	10.99
Total	126.78	488.87	417.45	395.02	289.49	85.58

Note: -

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexures IV and V respectively.

Restated Statement of Contingent Liabilities

(` in Millions)

Particulars	As On					
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Counter guarantees given for guarantees given by the bankers	593.96	592.58	587.05	533.30	500.94	608.24
Letters of Credit Opened by the Bank	17.87	2.27	69.92	-	-	88.08
Entertainment Tax – Refer Note A1, B1, C1, D1, E and F	91.33	80.47	45.27	37.36	19.00	0.45
DTH License Fees – Refer Note A3, B3, C3 and D4	2,744.76	2,483.93	1,582.89	962.68	332.23	-
Value Added Tax – Refer Note A5	13.26	-	-	-	-	-
Total	3,461.18	3,159.25	2,285.13	1,533.34	852.17	696.77

Notes: -

A Three months period ended June 30, 2014

- 1 In respect of Entertainment Tax in various States, the Company has preferred appeals / writ petitions in the High Court / Supreme Court challenging the applicability of Entertainment Tax. Pending the final outcome of these appeals / petitions, the Company has paid under protest and provided for the disputed liability, except for the disputed amount of ` 91.33mn (Previous Year ` 80.47mn).
- 2 The Company had received demand notices for non-deduction of income tax at source from certain payments and interest thereon aggregating to ` 39.66mn for Assessment Year 2010-11, ` 231.98mn for Assessment Year 2011-12 and ` 214.67mn for Assessment Year 2012-13. The Company had filed appeals against the said orders and demand notices. The appeals for Assessment years 2010-11 and 2011-12 have been disposed off by the CIT (A) who has granted substantial relief. Based on the decisions of the first appellate authority, the Company has received orders from the DCIT (TDS) revising the demand at ` 12.70mn for the Assessment Year 2010-11, and ` 19.40mn for the Assessment Year 2011-12. The Company has preferred appeal before ITAT for Assessment Year 2010-11 and 2011-12. DCIT (TDS) has also rectified the order for Assessment year 2012-13 and revised the demand to ` 70.92mn. The Company has provided for ` 1.81mn for the Assessment Year 2010-11, ` 14.31mn for Assessment Year 2011-12 and ` 12.53mn for Assessment Year 2012-13 and no further provision is considered necessary by the management.
- 3 DTH License fee is calculated on adjusted gross revenue in accordance with the judgment given by TDSAT in the petition No. 92(C) and 93 (C) of 2009 dated 28th May 2010 and the same is provided for in the books of accounts. During the previous year, Company has received a letter from Ministry of Information & Broadcasting demanding ` 1,582.89mn (including interest) for additional license fees on the difference between gross revenue and adjusted gross revenue upto financial year 2012-13. The Company has filed a petition before TDSAT and an interim stay has been granted for the payment of this demand. As per the stand of Ministry of Information and Broadcasting there would be an additional license fees for financial year 2013-14 of ` 901.04mn and for the period ended June 2014 of ` 260.83mn. Pending the matter for further hearing, no provision is considered necessary by the management.
- 4 The Company has received a show cause notice dated June 13, 2014 from Commissioner of Customs, Central Excise and Service Tax, Noida with regard to service tax on Advance Usage charges i.e., rental charges collected from the subscribers towards the usage of Set Top Boxes by the subscribers. The amount of service tax involved is ` 694.47mn (excluding interest) for the period from April 2009 to December 2013. The Company is in the process of filing the reply to the said notice and in the opinion of the management no provision is required against the same.

(Formerly Bharat Business Channel Limited)**5 Claims not acknowledged as debts - ₹ 13.26mn**

The Company has also received a demand notice of ₹ 12.76mn and ₹ 0.50mn for the year 2010-11 and 2013-14 for difference of VAT in the state of Jharkhand and Tripura respectively. The Company has contested the said demand and is in the process of filing the appeal. The Company is of the view that eventually there will not be any substantial liability on this account and hence no provision is necessary.

B Financial Year 2013-14

1 In respect of Entertainment Tax in various States, the Company has preferred appeals / writ petitions in the High Court / Supreme Court challenging the applicability of Entertainment Tax. Pending the final outcome of these appeals / petitions, the Company has paid under protest and provided for the disputed liability, except for the disputed amount of ₹ 80.47mn (Previous Year ₹ 45.27mn).

2 The Company had received demand notices for non-deduction of income tax at source from certain payments and interest thereon aggregating to ₹ 39.66mn for Assessment Year 2010-11, ₹ 231.98mn for Assessment Year 2011-12 and ₹ 214.67mn for Assessment Year 2012-13. The Company had filed appeals against the said orders and demand notices. The appeals for Assessment years 2010-11 and 2011-12 have been disposed off by the CIT (A) who has granted substantial relief. Based on the decisions of the first appellate authority, the Company has received orders from the DCIT (TDS) revising the demand at ₹ 12.70mn for the Assessment Year 2010-11, and ₹ 19.40mn for the Assessment Year 2011-12. The Company has preferred appeal before ITAT for Assessment Year 2010-11 and 2011-12. DCIT (TDS) has also rectified the order for Assessment year 2012-13 and revised the demand to ₹ 70.92mn. The Company has provided for ₹ 1.81mn for the Assessment Year 2010-11, ₹ 14.31mn for Assessment Year 2011-12 and ₹ 12.53mn for Assessment Year 2012-13 and no further provision is considered necessary by the management.

3 DTH License fee is calculated on adjusted gross revenue in accordance with the judgment given by TDSAT in the petition No. 92(C) and 93 (C) of 2009 dated 28th May 2010 and the same is provided for in the books of accounts. During the year, Company has received a letter from Ministry of Information & Broadcasting demanding ₹ 1,582.89mn (including interest) for additional license fees on the difference between gross revenue and adjusted gross revenue upto financial year 2012-13. The Company has filed a petition before TDSAT and an interim stay has been granted for the payment of this demand. As per the stand of Ministry of Information and Broadcasting there would be an additional license fees for financial year 2013-14 of ₹ 901.04mn. Pending the matter for further hearing, no provision is considered necessary by the management.

4 Claims against company not acknowledged as debts - ₹ 0.50mn.

C Financial Year 2012-13

1 In respect of Entertainment Tax in various States, the Company has preferred appeals / writ petitions in the High Court / Supreme Court challenging the applicability of Entertainment Tax. Pending the final outcome of these appeals / petitions, the Company has paid under protest and provided for the disputed liability, except for the disputed amount of ₹ 45.27mn.

2 The Company had received demand notices for non-deduction of income tax at source from certain payments and interest thereon aggregating to ₹ 39.66mn for Assessment Year 2010-11 and ₹ 231.98mn for Assessment Year 2011-12. The Company had filed appeals against the said orders and demand notices. The CIT (A) has granted substantial relief and the demand raised has been set aside. Based on the decisions of the first Appellate authority,

(Formerly Bharat Business Channel Limited)

the Company has received orders from the DCIT (TDS) of ` 13.35mn for the Assessment Year 2010-11 and ` 53.29mn for the Assessment Year 2011-12, against which the company has preferred appeal before ITAT. The company has provided ` 1.81mn for the Assessment Year 2010-11 and ` 14.31mn for Assessment Year 2011-12 and no further provision considered necessary by the management.

- 3 DTH License fee is calculated on adjusted gross revenue as per the judgment given by TDSAT and the same is provided in the books of accounts. The difference of license fees calculated on gross revenue and adjusted gross revenue is of ` 1,582.89mn shown as contingent liability.

D Financial Year 2011-12

- 1 In respect of disputed demands of ` 462.62mn, made towards Entertainment Tax in various states, the Company has preferred appeals / writ petitions in the High Court / Supreme Court. Pending the final outcome of these appeals / petitions, the Company has provided for an amount of ` 425.26mn against which an amount of ` 354.48mn has been paid under protest to the relevant authorities as directed by the appropriate authority. The disputed demand of ` 37.36mn which has not been provided for has been disclosed as contingent liabilities.

- 2 During the year, the company had received demand notice for non-deduction of income tax at source from certain payments including interest thereon aggregating to ` 39.66mn for Assessment Year 2010-11 and ` 231.98mn for Assessment Year 2011-12. The company had disputed the same and filed appeals against the said orders and demand notices. The CIT (A) has granted substantial relief and the demand raised has been set aside by the CIT (A). Against the balance disallowance the company intends to prefer appeal before ITAT. Based on the decisions of the Appellate authorities and the interpretations of relevant provisions, the Company has been advised that the above demand / adjustment are likely to be either deleted or substantially reduced and do not likely to exceed `` 1.85mn for the Assessment Year 2010-11 and ` 18.76mn for the Assessment Year 2011-12. Accordingly no provision has been considered necessary by the management.

- 3 The Company has also received a demand notice of ` 53.81mn for the year 2009-10, 2010-11 and 2011-12 for non-payment of VAT / Sales tax in the state of Rajasthan. The Company had contested against the said demand notices and filed the appeal before Commissioner (Appeals), Commercial Tax Department, Rajasthan Tax Board who has passed the order and set aside the said demand. The Company is of the view that eventually there will not be any substantial liability on this account and hence no provision is necessary.

- 4 DTH License fees is calculated on adjusted gross revenue as per the judgment given by TDSAT and the same has been provided for in the books of accounts. The difference of license fees calculated on Gross revenue as defined in DTH license agreement and the said adjusted gross revenue is shown as contingent liability.

E Financial Year 2010-11

The Company has received demand notices for Entertainment Tax from certain State Governments. Based on the legal advice obtained, the Company is, of the opinion that DTH service is not a subject matter on which State Government can impose the tax and hence it has disputed the levy of Entertainment Tax.

The Company has not made any provision relating to the liability, if any, in the states where no demand notices have been received. The contingency relating to this non provision is ` 18.79mn. The Company has also not provided for the demand received towards interest and penalty amounting to ` 0.21mn for nonpayment of advance entertainment tax in the State of Bihar. However, the Company has debited to its Profit and Loss Account, the Entertainment tax paid under protest

(Formerly Bharat Business Channel Limited)

F Financial Year 2009-10

The Company has received demand notice for ` 0.21mn from the Entertainment Tax Department Uttaranchal and for ` 0.23mn from the Commercial Tax Department of Rajasthan on account of Entertainment Tax.

The Company has been advised that since providing the broadcasting services does not amount to entertainment and since, providing DTH service is not a subject matter on which a State Government can impose a tax, Entertainment Tax cannot be levied by the State Governments.

The Company, therefore, has disputed the levy of Entertainment Tax and has filed writ petitions in the High Courts of Uttarakhand, Rajasthan, Assam, Gujarat, Madhya Pradesh, Delhi NCR, Uttar Pradesh, West Bengal, Punjab and Maharashtra and is in process of filing similar petitions in other States which have levied Entertainment Tax.

Meanwhile, the Company has paid an amount of ` 2.29mn under protest towards Entertainment Tax in some of the States and the same have been debited to Profit and Loss Account. No further provision has been made in this respect as the same could be ascertained only upon the final outcome of the litigations in respective States.

G The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Annexure XXII

Statement of Dividend paid

The Company has not declared/ paid any dividend since incorporation.

Videocon d2h Limited
(Formerly Bharat Business Channel Limited)
Restated Statement of Accounting & Other Ratios

Annexure XXIII

(` in Millions)

Particulars		June 30, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Earnings Per Share (in `)							
Basic	A / B	(3.23)	(19.40)	(24.25)	(26.48)	(29.04)	(54.20)
Diluted	A / B	(3.23)	(19.40)	(24.25)	(26.48)	(29.04)	(54.20)
Net Profit / (Loss) after tax as restated attributable to equity shareholders	A	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,318.80)
Weighted average no. of equity shares outstanding during the period/ year (in Millions)	B	242.00	242.00	212.41	182.00	182.00	24.33
Return on Net Worth (%)	A / C	Refer Note - 5 below	Refer Note - 5 below	Refer Note - 5 below	Refer Note - 5 below	Refer Note - 5 below	(33.75)
Net Worth	C	(13,836.00)	(13,042.07)	(8,348.40)	(6,197.51)	(1,377.45)	3,907.70
Net asset value per equity share (in `)	C / D	(57.17)	(53.89)	(34.50)	(34.05)	(7.57)	21.47
No. of equity shares outstanding at the end of the Period / year (in Millions)	D	242.00	242.00	242.00	182.00	182.00	182.00

Notes:

(1) The figures disclosed above are based on the Restated Financial Information of the Company.

(2) Earnings per share calculations are done in accordance with Accounting Standard - 20 on Earnings per Share notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

(3) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year / period adjusted by the number of equity shares issued during year / period multiplied by the time weighting factor. The time weightage factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

(4) For the purpose of calculating dilutive earnings per share, the weighted average number of equity shares is adjusted for the equity shares Capital disclosed under Share Application Money Account.

(5) Return on Net Worth for the period ended June 30, 2014 and for the years ended March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 are not given as net worth as on the date as well as profits for the period / years are negative.

(6) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Net Assets / Net Worth =

Non – Current Assets (+) Current Assets (–) Non – Current Liabilities (–) Current Liabilities (–) Share Application Pending Allotment

Earnings per share (Basic) and Diluted =

Restated profit after tax

Weighted average number of equity shares outstanding during the period / year

Net Asset Value per share =

Net worth at the end of the year

Number of equity shares outstanding at the end of the period / year

Return on Net worth % =

Restated profit after tax

Net worth as at the end of the period / year

Annexure XXIV

Statement of Capitalization

(₹ in Millions)

Particulars	Pre-Issue as on Jun. 30, 2014	As Adjusted for issue
Debt		
Short Term Debt – Unsecured (A)	2,250.00	
Short Term Debt from Banks – Secured (B)(Included in Other Current Liabilities)	3,702.05	
Long Term Debt from Banks (C)	24,419.50	
Total Debt (A)+(B)+(C)=(D)	30,371.55	
Shareholders' Funds		
Share Capital	2,420.00	
Reserves and Surplus	(16,256.00)	
Total Shareholders' funds (E)	(13,836.00)	
Long Term Debt / Equity (C/E)	(1.76)	
Total Debt / Equity (D/E)	(2.20)	

Note: -

The above has been computed on the basis of the Restated Summary Statements of the Company.

Statement of Tax Shelter

(₹ in Millions)

Sr. No	Particulars	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
A	Restated Profit Before Tax	(781.52)	(4,693.67)	(5,150.89)	(4,820.06)	(5,285.15)	(1,312.56)
B	Tax Rate	32.45%	32.45%	32.45%	32.45%	33.22%	33.99%
C	Tax thereon at the above rate (A * B)	NIL	NIL	NIL	NIL	NIL	NIL
D	Permanent Differences						
	Add: - Fine and Penalty	0.18	0.25	0.02	0.03	0.04	0.02
	Add: - Donation Paid	0.00	0.64	0.74	0.39	0.14	-
	Add: - Employee's Contribution to Provident Fund not paid in time	-	-	-	-	-	-
	Add: - Interest paid on late payment of Income Tax	0.10	12.90	16.12	1.32	0.46	-
	Add: - Interest paid on late payment of Statutory Dues	-	-	-	0.23	-	-
	Add: - Disallowance u/s 40(A) (iib)	-	-	-	-	1.54	-
	Add: - Disallowance u/s 40(A)(3)	-	-	0.11	0.44	-	-
	Add: - Exchange Gain & Loss on Capital Assets	(8.30)	82.00	42.50	-	-	-
	Total Permanent Differences	(8.02)	95.79	59.49	2.42	2.18	0.02
E	Timing Differences						
	Add: - Difference in ROC Fees as per Books and ROC Fees under Income Tax Act, 1961	-	-	14.95	-	-	7.00
	Add / Less: - Profit on Sale of Investments	1.68	-	-	-	-	-
	Add / (Less): - Difference in Book Depreciation and Depreciation under Income Tax Act, 1961	351.80	608.53	83.89	(414.75)	(700.61)	(376.64)
	Add / (Less): - Provision for Doubtful Debts	0.35	(0.45)	(13.67)	11.44	1.18	0.35
	Add: - Provision of Leave Encashment u/s 43B	2.88	2.04	5.64	5.35	2.24	2.45
	Add: - Provision of Gratuity	2.79	4.36	9.07	6.57	4.14	1.10
	Add: - Provision of Bonus u/s 43B	6.24	0.91	0.89	1.79	2.34	3.53
	Add: - Provision Entertainment Tax u/s 43B	27.69	65.74	16.16	36.56	-	-
	Add: - Provision of DTH License Fees u/s 43B	-	(313.72)	186.72	127.00	-	-
	Less: - 1/5 of ROC Fees paid	(2.99)	(4.74)	(4.74)	(1.85)	(1.85)	(0.10)
	Add: - Entry Tax	-	-	-	(0.04)	0.04	-
	Add / (Less): - Profession tax	-	(0.05)	-	(0.02)	0.03	-
	Total Timing Differences	390.44	362.62	298.91	(227.91)	(692.50)	(362.32)
F	Net Adjustments (D+E)	382.42	458.41	358.40	(225.50)	(690.32)	(362.30)
G	Tax expense / (saving) thereon (F * B)	124.10	148.75	116.30	(73.17)	(229.32)	(123.14)
	Considering the grounds of prudence, the tax savings (net) has not been recognized	-	-	-	-	-	-
H	Tax Liability (C+G)	-	-	-	-	-	-
I	Interest under Section 234A, 234B and 234C of the Income Tax Act 1961	-	-	-	-	-	-
J	TOTAL TAX LIABILITY (H+I)	-	-	-	-	-	-
K	Taxable Profit / (Loss) before Tax and after adjustments as Restated (A+F)	(399.10)	(4,235.26)	(4,792.49)	(5,045.56)	(5,975.47)	(1,674.86)
L	Total Tax Liability after tax impact of adjustments (J)	-	-	-	-	-	-

(Formerly Bharat Business Channel Limited)

Notes: -

- 1 The figures disclosed above are based on the Restated Financial Information of the Company.
- 2 The above statement has been prepared based on the tax computations for the respective years. The figures for period ended June 30, 2014 and the year ended March 31, 2014 is based on the provisional computations of total income prepared by the Company and are subject to any changes that may be considered at the time of filing of the return of income.
- 3 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Restated Statement of Related Party Transactions

List of related parties and transactions as per the requirement of Accounting Standard 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India.

A List of Related Parties (As identified and certified by the management)

- i) List of related parties where control exists - NIL
- ii) **Names of Related Parties with whom transactions were carried out during the year: -**
- a) **Key Management Personnel-**
Mr. Saurabh P. Dhoot (Whole Time Director)
Mr. Anil Khera (Chief Executive Officer) – (From July 01, 2008).
- b) **Relative of Key Management Personnel**
Mrs. Shelly Anil Khera (wife of Mr. Anil Khera)

B Details of Transactions with above Related Parties

(` in Millions)

Particulars	Three months Period ended	For the year ended				
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
a Brand Royalty						
Key Management Personnel Mr. Saurabh P. Dhoot	-	-	0.05	0.05	0.04	NIL
b Payment of salaries / remuneration / perquisites						
Key Management Personnel Mr. Anil Khera	2.53	10.11	10.48	10.48	5.16	5.16
c Rent paid						
Relative of Key Management Personnel Mrs. Shelly Anil Khera	0.26	1.15	1.22	1.02	NIL	NIL

C) Amount due to / from Related Parties

(` in Millions)

Particulars	As On					
	Jun. 30, 2014	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Rent payable to relative of Key Management Personnel	NIL	NIL	0.03	0.02	NIL	NIL

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of approximately ₹ 28,811.54 million, as of August 31, 2014, together with a brief description of certain significant terms of such financing arrangements.

A. Details of Secured Borrowings of our Company

Set forth below is a summary of our secured borrowings as of August 31, 2014.

(₹ in million)

Lender	Description	Amount outstanding as on August 31, 2014	Repayment/Tenor	Security
Central Bank of India	<ul style="list-style-type: none"> • Term loan agreement dated December 6, 2008 for term loan facilities of ₹ 3,500 million • A bank guarantee of ₹ 250 million and a letter of credit of ₹ 600 million pursuant to sanction letter dated April 13, 2010 	800	Five years under progressive repayment schedule	<p>First charge ranking <i>pari passu</i> by way of equitable mortgage/ registered mortgage on the entire block assets of our Company;</p> <p>First charge ranking <i>pari passu</i> by way of hypothecation of our Company's entire plant and machinery, equipment, licenses, moveable assets, both present and future, created out of project implementation (including assignment of contracts relating to transponder capacity, all government licenses and authorizations, insurance policies) and further to be created if any till repayment of the term loan;</p> <p>Additional security by way of personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot, and corporate guarantee of VIL</p> <p>Pari passu charge on current assets of the company, both present and future.</p>
	Term loan agreement dated February 25, 2013, for a term loan facility of ₹ 1,000 million	958.25	24 unequal quarterly installments commencing on April 1, 2015, after a moratorium of 27 months from the date of first disbursement	<p>First charge ranking <i>pari passu</i> on all movable and immovable assets of our Company (both present and future).</p> <p>Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing.</p> <p>Assignment of all government authorization, licenses, contracts relating to transponder capacity etc.;</p> <p>Assignment of insurance policies;</p> <p>Assignment of the rights of our Company under the DTH License;</p> <p>Charge in favour of all term lenders on the escrow and debt service reserve accounts of our Company.</p> <p>Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot; and corporate guarantees of Solitaire, Greenfield and Platinum.</p>
IDBI Bank Limited	Sanction letter dated June 6, 2009 and term loan agreement dated July 31,	570	Four years or 16 quarterly installments. The last date of drawal was March 31,	<p>First mortgage and charge of all the Company's immovable properties, both present and future;</p> <p>First charge by way of hypothecation of the Company's entire movables, including movable</p>

Lender	Description	Amount outstanding as on August 31, 2014	Repayment/Tenor	Security
	2009 for term loan facility of ₹ 3,600 million		2011.	<p>machinery, machinery spares, tools and accessories, present and future;</p> <p>Charge on the escrow and debt service coverage accounts;</p> <p>Assignment by the Company by way of first charge of (i) the contracts relating to transponder capacity etc to be in line with the assignment agreement in favour of Central Bank of India in relation to the Central Bank of India term loan; and (ii) all contracts, government authorizations, licenses, and insurance policies; and</p> <p>Irrevocable and unconditional guarantee from Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot and corporate guarantee of VIL</p>
	<ul style="list-style-type: none"> Sanction letters dated January 3, 2014, and rupee loan agreement dated January 7, 2014 for a rupee term loan facility of ₹ 3,000 million 	3,000	24 unequal quarterly installments commencing from April 1, 2015, after a moratorium of 15 months from the date of first disbursement	<p>First charge ranking <i>pari passu</i> on all movable and immovable assets of our Company (both present and future).</p> <p>Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing.</p> <p>Assignment of the rights of our Company under the DTH License;</p> <p>Charge in favour of all term lenders on the escrow account of our Company.</p>
	<ul style="list-style-type: none"> Sanction letter dated December 20, 2012, and loan agreement dated January 10, 2013 for a term loan facility of ₹ 1,750 million 	1,700		<p>Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot; and corporate guarantees of Solitaire, Greenfield and Platinum.</p>
Bank of Baroda	<ul style="list-style-type: none"> Sanction letters dated April 26, 2010, September 20, 2010 and March 5, 2013 for term loan facility of ₹ 1,000 million (“Term Loan I”) 	258.30	Term Loan I: 60 months including 12 months moratorium period from the date of first disbursement and a repayment period of 48 months. Repayment in 16 quarterly structured installments.	<p>Term Loan I and Term Loan II: First charge on the entire immovable and moveable fixed assets and current assets of our Company, present and future on <i>pari passu</i> basis;</p> <p>Assignment of all contracts, all government authorizations, licenses and insurance policies of our Company in favour of all the lenders;</p> <p>Charge in favour of all term lenders on the escrow account of our Company;</p>
	<ul style="list-style-type: none"> Sanction letter dated March 5, 2013 for a term loan facilities of ₹ 2,000 million 	2,000	Term Loan II: 24 unequal quarterly installments commencing on April 1, 2015, after a moratorium of	<p>Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing with a proviso that in case of shortfall in DSRA, the same will be topped up by VIL.</p> <p>The term loan is additionally secured by personal guarantees issued by Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal</p>

Lender	Description	Amount outstanding as on August 31, 2014	Repayment/Tenor	Security
	("Term Loan II")		27 months from the date of first disbursement.	Dhoot, Term Loan I: Corporate guarantee issued by VIL; Term Loan II: Corporate guarantees issued by Greenfield, Solitaire and Platinum.
Canara Bank	Sanction letter dated March 7, 2013 for a rupee term loan facility of ₹ 1,750 million	1,700	24 structured quarterly installments, commencing after 24 months from the date of first disbursement	First charge ranking <i>pari passu</i> on all movable and immovable assets of our Company (both present and future). Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing. Charge in favour of all term lenders on the escrow account of our Company. Assignment of the rights of our Company under the DTH License; Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot; and corporate guarantees of Solitaire, Greenfield and Platinum.
Bank of India	Sanction letter dated March 16, 2013 and term loan facility agreement dated March 21, 2013, for term loan facilities of ₹ 1,500 million	1,500	24 quarterly ballooning installments starting after a moratorium period of two years and three months from the date of first disbursement.	First charge ranking <i>pari passu</i> on all movable and immovable assets of our Company (both present and future). Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing. Charge in favour of all term lenders on the escrow and debt service reserve accounts of our Company. Assignment of the rights of our Company under the DTH License; Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot; and corporate guarantees of Solitaire, Greenfield and Platinum.
Union Bank	Sanction letter dated April 3, 2013 and term loan agreement dated April 5, 2013 for term loan facilities of ₹ 1,500 million	1,500	24 unequal quarterly installments commencing after 27 months from the date of first disbursement	First charge ranking <i>pari passu</i> on all movable and immovable assets of our Company (both present and future). Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing. Assignment of the rights of our Company under the DTH License; Charge in favour of all term lenders on the escrow and debt service reserve accounts of our Company. Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot; and corporate guarantees of Solitaire, Greenfield and Platinum.

Lender	Description	Amount outstanding as on August 31, 2014	Repayment/Tenor	Security
United Bank of India	Sanction letter dated May 11, 2013 and term loan agreement dated May 14, 2013 for term loan facility of ₹ 1,500 million	1,500	24 quarterly unequal installments commencing after 27 months from the date of first disbursement	<p>First charge ranking <i>pari passu</i> on all movable and immovable assets of our Company (both present and future).</p> <p>Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing.</p> <p>Assignment of the rights of our Company under the DTH License;</p> <p>Charge in favour of all term lenders on the escrow account of our Company.</p> <p>Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot; and corporate guarantees of Solitaire, Greenfield and Platinum.</p>
Bank of Maharashtra	Sanction letter dated May 11, 2013 and agreement for term loan dated May 13, 2012 for term loan facility of ₹ 1,000 million	1,000	24 quarterly unequal installments commencing after 27 months from the date of first disbursement	<p>First charge ranking <i>pari passu</i> on all movable and immovable assets of our Company (both present and future).</p> <p>Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing.</p> <p>Assignment of the rights of our Company under the DTH License;</p> <p>Charge in favour of all term lenders on the escrow account of our Company.</p> <p>Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot; and corporate guarantees of Solitaire, Greenfield and Platinum.</p>
Yes Bank Limited	Sanction letter dated June 28, 2014 and deed of hypothecation dated June 28, 2014, for a term loan of ₹ 2,750 million and line of credit facility of ₹ 250 million (including sub-limits of letter of credit – sight, letter of undertaking and cash credit)	2,750	Repayable in nine increasing instalments starting from June 30, 2015	<p>Subservient charge on all moveable assets including moveable fixed assets of our Company;</p> <p>Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Saurabh Pradipkumar Dhoot;</p> <p>Pledge over 1.25 million equity shares of VIL;</p> <p>Pledge of shareholding in our Company worth ₹ 500.00 million;</p> <p>Exclusive charge over immovable property situated at Malad, Mumbai.</p>
ICICI Bank Limited (arranger), IDBI Trusteeship Services Limited (security trustee), Canara Bank, Karur Vysya Bank, Dena Bank,	Syndicate term loan facility agreement dated December 20, 2010 for a term loan of ₹ 10,000 million entered between ICICI Bank Limited (arranger), IDBI Trusteeship	9,575	78 months after the first utilization date under the facility agreement	<p>Charge over the entire movable assets of our Company (except any intellectual property), including all rights, title and interest of our Company, both present and future;</p> <p>Charge on the entire immovable assets of our Company including all rights, title and interest, both present and future;</p> <p>Charge over the escrow account maintained by our Company under the facility agreement for</p>

Lender	Description	Amount outstanding as on August 31, 2014	Repayment/Tenor	Security
Jammu and Kashmir Bank, Syndicate Bank, Oriental Bank of Commerce and Bank of India	Services Limited (agent), Canara Bank, Karur Vysya Bank, Dena Bank, Jammu and Kashmir Bank and Syndicate Bank. This includes: <ul style="list-style-type: none"> • ₹ 3,000 million from ICICI Bank; • ₹ 2,000 million from Canara Bank*; • ₹ 500 million from Karur Vysya Bank^; • ₹ 1,000 million from Dena Bank**; • ₹ 1,000 million from Syndicate Bank^^; • ₹ 1,000 million from Jammu and Kashmir Bank*** • ₹ 1,000 million from Oriental Bank of Commerce^^^ • ₹ 500 million from Bank of India**** 			<p>the purposes of depositing all monies received from the subscribers of our Company;</p> <p>Charge over the debt service reserve account maintained by our Company under the facility agreement;</p> <p>Assignment of the rights of our Company under the DTH License;</p> <p>Pledge of 30% shareholding in our Company by Greenfield and Synergy.</p> <p>Corporate guarantees of Platinum, Greenfield, Synergy, Dome-Bell Electronics India Private Limited.</p> <p>Debt service coverage ratio shortfall undertaking/additional guarantee issued by VIL.</p> <p>Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot.</p>

*pursuant to deed of accession dated September 9, 2011 and sanction letter dated August 17, 2011

^ pursuant to deed of accession dated August 18, 2011 and sanction letter dated May 24, 2011

** pursuant to deed of accession dated February 8, 2012 and sanction letter dated January 31, 2012

^^ pursuant to deed of accession dated December 2, 2011 and sanction letter dated October 28, 2011

*** pursuant to deed of accession dated November 29, 2011 and sanction letter dated November 3, 2011

^^^ pursuant to deed of accession dated June 14, 2012 and sanction letter dated May 30, 2012

**** pursuant to deed of accession dated July 16, 2012 and sanction letters dated July 11, 2012 and March 16, 2013

Aditiionally, IDBI Bank Limited, pursuant to a sanction letter dated September 18, 2014, has granted an in-principle approval for a rupee term loan of ₹ 500 million, which has not been availed by our Company as on the dated of this Draft Red Herring Prospectus.

Our secured financing arrangements contain various restrictive covenants which require us to obtain the prior written consent of our lender(s) for undertaking, among others, the following activities:

- effecting any change in the capital structure;
- formulating any scheme of amalgamation or reconstruction;
- undertaking any new project or expansion, unless the expenditure of such expansion is covered by our Company's net cash accrual after providing for dividend, investment or from long term funds received from financing such new projects or expansion;
- making any investments by way of deposits, loans or in share capital of any other concerns (including any subsidiaries) except investments in the usual course of business or advances to employees;

- entering into borrowing arrangements, either secured or unsecured with any other banks, financial institutions or companies or otherwise;
- undertaking guarantee obligations on behalf of any other company and declaring dividends for any year except out of profits relating to that year and with the specific approval of the lender(s);
- issuing any debentures, raising any loans, accepting deposits from the public, issuing equity or preference capital or creating any charge on its assets or giving any guarantee;
- creating any subsidiary or permitting any company to become its subsidiary;
- Selling, granting, leasing, transferring, or otherwise disposing of its assets except for such transfers, sales made in the ordinary course of business or permitted disposals which have a cumulative value per financial year not exceeding ₹ 500 million;
- changing our financial year;
- making any investment or acquisition in excess of ₹ 1,000 million in any financial year;
- amend the Memorandum of Association and Articles of Association of our Company; and
- effecting any change in the composition of its board of directors or its management, or the appointment/re-appointment or removal of its managing director or another person holding substantial management powers.

Further, under the terms of certain of our secured financing arrangements, we are required to comply with the following financial covenants:

- maintain a total debt to promoter contribution ratio of 2.00; and
- maintain a fixed assets coverage ratio of 1.00.

B. Details of Unsecured Borrowings of our Company

Set forth below is a summary of our unsecured borrowings as on August 31, 2014.

(₹ in million)

No.	Name of Lender	Description of Documentation	Amount Outstanding as on August 31, 2014	Repayment / Tenor	Significant Covenants
1.	IDBI Bank Limited	Working capital facility of ₹ 1,000 million pursuant to sanction letters dated April 30, 2011, July 12, 2011, and March 20, 2014 and a working capital facility agreement dated July 27, 2011	997.88	Valid until March 2015	<p>During the currency of the IDBI working capital facility, the Company shall not without the prior permission in writing of IDBI:</p> <ul style="list-style-type: none"> • Effect any change in the Company's capital structure; • Formulate any scheme of amalgamation or reconstruction; • Implement any scheme of expansion or diversification or modernization other than incurring routine capital expenditure; • Make any corporate investment or investment by way of share capital or debenture or lend or advance funds to or place deposit with any other concern, except give normal trade credit, place on security deposits in the normal course of business or make advances to employees, provided that the Company may make such investments by way of deposit or advance that are required statutorily under the existing laws, rules or regulations issued from time to time; • Undertake guarantee obligations on behalf of any third party or any other company.
		Line of credit of ₹ 500 million pursuant to sanction letter dated March	256.70	Valid for a period up to 90 days	In the event payment against the discounted bills is delayed for a period of 30 days from the due date of payment, IDBI Bank at its discretion has the right to suspend the line

No.	Name of Lender	Description of Documentation	Amount Outstanding as on August 31, 2014	Repayment / Tenor	Significant Covenants
		20, 2014			of credit.

Additionally, we have also availed an unsecured loan from our Group Entity, VIL, at an annual interest rate of the prevailing SBI PLR less 2%. The outstanding amount against such unsecured loan was ₹ 2,250.00 million, as on August 31, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based upon, and should be read in conjunction with our restated audited financial information for the three months ended June 30, 2014 and for the financial years 2014, 2013 and 2012. Our financial statements are prepared in accordance with Indian GAAP. Indian GAAP differs in certain material respects with IFRS and U.S. GAAP. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the twelve months ended March 31 of that year.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, see "Risk Factors".

Overview

We are the fastest growing DTH service provider in India and operate under the "Videocon d2h" brand. (Source: MPA Report) We distribute multiple television channels and allied video and audio services to subscribers as part of our DTH services. We bring to our subscribers digital quality television viewing and, as of June 30, 2014, carried over 495 national and international channels and services, including 27 HD channels and 41 audio and video Active Music Channel Services. We commenced our DTH operations in July 2009 and, as of June 30, 2014, had 11.21 million gross subscribers with a market share of 16.2% of the gross DTH subscriber base across India (Source: MPA Report). We have a presence across India and we believe we are ideally positioned to capitalize on the growth opportunities in the Indian DTH market.

Our distribution of multiple television channels and services is enabled through consumer premises equipment installed at the end consumers' premises which allows a subscriber to directly receive programming from our leased satellite through a mini-dish which is then de-coded by a digital receiver called a set-top box. We use state-of-the-art MPEG-4 technology, which permits high compression for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We have leased K_u-Band space capacity on the ST-2 satellite of SingTel, which was launched on May 21, 2011 and has an estimated useful life through 2026. We currently lease ten 54 Mhz transponders on the satellite. This technology and access to these ten transponders allows us to transmit over 495 channels and services.

We benefit from our relationship with the Videocon Group. The Videocon Group has diversified interests in consumer electronics, oil and gas, power, retail and insurance, among others. The Videocon Group's flagship entity is Videocon Industries, a company listed on the BSE and the NSE and with a market capitalization of ₹ 58,877.13 million as of June 30, 2014 on the NSE. Videocon Industries believes it has one of the largest distribution networks of consumer electronics and home appliances in India. We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players including television sets and DVD players with built-in set-top boxes. We believe that the cross selling of our services through the Videocon Group's television business increases our marketing opportunities.

We believe that the "Videocon" brand is well recognized in India. Videocon Industries was named as one of the Boston Consultancy Group's 100 "Rapidly Developing Economy Emerging Global Challengers" in May 2006 and the "Videocon" brand was named one of the top 20 most trusted brands in India by the Economic Times – Brand Equity in May 2007. Our Company was also ranked one of the most successful launches in 2009 (the year we commenced offering our services) by the Brand Derby survey, undertaken by the Business Standard. Our Company received "Asia's Most Promising Brand Award 2012-2013" in the DTH category from iBrands 360 (Iconic Brands 360), a World Consulting and Research Corporation enterprise.

The MIB has notified a four-phase digitization process for cable television in India with a sunset date of December 31, 2016. As a result, the cable television industry in India will be transitioned to the DAS for television distribution and all cable operators will be legally bound to transmit only digital signals. We believe that this is a key growth opportunity for us as we believe that a significant portion of current analog cable television subscribers will switch to DTH services, such as ours.

As of June 30, 2014, in addition to providing our subscribers with the enabling hardware for our channels and services, we offer our subscribers "12 Picture-in-Picture Mosaic", a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the "Electronic Program Guide", a graphical user interface to

browse channels and program schedules; “Movie Channel Services”, where we offer three movie channel services; “HD 3D Active Channel service”; and “tickers”, which include tickers at the bottom of the screen displaying sports scores, stock market data, news updates, Active Music Channel Services and content-recording features.

Factors Affecting Our Results of Operations

Factors Affecting Growth in Subscribers and Churn

Almost all of our revenue comprises income from DTH subscribers, particularly, subscription revenue, other income from subscribers as a result of installation, activation and lease of set-top boxes, outdoor units and its accessories which form a part of consumer premises equipment to subscribers. Subscription revenue is dependent upon the number of our subscribers, pricing of our offerings and services, subscriber loyalty and our ability to penetrate new markets and therefore, on our ability to grow our subscriber base and limit subscriber churn, which measures our ability to retain subscribers. We calculate churn as the number of subscribers who have not made payments for at least 120 days and churn is a critical factor affecting our results of operations. Our total number of gross subscribers was 11.21 million, 10.45 million, 8.03 million and 5.48 million as of June 30, 2014 and March 31, 2014, 2013 and 2012, respectively. (Source: MPA Report)

Our revenue growth is driven primarily by subscriber additions and churn management. We seek to increase our subscriber base by providing a wide range of subscription packages at competitive prices, along with providing attractive value-added services that we believe are competitive. Additionally, with our marketing efforts, we intend to increase our subscriber base by reaching out to a wider population, including across new markets. See “*Our Business – Our Strategies – Continue to provide value for money services by offering a selection of quality programming*” on page 111.

The DTH business exhibits churn as a result of high levels of competition as well as customers enjoying a wider variety of alternative platforms for entertainment, such as the Internet. In addition to competitive alternatives, churn levels may be affected by changes in our or our competitors’ prices. Churn may also increase due to factors beyond our control, including, a slowing economy, consumer fraud and a maturing subscriber base. Increases in churn may lead to increased costs and reduced revenue.

Content Costs

Content costs comprise the largest portion of our operating expenses and have a significant effect on our results of operations. Programming procurement by DTH operators in India, including us, generally takes place through channel distributors or owners. These programming procurement costs consist primarily of license fees paid to broadcasters and distributors of channels and content. We enter into content agreements with channel broadcasters and distributors to license channels and we pay them content and programming fees that are stipulated under the agreements. The major channel broadcasters and distributors, from whom we procure content, include Media Pro Enterprises India Private Limited, India Cast UTV Media Distribution Private Limited, Sun TV Network Limited, MSM Discovery Private Limited and Star India Private Limited.

When offering new programming, or upon expiration of existing contracts, content suppliers typically increase the rates they charge us for content, which increases our content costs. Increases in content costs may cause us to increase the rates that we charge our subscribers, which may increase subscriber churn and cause potential subscribers to refrain from subscribing to our services. As such, content costs have a significant effect on our results of operations.

Subscriber Acquisition Cost

We incur significant expense in acquiring new subscribers. We procure consumer premises equipment, which primarily comprise set-top boxes, outdoor units, accessories and smart cards, from our suppliers and distribute such equipment through our distribution network to subscribers at subsidized prices.

Subscriber acquisition cost is the difference between the cost at which we procure consumer premises equipment and the net recovery (net of taxes and distributor discounts) and the cost of marketing spend towards brand development. Our subscriber base has grown significantly since the commencement of our operations. As we grow our business, our subscriber acquisition costs may increase to the extent we continue or expand current sales promotion activities or introduce other promotions, or due to increased competition.

Digitization of Television Content in India

The cable television industry in India will be transitioned to the DAS for television content distribution. As a result, all cable operators are legally bound to transmit only digital signals after December 31, 2016. Subscribed channels can be received at the customer's premises only through a set-top box equipped with a conditional access card and a subscriber management system.

The MIB notified a four-phase digitization process for cable television in India with the sunset date for India becoming completely digitized as December 31, 2016. The implementation of this process will be carried out in four phases. Phase I, which affects the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai, was digitized on October 31, 2012. Phase II, which affects all cities with a population of over one million, was implemented on March 31, 2013. Phase III, which affects all other urban areas across India and lastly, Phase IV, which affects the rest of India, are scheduled to be completed by December 31, 2015 and December 31, 2016, respectively. We believe that the transition to DAS will be a significant catalyst for us to acquire new subscribers and increase our reach in larger television audience markets, which would have a significant effect on our results of operations.

Going Concern Note

Our accumulated losses of ₹ 22,096.00 million, ₹ 21,302.07 million, ₹ 16,608.40 million and ₹ 11,457.51 million for the three months ended June 30, 2014 and for the financial years 2014, 2013 and 2012, respectively, exceeded our paid-up share capital and securities premium, as a result, our net worth for those respective periods was eroded. Our ability to continue as a going concern is dependent on the success of our operations and our ability to arrange funds for our operations. Accordingly, these financial statements have been prepared on going concern basis.

Our Significant Accounting Policies

Basis for Preparation of Financial Statements

Our financial statements are prepared and presented under the historical cost convention using the accrual system of accounting in accordance with Indian GAAP and the requirements of the Companies Act of 1956 (up to March 31, 2014) and notified sections, schedules and rules of the Companies Act of 2013 (with effect from April 1, 2014), including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 in accordance with section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of Rule 7 of the Companies (Accounts) Rules, 2014 dated April 1, 2014 of the Ministry of Corporate Affairs).

Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires our management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to our contingent liabilities as of the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

Fixed Assets and Capital Work in Progress

- Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and amortization and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, borrowing cost and other incidental expenses for bringing the asset to its working condition for its intended use but net of central value added tax ("CENVAT") and value added tax ("VAT"), wherever input credit is claimed.
- Consumer premises equipment is capitalized on activation.
- Intangible assets, which include license fees, computer software, technical know-how and brand development, are measured at cost of acquisition and development and are stated at cost less

accumulated amortization and impairment, if any.

- Capital work in progress is stated at cost, comprising direct cost, attributable borrowing cost and related incidental expenditure. All expenses incurred for acquiring, erecting and commissioning of fixed assets and incidental expenditure incurred during construction of the projects are shown under capital work in progress.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs and other costs incurred in bringing such inventories to their present location and condition. Cost is determined on a weighted-average basis.

Depreciation and Amortization

Up to March 31, 2014 (and for the years ended March 31, 2014, 2013 and 2012) depreciation on tangible fixed assets was provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in the following cases where depreciation is provided over the estimated useful life as determined by the management.

- Leasehold land is amortized over the period of primary lease.
- Consumer premises equipment are depreciated over a period of seven years.

Intangible assets are amortized over their useful life as follow:

- The license fee for our DTH license is amortized over the period of license.
- Computer software is amortized over the shorter of either a period of five years or the period of the license for such software.
- Brand development, technical know-how and designs are amortized over a period of 10 years.

With affect from April 1, 2014, depreciation on tangible fixed assets is provided on the straight-line method as per useful life as prescribed in Schedule II to the Companies Act, except in the following cases, where depreciation is provided over the estimated useful life as determined by the management:

- Leasehold land is amortized over the period of primary lease.
- Consumer premises equipment are depreciated over a period of seven years.

Intangible assets are amortized over their useful life as follow:

- The license fee for our DTH license is amortized over the period of license.
- Computer software is amortized over a period of five years.
- Brand development, technical know-how and designs are amortized over a period of 10 years.

Revenue Recognition

- Subscription revenue from DTH services is recognized on accrual basis on the completion of services and is net of service tax and any discount given.
- Activation revenue is recognized on the date of activation and is net of service tax and any discount given.
- Revenue from installation is recognized on completion of the installation and is net of service tax.
- Revenue from the sale of set-top box (STB), accessories and goods is recognized when the goods are

dispatched and are stated net of sales tax or VAT, discounts and rebates.

- Lease rentals are recognized as revenue, as per the terms of the contract of the operating lease, over the period of the lease on straight line basis.
- Other services revenues are recognized on rendering of the service and are net of service tax.
- Interest income is recognized on a time proportion basis taking into account the amount invested and the rate of interest.

Impairment of Assets

Fixed assets or a group of assets (in the form of a cash-generating unit) are reviewed for impairment as of each balance sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the assets or cash-generating unit to which the assets belong is less than its carrying amount, the impairment loss is recognized by writing down such assets to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

Leases

- Leases which effectively transfer to us substantially all the risks and benefits incidental to ownership of the leased items are classified as 'Finance Leases'. Assets acquired on 'Finance Lease' which transfers risk and rewards of ownership to us are capitalized as the assets.
- Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as 'Operating Leases'. Rentals in respect of operating leases are recognized as an expense or income in our statement of profit and loss on a basis that reflects the timing of such payment or receipt appropriately.
- Initial direct costs incurred specifically to earn revenue from operating leases are deferred and allocated to income over the estimated period in which the benefit is expected to be derived from the use of related leased assets, in proportion to the recognition of lease rental income.

Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all potential dilutive equity shares, except where the result would be anti-dilutive.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets until the time they are ready for intended use are capitalized as part of the cost of such assets. A qualifying asset is one that requires a substantial period of time to prepare for its intended use. Other borrowing costs are recognized as expenses in the periods in which they are incurred.

Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and Liabilities are translated at the period or year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the period or year is recognized, as the case may be, as income or expense for the period or year.

CENVAT and VAT Credit

The CENVAT and VAT credit available on purchase of materials, capital goods and other eligible inputs is adjusted against service tax or output VAT payable. The unadjusted CENVAT and VAT credit is categorized under the heading 'Short Term Loans and Advances' until the same is adjusted against service tax or output VAT payable.

Employee Benefits

- *Short-Term Employee Benefits.* All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages and bonus are recognized in the profit and loss account in the period in which the employee renders the related service.
- *Long-Term Employee Benefits.* All of our employees are entitled to receive benefits under the provident fund, which is a defined contribution plan. Both the employees and the employer make monthly contributions to the plan at a predetermined rate (currently 12.0%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India.
- Our contributions to both of these schemes are expensed. We have no further obligations under these plans beyond our monthly contributions.
- *Gratuity.* We provide for gratuity obligations through a defined benefit retirement plan (the "**Gratuity Plan**") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with us. We make provision for the Gratuity Plan based on independent actuarial valuations in accordance with Accounting Standard 15 (revised), 'Employee Benefits'. The present value of obligation under gratuity is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
- Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in our profit and loss account as income or expenses.
- *Leave Encashment and Other Long-Term Benefits.* Liability in respect of leave encashment is determined using the projected unit credit method with independent actuarial valuations as of the balance sheet date and gains and losses are recognized immediately in our profit and loss account.

Taxation

Income tax comprises current tax and deferred tax. Provision for current income tax is made on the assessable income and benefits at the rate applicable to the relevant assessment year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to certain considerations. Deferred tax is measured using the tax rates enacted or substantively enacted as of the balance sheet date. The carrying amount of deferred tax assets and liabilities are reviewed at each balance sheet date and recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

Provisions, Contingent Liabilities and Contingent Assets

We recognize a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on our management's estimation of the outflow required to settle the obligation as of the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed by way of notes to accounts. Disputed demands in respect of central excise, customs, income tax, sales tax and others are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, until the final outcome of the matter and where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in our financial statements.

Results of Operations

The following table sets forth select financial data from our restated statement of profit and loss for the three months ended June 30, 2014 and for the financial years 2014, 2013 and 2012, the components of which are also expressed as a percentage of total revenue for such periods.

(₹ in millions)

	Three months ended June 30, 2014		Financial Year					
			2014		2013		2012	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Revenue:								
Revenue from Operations:								
Subscription Revenue (net)	4,556.05	84.7	14,808.91	84.1	9,300.72	82.6	5,134.24	73.3
Installation and Other Operating Income	522.59	9.7	1,437.01	8.2	934.86	8.3	793.35	11.3
Activation Revenue (Net)	49.66	0.9	373.50	2.1	331.53	2.9	579.17	8.3
Lease Rental	216.56	4.1	761.34	4.4	591.90	5.3	423.59	6.1
Sales of Set-top Boxes and Other Accessories	18.76	0.3	113.47	0.6	46.49	0.4	44.80	0.6
Other Income	13.80	0.3	114.22	0.6	54.42	0.5	30.31	0.4
Total Revenue	5,377.42	100.0	17,608.45	100.0	11,259.92	100.0	7,005.46	100.0
Expenses:								
Cost of Materials Consumed	42.90	0.8	218.86	1.2	125.24	1.1	91.15	1.3
Employee Benefits Expense	243.75	4.5	864.28	4.9	778.70	6.9	647.83	9.2
Foreign Currency (Gain)/Loss (other than considered as finance cost)	(4.49)	(0.1)	48.17	0.3	26.29	0.2	72.06	1.0
Operating Expenses	3,046.91	56.7	10,496.21	59.6	8,139.33	72.3	5,692.17	81.3
Administrative and Other Expenses	126.78	2.3	488.87	2.8	417.45	3.7	395.02	5.6
Selling and Distribution Expenses	399.24	7.4	1,524.18	8.7	998.91	8.9	900.16	12.9
Finance Costs	1,058.72	19.7	4,447.98	25.3	2,797.35	24.8	2,012.95	28.7
Depreciation, Amortization and Impairment Expense	1,245.13	23.2	4,213.57	23.9	3,127.54	27.8	2,014.18	28.8
Total Expenses	6,158.94	114.5	22,302.12	126.7	16,410.81	145.7	11,825.52	168.8
Profit/(Loss) Before Tax	(781.52)	(14.5)	(4,693.67)	(26.7)	(5,150.89)	(45.7)	(4,820.06)	(68.8)
Tax Expense	—	—	—	—	—	—	—	—
Profit/(Loss)	(781.52)	(14.5)	(4,693.67)	(26.7)	(5,150.89)	(45.7)	(4,820.06)	(68.8)

Revenue

Our revenue comprises revenue from operations and other income.

Revenue from Operations

Subscription Revenue. Subscription revenue comprises (i) monthly subscription fees paid by our subscribers for our programming packages, and (ii) fees for extra services such as additional channels, combination of channels or other add-on packages that we offer. The total amount of subscription revenue depends on the number of paying subscribers and the amount of monthly subscription fees paid for the packages subscribed by the subscribers.

Installation and Other Operating Income. Installation income comprises income received from the installation of consumer premises equipment and other operating income comprises revenue received for repairs undertaken

and for services provided to the subscriber and also includes carriage fees received from broadcasters for carrying their channels on our platform.

Activation Revenue. Activation revenue comprises fees for activations paid by new subscribers. Activation revenue is collected up front and is recognized as revenue upon the activation of consumer premises equipments. Our activation revenue is reflected net of our activation expenses.

Lease Rental. Lease rental represents the rental revenues for the lease of set-top boxes and out-door units and its accessories. The lease rental we receive from such new subscriber is recognized over a period of seven years from the date of activation. We offer our subscribers the option to lease, buy or hire-purchase the set-top box, in accordance with applicable Indian regulations.

Sale of Set-top Boxes and Other Accessories. Sale of set-top boxes and other accessories primarily comprises revenue received from the sale of set top boxes, spares and tools. The sale price of set-top boxes depends on the model, type of the product. These sales also include the sale of related spares and accessories.

Other Income

Our other income comprises interest income, income on sale of investments and miscellaneous income.

Expenses

Our expenses comprise (i) cost of materials consumed; (ii) employee benefits expense; (iii) net gains or losses on foreign currency transaction and translation; (iv) operating expenses; (v) administrative and other expenses; (vi) selling and distribution expenses; (vii) finance costs; and (viii) depreciation, amortization and impairment expenses.

Cost of Materials Consumed. Our cost of materials consumed comprises the cost of set-top boxes that we sell to subscribers and the cost of consumption of spares and tools for the purpose of undertaking repairs of consumer premises equipment.

Employee Benefits Expense. Our employee benefits expense comprises salary and wages, contribution to provident and other funds, and staff welfare expenses.

Net (Gain)/Loss on Foreign Currency Transaction and Translation. Net gain or loss on foreign currency transaction and translation comprises exchange difference arising upon the settlement of liabilities denominated in foreign currencies, such as our smart cards and other tools and equipment that we import, and also includes restated foreign liability as on balance sheet date which occurs as a result recognizing such currency translation as on the date of the balance sheet date.

Operating Expenses. Operating expenses comprises space segment charges and fees, content and other supporting costs, installation expenses, activation and other expenses and license fees and taxes. Space segment charges and fees comprises fees paid towards the rental of the transponders of the ST-2 satellite of SingTel pursuant to the Ku-Band Lease Agreement, with the Department of Space and also includes the network operations control center fee and spectrum charges. Content and other supporting costs comprises monthly license fees due to television broadcasters and channel distributors and also include our information technology support expenses. Installation expenses comprises expenses we incur when we install consumer premises equipment for a new subscriber and expenses incurred towards repair of such equipment. Activation and other expenses comprises discounts and schemes given to distribution network net of activation revenue. Finally, license fees and taxes comprise license fees payable to the MIB and also includes entertainment taxes paid under protest to the respective authorities.

Administrative and Other Expenses. Administrative and other expenses includes, among other things, expenses related to rates and taxes, travelling and conveyance expenses, rent, office and general expenses and power and fuel expenses.

Selling and Distribution Expenses. Selling and distribution expenses comprises advertisement and marketing expenses, customer support services which are expenses incurred towards customer care and subscriber management and logistics costs and distribution expenses.

Finance Costs. Finance costs comprise interest expense, other borrowing costs and bank charges incurred.

Depreciation, Amortization and Impairment Expense. Depreciation and amortization expense comprises depreciation of plant and machinery and other equipment, furniture, office equipments, vehicles, computer hardware and amortization of computer software and other intangible assets. It also includes the amortization of consumer premises equipment that we lease to our subscribers. We amortize the cost of consumer premises equipment over a period of seven years. Impairment expense includes the net cost of consumer premises equipment installed at the premises of subscribers who have not made payment for more than 500 days after recognizing churn.

Certain Key Measures of Financial Performance

Average Revenue Per User

ARPU represents the average revenue we receive per average net subscriber per month. We calculate ARPU by dividing our subscription revenue by the average of our net subscribers for the period.

The following table provides our ARPU and churn (as a percentage of subscription revenue) for the three months ended June 30, 2014 and for the financial years 2014, 2013 and 2012:

		Three months ended June 30, 2014	Financial Year 2014	Financial Year 2013	Financial Year 2012
	Closing Gross Subscribers* (millions)	11.21	10.45	8.03	5.48
	Less: Churn Subscribers (Gross minus Net Subscribers)**	2.12	2.01	1.32	0.64
A	Net Subscribers (millions)*	9.09	8.44	6.71	4.84
B	Average Net Subscribers (millions)***	8.77	7.58	5.78	3.80
C	Incremental Churn Subscribers (millions)	0.11	0.69	0.68	0.53
D	Subscriber Revenue (including net activation revenue) (₹ in millions) ****	4,948.73	16,377.33	10,352.64	6,032.28
E =	Accounting ARPU (in ₹) On (D/B/12) Subscription Revenue	188.20	180.17	149.39	132.46
F =	Monthly Churn (as a percentage (C/B/12) of average Net Subscribers)	0.42%	0.76%	0.98%	1.16%

* Figures are based upon information and explanation furnished by the company.

** Churn has been calculated as the number of subscribers who have not made payment for at least 120 days and is the difference between the number of Gross Subscriber and the number of Net Subscribers

*** (Opening Net Subscriber + Closing Net Subscribers) / 2

**** Includes discount to trade for the three months ended June 30, 2014, and the financial years 2014, 2013 and 2012 of ₹ 343.02 million, ₹ 1,194.92 million, ₹ 720.39 million and ₹ 318.87, respectively.

Subscriber Acquisition Costs

Subscriber acquisition cost is the difference between the cost at which we procure consumer premises equipment and the net recovery from subscribers (net of taxes and distributor discounts) and the cost of marketing spend towards brand development. The following table provides our subscriber acquisition costs for standard definition customers and high definition customers for the three months ended June 30, 2014:

Particulars (in ₹ per subscriber)	Three months ended June 30, 2014	
	Standard Definition	High Definition
Subscriber Acquisition Costs	1,849	2,194
– Hardware Costs	1,728	2,073
– Marketing costs	121	121

Gross subscriber additions for the three months ended June 30, 2014 was 0.76 million. Hardware acquisition costs comprises the cost of consumer premises equipment as reduced by net realization towards set-top boxes, outdoor units and its accessories and towards installation (the net realization is the gross revenue less service

tax, VAT, discount to trade, and installation expenses). Marketing cost is the brand development cost incurred, which for the three months ended June 30, 2014 was ₹ 97.79 million.

Three months ended June 30, 2014

Total Revenue. Our total revenue was ₹ 5,377.42 million for the three months ended June 30, 2014 and primarily comprised subscription revenue. Our total number of gross subscribers continued to increase and, as of June 30, 2014, we had 11.21 million gross subscribers as compared 10.45 million as of March 31, 2014.

Subscription Revenue. Our subscription revenue was ₹ 4,556.05 million for the three months ended June 30, 2014.

Installation and Other Operating Income. Our installation and other operating income was ₹ 522.59 million for the three months ended June 30, 2014, as a result of an addition of new subscribers during this period.

Activation Revenue. Our activation revenue, which is net of activation expense, was ₹ 49.66 million for the three months ended June 30, 2014, as a result of an addition of new subscribers during this period.

Lease Rental. Our lease rental was ₹ 216.56 million for the three months ended June 30, 2014.

Sale of Set-top Boxes and Other Accessories. Our revenue from sale of set-top boxes and other accessories was ₹ 18.76 million for the three months ended June 30, 2014.

Other Income. Our other income was ₹ 13.80 million for the three months ended June 30, 2014 and primarily comprised interest income of ₹ 13.61 million.

Total Expenses. Our total expenses were ₹ 6,158.94 million for the three months ended June 30, 2014 and primarily comprised operating expenses of ₹ 3,046.91 million.

Cost of Materials Consumed. Our cost of materials consumed was ₹ 42.90 million for the three months ended June 30, 2014.

Employee Benefits Expense. Our employee benefits expense was ₹ 243.75 million for the three months ended June 30, 2014 and primarily comprised salary and wages of ₹ 229.07 million. As of June 30, 2014, the total number of our employees was 1,113.

Net (Gain)/Loss on Foreign Currency Transaction and Translation. Our net gain on foreign currency transactions and translation was ₹ 4.49 million for the three months ended June 30, 2014.

Operating Expenses. Our operating expenses were ₹ 3,046.91 million for the three months ended June 30, 2014 and primarily comprised content and other support costs of ₹ 1,827.72 million, license fees and taxes of ₹ 572.77 million, space segment charges and fees of ₹ 352.13 million and installation expenses of ₹ 294.29 million.

Administrative and Other Expenses. Our administrative and other expenses were ₹ 126.78 million for the three months ended June 30, 2014 and primarily comprised travelling and conveyance expenses of ₹ 34.17 million, rent of ₹ 23.97 million, power and fuel of ₹ 21.12 million and communication expenses of ₹ 6.78 million.

Selling and Distribution Expenses. Our selling and distribution expenses were ₹ 399.24 million for the three months ended June 30, 2014 and comprised advertisement and marketing expenses of ₹ 174.20 million, customer support services of ₹ 201.78 million and distribution expenses of ₹ 23.26 million.

Finance Costs. Our finance costs were ₹ 1,058.72 million for the three months ended June 30, 2014 and consisted of interest expense of ₹ 1,015.66 million and other borrowing costs of ₹ 43.06 million.

Depreciation, Amortization and Impairment Expense. Our depreciation, amortization and impairment expense was ₹ 1,245.13 million for the three months ended June 30, 2014.

Tax Expense. Our tax expense was nil for the three months ended June 30, 2014.

Loss for the three months ended June 30, 2014. Our loss for the three months ended June 30, 2014 was ₹ 781.52 million, as a result of the factors described above.

Financial Year 2014 Compared to Financial Year 2013

Total Revenue. Our total revenue increased by 56.4% to ₹ 17,608.45 million for the financial year 2014 from ₹ 11,259.92 million for the financial year 2013, primarily as a result of an increase in our total subscription revenue as a result of an increase in the total number of gross subscribers to 10.45 million as of March 31, 2014 from 8.03 million as of March 31, 2013, which also resulted in a corresponding increase in our subscription revenue, lease rentals and sale of set-top boxes and other accessories.

Subscription Revenue. Our subscription revenue increased by 59.2% to ₹ 14,808.91 million for the financial year 2014 from ₹ 9,300.72 million for the financial year 2013, primarily as a result of an increase in the total number of gross subscribers and an increase in ARPU.

Installation and Other Operating Income. Our installation and other operating income increased by 53.7% to ₹ 1,437.01 million for the financial year 2014 from ₹ 934.86 million for the financial year 2013, primarily as a result of an increase in new subscribers.

Activation Revenue. Our activation revenue, which is net of activation expense, increased by 12.7% to ₹ 373.50 million for the financial year 2014 from ₹ 331.53 million for the financial year 2013, primarily as a result of a change in product mix and an increase in new subscribers.

Lease Rental. Our lease rental revenue increased 28.6% to ₹ 761.34 million for the financial year 2014 from ₹ 591.90 million for the financial year 2013, primarily as a result of an increase in the total number of gross subscribers.

Sale of Set-top Boxes and Other Accessories. Our revenue from sale of set-top boxes and other accessories increased to ₹ 113.47 million for the financial year 2014 from ₹ 46.49 million for the financial year 2013, primarily as a result of an increase in the total number of gross subscribers.

Other Income. Our other income increased to ₹ 114.22 million for the financial year 2014 from ₹ 54.42 million for the financial year 2013, as a result of an increase in interest income from fixed deposits to ₹ 96.96 million for the financial year 2014 from ₹ 50.83 million for the financial year 2013.

Total Expenses. Our total expenses increased by 35.9% to ₹ 22,302.12 million for the financial year 2014 from ₹ 16,410.81 million for the financial year 2013, primarily as a result of an increase in our operating expenses, as a result of the increase in the total number of gross subscribers, an increase in finance cost as a result of an increase in our interest expenses and an increase in our depreciation, amortization and impairment expenses during the financial year 2014 compared to the financial year 2013.

Cost of Materials Consumed. Our cost of materials consumed increased to ₹ 218.86 million for the financial year 2014 from ₹ 125.24 million for the financial year 2013, primarily as a result of the increase in new subscribers, increase in the total number of gross subscribers and a corresponding increase in repairs over the consumer premises equipment.

Employee Benefits Expense. Our employee benefits expense increased by 11.0% to ₹ 864.28 million for the financial year 2014 from ₹ 778.70 million for the financial year 2013, primarily as a result of an increase in salary and wages to ₹ 809.94 million for the financial year 2014 from ₹ 729.34 million for the financial year 2013 as a result of the periodic increase in compensation to our employees and an increase in the number of employees to 1,078 as of March 31, 2014 compared to 1,052 as of March 31, 2013.

Net (Gain)/Loss on Foreign Currency Transaction and Translation. Our net loss on foreign currency transactions and translation increased by 83.2% ₹ 48.17 million for the financial year 2014 from ₹ 26.29 million for the financial year 2013, primarily as a result of the depreciation in the value of the Rupee against the U.S. Dollar.

Operating Expenses. Our operating expenses increased by 29.0% to ₹ 10,496.21 million for the financial year 2014 from ₹ 8,139.33 million for the financial year 2013, primarily as a result of an increase in content and other support costs to ₹ 6,303.19 million for the financial year 2014 from ₹ 4,801.72 million for the financial

year 2013, an increase in space segment charges and other fees to ₹ 1,332.29 million for the financial year 2014 from ₹ 994.47 million for the financial year 2013, an increase in license fees and tax expenses to ₹ 1,832.05 million for the financial year 2014 from ₹ 1,114.43 million for the financial year 2013 and offset by a decrease in installation expenses to ₹ 1,028.68 million for the financial year 2014 from ₹ 1,228.71 million for the financial year 2013.

Administrative and Other Expenses. Our administrative and other expenses increased by 17.1% to ₹ 488.87 million for the financial year 2014 from ₹ 417.45 million for the financial year 2013, primarily as a result of an increase in travelling and conveyance expenses to ₹ 131.45 million for the financial year 2014 from ₹ 122.53 million for the financial year 2013 and an increase in rent to ₹ 88.10 million for the financial year 2014 from ₹ 71.23 million for the financial year 2013.

Selling and Distribution Expenses. Our selling and distribution expenses increased by 52.6% to ₹ 1,524.18 million for the financial year 2014 from ₹ 998.91 million for the financial year 2013, primarily due to non-capitalization of brand development expenses for the financial year 2014 onwards, which resulted in an increase in advertisement and marketing expenses to ₹ 812.30 million for the financial year 2014 from ₹ 302.36 million for the financial year 2013.

Finance Costs. Our finance costs increased by 59.0% to ₹ 4,447.98 million for the financial year 2014 from ₹ 2,797.35 million for the financial year 2013, as a result of an increase in interest expense to ₹ 4,347.22 million for the financial year 2014 from ₹ 2,658.41 million for the financial year 2013, primarily as a result of an increase in our secured rupee long term loans to ₹ 27,888.45 million as of March 31, 2014 from ₹ 23,002.50 million as of March 31, 2013.

Depreciation, Amortization and Impairment Expense. Our depreciation, amortization and impairment expense increased to ₹ 4,213.57 million for the financial year 2014 from ₹ 3,127.54 million for the financial year 2013, primarily as a result of an increase in the total number of gross subscribers and as a result, the corresponding increase in depreciation recognized for consumer premises equipment installed and increase in the number of subscribers who had not made payment for more than 500 days after recognizing churn.

Tax Expense. We did not have any tax expense for the financial year 2014.

Loss for the Year. Our loss for the year decreased by 8.9% to ₹ 4,693.67 million for the financial year 2014 from ₹ 5,150.89 million for the financial year 2013, as a result of the factors described above.

Financial Year 2013 Compared to Financial Year 2012

Total Revenue. Our total revenue increased by 60.7% to ₹ 11,259.92 million for the financial year 2013 from ₹ 7,005.46 million for the financial year 2012, primarily as a result of an increase in our total subscription revenue as a result of an increase in the total number of gross subscribers to 8.03 million as of March 31, 2013 from 5.48 million as of March 31, 2012, as a result of the corresponding increases in our subscription revenue, lease rentals and sale of set-top boxes and other accessories.

Subscription Revenue. Our subscription revenue increased by 81.2% to ₹ 9,300.72 million for the financial year 2013 from ₹ 5,134.24 million for the financial year 2012, primarily as a result of an increase in the total number of gross subscribers.

Installation and Other Operating Income. Our installation and other operating income increased by 17.8% to ₹ 934.86 million for the financial year 2013 from ₹ 793.35 million for the financial year 2012, primarily as a result of an increase in new subscribers.

Lease Rental. Our lease rental revenue increased by 39.7% to ₹ 591.90 million for the financial year 2013 from ₹ 423.59 million for the financial year 2012, primarily as a result of an increase in new subscribers.

Sale of Set-top Boxes and Other Accessories. Our revenue from sale of set-top boxes and other accessories increased by 3.8% to ₹ 46.49 million for the financial year 2013 from ₹ 44.80 million for the financial year 2012, primarily as a result of an increase in new subscribers.

Other Income. Our other income increased by 79.5% to ₹ 54.42 million for the financial year 2013 from ₹ 30.31 million for the financial year 2012, as a result of an increase in interest income from fixed deposits to ₹ 50.83 million for the financial year 2013 from ₹ 28.63 million for the financial year 2012.

Total Expenses. Our total expenses increased by 38.8% to ₹ 16,410.81 million for the financial year 2013 from ₹ 11,825.52 million for the financial year 2012, primarily as a result of an increase in our operating expenses, as a result of the increase in the total number of gross subscribers during the financial year 2013 compared to the financial year 2012.

Cost of Materials Consumed. Our cost of materials consumed increased by 37.4% to ₹ 125.24 million for the financial year 2013 from ₹ 91.15 million for the financial year 2012, primarily as a result of the increase in new subscribers, increase in the total number of gross subscribers and a corresponding increase in repairs over the consumer premises equipment.

Employee Benefits Expense. Our employee benefits expense increased by 20.2% to ₹ 778.70 million for the financial year 2013 from ₹ 647.83 million for the financial year 2012, as a result of an increase in salary and wages to ₹ 729.34 million for the financial year 2013 from ₹ 600.30 million for the financial year 2012, primarily as a result of the periodic increase in compensation to our employees and an increase in the number of employees to 1,052 as of March 31, 2013 compared to 999 as of March 31, 2012.

Finance Costs. Our finance costs increased by 39.0% to ₹ 2,797.35 million for the financial year 2013 from ₹ 2,012.95 million for the financial year 2012, as a result of an increase in interest expense to ₹ 2,658.41 million for the financial year 2013 from ₹ 1,904.28 million for the financial year 2012, primarily as a result of an increase in our secured rupee loans to ₹ 23,002.50 million as of March 31, 2013 from ₹ 15,887.45 million as of March 31, 2012.

Depreciation and Amortization Expense. Our depreciation and amortization expense increased by 55.3% to ₹ 3,127.54 million for the financial year 2013 from ₹ 2,014.18 million for the financial year 2012, primarily as a result of an increase in the number of subscribers and as a result, the corresponding increase in depreciation recognized for consumer premises equipment installed.

Net (Gain)/Loss on Foreign Currency Transaction and Translation. Our net loss on foreign currency transaction and translation decreased to ₹ 26.29 million for the financial year 2013 from ₹ 72.06 million for the financial year 2012, primarily as a result of an appreciation in the value of the Rupee against the U.S. Dollar.

Operating Expenses. Our operating expenses increased by 43.0% to ₹ 8,139.33 million for the financial year 2013 from ₹ 5,692.17 million for the financial year 2012, primarily as a result of an increase in content and other support costs to ₹ 4,801.72 million for the financial year 2013 from ₹ 3,318.60 million for the financial year 2012, an increase in installation expenses to ₹ 1,228.71 million for the financial year 2013 from ₹ 1,130.66 million for the financial year 2012 and an increase in space segment charges and fees to ₹ 994.47 million for the financial year 2013 from ₹ 591.15 million for the financial year 2012.

Administrative and Other Expenses. Our administrative and other expenses increased by 5.7% to ₹ 417.45 million for the financial year 2013 from ₹ 395.02 million for the financial year 2012, primarily as a result of an increase in power and fuel expenses to ₹ 55.70 million for the financial year 2013 from ₹ 43.10 million for the financial year 2012, an increase in rent to ₹ 71.23 million for the financial year 2013 from ₹ 63.61 million for the financial year 2012, and an increase in travelling and other conveyance expenses to ₹ 122.53 million for the financial year 2013 from ₹ 117.34 million for the financial year 2012.

Selling and Distribution Expenses. Our selling and distribution expenses increased by 11.0% to ₹ 998.91 million for the financial year 2013 from ₹ 900.16 million for the financial year 2012, primarily as a result of an increase in advertising and marketing expenses to ₹ 302.36 million for the financial year 2013 from ₹ 186.60 million for the financial year 2012, a decrease in customer support services expenses to ₹ 640.79 million for the financial year 2013 from ₹ 664.47 million for the financial year 2012 and an increase in distribution expenses to ₹ 55.76 million for the financial year 2013 from ₹ 49.09 million for the financial year 2012.

Tax Expense. Our tax expense was nil for the financial year 2013.

Loss for the Year. Our loss for the year increased to ₹ 5,150.89 million for the financial year 2013 from ₹ 4,820.06 million for the financial year 2012, as a result of the factors described above.

Financial Condition, Liquidity and Capital Resources

Cash Flows

The table below summarizes our cash flows for the three months ended June 30, 2014 and for the financial years 2014, 2013 and 2012:

	Three months ended June 30, 2014	Financial Year		
		2014	2013	2012
Net Cash From / (Used in) Operating Activities	2,438.12	5,339.95	3,661.39	1,834.51
Net Cash From / (Used in) Investing Activities	(835.52)	(8,191.69)	(7,482.25)	(5,579.08)
Net Cash Provided By / (Used in) Financing Activities	(825.62)	(2,812.03)	9,567.70	3,587.46
Net Increase in / (Decrease in) Cash And Cash Equivalents	776.98	(5,603.77)	5,746.84	(157.11)

(₹ in millions)

Operating Activities

Net cash from operating activities was ₹ 2,438.12 million for the three months ended June 30, 2014 and consisted of a net loss before tax of ₹ 781.52 million, as adjusted primarily for non-cash and non-operating items, such as depreciation, amortization and impairment of ₹ 1,245.13 million and finance charges of ₹ 1,058.72 million. Our operating profit before working capital changes was ₹ 1,516.43 million. Working capital changes primarily consisted of an increase in liabilities and provisions of ₹ 591.98 million and a decrease in trade and other receivables of ₹ 358.46 million.

Net cash from operating activities was ₹ 5,399.95 million for the financial year 2014 and consisted of a net loss before tax of ₹ 4,693.67 million as adjusted primarily for non-cash and non operating items, such as depreciation, amortization and impairment of ₹ 4,213.57 million, finance charges of ₹ 4,447.98 million and interest received of ₹ 96.96 million. Our operating profit before working capital changes was ₹ 3,861.88 million. Working capital changes primarily consisted of an increase in liabilities and provisions of ₹ 1,171.22 million and a decrease in trade and other receivables of ₹ 450.07 million. We also paid direct taxes of ₹ 19.26 million.

Net cash from operating activities was ₹ 3,661.39 million for the financial year 2013 and consisted of a net loss before tax of ₹ 5,150.89 million as adjusted primarily for non-cash and non operating items, such as depreciation, amortization and impairment of ₹ 3,127.54 million, and finance charges of ₹ 2,797.35 million. Our operating profit before working capital changes was ₹ 735.36 million. Working capital changes consisted primarily of an increase in liabilities and provisions of ₹ 3,275.99 million and an increase in trade and other receivables of ₹ 265.65 million. We also paid direct taxes of ₹ 20.01 million.

Net cash from operating activities was ₹ 1,834.51 million for the financial year 2012 and consisted of a net loss before tax of ₹ 4,820.06 million as adjusted primarily for non-cash and non operating items, such as depreciation, amortization and impairment of ₹ 2,014.18 million and finance charges of ₹ 2,012.95 million. Our operating loss before working capital changes was ₹ 798.20 million. Working capital changes consisted primarily of an increase in liabilities and provisions of ₹ 2,905.11 million and an increase in trade and other receivables of ₹ 290.10 million. We also paid direct taxes of ₹ 9.89 million.

Investing Activities

Net cash used in investing activities was ₹ 835.52 million for the three months ended June 30, 2014 and consisted primarily of purchase of fixed assets of ₹ 2,059.08 million, an increase in capital works in progress of ₹ 55.93 million which was offset by a decrease in capital advances of ₹ 1,308.79 million.

Net cash used in investing activities was ₹ 8,191.69 million for the financial year 2014 and consisted primarily of purchase of fixed assets of ₹ 6,501.83 million, an increase in capital advance of ₹ 2,029.90 million, which was offset by a decrease in capital work in progress of ₹ 285.54 million.

Net cash used in investing activities was ₹ 7,482.25 million for the financial year 2013 and consisted of purchase of fixed assets of ₹ 7,228.35 million, an increase in other bank balances of ₹ 292.08 million which was offset by a decrease in capital advance of ₹ 270.98 million.

Net cash used in investing activities was ₹ 5,579.08 million for the financial year 2012 and consisted of purchase of fixed assets of ₹ 6,774.85 million, an increase in capital work in progress of ₹ 255.91 million which was offset by a decrease in capital advance of ₹ 1,637.95 million.

Financing Activities

Net cash used by financing activities was ₹ 825.62 million for the three months ended June 30, 2014 and consisted of repayment of borrowings of ₹ 1,516.90 million and finance charges paid of ₹ 1,058.72 million, partially offset by an increase in proceeds from borrowings of ₹ 1,750.00 million.

Net cash used by financing activities was ₹ 2,812.03 million for the financial year 2013 and consisted of repayment of borrowings of ₹ 5,697.30 million and finance charges paid of ₹ 4,447.98 million, partially offset by proceeds from borrowings of ₹ 7,333.25 million.

Net cash from financing activities was ₹ 9,567.70 million for the financial year 2013 and consisted of proceeds from borrowings of ₹ 14,275.00 million and repayment of borrowings of ₹ 1,909.95 million and finance charges paid of ₹ 2,797.35 million.

Net cash provided by financing activities was ₹ 3,587.46 million for the financial year 2012 and consisted of share application money received of ₹ 3,000.00 million and proceeds from borrowings of ₹ 6,094.63 million, partially offset by repayment of borrowings of ₹ 3,494.22 million and finance charges paid of ₹ 2,012.95 million.

Contractual Obligations

The following table sets forth information regarding our contractual obligations and commitments as of June 30, 2014. The table does not include payments required to be made in future under the terms of our K_u-Band Lease Agreement, contracts for provision of programming content or lease rental amounts.

(₹ in millions)

	Payment Due by Period				
	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
Long-term debt	24,419.50	-	14,361.26	7,003.13	3,055.13
Short-term debt	3,702.05	3,702.05	-	-	-
Amount of contracts remaining to be executed on capital account and not provided for	311.48	311.48	-	-	-

Indebtedness

The following table summarizes our secured and unsecured long-term indebtedness and subordinated debt obligations as of June 30, 2014.

(₹ in millions)

	As of June 30,	Interest Rate*
	2014	%
Secured Loans:		
Central Bank of India	1,758.25	13.25% - 14.50%
IDBI Bank Limited	5,580.00	13.75% - 14.50%
Bank of Baroda	2,258.30	14.50%
ICICI Bank Limited	2,850.00	13.50%
Karur Vysa Bank Limited	475.00	13.25%
Canara Bank	3,600.00	13.00% - 13.50%
Jammu and Kashmir Bank Limited	1,000.00	13.75%
Syndicate bank	975.00	13.25%
Dena Bank	950.00	13.25%
Oriental Bank of Commerce	950.00	13.50%
Bank of India	1,975.00	13.00% - 13.50%
Bank of Maharashtra	1,000.00	13.15%
Union Bank of India	1,500.00	13.00%
United Bank of India	1,500.00	13.00%
Yes Bank	1,750.00	12.00%

	As of June 30, 2014	Interest Rate* %
Unsecured Loans:		
Videocon Industries Limited	2,250.00	SBI PLR minus 2%
Total	30,371.55	

* Interest rate as of June 30, 2014.

There are certain restrictive covenants in certain of the arrangements we have entered into with our lenders, including:

- being required to maintain certain security margins and financial ratios; and
- being required to obtain lender consent for, among other things:
 - for issuing new Equity Shares;
 - undertaking any new project, diversification, modernization or substantial expansion of our DTH operations;
 - formulating any scheme of amalgamation or reconstruction;
 - making any material changes to our constitutional documents;
 - incurring further indebtedness;
 - creating further encumbrances on, or disposing of, our assets; and
 - changing our financial year or making investments or acquisitions beyond certain limits in a particular financial year.

For details, see “*Financial Statements*” and “*Risk Factors – Our indebtedness and the conditions and restrictions imposed on us under our loan agreements, and the interest rate fluctuations to which we are exposed, could adversely affect our ability to conduct our business, financial condition and results of operations*” on pages 159 and 20, respectively.

Contingent Liabilities

As of June 30, 2014, we had contingent liabilities that have not been provided for, in the following amounts, as disclosed in our restated audited financial statements:

	(₹ in millions)
	As of June 30, 2014
Counter guarantees given for guarantees given by the bankers	593.96
Letters of credit opened by the bank	17.87
Entertainment tax	91.33
DTH License Fees	2,744.76
Value Added Tax	13.26
Total	3,461.18

See, “*Financial Statements – Annexure XXI – Restated Statement of Contingent Liabilities*” on page 208.

Transactions with Group Entities

We have engaged in the past, and may engage in the future, in transactions with Group Entities, on an arm’s length basis. Such transactions could be for the provision of services, purchase and sale of goods, lease of assets or property, license of intellectual property, sale or purchase of equity shares or entail incurrence of indebtedness.

TEL, a Videocon Group entity, is our sole supplier of set-top boxes. For the three months ended June 30, 2014 and for the financial years 2014, 2013 and 2012, the purchase of set-top boxes and other consumer premises equipment from TEL totaled ₹ 1,908.82 million, ₹ 5,832.32 million, ₹ 6,753.48 million and ₹ 6,335.95 million, respectively. As given in our accounting policy, we recognize the expenses incurred towards the set-top boxes and other consumer premises equipment purchased from TEL over a seven-year period, which is the amortization period. See “*Risk Factors – If we are unable to continue to benefit from our relationship with Trend Electronics Limited, a Videocon Group entity, our results of operations may be adversely affected*” on page 25.

As of June 30, 2014 we had outstanding unsecured borrowing from Videocon Industries amounting to ₹ 2,250 million.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with any entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Seasonality

Our business does not exhibit seasonality. However, we do have increased subscriptions during the holiday seasons and during sporting events such as the Olympics, the football world cup and the cricket world cup which is not necessarily seasonal.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various types of market risks in the ordinary course of our business, including fluctuations in foreign exchange rates and interest rates. We have a risk management policy that seeks to identify, analyze, mitigate and control various risks associated with our business environment, and a risk manager to identify various risks affecting our business, particularly those relating to market dynamics, business laws, systems and processes, internal control mechanisms, governance and technology. We evaluate these risks in terms of their relevance and impact on our business, and once identified, monitor and analyze the risk to seek to minimize their impact. We also evaluate the effectiveness of our risk monitoring system from time to time.

Foreign Exchange Risk

Under the terms of the K_u-Band Lease Agreement through which we lease ten satellite transponders on the ST-2 satellite, we are required to pay the Indian rupee equivalent of US\$ 1,791,666.67 per month to Antrix Corporation at the exchange rate prevalent at the time of payment made by Antrix Corporation to Singtel. Further, we import smart cards and other equipment for which payment is also made in U.S. Dollar. Consequently, if the Rupee declines against the U.S. Dollar, we will be required to make larger payments in Indian rupees, which may adversely affect our financial condition and results of operations.

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rates. All of our bank borrowings consist of floating rate obligations linked to the applicable bank rates, which may typically be adjusted by the bank at certain intervals in accordance with prevailing interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Competitive Conditions

We expect competition in the Indian DTH and television sectors from existing and potential competitors to intensify. See “***Risk Factors***” and “***Our Business***” on pages 12 and 109, respectively.

Unusual or Infrequent Events or Transactions

Except as described in “***Our Business***” and “***Risk Factors***”, on pages 109 and 12, respectively, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Known Trends or Uncertainties

Other than as described in the sections entitled “***Risk Factors***” and this “***Management’s Discussion and Analysis of Financial Condition and Results of Operations***”, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationships between Costs and Income

Other than as described in the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to our knowledge there are no known factors which will have a material adverse impact on our operations or finances.

New Product or Business Segments

Other than as described in the section entitled “Our Business”, there are no new products or business segments in which we operate.

Competitive Conditions

We expect competitive conditions in our industry to intensify further as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products and services. For further details, please see “*Risk Factors*” and “*Our Business*” on pages 12 and 109, respectively.

Significant Developments After June 30, 2014 That May Affect Our Future Results of Operations

To our knowledge, except as otherwise disclosed in this Draft Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil proceedings or tax liabilities against us, our Promoters, our Directors, or our Group Entities, whose outcome would have a material adverse effect on our business and there are no defaults, non-payment or overdues of statutory dues, institutional or bank dues or dues payable to holders of any debentures, bonds and fixed deposits, that would have a material adverse effect on our business other than unclaimed liabilities against us and our Directors as of the date of this Draft Red Herring Prospectus. Further, except as described below, there are no inquiries, inspections or investigations, initiated or conducted against our Company, under the Companies Act, 2013 or any previous companies law, or any fines imposed or compounding of offences or any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters, in the five years preceding the date of this Draft Red Herring Prospectus.

As regards litigation involving our Group Entities, we have summarized outstanding litigation which, in such entities reasonable judgment, if determined adversely, may result in a material adverse effect on the consolidated results of operations or financial condition of such entity. Based on the operations and financial results of the Group Entities, “material and adverse effect on the consolidated results of operations or financial position” of such entity has been defined as pending litigation: (a) where the aggregate amount involved in any individual litigation exceeds ₹ 10 million; and (b) any other litigation which could reasonably be expected to result in a material and adverse effect on their respective business as a whole.

Except as described below, there are no proceedings initiated for economic offences or civil offences, or any disciplinary action taken by SEBI or any stock exchange, penalties imposed by any authorities against our Company and the Directors and no adverse findings, in respect of our Company as regards compliance with securities laws. Further, except as described below, there are no instances where our Company or the Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic offences or civil offences, or any disciplinary action taken by SEBI or any stock exchange, proceedings or tax liabilities.

LITIGATION INVOLVING OUR COMPANY

Litigation against our Company

Notices from Statutory Authorities

1. Our Company received a notice dated February 28, 2014, from the Superintendent of Taxes, of the State of Tripura, in relation to VAT, imposing a demand of ₹ 0.50 million as outstanding tax payable on transfer of stock along with interest for the period from April 1, 2013 until November 7, 2013.
2. Our Company received a notice dated June 13, 2014, from the Commissioner, Central Excise and Service Tax, Noida directing our Company to show cause why service tax of an aggregate amount of ₹ 694.47 million should not be demanded and recovered from our Company, for the period from April 2009 until December 2013, under the proviso to Section 73(1) of the Finance Act, 1994, along with interest and penalty.

DTH License Fee

1. The MIB, through a notice dated March 24, 2014, issued to our Company has raised a demand of ₹ 1,582.89 million as outstanding license fee along with interest. MIB, has alleged upon review of our Company’s accounts, that the license fee paid by our Company, until financial year 2013, is lower than the amount payable under the DTH License Agreement, computed at the rate of 10% of our gross revenue, and has therefore demanded the difference along with 1% interest per month on the difference amount. Our Company filed a petition before the TDSAT on April 3, 2014, challenging the demand notice dated March 24, 2014 and an interim application seeking an interim order restraining MIB from giving effect to the demand notice and from taking any coercive measures including the invocation of bank guarantee submitted by our Company to the MIB. The TDSAT though an order dated April 4, 2014, granted interim relief.

Tax Proceedings

1. Pursuant to a notice issued to the Company by Office of Commissioner, Agricultural Income Tax, West Bengal, with respect to levy of entertainment/amusement tax on direct-to-home services provided by the Company, the Company filed a petition before the Tax Tribunal of West Bengal, against among others, the Income Tax Officer, Amusement Tax Section. The Tax Tribunal passed an interim order on July 13, 2011, directing that the assessment proceedings shall continue but no coercive measure shall be taken for realisation of the dues on the basis of such assessment. However, the Company was directed to furnish 50% of the return dues by way of bank guarantee and the balance 50% in cash security within a month, without prejudice to its rights and subject to the decision under the petition, which the Company has complied with. This matter is currently pending for hearing before the Tax Tribunal, West Bengal on merits. Our Company ascertains its liability under this proceeding on a monthly basis and until and as on June 30, 2014, the aggregate liability provided in the books of accounts of our Company is ₹ 37.16 million and accordingly our Company has furnished ₹ 18.58 million in cash security and a bank guarantee for the remaining ₹ 18.58 million. For details, see “*Financial Statements – Annexure XX – Restated Statement of Expenses*” on page 207.
2. Our Company received two show cause notices, both dated February 15, 2012, issued by the Assessing Officer directing the Company to show cause why the Company had not deducted tax at source under the provisions of section 194H of the Income Tax Act, 1961 on the commission being paid in the form of discount and why the Company had short deducted tax at source on payments being made to installation service providers under the provisions of section 194C instead of section 194J of the Income Tax Act, 1961 during assessment years 2010-11 and 2011-12. Subsequently, the Deputy Commissioner of Income Tax (TDS)-1(1) (“**DCIT**”) issued orders dated March 30, 2012, directing our Company to pay an aggregate amount of ₹ 39.66 million and ₹ 231.98 million, respectively, under section 201(1)/201(1A) of the Income Tax Act, 1961. Our Company filed two appeals, both dated April 30, 2012 before the Commissioner of Income Tax (Appeals) (“**CIT(A)**”), against these orders.

CIT (A) passed an order dated August 28, 2012, whereby, it partially allowed the appeal in the first issue of non-deduction of tax at source on the commission being paid in the form of discount under Section 194H of Income Tax Act, 1961. Further, by this order, the CIT (A) has directed the Assessing Officer to re-assess the tax amount on the basis of related facts about the payment of taxes by the recipient of income. The tax liability in this first issue has also been restricted to the amount of tax being not paid by recipient of the income and interest from the date that such tax became due and payable until the date of furnishing of the return of income by the recipient of such income.

CIT(A) has also by this order dated August 28, 2012 allowed the appeal of the Company in relation to the second issue of short deduction of tax at source on payments made to installation service providers, thereby revoking the demand in this regard.

Subsequently, on October 18, 2012 the CIT(A) has passed orders directing that an amount of ₹ 13.03 million and ₹ 73.66 million levied as interest and default for short deduction of tax be deleted from the aggregate demand payable in accordance with the DCIT’s orders dated March 30, 2012.

Further to these orders, the Company has received two notices of demand, both dated October 18, 2012 issued by the DCIT directing the Company to furnish amounts of ₹ 26.63 million and ₹ 158.32 million towards non-deduction of tax at source on commission being paid in the form of discounts under section 194H of the Income Tax Act, for the assessment years 2010-11 and 2011-12, respectively, within 30 days of receipt of the said notices. Subsequently, our Company has filed replies before the DCIT, requesting that a re-assessment of liability be carried out in accordance with the order of the CIT (A) dated August 28, 2012, pursuant to which the DCIT has issued rectified notices of demand, the latest being dated September 26, 2013 rectifying the demands raised to ₹ 12.70 million and ₹ 19.40 million.

3. Our Company received a show cause notice dated March 11, 2014, issued by the Assessing Officer, directing the Company to show cause why the Company had not deducted tax at source on the commission being paid in the form of discount and why the Company had short deducted tax at source on payments being made to installation service providers during assessment year 2012-13. Subsequently, the DCIT issued an order dated March 28, 2014, directing our Company to pay an aggregate amount of ₹ 214.67 million. Our Company filed replies dated June 2, 2014 and June 4, 2014, subsequent to which the DCIT, through an order dated June 7, 2014 rectified the demand raised to ₹ 70.92.
4. Our Company received a demand notice dated March 29, 2014, from the Deputy Commissioner of

Commercial Taxes of the State of Jharkhand, in relation to Value Added Tax (“VAT”), imposing a demand of ₹ 12.76 million as outstanding tax payable along with interest for the assessment period 2010 – 2011 along with an assessment order dated March 28, 2014. Our Company has filed an appeal with Joint Commissioner of Commercial Taxes (Appeals) Ranchi Division, Ranchi seeking that the assessment order and the notice of demand be quashed and has sought for a direction to the assessment officer from taking any coercive measures against our Company pending the appeal.

Consumer Cases

There are currently 13 consumer cases filed against our Company before the Consumer District Redressal Forums at Jodhpur, Nagpur, Jaipur, Madurai, Jalgaon, Karwar, Ranchi, Barmer, Kerala, New Delhi and Bharatpur in relation to consumer claims for refund, replacement of set top boxes or LCD television sets with integrated set-top boxes, restoring the DTH connection, damages for loss of entertainment, harassment, mental agony and cost of litigation. The claims which are quantifiable in nature under these cases aggregate to an amount of approximately ₹ 1.91 million. These matters are currently pending adjudication by the said consumer forums.

Civil Proceedings

Our Company has been impleaded along with other DTH service providers, in a case filed by the Tamil Nadu Progressive Consumer Centre (“TNPCC”) against the Ministry of Information and Broadcasting, TRAI and others before the TDSAT. TNPCC has alleged that the set top boxes supplied by DTH service providers have not been in compliance with the inter-operability requirement, thereby violating Direct to Home Broadcasting Service (Standard of quality of service and redressal of grievances) Regulations, 2007. The TDSAT upheld the contentions of the TNPCC in an order dated June 3, 2011. Subsequently, the TRAI along with the DTH service providers have filed an appeal (no. 9035 of 2011) before the Supreme Court of India challenging the order passed by the TDSAT. The Supreme Court has, for the time being, stayed the impugned order of the TDSAT. This matter is currently pending before the Registrar of the Supreme Court of India for admission.

Litigation by our Company

Civil Proceedings

1. Our Company has filed writ petitions before the High Courts of various states including, Maharashtra, Gujarat, Uttar Pradesh, Goa, Madhya Pradesh, Chhattisgarh, Rajasthan, Bihar, and Karnataka, against the relevant state governments and state tax authorities, challenging the levy of entertainment tax on DTH Services by such states, on the grounds that the levy of entertainment tax on DTH services is *ultra vires* the Constitution of India and cannot be legislated upon by the state governments. While these matters are currently pending before the various High Courts, our Company is paying the applicable entertainment tax to certain state governments under protest. For details, see “**Financial Statements – Contingent Liabilities**” on page 208.

The High Court of Madras, by an order dated October 19, 2012 allowed the writ petition filed by our Company against the State of Tamil Nadu. The State of Tamil Nadu filed a special leave petition before the Supreme Court challenging the order dated October 19, 2012.

2. Our Company has filed special leave petitions before the Supreme Court of India against the State of Uttarakhand, State of Jharkhand and Delhi challenging the orders of the High Courts of the said states which upheld the requirement of payment of entertainment tax by our Company, alleging that the State Governments do not have the power to levy entertainment tax on broadcasting services as such services do not fall under the purview of the list of matters on which the State Governments can legislate, under the Constitution of India. The Company has contended that taxing DTH services as entertainment would be violative of Article 268-A of the Constitution of India as broadcasting services are provided all over the country without state boundaries and that entertainment tax would imply double taxation as the provision of DTH broadcasting services is already taxed by the Central Government by levy of service tax. These matters are currently pending.
3. Our Company has filed a civil appeal (no. D12223/2011) on April 15, 2011, before the Supreme Court of India, against Zee Turner Limited and another, under section 18(1) of the Telecom Regulatory Authority of India Act, 1997, challenging a judgment passed by the TDSAT, pursuant to an appeal

filed by Zee Turner Limited against a tariff order passed by the TRAI. The TRAI had passed a tariff order directing that the wholesale tariff charged by broadcasters from DTH operators shall be up to 35% of the corresponding tariff payable by cable operators operating on the non-addressable platform, which was challenged by Zee Turner Limited in its appeal before the TDSAT. The TDSAT by its order dated December 16, 2010, set aside TRAI's tariff order, raised the rate applicable to DTH operators from 35% to 42% of the rates applicable to cable operators, and directed the TRAI to carry out a detailed study and fix the tariff applicable to DTH operators, in place of a ceiling limit based on the tariff applicable to cable operators. This matter is currently pending before the Supreme Court.

4. Our Company has filed an intervention application on July 4, 2014, in the appeal (No. 2(C) of 2014) filed by Home Cable Network Private Limited, before the TDSAT, challenging the legality of the tariff order passed by the TRAI on March 31, 2014. The TRAI had passed a tariff order on March 31, 2014, allowing an inflationary increase of the wholesale tariff payable by cable subscribers to cable operators, cable operators to multi-system operators/broadcasters and multi-system operators to broadcasters, with effect from April 1, 2014 on the non-addressable platform. TDSAT, by an order dated May 29, 2014, allowed any stakeholder in the broadcasting sector to intervene in the appeal. Further, TDSAT by an order dated July 8, 2014, allowed our intervention application. This matter is currently pending before the TDSAT.
5. Our Company filed an appeal under section 14a(II) and 14b of the Telecom Regulatory Authority of India Act, 1997, against TRAI before the TDSAT, dated July 18, 2013, challenging the legality of the tariff order passed by TRAI on May 27, 2013, and seeking an order to set aside the tariff order and an interim order staying the application of the tariff order. The TRAI had passed the Telecommunication (Broadcasting & Cable) Services (6th) (Direct to Home Services) Tariff Order, 2013 on May 27, 2013, fixing the standard rate to be charged for the rental of consumer premises equipment. Our Company has alleged that renting consumer premises equipment has no connection with either the quality of service of regulation of broadcasting service and therefore TRAI has no authority to regulate on such matters and that TRAI has erred in the computation of cost of the consumer premises equipment, on the basis of which the standard rates of rent were fixed. TDSAT by an order dated October 19, 2013 admitted the appeal and the matter is currently pending before the TDSAT.

Octroi

Our Company has filed an appeal (No. 9573/2010) before the Commissioner of Octroi, Pune, claiming recovery of a sum of ₹ 0.25 million along with interest, from the Octroi authorities of Pune Municipal Corporation, on the grounds that the said amount was wrongly charged by the Octroi authorities in respect of certain of the Company's products being transported in Pune. This matter is yet to be listed before the Commissioner of Octroi, Pune.

LITIGATION INVOLVING OUR DIRECTORS

I. Litigation against Mr. Nabankur Gupta

1. Color Plus Fashions Limited ("Color Plus") entered into an agreement dated March 22, 2012 with Go Go International Private Limited ("GGIPL") for the supply of readymade garments. Due to the losses caused to Color Plus in relation to a delay in the supply of readymade garments by GGIPL, Color Plus debited an amount of ₹ 0.25 million. GGIPL filed a civil suit against Color Plus and its directors (including Mr. Nabankur Gupta) before City Civil Court, Bangalore for the recovery of an amount of ₹ 0.45 million, along with interest.
2. Pursuant to an inspection carried out by Legal Metrology Inspector, Girgaon on July 24, 2013, at a distributor godown of JK Helene Curtis Limited ("JKHCL"), the Inspector seized seven packages of on account of the packages not bearing thereon the requisite declarations as to the consumer complaint telephone number, email address and also that maximum retail price is not declared as per rule 2(m) of Legal Metrology Packaged Commodities Rules, 2011 considering the seized package as retail package instead of wholesale package. The Legal Metrology Inspector has lodged a criminal complaint before Esplanade Court, Mumbai against JKHCL and its directors (including Mr. Nabankur Gupta). The appeal filed by JKHCL before the Controller of Legal Metrology, Mumbai has been allowed.

II. Litigation against Mr. Pradeep Ramwilas Rathi

1. Mr. Anilkumar P. Sanghvi filed a private criminal complaint under sections 120B, 406, 420, 467, 468, 471, 34 read with section 109 of the Indian Penal Code, 1860 against Mr. Chandrakant P. Sanghvi, his family, the board of directors of Sanghvi Movers Limited (including Mr. Pradeep Ramwilas Rathi), its officials and its bankers, before the Chief Judicial Magistrate First Class, Pune (“**CJM, Pune**”), alleging, among other things, cheating, forgery and criminal conspiracy in connection with the transfer of shares held in Maharashtra Erectors Private Limited. Pursuant to police investigation, a report was submitted to the CJM, Pune, and the matter is now pending for adjudication by the CJM, Pune. The non-executive/independent directors of Sanghvi Movers Limited, including Mr. Pradeep Ramwilas Rathi have filed an application (No.1332 of 2011) before the High Court of Bombay, seeking quashing of the charges against them. By an order dated December 21, 2011, the High Court of Bombay granted an interim stay directing the Chaturshringi Police to not take any coercive action against the non-executive/independent directors who filed the application. This proceeding is currently pending before the High Court of Bombay for admission.

LITIGATION INVOLVING OUR PROMOTERS

As on date of this Draft Red Herring Prospectus, there is no outstanding or threatened litigation involving our Promoters.

LITIGATION INVOLVING OUR GROUP ENTITIES

I. Litigation involving VIL

Litigation against VIL

Order from SEBI

1. SEBI pursuant to its order dated April 19, 2001 had directed Videocon International Limited (now amalgamated with Videocon Industries Limited) not to access the capital market in India for a period of three years and instituted prosecution proceedings against Videocon International Limited through its directors/officers including Mr. Venugopal N. Dhoot under the provisions of the Securities and Exchange Board of India Act, 1992 for violation of Regulation 4(a) and 4(d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations 1995. Aggrieved by the order of SEBI, Videocon International Limited and its directors/officers including Mr. Venugopal N. Dhoot preferred an appeal before the Securities Appellate Tribunal (“**SAT**”). The SAT pursuant to its order dated June 20, 2002 set aside the order of SEBI which restrained Videocon International Limited from accessing the capital markets and raising money from the public for a period of three years. However, in relation to the prosecution proceedings instituted by SEBI against Videocon International Limited and its directors/officers including Mr. Venugopal N. Dhoot, the SAT held that it was beyond its jurisdiction to issue any order setting aside SEBI’s decision to launch prosecution proceedings. Accordingly, prosecution proceedings instituted by SEBI are currently pending. Mr. Venugopal N. Dhoot and others have filed a petition before the Bombay High Court to quash/grant a stay on the prosecution proceedings which is pending for disposal. Further, being aggrieved by the order of the SAT, SEBI has filed an appeal (No. 9 of 2002) against Videocon International Limited before the Bombay High Court. The Indian parliament amended the SEBI Act by SEBI (Amendment) Act, 2002 and the amendments were brought into effect from October 29, 2002. As per the amended Section 26 of the SEBI Act, the court competent to try complaints for offences under Section 24 read with Section 27 of the SEBI Act was the court of Metropolitan Magistrate or Judicial Magistrate of the First class. However, as per the amended Section 26(2), no court inferior to that of a Court of Sessions could try any offence punishable under the said Act and no court could take notice of any offence punishable or any Rules or Regulations framed thereunder, save on a complaint made by SEBI, thereby deleting the words, “with the previous sanction of the Central Government” from Sub-section (1) of Section 26. Thereafter petitions/applications were filed by Videocon International Limited and others before the Bombay High Court, contending that the complaints filed by SEBI ought to be tried by the Magistrates Court rather than being committed/transferred to the Court of Sessions despite the SEBI (Amendment) Act, 2002 being brought into effect from October 29, 2002, where under only the Court of Sessions can try the said offences. The Bombay High Court by order dated January 16, 2008 in the said petitions/applications held that the complaints filed before or after October 29, 2002, but in respect of the alleged offences that have taken place prior to the said date are required to be tried by the court to which they were presented (i.e. the Magistrates Court) and they are not required to be

committed/transferred to the Court of Sessions. The Bombay High Court accordingly quashed and set aside the committal/transfer orders by the Magistrates Court in the Complaints filed by SEBI and the Sessions Court was directed to return the concerned complaints to respective Magistrates Court where they were originally filed by SEBI. Being aggrieved by the said order of the Bombay High Court, SEBI preferred petitions for special leave before the Supreme Court of India. While the special leave petitions are pending, the Supreme Court granted a stay on further proceedings. By its order dated October 13, 2003, the Division Bench of the Bombay High Court ruled that appeals filed after coming into force of the amended section 15Z of the SEBI Act (including appeal preferred by SEBI) would not be affected. VIL preferred a petition for special leave to appeal to the Supreme Court of India. The said special leave petition has been admitted and is pending hearing and final disposal.

Criminal cases

1. G. S. Electronics filed a criminal case on July 26, 2008, against Videocon Industries Limited (“VIL”), its officers and directors in the court of Chief Judicial Magistrate (“CJM”), Kanpur for alleged misuse of a cheque. The court has issued process on September 23, 2008, against VIL, its directors and officers. VIL has filed a petition under Section 482 of the Code of Criminal Procedure, 1973 on November 2008 before the Allahabad High Court for quashing of the process issued by the court of CJM, Kanpur. The matter has been admitted by the Allahabad High Court and accordingly proceedings before the court of CJM, Kanpur have been stayed. The amount involved in this matter is ₹ 7.53 million. The matter is fixed for final hearing.
2. VIL has filed complaints under Section 138 of the Negotiable Instruments Act, 1881 against few of its dealers. However, one dealer Shreenathji Tradelink has countered criminal case against VIL, its managing director and officers alleging misuse of cheque. The complaint filed by VIL was further referred to Bani Park Police Station, Jaipur by the Magistrate for investigation. On investigation, report was filed stating that no criminal offences were committed and the matter is of civil in nature. The aggregate amount involved in these matters is ₹ 0.98 million recoverable by VIL from this dealer. VIL has also filed arbitration proceeding against Shreenathji Tradelink and an award was passed in favour of VIL and based on the award, execution petition has been filed for recovery of the amount.
3. Mr. Dilip Chhajed, proprietor of Hansa Travels filed a criminal case (no. 3097 of 2009) under sections 403, 406 and 420 of the Indian Penal Code, 1860, against Mr. Venugopal N. Dhoot, Mr. Anirudha Dhoot and two other employees of VIL in Chief Judicial Magistrate’s Court, Nagpur (“CJM, Nagpur”) alleging failure to pay dues and wrongful termination of memorandum of agreement for providing transport facility to the staff and employees of VIL. CJM, Nagpur issued bailable warrants against the accused. Mr. Anirudha Dhoot filed a criminal revision application before the Sessions Court, Nagpur and an application of stay of the order of CJM, Nagpur and obtained stay on the proceeding by a lower court. Mr. Venugopal N. Dhoot filed a writ petition before the Bombay High Court bench at Nagpur and the court has directed that no coercive action should be taken in the matter. The claim involved in the matter is ₹ 2.52 million. Hansa Travels through its proprietor Mr. Dilip Chhajed has also filed reference petition before the Micro and Small Enterprises Facilitation Council, Nagpur, against VIL and claimed an aggregate amount of ₹ 7.14 million including interest.

Foreign Exchange Regulation Act, 1973/Foreign Exchange Management Act, 1999

1. VIL had made remittance on March 31, 2007 of USD 0.30 million as share application money to Videocon JPDA 06-103 Limited (formerly known as “Global Energy Inc”). Out of the above, 1,000 shares of USD 1 each at par were allotted to the Company and the remaining share application money of USD 299,000 was refunded on April 19, 2010. The Reserve Bank of India through its letter dated August 30, 2011, stated that, this was a prima facie contravention of Regulation 15 of FEMA Notification No. 120/2004 dated July 7, 2004. VIL made a compounding application on October 28, 2011 and compounding order dated April 13, 2012 was passed by the Reserve Bank of India levying a penalty of ₹ 0.20 million on VIL for contravention of the said regulation. VIL paid the aforesaid penalty on April 20, 2012.
2. VIL, Value Industries (erstwhile Videocon Appliances Ltd.) and their then directors (together referred to as the “Applicants”) have filed criminal application no. 497 of 2011 before the Bombay High Court against the order dated April 07, 2011, of the Learned Session Judge allowing the criminal revision application No.716/2008 filed by the Assistant Director, Enforcement Directorate, Mumbai (“Enforcement Directorate”) against the Applicants. The Bombay High Court through its order dated July 21, 2011, granted interim relief to the Applicants by ordering a stay of the order of the Session Judge pending final

disposal of the criminal application no. 497 of 2011 by the Bombay High Court. The said criminal application has been dismissed by the Bombay High Court by an order dated October 14, 2013. VIL and Value Industries have challenged the order by filing a special leave petition (SLP (Cr.) No.10515/2013) before the Supreme Court. Further, Mr. V. N. Dhoot and other directors have also filed a special leave petition (SLP(Cr.) No.40/2014) before the Supreme Court. SLP filed by company is pending in the Supreme Court and lower court proceedings are stayed. These matters have arisen in connection with a contract entered into by Videocon International Limited (now amalgamated with VIL) in October 1989, with its customers in erstwhile USSR (now in Russia) for export of colour televisions, colour picture tubes and capacitors (“**TV Products**”) for which VIL placed order for supply of the TV Products with its suppliers in Japan and Korea. With the approval of Reserve Bank of India these suppliers exported the product directly to USSR. The Enforcement Directorate filed complaint before the Court of Metropolitan Magistrate, Esplanade Court, Mumbai through CC. No.1149 /S/ 2002 alleging that VIL exported the TV Products in respect of which sale proceeds were not received in India from the customers in Russia within the stipulated time and alleged to have committed offence under section 18(2) and 18(3) read with section 68(1) and 56(1) of the Foreign Exchange Regulation Act, 1973 and section 49(3) and 49(4) of the Foreign Exchange Management Act, 1999.

3. The office of the Deputy Director, Directorate of Enforcement, Mumbai (“**DoE**”) passed an order dated August 6, 2008, imposing penalty of ₹ 0.05 million on Videocon International Limited (now amalgamated with VIL) and ₹ 0.03 million on three members of our Promoter Group, for alleged contravention of section 10(6) read with section 42 of Foreign Exchange Management Act, 1999 arising from VIL’s alleged failure to utilize foreign exchange equivalent to ₹ 0.09 million for the purpose of declared imports. On September 8, 2008, VIL filed an appeal against the said order, which is currently pending adjudication.

Civil cases

1. Whirlpool of India Limited (“**Whirlpool**”) has filed a suit no.2012 of 2012 in Bombay High Court against VIL, all of its directors and others seeking an order, inter-alia, for (i) the detention of the directors of VIL and others in civil prison for alleged disobedience of the order of the Bombay High Court dated July 25, 2012 (ii) the appointment of Court Commissioner with powers under Order XL, Rule 1 of the CPC to enter into the premises of VIL and the other respondents (including the directors of VIL) and other places where the impugned goods are stocked, manufactured or sold, to take inventories, extracts of records and to make enquiries including the particular of impugned goods manufactured, sold after the date of Bombay High Court order dated July 25, 2012 (iii) the attachment of the properties of VIL. The said order of the Bombay High Court dated July 25, 2012 held that a model of washing machine of VIL is an imitation of the product of Whirlpool’s registered design and granted an ad-interim relief to Whirlpool by restraining VIL by itself or through its servants, agent dealers, manufacturers, directors, owners proprietors (i) in any manner using, applying, placing upon the market for sale or exposing for sale and/or selling Whirlpool’s registered design of washing machine bearing no. 223833 and 223835; and (ii) from passing off or enabling the others from passing of their products as that of Whirlpool’s impugned product. The Bombay High Court through its order dated August 13, 2012, dismissed the appeal of VIL against the order of the Trial Court restraining VIL from marketing certain registered designs of washing machines of Whirlpool. VIL had challenged the said order by filing SLP (Civil) No.35062/2012 in the Supreme Court. The Supreme Court has dismissed the SLP filed by an order dated August 8, 2014. The suit filed by Whirlpool and contempt petitions are currently pending.
2. Whirlpool had filed a suit (O.S. 8252/2011) in City Civil Court, Bangalore against VIL, seeking an order, among other things, restraining VIL from selling, distributing, advertising, exporting certain refrigerator models, which allegedly embodied Whirlpool’s registered refrigerator designs. The City Civil Court through an order dated November 25, 2011, issued a temporary injunction restraining VIL from using the said design of refrigerator. Subsequently, VIL filed an application before the Single Judge of High Court of Karnataka seeking vacation of the temporary injunction passed by the City Civil Court, Bangalore. The High Court of Karnataka, through its order dated May 31, 2012 has rejected VIL’s application. Against the said order, VIL has filed an appeal before the Division bench of Karnataka High Court and the Division Bench admitted the appeal and granted a stay through its order dated November 5, 2012 on the operation of injunction.
3. VIL received a demand notice dated August 22, 2003, from the Delhi Development Authority (“**DDA**”) for ₹ 150.93 million towards unearned interest. VIL also received another notice dated August 25, 2003, towards ground rent for ₹ 107.40 million and interest thereon of ₹ 35.60 million for belated payment of

ground rent. The said proceedings were challenged before the Delhi High Court and the Delhi High Court pursuant to its order dated January 29, 2007 directed VIL to comply with the notice dated August 25, 2003. VIL complied with the judgment and also filed freehold mutation application with the DDA. Subsequently, the DDA filed a letters patent appeal (LPA 411/2007) against the above judgment which was allowed and set aside the order dated January 29, 2007 by the Delhi High Court on November 14, 2011. VIL has filed a special leave petition against this order of the Delhi High Court, before the Supreme Court of India, which is pending adjudication.

4. Morgan Securities & Credits Private Limited (“**MSCPL**”) agreed to sanction a bill discounting facility to Videocon International Limited (now amalgamated with VIL) under an agreement dated January 27, 2003, to the extent of ₹ 50 million for a period of 150 days at a concessional interest rate of 21.0%. It was agreed that in case of any default or delay in making the payment, a normal rate of interest of 36% would be levied. VIL issued post dated cheques towards its repayments to MSCPL. VIL has claimed that MSCPL did not present the post dated cheques for payment on the due date and sent a demand notice to VIL claiming ₹ 134.34 million on July 8, 2006 and invoked arbitration. VIL has claimed that the demand notice was sent after a period of almost two and half years of the due date and that the demand by MSCPL is barred by limitation. VIL challenged the appointment of the arbitrator appointed by MSCPL and has filed an application in the Delhi High Court for the appointment of a new arbitrator. The Delhi High Court granted stay to the further proceedings of the arbitration. MSCPL has filed a review petition against the order of the Delhi High Court. The Delhi High Court allowed the application and ordered the appointment of a new arbitrator. MSCPL have filed a review petition against the order of the Delhi High Court for the appointment of a new arbitrator. The Delhi High Court pursuant to its order dated July 12, 2010 appointed a sole arbitrator in relation to the arbitration proceedings. MSCPL filed an application dated September 11, 2012, before the sole arbitrator under section 17 of the Arbitration and Conciliation Act, 1996 (“**Arbitration Act**”) for urgent relief to restrain VIL, its agents, assigns, servants, employees, subsidiaries from demerging its Oil and Gas Assets and from redeeming the preference shares as per VIL’s annual report of 2011 and from acting in manner in furtherance of both of these action. The arbitration proceeding are pending for oral submissions by VIL. In this matter, pursuant to an interim application for urgent relief filed by MSCPL, the arbitral tribunal passed an order on September 29, 2012 permitting VIL to process the demerger scheme for its Oil and Gas Assets but directed VIL to not approach the Company Law Board/ Court for sanction of the said scheme without prior permission of the arbitral tribunal. MSCPL had also filed an application before the High Court of Delhi on November 27, 2012 seeking an order for urgent interim relief to restrain VIL from taking any action in furtherance of the resolution passed at the meeting of its board of directors. The High Court of Delhi through its order dated November 30, 2012 has allowed the application, subject to just exception and directed that any action of VIL shall be subject to the order of High Court of Delhi.

The arbitration proceedings were concluded and on March 1, 2013 an award was passed by the arbitrator for making payment of ₹ 50.03 million together with interest by VIL to the claimant. VIL has filed an application (No.665/2013) in the Delhi High Court under section 34 of the Arbitration Act. MSCPL has also filed application (No. 972/20130 in the Delhi High Court under section 34 of the Arbitration Act challenging part of the award and same is tagged with our petition. MSCPL has also moved an application in the Delhi High Court seeking a bank guarantee from VIL in respect of said award. The Delhi High Court by an order dated November 13, 2013 directed VIL to furnish a bank guarantee of ₹ 200 million which was subsequently furnished by VIL.

MSCPL had also filed a winding up petition (No.463/2008) in the Bombay High Court against VIL. Initially the winding up petition was adjourned pending the arbitration proceeding. Subsequent to receiving the arbitration award, the Bombay High Court was apprised of the award, the appeals filed under section 34 of the Arbitration Act before the Delhi High Court and the bank guarantee submitted. The winding up petition is currently pending and has been adjourned from time to time.

5. Tata Finance Limited (“**Claimant**”) had leased to Videocon International Limited (since amalgamated with VIL) certain solar power generating systems and solar photovoltaic power plants pursuant to two agreements to lease dated March 26, 1996 and September 25, 1996 (the lease assets together referred to as the “**said equipment**”). One of the clause of the said lease agreements provided that the depreciation eligibility of the said equipment was 100%. It further provided that if the Claimant’s claim for depreciation was disallowed, in any year during the fixed period of the lease, the lease rental would stand increased accordingly as a percentage of the acquisition cost. However, the Claimant’s claim for depreciation was disallowed for the assessment years 1996-97 and 1997-98. Accordingly, the Claimant raised 2 debit notes

for ₹ 56.63 million and ₹ 102.69 million both dated August 4, 2000, on VIL for increased lease rent. It terminated the lease agreements and called upon VIL to return the said equipments. The arbitration proceedings have concluded and matter is reserved for pronouncement of award.

6. Pursuant to a licence agreement dated September 1, 1996, between Samsung Electronics Private Limited (“**Samsung**”) and VIL, Samsung leased a ground floor premises and a refundable security deposit of ₹ 20 million was provided to VIL. The license agreement was terminated on April 1, 2004, but VIL failed to refund the deposit. Samsung therefore filed a summary suit (No. 3036 of 2007) against VIL before the Bombay High Court. Samsung has also filed company petition (No.294/2007) against VIL in the Bombay High Court wherein by its order dated February 5, 2009, the Bombay High Court directed VIL to deposit an amount of ₹ 14.40 in the court within six weeks from the date of order. Accordingly VIL has deposited the amount in the court. VIL also filed a suit for recovery of ₹ 6.45 million in the Bombay High Court against Samsung. Subsequently due to the enhancement of jurisdiction of City Civil Court, the said suit has been transferred to City Civil Court. However, the Bombay High Court on June 19, 2014, directed the Registrar of City Civil Court Bombay to transfer the said suit to the Bombay High Court. Accordingly, pursuant to an application made to City Civil Court the suit is transferred from City Civil Court to Bombay High Court and both the suits are pending.
7. VIL had executed an agreement for sale dated December 31, 2007, with Satellite Holdings for the purchase of a flat situated at Tulsiwadi, Tardeo, Mumbai admeasuring 1296 square feet of super built up area (120.446 sq meters built up) situated on the tenth floor of “Thakkar Tower” for consideration of ₹ 10.10 million. The agreement for sale dated December 31, 2007, is duly registered. VIL is in possession of the said premises. Mr. Vishal Dhandia, Mr. Sahil Dhandia and Mr. Prakashchand Dhandia (“**Claimants**”) have filed a suit seeking cancellation of the agreement for sale dated December 31, 2007, before the Bombay High Court (suit no. 157 of 2011) against the Satellite Holdings, its partners and VIL for claiming the premises on the basis of an allotment letter dated May 22, 1993 issued by Satellite Holdings in favour of the claimants and for specific performance of the allotment letter. Bombay High Court has passed an interim order injuncting VIL from dealing with the premises. VIL has filed an appeal before the Bombay High Court (appeal no. 804 of 2011) against the interim order. Both the suit no. 157 of 2011 and appeal no. 804 of 2011 are pending before the Bombay High Court.

Proceedings relating to Intesa Sanpaolo S.p.A. (“Intesa”) and Banca Intesa Mediocredito S.p.A. (“Banca Intesa”)

A) Proceedings with Intesa

In June 2007, Intesa and Banca Intesa (collectively, the “**Lenders**”) entered into a loan agreement with VDC Technologies S.p.A. (“**VDC**”), a company incorporated in Italy, which was then an indirect subsidiary of Videocon Industries, for a maximum principal amount of € 35 million. In relation to the loan to VDC, Videocon Industries issued patronage letters dated June 1, 2007 and June 5, 2007 in favour of Intesa (collectively, the “**Patronage Letters**”), in relation to fulfilment of VDC’s obligations under the loan agreement. VDC ceased to be a subsidiary of Videocon Industries on March 15, 2008 which was intimated to Intesa.

Subsequent to such time, VDC allegedly continued to default under the terms of the loan agreement, including as a result of ceasing to be a subsidiary of Videocon Industries. Videocon Industries understands that pursuant to such defaults, attempts were made by Intesa and VDC to restructure the loan, which was ultimately unsuccessful. As a result, Intesa sought to enforce the Patronage Letters under a letter dated April 7, 2011, demanding that Videocon Industries pay an amount of € 40.16 million towards fulfilling VDC’s obligations under the loan agreement. Intesa then initiated recovery proceedings in the Court of Turin, Italy demanding that Videocon Industries fulfil its obligations under the Patronage Letters. The Court of Turin, Italy passed an ex-parte decree on June 21, 2011 against Videocon Industries ordering that Videocon Industries pay to Intesa the principal amount of the loan of € 35.00 million along with other interests and costs thereon, aggregating € 36.2 million.

Recognition and enforcement of foreign judgments in India is provided under Section 13 and Section 44A of the CPC. Italy has not been recognized as a reciprocating country by the Government of India for the purpose of enforcing orders by the Italian courts by initiating execution proceedings in India. In terms of Section 44A of the CPC, a judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the foreign judgment in the appropriate courts in India and obtain a fresh decree. Accordingly, Intesa has filed suit no. 2434 of 2012 on August 21, 2012 in the Bombay High Court against Videocon

Industries and also served a Notice of Motion no. 2340 of 2012 for interim relief. In the suit before the Bombay High Court, Intesa has sought order, inter-alia, to the effect that judgement passed by the Court of Turin, Italy be declared as valid, binding, conclusive and enforceable against Videocon Industries and that pending hearing and final disposal of suit, Videocon Industries be directed to secure the payment due to Intesa including by restraining the alienation or disposal of assets and property by Videocon Industries. However, the Court has not granted the ad-Interim relief sought by Intesa and the matters are pending final hearing.

Intesa has also served Videocon Industries with a legal notice dated July 3, 2012 demanding that payment be made amounting to € 36.7 million plus all agency fees and ancillary costs subject to a maximum of € 38.0 million under the loan agreement and the Patronage Letters and reserved its right to initiate winding up proceedings against Videocon Industries in the event that such payment was not made within three weeks of the receipt of the notice. Videocon Industries has sent a response to the legal notice dated July 28, 2012 denying Intesa's claim.

Intesa filed a winding up petition (No.528/2012) on October 18, 2012 in the Bombay High Court against Videocon Industries, which by an order dated December 5, 2013, directed that the winding up petition will stand dismissed if Videocon Industries deposits an amount of ₹ 2,597.30 million (being equivalent to € 38 million), with the Bombay High Court by January 27, 2014 which Intesa will be entitled to withdraw. The Bombay High Court further directed that in the event the aforesaid amount is not deposited on or before January 27, 2014, the winding up petition will be admitted without further reference to the Court. Videocon Industries filed an appeal (No.(L) No.29/2014) before the Division Bench of Bombay High Court, challenging the order. The Division Bench of the Bombay High Court, by an order dated July 19, 2014, dismissed the appeal filed by VIL, granted VIL eight weeks to prefer an appeal before the Supreme Court and stayed the implementation of the order dated December 5, 2013. Subsequently, VIL preferred a special leave petition (SLP (Civil) No.24599/2014) before the Supreme Court. The Supreme Court, by an order dated September 22, 2014, directed that a fixed deposit with the State Bank of India already deposited with it and maturing on October 7, 2014, should be renewed, a lien in favour of the registrar of the Supreme Court be made and the fixed deposit receipt be handed over to the registrar of Supreme Court. Through this order, the Supreme Court also granted interim stay on the operation and implementation of the Bombay High Court order dated July 19, 2014.

B) Correspondence with DB Trustees (Hong Kong) Limited (“DB”)

Pursuant to an offering circular dated December 2, 2010, and a trust deed dated December 15, 2010 (“**Bond Documents**”), Videocon Industries issued unsecured US \$200,000,000, 6.75% convertible bonds (“**Bonds**”), convertible into ordinary shares of Videocon Industries. DB was appointed as the Trustee under the Bond Documents. DB was made aware of the proceedings with Intesa and the order passed by the Court of Turin, Italy against Videocon Industries. DB, pursuant to various letters addressed to Videocon Industries, sought to establish whether a payment obligation had arisen for Videocon Industries, which it had not performed, for the purposes of establishing whether an event of default had occurred under the Bonds and requested that Videocon Industries provide a certificate that there was no event of default or a potential event of default as a result of the order passed by the Court of Turin, Italy. DB also requested that if Videocon Industries believes that no event of default or a potential event of default had occurred, Videocon Industries should provide an analysis as to why it believed, it to not be an event of default under the Bonds.

Videocon Industries has subsequently been engaging in correspondence with DB, disputing any liability to pay Intesa under the order of the Court of Turin, Italy and has stated that Italy has not been recognized as a reciprocating country by the GoI for the purpose of enforcing orders by Italian courts by initiating execution proceedings in India. As a result, the ex-parte decree obtained by the Lenders against Videocon Industries does not give rise to any claim unless a suit upon the foreign judgment is filed in the appropriate courts in India, a decree is obtained against Videocon Industries establishing the Lenders' claim, and such decree attains finality. And it is only then that such amount will become due and payable under the provisions of Section 13 of the CPC. Videocon Industries has stated that there is no event of default or a potential event of default under the Bonds as a result of the order passed by the Court of Turin, Italy and that such order does not trigger the cross-default provision under the terms and conditions of the Bonds. Videocon Industries and DB continue to engage in written communication about this matter.

Videocon Industries has, in the course of such correspondence, further contended, among other things, that (i) since VDC ceased to be a subsidiary of Videocon Industries prior to the issue of the Bonds, there was no cross-default under the provisions of the Bond Documents, (ii) the ex-parte decree obtained by Intesa against Videocon Industries from the Court of Turin, Italy does not give rise to any claim against Videocon Industries in

India, in the absence of a decree by a competent court in India, under the provisions of Section 13 of the CPC, (iii) Videocon Industries is not permitted to make any payments under the Patronage Letters, which DB has construed to mean a guarantee, on account of certain Indian regulations, (iv) since the dates of the Patronage Letters, there were a series of defaults by VDC, despite which, including as a result of ceasing to be a subsidiary of Videocon Industries on March 15, 2008, the Lenders had not taken any steps nor invoked the Patronage Letters for a significant period of time, which is implied forbearance on their part, (v) that if the Lenders file a suit in India and a decree is passed against Videocon Industries and if such decree attains finality, Videocon Industries shall abide by the terms of such decree, and (vi) that pursuant to a suit filed by Mr. Vellatuthodi Krishnakumar (the details of which are provided below) an ad-interim injunction has been issued against DB and the Videocon Industries restraining DB and Videocon Industries from declaring an event of default under the Bond Documents.

C) Proceedings before the City Civil Court, Calcutta

Mr. Vellatuthodi Krishnakumar, a holder of the Bonds, has filed suit no. 319 of 2012 before the City Civil Court, Calcutta against Videocon Industries and DB, for declaration and consequential relief of injunction. In the said suit, Mr. Krishnakumar has claimed reliefs including among other things, (i) a declaration that no event of default or no potential event of default has occurred or exists under the bond documents, (ii) a declaration that the Patronage Letters provided by Videocon Industries to Intesa prior to the issuance of the bonds is null, void and contrary to the Foreign Exchange Management Act 1999, as amended (iii) a decree for permanent injunction restraining the defendants from declaring and/or creating any encumbrance either directly or indirectly to the effect that an event of default or a potential event of default has occurred under the bond documents.

Mr. Krishnakumar also moved an application for temporary injunction and claimed reliefs including, among other things, a temporary injunction restraining Videocon Industries and DB from declaring an event of default under the Bond Documents. By an interim order dated February 24, 2012, the City Civil Court Calcutta granted an ad-interim order of injunction restraining the Videocon Industries and DB from declaring an event of default under the Bond Documents against Videocon Industries as well as against DB. The interim order was originally operative till March 23, 2012, however, upon applications by Mr. Krishnakumar, the operation of the order has been extended from time to time and same is continued.

On May 10, 2012, Banca IMI S.p.A, a bank registered and incorporated under the laws of Italy, submitting itself to be a holder of the Bonds and Intesa have petitioned separate applications with the City Civil Court, Calcutta, under Order 1 Rule 10(2) read with section 151 of the CPC, 1908, seeking orders for each of them to be impleaded as party defendants in the suit filed by Mr. Krishnakumar on the grounds that the reliefs sought by Mr. Krishnakumar directly and significantly affect the rights and interests of the petitioners and that they ought to be added as party defendants in order to enable them to contest and defend themselves against the reliefs sought by Mr. Krishnakumar. In response to the petitions filed by Banca IMI and Intesa, Mr. Krishnakumar has made an application, under section 151 of the CPC, 1908, seeking an order for stay or adjournment of the applications filed by Banca IMI and Intesa and all proceedings in that regard until the disposal of any winding up proceedings that may have been initiated by Intesa that were referred to in Intesa's legal notice to Videocon Industries dated July 3, 2012. The Court has allowed the said application by an order dated April 22, 2013. Against that order, Mr. Krishnakumar filed civil revision applications (C.O. No.2627/2013 and 2628/2013) in the Calcutta High Court and Calcutta High Court by an order stayed further proceeding of the lower court until September 2013 or until further orders, whichever is earlier. The said stay order has been extended by the Calcutta High from time to time and is in operation.

Income-tax cases

1. Joint Commissioner of Income Tax, Mumbai filed an appeal dated January 24, 2008, before the Income Tax Appellate Tribunal, Mumbai against an order dated October 31, 2007, passed by the Commissioner of Income Tax (Appeals), Mumbai. The Commissioner of Income Tax (Appeals), Mumbai allowed the appeal dated July 06, 2007, filed by VIL challenging the order and demand notice dated May 25, 2007 issued by the Deputy Commissioner of Income Tax, Mumbai among other things for the disallowance of bad debts, trading loss and interest and such disallowances amount to ₹ 265.52 million for the assessment year 2005-2006. The tax amount involved in the matter is not ascertainable. The matter is currently pending.
2. Director of Income Tax (International Taxation), Mumbai has filed an appeal on April 10, 2007 before the High Court, Bombay against an order dated January 31, 2006 passed by Income Tax Appellate Tribunal,

Mumbai. The Income Tax Appellate Tribunal, Mumbai allowed the appeal filed by Videocon International Limited (now amalgamated with VIL) challenging the order dated April 10, 2000 issued by the Commissioner of Income Tax (Appeals), Mumbai. The Commissioner of Income Tax (Appeals), Mumbai dismissed the appeal dated March 09, 2000 filed by Videocon International Limited (amalgamated with VIL) challenging the order dated January 04, 2000 issued by Deputy Commissioner of Income Tax, Mumbai among other things for non-deduction of tax at source. The tax amount (including interest) involved in the matter is ₹ 73.54 million. Commissioner of Income Tax, Mumbai has filed an appeal dated March 12, 2009 before the High Court, Bombay against an order dated October 31, 2008 passed by Income Tax Appellate Tribunal, Mumbai. The Income Tax Appellate Tribunal, Mumbai allowed the appeal dated July 26, 2002 filed by Videocon International Limited (amalgamated with VIL) challenging the order dated May 16, 2002 issued by the Commissioner of Income Tax (Appeals), Mumbai. The Commissioner of Income Tax (Appeals), Mumbai dismissed the appeal dated June 21, 2001 filed by Videocon International Limited (amalgamated with VIL) challenging the order dated May 22, 2001 issued by Joint Commissioner of Income Tax, Mumbai among other things for disallowance of technical know-how. The tax amount involved in the matter is ₹ 6.84 million. Both these matters relate to assessment year 1999-2000 and are currently pending.

3. Commissioner of Income Tax (“CIT”), Mumbai, filed an appeal on August 26, 2008, before the Bombay High Court against an order dated December 31, 2007 passed by Income Tax Appellate Tribunal (“ITAT”), Mumbai. ITAT, Mumbai confirmed the order dated October 15, 2004 passed by the Commissioner of Income Tax (Appeals), Mumbai. Commissioner of Income Tax (Appeals), Mumbai allowed the appeal dated April 19, 2004 filed by Videocon International Limited (now amalgamated with VIL) challenging the order dated March 31, 2004 passed by Deputy Commissioner of Income Tax, Mumbai under section 158BD of the Income Tax Act for the block period from April 01, 1989 to March 23, 2000, among others, for disallowances of lease rental. The tax amount (including interest and penalty) involved in the matter is ₹ 80.66 million. The matter is currently pending.
4. CIT, Mumbai has filed an appeal before the Bombay High Court against an order dated December 23, 2011, passed by the ITAT, Mumbai. ITAT, Mumbai confirmed the order dated March 31, 2008, issued by CIT(A), Mumbai allowing the appeal dated March 09, 2007 filed by Videocon International Limited (now amalgamated with VIL) before CIT(A), Mumbai challenging the order dated March 30, 2006 issued by the Assistant Commissioner of Income Tax, Mumbai among other things for the disallowance as unexplained expenditure for the assessment year 1994-1995. The tax amount (including interest and penalty) valued by the Commissioner in the matter is ₹ 10.35 million. The matter is currently pending.
5. VIL filed an appeal dated October 05, 2012, before the ITAT, Mumbai against an order dated August 06, 2012 passed by the CIT(A), Mumbai, challenging the order and demand notice dated March 31, 2011 issued by the Additional Commissioner of Income Tax, Mumbai. The order and demand notice were issued against VIL in relation to improper determination of income for the assessment year 2008-09. VIL challenged among other things the disallowance of amount claimed under section 14A of the Income Tax Act and disallowance of interest. The tax amount involved in the matter is ₹ 56.72 million. The matter is currently pending.
6. VIL filed an appeal before the ITAT, Mumbai on March 12, 2014 against an order dated January 20, 2014 passed by the CIT (A), Mumbai, challenging the order and demand notice dated April 08, 2013 issued by the Additional Commissioner of Income Tax, Mumbai. The order and demand notice were issued against VIL in relation to improper determination of income for the assessment year 2009-10. VIL challenged among other things the disallowance of amount claimed under section 14A of the Income Tax Act, disallowance of interest, disallowance of amount in relation to transfer pricing matters and bogus purchases. The tax amount involved in the matter is ₹ 934.39 million. The matter is currently pending.
7. VIL filed an appeal before the ITAT, Mumbai on March 12, 2014 against an order dated January 20, 2014 passed by the CIT (A), Mumbai, challenging the order and demand notice dated June 11, 2013 issued by the Deputy Commissioner of Income Tax, Mumbai. The order and demand notice were issued against VIL in relation to improper determination of income for the assessment year 2010-11. VIL challenged among other things the disallowance of amount claimed under section 14A of the Income Tax Act, disallowance of interest, disallowance of amount in relation to transfer pricing matters and bogus purchases. The tax amount involved in the matter is ₹ 1,850.43 million. The matter is currently pending.

Sales tax cases

1. The Deputy Commissioner of Commercial Taxes (Assts-43), B.C.D-IV, Bangalore has passed re-assessment order under section 12A of Karnataka Sales Tax Act, 1957 (“**KST Act**”) dated September 27, 2004 against VIL demanding net sales tax liability of ₹ 15.63 million by considering that goods sold under brand names as second sales and levied tax thereon under section 5(3)(a) of KST Act for the respective assessment period aggregating to ₹ 51.60 million under the contention that VIL acted as the sole distributors on behalf of various brand owners. VIL has filed an appeal against this order with the Joint Commissioner of Commercial Taxes (Appeals) dated October 16, 2004 which is pending.
2. The assessing officer through provisional assessment made under section 25(1) (iii) of U.P. Commercial tax by the Special Investigation Branch (Commercial Tax Department) dated December 08, 2011 pursuant to stock verification (survey) dated May 03, 2011, demanded sales tax of ₹ 18.67 million. The assessing officer has alleged that the turnover of sales and purchases disclosed by VIL is not correct or worthy of credence. VIL has filed an appeal before the Additional Commissioner, Appeals, Commercial Tax, Ghaziabad against the provisional assessment, which is currently pending adjudication.
3. The Senior Deputy Commissioner of Sales Tax (“**DCST**”) (“**assessing officer**”) through assessment orders dated March 30, 2009 and February 3, 2010 for the assessment periods April 1, 2003 to March 31, 2004 and April 1, 2004 to March 31, 2005, respectively, denied VIL a 100 % exemption of tax on sales of manufactured goods, therefore denying exemption of ₹ 72.77 million and ₹ 52.06 million, respectively, towards sales tax liability under the provisions of Bombay Sales Tax Act, 1959. The assessing officer also raised additional demands of ₹ 42.12 million and ₹ 50.22 million under Central Sales Act, 1956. VIL has filed an appeal on July 23, 2009 and May 28, 2010 respectively, against the orders of the assessing officer before the Joint Commissioner of Sales Tax Appeals (“**JCST**”) and the matter is pending adjudication.
4. The DCST, Large Tax Payers Unit (“**LTU**”), Aurangabad (“**assessing officer**”) through assessment order dated June 30, 2009 under section 23(1) of the Maharashtra Value Added Tax Act, 2002 (“**MVAT Act, 2002**”) for the assessment period April 1, 2005 to December 22, 2005 disallowed refund of ₹ 21.01 million to VIL, denying 100% exemption of tax on sales of manufactured goods. The assessing officer has also raised additional demand of ₹ 0.56 million against VIL. VIL has filed an appeal on September 1, 2009 against the order of the assessing officer before the JCST, Aurangabad Division, Aurangabad, which is currently pending adjudication.
5. The DCST, LTU, Aurangabad (“**assessing officer**”) through assessment order dated June 30, 2009 made under section 23(1) of MVAT Act, 2002 for the assessment period April 01, 2006 to March 31, 2007 denying 100 % exemption of tax on sales of manufactured goods raised demand of ₹ 43.43 million available to VIL since VIL is holding Entitlement Certificate (EC) under the 1993 Package Scheme of Incentives (“**PSI**”) for expansion through No. 431107/S/E-3/LM-1340 for the period from June 01, 1999 to May 31, 2017 with no monetary ceiling and has opted exemption mode for availing the benefit of incentives. VIL has filed an appeal on September 1, 2009 against the order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST.
6. The DCST, LTU, Aurangabad (“**assessing officer**”) through its assessment order under section 23(3) dated December 12, 2011 for the FY 2008-2009 disallowed input tax credit (“**ITC**”) of ₹ 47.88 million available under sections 48 to 51 of MVAT Act, 2002 on the basis of input tax credit verification report and on the unmatched report. The requisite condition for grant of ITC as laid down under sections 48 to 51 does not lay down the reasons mentioned by the assessing officer. Subsequently, VIL on February 3, 2012 has filed appeal against the order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST.
7. The DCST, LTU, Aurangabad (“**assessing officer**”) through its assessment order dated March 31, 2012 for the FY 2007-2008 disallowed Input Tax Credit (“**ITC**”) of ₹ 22.54 million under sections 48 to 51 of MVAT Act, 2002 on the basis of input tax credit verification report and on the unmatched report. The assessing officer has also disallowed exempted CST of ₹ 8.72 million on sales of ₹ 69.75 million through the assessment order dated March 31, 2012 passed under MVAT. The benefit of exemption under PSI 1993 is also applicable to the interstate sales covered under CST, 1956 as per the notification dated July 05, 1980. The requisite condition for grant of ITC as laid down in section 48 to 51 does not lay down the reasons mentioned by the assessing officer. Further, VIL filed appeal on June 04, 2012 against the order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST.

VIL has preferred a separate appeal against the assessment order dated March 31, 2012 passed under CST Act, 1956.

8. The DCST, LTU, Aurangabad (“**assessing officer**”) through its rectification order under sections 24(2) of MVAT Act, 2002 dated August 14, 2013 for the FY 2009-2010 disallowed Input Tax Credit (“**ITC**”) of ₹ 34.90 million on the basis of ITC verification report and on the unmatched report. The assessing officer levied the penalty under section 29(8) of MVAT Act, 2002 at ₹ 20,000. The assessing officer has also adjusted balance refund of ₹ 38.77 million against dues for the year 2005-06 and 2006-07 even though the appeals were pending against respective assessment order and demand was stayed. VIL filed an appeal on October 22, 2013 against the rectification order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST.
9. The DCST, LTU, Aurangabad (“**assessing officer**”) through its assessment order under sections 23(3) of MVAT Act, 2002 dated January 09, 2014 for the FY 2010-2011 disallowed exemption under section 8(4) of the MVAT Act in respect of the total turnover of sales of eligible products and subjecting a turnover amounting to ₹ 238.97 million to tax and imposed the tax amounting to ₹ 26.55 million by applying the provisions of section 93 of MVAT Act. The assessing officer also disallowed Input Tax Credit (“**ITC**”) of ₹ 63.65 million, inter-alia, on the basis ITC verification report and unmatched report. The assessing officer levied the penalty under section 29(8) of MVAT Act, 2002 at ₹ 10,000. VIL filed an appeal on March 01, 2014 against the assessment order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST.
10. The DCST, LTU, Aurangabad (“**assessing officer**”) through its assessment order under CST Act, 1956 dated January 09, 2014 in respect of the assessment period commencing from April 1, 2010 to March 31, 2011, computing net CST (including basic tax, interest and penalty) liability amounting to ₹ 17.09 million to be payable by VIL. The assessing officer has disallowed exemption under section 8(5) on total turnover of eligible products and subjecting a turnover of ₹ 321.69 million to tax and imposed the tax amounting to ₹ 6.37 million by applying the provisions of section 93 of MVAT Act. The assessing officer has also disallowed an exemption on sales of ₹ 5.94 million and ₹ 19.39 million on non production of form F and form C respectively. VIL filed an appeal on March 01, 2014 against the assessment order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST.
11. The Deputy Commissioner of Commercial Tax, Bhopal Division-I (Assessing Officer) through its assessment order dated October 11, 2013, under section 34 of Madhya Pradesh Vat Act. 2002, in respect of period commencing from April 1, 2009 to March 31, 2010 demanded the balance VAT of ₹ 150.56 million from VIL, after considering admit tax paid challans of ₹ 57,661 from gross demand of additional VAT amounting to ₹ 150.56 million which was taken from the original ex parte order passed on dated June 30, 2012. VIL filed an appeal against this order on November 27, 2013, and the appeal is currently pending for adjudication before Additional Commissioner of Commercial taxes, Bhopal.
12. The Sr. Joint Commissioner, Commercial Taxes, Corporate Division passed an assessment order in respect of the period commencing from April 1, 2008 to March 31, 2009 on November 29, 2011 under section 46(1) of the West Bengal Vat Act, 2003 (“**WBV Act**”), computing the VAT (including the interest and late fee) to be payable by VIL as amounting to ₹ 14.40 million. The Assessing officer has assessed the additional gross sales amounting to ₹ 53.97 million, disallowed the claim of sales return of ₹ 6.22 million, further disallowed the claim of export sales to Bhutan for ₹ 4.47 million, disallowed the claim of ITC amounting to ₹ 0.87 million, reversed the credit of ITC amounting to ₹ 6.00 million. Challenging the disputed tax amount of ₹ 14.56 million, VIL filed an appeal before the Additional Commissioner, Commercial Taxes, West Bengal, under section 84 of the WBV Act against the assessment order. The Additional Commissioner, Commercial Taxes, West Bengal, passed an order allowing deduction of ₹ 32.94 million from taxable sales, which has resulted in the reduction in output tax to the tune of ₹ 4.1,2 million (12.5%), and disallowed the reversal of ITC of ₹ 5.27 million and instructed the Assessing Officer to modify the assessment order accordingly. Pursuant to the order, VIL filed a petition for stay of realization of the disputed assessed dues under regulation 16 of the West Bengal Commercial Taxes Appellate and Revisional Board against the disputed demand of ₹ 4.91 million raised by the assessing officer and also filed an application for revision of order under section 86 / 87 of WBV Act on July 16, 2013. VIL has paid an additional total amount of tax of ₹ 76,269 after the order. The matter is currently pending for adjudication before West Bengal Commercial Taxes Appellate and Revisional Board.

13. The Sr. Joint Commissioner, Commercial Taxes, Corporate Division passed an assessment order no. 3581 on July 24, 2012 under section 46(1) of the WBV Act, in respect of the assessment period commencing from April 1, 2009 to March 31, 2010, computing a net VAT (including basic tax, interest, penalty and late fee) liability amounting to ₹ 97.97 million to be payable by VIL. The assessing officer disallowed the claim of export sales to Bhutan for ₹ 9.02 million, on account of being unable to produce custom certificate, assessed the purchase tax at ₹ 16,500 on its best judgement, disallowed the claim of ITC amounting to ₹ 94.49 million, reversed the credit of ITC amounting to ₹ 0.68 million on account of failure to substantiate the fact that goods are purchased within the state. VIL filed an appeal against the assessment order before Additional Commissioner of sales tax on September 19, 2012. The Additional Commissioner of Sales Tax has passed an order on May 6, 2013. Pursuant to appellate order, VIL filed a petition for stay of realization of the disputed assessed dues under regulation 16 of the West Bengal Commercial Taxes Appellate and Revisional Board against the disputed demand of ₹ 92.29 million raised by the Additional Commissioner of Sales Tax and also filed an application for revision of order under section 86 / 87 of WBV Act on August 16, 2013. VIL has paid an additional total amount of tax (including basic tax and Interest) of ₹ 5.61 million after the appellate order. The matter is currently pending for adjudication before West Bengal Commercial Taxes Appellate and Revisional Board.
14. The Sr. Joint Commissioner, Commercial Taxes, Corporate Division passed the assessment order through its assessment order dated June 20, 2013 under section 46(1) of the WBV Act, in respect of the assessment period commencing from April 1, 2010 to March 31, 2011, computing net VAT (including basic tax, interest, penalty and late fee) liability amounting to ₹ 133.39 million to be payable by VIL. The assessing officer assessed the additional gross sales amounting to ₹ 500.16 million, disallowed the claim of sales return of ₹ 284.26 million in the absence of relevant debit notes and credit notes, further disallowed the claim of export sales to Bhutan for ₹ 7.20 million on account of being unable to produce custom certificate, assessed the purchase tax at ₹ 26.22 million on account of unregistered purchases and the best judgement of the Assessing Officer, reversed the credit of ITC amounting to ₹ 5.98 million on account of failure to substantiate the fact that goods are purchased within the state. VIL filed an appeal against the assessment order under section 84 of the WBV Act before the Additional Commissioner, Sales Tax challenging the disputed tax (including basic tax, interest, penalty and late fee) amount of ₹ 128.62 million. VIL paid an additional total amount of tax (including basic tax and Interest) of ₹ 6.07 million after the assessment order. Currently an appeal is pending for adjudication before Additional Commissioner of Sales Tax
15. The Intelligence Officers, squad No. VIII, Commercial Taxes, Ernakulam issued an order (no. IEC-VIII/110/07-08) dated February 10, 2014, upon the inspection of business places of VIL at Cochin on January 18, 2008, imposing penalty amounting to ₹ 27.81 million under section 67(1) of the Kerala Value Added Tax Act, 2003, alleging that the dealer has not kept true and correct accounts for the year 2007-08 as per section 49 of the Kerala Value Added Tax Act, 2003, based on stock variation and absence of credit notes at the time of verification. VIL filed an appeal before High Court against Inspection Order.
16. The Deputy Commissioner of Commercial Taxes (Audit-6.6), DVO-Bangalore has passed re-assessment order under section 39(1), levy of penalty under section 72(2) and Levy of Interest under section 36 read with section 37 of the Karnataka Value Added Tax Act, 2003 (“KVAT Act”) dated June 26, 2014 against VIL demanding net VAT (including basic tax, interest and penalty) liability amounting to ₹ 11.82 million, disallowing the deductions claimed on sales returns which are beyond 6 months, disallowing the deductions claimed on post sale discount and reversal of Input tax credit relating to stock transfer. Pursuant to the order, VIL filed an appeal and a petition for stay of recovery of the disputed re-assessed dues before Joint Commissioner of Commercial Taxes (Appeals) - 6, Bangalore (“JCCT”). VIL has paid an additional total amount of tax (including basic tax and Interest) of ₹ 3.77 million after the re-assessment order. JCCT vide order dated August 08, 2014 has considered the request and granted an ad-interim stay against recovery of balance disputed amount of ₹ 8.05 million. The matter is currently pending for adjudication before JCCT.

Service tax cases

1. A show cause notice (no. 142/S.Tax/Commr/08 dated October 16, 2008) was issued by the Commissioner of Central Excise, Customs & Service Tax, Aurangabad to VIL in respect of wrongly availed CENVAT credit of service tax paid on outward freight of ₹ 16.66 million for FY 2006-2007 and FY 2007-2008 (until December 2007) and consequently, interest and penalty under the Cenvat Credit Rules, 2004. VIL has filed a reply to show cause notice on November 18, 2008. The matter is currently pending before Commissioner of Central Excise, Customs & Service Tax, Aurangabad.

2. The Commissioner of Central Excise, Customs & Service Tax, Aurangabad has issued a show cause notice (no. 56/ST/Commr/2009) dated April 8, 2009 to VIL demanding a sum of ₹ 35.53 million in respect of non payment of service tax on fees/charges paid on services received from lead managers/ advisors located outside India in connection with raising of funds through External Commercial Borrowing (ECB) and Foreign Currency Convertible Bonds. VIL filed a reply to show cause notice on October 07, 2009. Commissioner of Central Excise, Customs & Service Tax, Aurangabad through order no.25/ST/Commr/2011 dated October 31, 2011, adjudicated that out of total demand of ₹ 35.53 million, service tax of ₹ 20.88 million for the period from April 18, 2006 is payable by VIL and demand of ₹ 14.65 million for the period up to April 17, 2006 is dropped. The penalty amount payable by VIL is not ascertainable. VIL filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal (“CESTAT”) Mumbai, and the CESTAT stayed recovery of demand, penalty, and interest. CESTAT, Mumbai through order dated May 07, 2012 waived pre-deposit of interest and penalty. The matter is currently pending before CESTAT.

Customs cases

1. VIL had purchased 6,300 colour picture tubes which were imported against Additional Import License and were bonded at Custom Bonded Warehouse, Vashi. The Commissioner of Customs (Import), Mumbai claimed that the imported goods were sold to VIL under a false endorsement before clearance from customs and the importers were liable to pay duty on the goods. It was alleged that the goods were imported in contravention of the provisions of import trade control regulations. The export department of the Custom House, Mumbai, did not grant permission to VIL to re-export it. The Commissioner of Customs issued a show cause notice (F.No.S/10-40/Commr-I/6/02 VB) dated December 31, 2002, to the importer and VIL. The Commissioner of Customs confirmed redemption fine of ₹ 5 million & imposed penalty of ₹ 5 million on VIL for import and re-export of the goods. Pursuant to the civil appeal filed before the Supreme Court (No.6637 of 2002) by VIL, the Supreme Court in its order dated December 15, 2010, set aside both aforesaid orders and remanded the matter for fresh adjudication. The matter again came up for hearing and the Commissioner (import) increased the demand, penalty and fine along with interest totaling to ₹ 13.65 million as aforesaid pursuant to its order dated August 25, 2011. VIL has filed an appeal along with application for stay of recovery of demand before Customs, Excise and Service Tax Appellate Tribunal, Mumbai, which by an order dated December 19, 2012, reduced the penalty and fine. Aggrieved by the order, VIL filed an appeal before Bombay High Court and the matter is currently pending.
2. VIL had imported certain electronic goods and claimed basic customs duty to be nil. The goods were allowed to be cleared provisionally at lower rate of duty with a bank guarantee of 25% of differential duty. However, a show cause notice was issued by Deputy Commissioner of Customs, Aurangabad for re-classification of the goods and for payment of the differential duty. Subsequently, the Deputy Commissioner finalized the assessment by re-classifying the goods and ordered for recovery of the differential duty. VIL filed an appeal before the Commissioner of Customs (Appeals) against this order which was upheld by the Commissioner of Customs (Appeals), Aurangabad. In second appeal before the CESTAT, Mumbai the CESTAT set aside the order of the Commissioner Appeal. The Customs department, Aurangabad preferred Civil Appeal before the Supreme Court which is pending for hearing. Meanwhile, two other show cause notices proposing demand for an amount of ₹ 1.47 million and ₹ 112.97 million were also issued on similar and identical basis and proposed for classifying the same under chapter heading 8529.90. The Commissioner of Customs, Aurangabad confirmed demand. VIL filed an appeal before CESTAT Mumbai and the CESTAT directed VIL to pay ₹ 50 million towards pre-deposit which was challenged by VIL before the Bombay High Court. The Bombay High Court stayed the pre-deposit and directed CESTAT to hear the matter out of turn. The stay on recovery of demand was contested by the Commissioner of Customs, Aurangabad before the Supreme Court of India. The Supreme Court of India has stayed the hearing of CESTAT as directed by the Bombay High Court. The Supreme Court of India pursuant to SLP (Civil) No.14177/2011 dated December 12, 2011, confirmed the order of CESTAT and directed the parties that the Supreme Court of India will hear the SLP.
3. VIL imported certain electronic goods from Malaysia, Thailand, China, and Korea and kept them in a bonded warehouse. The goods were ex-bonded during the period from 2008 to 2009. As per notification no. 90/2008-Cus dated July 24, 2008, the Ministry of Finance, GoI recommended provisional anti dumping duty on all imports of colour television picture tubes, falling under chapter heading 8540.11 from Malaysia, Thailand, China and Korea. VIL paid anti dumping duty on these imported goods. However, pursuant to notification no.50/2009-Cus dated May 15, 2009, the anti dumping duty was increased with retrospective effect from July 24, 2008. Hence differential anti dumping duty aggregating to ₹ 31.12 million on the ex-

bonded goods was claimed by the Commissioner of Customs and Central Excise, Aurangabad vide two show cause notices (No.ICD/M/06/10-11) and (F.No.ICD/WLU/272/CRA/08/PT) both dated May 7, 2010. The matter is currently pending before the Commissioner of Central Excise & Customs, Aurangabad.

4. The Commissioner of Central Excise and Customs, Aurangabad issued a show cause notice (no.ICD/WLJ/VIL/123-Excess/2010) dated January 11, 2011 to VIL for a demand of ₹ 11.85 million (including duty, interest, penalty and fine) in relation to wrongful declaration of quantity of certain electronic goods imported by VIL, alleging suppression of material fact. By order in original no.02/Cus/Commr.2012 dated January 25, 2012, the Commissioner of Central Excise and Customs adjudicated the show cause notice and confirmed demand. VIL filed appeal along with application for stay on recovery of demand before the CESTAT, Mumbai and the same is pending for hearing.
5. VIL imported certain facsimile equipment pursuant to several bill of entries and classified the goods under exemption notification no.59/88 dated March 1, 1988 at 50% + 45% + CVD NIL (contravened duty). The Air Cargo Customs, Mumbai Airport, claimed that the goods should have been classified at 65%+45%+CVD20%+15% of CVD and also alleged that the goods imported by VIL were found to be telephone answering system with facsimile. Facsimile and telephone answering system were distinctly set out at serial no.VI(5) and VI(2) of the notification no.59/88 indicating that the items individually were entitled for exemption but not for combination and accordingly the department did not allow clearance under exempted category. VIL filed a writ petition before the Aurangabad Bench of the Bombay High Court. The Bombay High Court granted a stay on the bank guarantee of the disputed amount. The matter has been heard on September 13, 2004, and remanded back for adjudication on the basis of documents available and the relevant decisions of higher judicial and quasi judicial authority. On the basis of the said Bombay High Court decision, the department issued a show cause notice and raised demand order of ₹ 17.17 million. VIL filed a reply to the show cause notice on January 25, 2005. However, the matter has not been adjudicated and is pending before the Deputy Commissioner, Air Cargo Customs, Mumbai.
6. The Director General of Revenue Intelligence issued notices to VIL for alleged suppression of facts relating to import of certain second hand machinery and high sea sale, demanding a redemption fine of ₹ 23.96 million. The show cause notice was adjudicated by Commissioner of Customs, Mumbai. The Commissioner of Customs imposed a redemption fine pursuant to its order dated December 30, 2008. VIL has filed an appeal before the Customs, Excise and Service tax Appellate Tribunal, CESTAT Mumbai. The CESTAT, by an order (No. A/196-200/2009-WZB/C-II) dated August 13, 2009, remanded the issue for fresh adjudication on the ground of principles of natural justice. The matter is presently pending before Commissioner of Customs, Mumbai for fresh adjudication. Further being aggrieved with CESTAT order in appeal i.e. for not imposing penalty on VIL, the Commissioner of Customs, Mumbai filed appeal before Customs, Excise and Service tax Appellate Tribunal. The appeal was remanded to Commissioner of Customs (Import), Mumbai to adjudicate the show cause notice and decide whether penalty has to be imposed on VIL or not. Now both appeals are tagged together and are pending before Commissioner of Customs, Import, Mumbai.
7. An appeal has been made by the Commissioner, Customs, Aurangabad, before the Supreme Court against the order of the CESTAT in connection with the valuation of goods for determining the duties payable by the 100% export oriented undertaking (“EOU”) for sale of the goods in the Domestic Tariff Area. This matter relates to (i) show cause notice dated March 4, 2003 for ₹ 147.43 million (ii) show cause notice dated July 7, 2003 for ₹ 43.48 million and (iii) show cause notice dated September 23, 2002 for ₹ 2.23 million and order in original No.40-42/CEX/2006 dated October 30, 2006.

Videocon International Limited (now amalgamated with VIL), (100% Export Oriented Unit), Aurangabad obtained permission from the Development Commissioner, SEEPZ, Mumbai to sell the goods imported for 100% EOU in the Domestic Tariff Area (“DTA”). For DTA sale, Videocon International Limited paid basic customs duty on FOB value. CVD has been paid on value based on MRP as per section 3 of Customs Tariff Act read with section 4A of Central Excise Act, 1944.

It has been alleged by the Customs department that as per provisions of section 3(1) (b) of the Central Excise Act, 1944 the Central Excise Duty on the goods manufactured by a 100% EOU and sold in DTA shall be an amount equal to the aggregate of the duties of customs which would be leviable under the Customs Act, 1962 or any other law for the time being in force, on like goods produced or manufactured outside India if imported into India. It has been further provided that where the said duties of customs are chargeable by reference to their value, the value of such excisable goods shall not withstanding anything

contained in any other provision of this act, be determined in accordance with the provisions of the Customs Act, 1962. Videocon International Limited has submitted that as per proviso to section 3(1) of Central Excise Act, 1944, duty is chargeable with reference to value then value in case of 100% EOU is required to be determined in accordance with the provisions of Customs Act, 1962 and the Customs Tariff Act, 1975. In this connection the Board in its circular No.268/35/92 CX III dated August 17, 1994, has clarified that the invoice price can be accepted if it represents transaction value consistent with Rule 3 of Customs Valuation Rules, 1988. It has been further clarified that if parameters given under Rule 3 are not satisfied recourse may be taken to determine the value as indicated under earlier circular No.23/84-Cx-6. In this connection reliance is also placed on the case of Tata Coffee Limited 2004 (168) ELT 460 (Excise Law Times) that domestic sale price was more than the 'Freight on Board' value. It was therefore proposed to demand duty on domestic price. The Tribunal considered the clarification of the board given under aforesaid circular.

Accordingly the Commissioner, by the aforesaid order, withdrew the show cause notices issued in this respect. Aggrieved by the said order, the department filed Civil Appeal before Supreme Court. However, neither documents nor any notice have been given to VIL so far.

8. Commissioner of Central Excise and Customs, Aurangabad issued a show cause notice to VIL demanding ₹ 45.20 million alleging that, while clearing the inputs VIL had not reversed the CENVAT credit availed on additional duty on import. VIL filed a reply to the show cause notice stating that it has reversed the credit and requested to exonerate VIL from penal action. The Commissioner pursuant to order dated April 25, 2007, appropriated the credit so reversed and has withdrawn the show cause notice. However, the Commissioner of Central Excise and Customs, Aurangabad, pursuant to the directions of Central Board of Excise and Customs has filed an appeal (no. E/1430/07) on November 28, 2007, before Customs, Excise and Service tax Appellate Tribunal, Mumbai for imposing penalty and interest. The matter is currently pending before CESTAT, Mumbai.
9. The Customs Department, Mumbai issued a show cause notice dated October 1, 2010, for recovery of ₹ 36.12 million to VIL in relation to goods imported and warehoused by VIL which were pending for clearance in Vashi Godown. By order in original suit no.228/SSP/ DC/Bond/11-12 dated June 28, 2011, the Deputy Commissioner confirmed the demand and imposed penalty of ₹ 0.1 million. VIL filed an appeal along with application for stay of recovery of demand before Commissioner of Customs (Appeals), Mumbai, who directed to pay 60% of the total demand so confirmed. Aggrieved with the said order, VIL filed writ petition before Bombay High Court. The Bombay High Court, by an order dated May 8, 2012, set aside the security deposit asked by the Commissioner (Appeals) holding that when the goods are already with the department, the same itself is security deposit and that no separate deposit is required. Bombay High Court also asked the Appellate Commissioner to hear the appeal out of turn. Thus, the matter is currently pending for final hearing before the Commissioner of Customs Mumbai.
10. The Directorate of Revenue Intelligence, Mumbai Zonal Unit ("DRI"), has on September 10, 2014, issued a Show Cause Notice under Section 28 read with Section 124 of the Customs Act, 1962, in connection with import of Colour Picture Tubes ("CPTs") falling under Customs Tariff Item 8540 1190 by VIL. The DRI has alleged that VIL has resorted to over-valuation of CPTs leading to evasion of Anti Dumping Duty under Notifications No. 90/2008 – Cus dated July 24, 2008 & No. 50/2009 – Cus dated May 15, 2009. The period of import under investigation is July 24, 2008 to July 23, 2013. The Show Cause Notice is issued for part period from September 11, 2009 to December 31, 2009 and VIL was called upon, amongst others, to show cause, within 30 days of the date of the Show Cause Notice, as to why the Anti- Dumping Duty amounting to ₹ 131.58 million payable on the import of CPTs under Rule 9A of the Customs Tariff Act, 1975 should not be recovered under the extended period under the proviso to Section 28AB (Section 28AA with effect from April 08, 2011) of the Customs Act, 1962.

Cess Matter

1. VIL had imported certain goods and stored in Navi Mumbai licensed customs bonded warehouse belonging to Custom Department during the period from 1998 to 2008. The Navi Mumbai Municipal Corporation ("NMMC") has issued show cause notice to VIL raising demand of ₹398.18 million towards cess for the period from 2003-04 to 2007-08. The NMMC has alleged that the Company has not disclosed true and correct value of the goods imported and stored within the jurisdiction of NMMC and thereby evaded Cess amount legitimately. VIL has filed a writ petition (W.P. no.3328/09) before the Bombay High Court against the said demand. In the final hearing the Bombay High Court remanded the matter for fresh adjudication

and directed to give proper opportunity of being heard to Company in the matter. NMMC finalized assessment for all five years and raised a demand of ₹ 422.33 million. Against the said re-assessment, VIL filed a writ petition before the Bombay High Court. The High Court during the hearing of stay application passed an ad-interim order granting stay on demand proceedings on the condition that ₹ 50 million be deposited by the VIL. VIL has deposited the said amount. The matter is pending before the Bombay High Court for final hearing.

Excise Cases

1. The Additional Commissioner, Central Excise, Noida issued eight show cause notices (between August 2006 to March 2007), for the period from August 2005 to May 2006 and four show cause notices (between October 2007 to September 2008) for the period from October 2006 to March 2008, in respect of short payment of central excise duty on goods cleared in combination packs and consequently penalty and interest under the Central Excise Act, 1944 and rules framed thereunder. VIL has filed a reply to a few of the show cause notices. All the eight show cause notices were adjudicated by Additional Commissioner, Central Excise, Noida by order in original no. 07-14/Additional Commissioner/Noida/ 2009 dated February 24, 2009 and confirmed demand of ₹ 10.19 million (including penalty). VIL filed an appeal along with application for stay of recovery of demand before Commissioner, Central Excise, Appeals, Noida through Appeal No.130-CE/App/ Noida/ 09 dated May 05, 2009. Commissioner Appeals granted stay in respect of pre-deposit of the confirmed demand through interim order No. 19 dated November 27, 2009. Commissioner (Appeals) upheld the demand confirmed by the Additional Commissioner and dismissed appeal of VIL by order in appeal no. 276-CR/App/Noida/11 dated November 25, 2011. VIL filed an appeal (449/2012) along with a stay application before Customs, Excise and Service Tax Appellate Tribunal, Delhi on February 23, 2012, which by an order disposed the stay application and directed VIL to deposit 50% of demand and stayed the remaining duty and penalty. VIL has complied with the order and the appeal is currently pending.
2. VIL filed three refund applications of ₹ 12.01 million, ₹ 18.22 million and ₹ 7 million (two for refund of excess duty and other for interest of excess duty). The Central Excise Department, Aurangabad allowed refund of ₹ 10.79 million towards excess duty and ₹ 18.22 million towards interest on delayed refund against the denial of refund of ₹ 7 million. VIL filed an appeal no. E/2200/2003 before Customs, Excise and Service tax Appellate Tribunal, Mumbai. Department also filed an appeal before CESTAT by appeal no. E/2157 and E/3108/2006 on the ground that refund granted as unjust enrichment. However, all these three appeals were heard together by the Division Bench of CESTAT, Mumbai and by final Order Nos. A/352-355/2010-WZB/C-II(EB) dated November 4, 2010, allowed departments appeal and dismissed VIL's appeal. Aggrieved with the same, VIL filed an appeal before the High Court through Central Excise appeal nos. 88/2011, 89/2011 and 91/2011. High Court through its order dated March 22, 2012 dismissed the appeal no.89 and in respect of appeal no. 88 and no. 91 the matter is restored to CESTAT for consideration. VIL received SCN No. 09/CEX/COMMR/2012 dated January 17, 2012 issued by the Commissioner, Central Excise, Aurangabad in respect of wrongly availed CENVAT credit of service tax paid of ₹ 108.72 million on warranty service received by VIL for the period commencing from January 1, 2011 to December 31, 2011 and consequently penalty and interest under the Central Excise Act, 1944 and rules framed thereunder. The matter is pending before the Commissioner, Central Excise, Aurangabad, for adjudication.
3. VIL received two show cause notices (SCN No. DGCEI/MZU/1 & IS'A'/12(2) 136/2006/3886 dated April 30, 2007 and SCN No. DGCEI/MZU/1 & IS'A'/12(2) 136/2006/5823 dated July 10, 2007) issued by the Commissioner, Central Excise, Aurangabad demanding ₹ 0.68 million and ₹ 138.56 million respectively in respect of sale of DVD players at a price higher than MRP (i.e., retail sale price). Commissioner, Central Excise, Aurangabad through order dated February 28, 2008, confirmed demand of ₹ 0.26 million (including penalty) and ₹ 9.71 million (including penalty and interest). Aggrieved with the said order, VIL filed appeal before the Customs, Excise & Service Tax Tribunal. The Customs, Excise & Service Tax Tribunal through its order dated February 10, 2009 directed to pre-deposit ₹ 1 million. Appeal is pending for hearing. Against the order in original, Central Excise Department, Aurangabad filed an appeal before Customs, Excise and Service tax Appellate Tribunal, Mumbai through Appeal No. E/933/08-Mum dated November 10, 2008. In the said appeal they sought for demand of ₹ 135.91 million plus penalty and interest. The matter is pending for hearing before CESTAT, Mumbai.
4. Commissioner, Central excise, Aurangabad issued show cause notice no. 21/CEX/Commissioner/2010 dated February 25, 2010 for demand of ₹ 38.71 million and consequent interest and penalty under the Central

Excise Act, 1944 and rules framed there under in relation to alleged under valuation of the CTV's supplied to Electronic Corporation of Tamilnadu Government. VIL supplied CTVs to Electronic Corporation of Tamil Nadu Limited, which is wholly owned by the Electronic Corporation of Tamilnadu Government, for the alleged under valuation of goods supplied to them. The department further alleged that the unit price is inclusive of all accessories taxes duties and warranty charges etc. However, the warranty charges of ₹ 75 per CTV will be paid to the supplier only after the end of 1st year and another ₹ 75 at the end of 2nd year. This unit price is declared as MRP on all the packages of TVs and on the self assessed invoices of VIL. The department relied upon the purchase order and thereby they charged that VIL for contravening section 4A of the Act. VIL submitted that the purchase order is split in two parts one for sale of goods and second for cost of warranty. Therefore VIL had not included the amount of ₹ 150 in the MRP while arriving at the assessable value. The Commissioner, Central Excise, Aurangabad through order in original no.52-53/CEX/Commr.2010 dated November 19, 2010 confirmed the demand of ₹ 38.71 million, charged interest of ₹ 38.71 million under section 11AB of the Central Excise Act, 1944 and imposed penalty of ₹ 38.71 million under section 11AC of the Central Excise Act, 1944. Appeal along with stay application filed before the CESTAT are pending for final hearing. Matter was heard for stay on December 16, 2011 wherein CESTAT directed to pay 50% on demand towards pre-deposit within 8 weeks. The matter is pending for final hearing before CESTAT, Mumbai.

5. The Commissioner of Central Excise, Aurangabad, alleged undervaluation of CTV's arising from deferred recovery of warranty charge and issued show cause notice no. V(S17)11/VIL/Elcot/2010/12 dated January 3, 2011 to VIL for the period commencing from December 2009 to October, 2010 for demand of ₹ 9.49 million and consequently interest and penalty under the Central Excise Act, 1944 and rules framed there under for clearing CTV to ELCOT under section. 4A of Central Excise without considering value of warranty charges ₹ 150 and ₹ 225 for assessment and payment of Central Excise duty. The show cause notice was adjudicated by the Commissioner of Central Excise, Aurangabad through order dated May 05, 2011 confirming the demand of ₹ 9.49 million, imposing penalty of ₹ 9.49 million and charging interest of ₹ 9.49 million and is in appeal along with application for stay of recovery of demand before the CESTAT dated July 11, 2011. The CESTAT through order dated February 17, 2012 directed to pre-deposit 50% of the demand by May 17, 2012. VIL has pre-deposited ₹ 4.75 million on March 18, 2012 and informed CESTAT about pre-deposit. CESTAT granted stay of further demand, penalty and interest and has kept the appeal for final hearing.
6. VIL has received from Commissioner of Custom, Central Excise & Service Tax, Aurangabad show cause notice SCN No. 34/CEX/COMMR/2011 dated March 17, 2011, for denial of service tax credit for in warranty services by VIL and raised a demand order for ₹ 187.77 million. The department alleged that service tax credit for in warranty services taken by VIL for the period commencing from financial year 2007-08 to December, 2010 are that services which are used by VIL subsequent to completion of manufacture and such sale of goods cannot be considered as input service in relation to manufacture. VIL has filed reply to show cause notice on July 08, 2012. The matter is pending for adjudication before the Commissioner, Service tax, Aurangabad.
7. Commissioner of Custom, Central Excise & Service Tax, Aurangabad issued show cause notice no. 08/CEX/COMMR/2011 dated January 14, 2011 for demand of ₹ 70.83 million for mis-availing and mis-utilizing CENVAT credit against service tax paid under section 66A of Finance Act, 1994 on certain services (intellectual property rights and external commercial borrowings) from persons who have their address or usual place of residence in a country other than India for the period from financial year 2007-08 to 2010-11 up to September, 2010 and alleging that VIL has contravened the provisions of Rule 3 of CENVAT Credit Rules, 2004 and suppressed the facts from department with respect to availed CENVAT credit of service tax . The matter is pending for adjudication before the Commissioner of Service Tax, Aurangabad for adjudication.
8. Commissioner of Central Excise, Customs Service Tax, Aurangabad issued a show cause notice no. 72/CEX/Commr/2012 dated May 16, 2012 alleging that VIL has inadmissible Cenvat Credit of service tax paid on the outward freight, which is an output service and not an input service which appears to be inadmissible and raised demand of ₹ 27.10 million. The matter is pending for further adjudication before Commissioner of Central Excise, Customs Service Tax, Aurangabad.
9. Commissioner, Central Excise and Service tax, Shahjahanpur issued a show cause notice no. V(H)Adj-I/CE-84/86/2013/851 dated May 31, 2013 for wrongful availment of Cenvat Credit of service tax paid on the inwarranty maintenance and repair service, IPR service and advertisement service availed which are not

eligible input services for the period from December 30, 2010 to March 31, 2013 and raised a demand of ₹ 34.92 million. VIL filed a reply dated October 7, 2013. The Commissioner, Central Excise Commissionerate, Jaipur by its order No.JAI-EXCUS-001-COM-151-13 dated March 31, 2014 confirmed the demand of ₹ 34.92 million and further imposed a penalty equal to 50% of the Cenvat Credit payable and outstanding during the period March 8, 2011 to March 31, 2013. VIL filed an appeal on July 10, 2014 against the said order and for application of stay before CESTAT, New Delhi. The matter is pending for hearing.

10. Commissioner of Central Excise, Customs Service Tax, Aurangabad issued a show cause notice no. 209/CEX/COMMR/2013 dated October 23, 2013 and raised a demand of ₹ 14.01 million and interest of ₹ 1.560 and penalty under 15(2) of Cenvat Credit Rules, 2004. The Commissioner has alleged that VIL has availed Cenvat Credit on basis of inputs material which were destroyed by fire which occurred in the factory premises of VIL , and the inputs are inadmissible for Cenvat Credit and therefore Cenvat Credit amounting to ₹ 14.01 million taken by VIL, shall be disallowed and recovered. VIL filed a reply dated December 28, 2013 to the show cause notice. The matter is pending for adjudication before Commissioner of Central Excise, Customs Service Tax, Aurangabad.
11. Commissioner of Central Excise, Customs Service Tax, Aurangabad issued a show cause notice no. 20/CEX/Commr/2013, dated January 21, 2013 alleging that VIL during the period from January 2012 to October 2012 has availed inadmissible Cenvat Credit in respect of service tax paid on the basis of bills issued by Tekcare India Private Limited and Value Industries, for in warranty charges and maintenance and repairs charges for products manufactured by the company and has therefore contravened of Rule 2 read with rule 3 of Cenvat Credit Rules, 2004 and raised a demand of ₹ 35.19 million along with penalty under Rule 15 and interest under Rule 14 of the of Cenvat Credit Rules ,2004. VIL has filed reply dated December 15, 2013, to show cause notice and the matter is pending before Commissioner of Central Excise, Customs Service Tax, Aurangabad for further adjudication.
12. Commissioner of Central Excise, Customs Service Tax, Aurangabad issued a show cause notice no. 230/CEX/Commr/2013 dated November 11, 2013 alleging that VIL during the period from November 2012 to September 2013 has availed inadmissible Cenvat Credit in respect of service tax paid on the basis of bills issued by Tekcare India Private Limited and Value Industries, for in warranty charges and maintenance and repairs charges for products manufactured by the company and has therefore contravened of Rule 2 read with rule 3 of Cenvat Credit Rules, 2004 and raised a demand of ₹ 78.70 million along with penalty under Rule 15 and interest under Rule 14 of the of Cenvat Credit Rules, 2004. VIL has filed a reply dated December 16, 2013 to show cause notice and the matter is pending before Commissioner of Central Excise, Customs Service Tax, Aurangabad for further adjudication.

Litigation in respect of Oil and Gas activities

1. VIL has 25% interest in Ravva Oil & Gas Field Joint Venture (“**Ravva JV**”). A show cause notice was served on the operator of the Ravva JV for non-payment of service tax and educational cess on various services for the period from July 1, 2003 to September 30, 2006. The amount demanded is ₹ 13.8 million. The operator has filed an appeal against the demand with CESTAT, Bangalore and currently the matter is pending for adjudication. Another show cause notice was served on the operator of the Ravva JV for non-payment of service tax and educational cess on various services for the period from April 1, 2006 to March 31, 2007 demanding an amount of ₹ 75.8 million which was contested by the operator before Commissioner of Service Tax and the operator has also filed a writ petition before the Madras High Court challenging service tax demands on some of the services. Further show cause notices were served on the operator of the Ravva JV for non-payment of service tax and educational cess on various services for the period from April 1, 2007 to March 31, 2012. The amount demanded is ₹ 329.28 million. The operator is contesting the demands before Commissioner of Service Tax.
2. A dispute is pending before the High Court of Madras regarding an income tax demand amounting to USD 0.44 million (₹ 22.29 million) in respect of certain payments made by the Operator in relation to the Ravva JV.
3. (i) There is a dispute regarding the deductibility of certain costs in the computation of post tax rate of return. An interim award was issued by an International Arbitration Tribunal under the UNCITRAL Rules on March 31, 2005, in favour of VIL in respect of a dispute between VIL and GoI inter-alia regarding deductibility of Oil and Natural Gas Corporation Limited Carry costs (“**ONGC Carry**”)

while computing the post tax rate of return (“PTRR”) under the Ravva Production Sharing Contract (“PSC”). However, VIL and the GoI were not able to agree upon the amounts payable by VIL in terms of the interim award, and therefore VIL on July 7, 2005 filed interim applications (as amended on August 8, 2005) before the Arbitral Tribunal seeking determination of the amounts payable by VIL on the basis of the calculations made by VIL in these applications and interest payable/receivable on such final determined amounts. GoI challenged the said Partial/Interim Award on May 10, 2005 before the High Court in Malaysia with a prayer for setting aside the partial award dated March 31, 2005. VIL challenged the jurisdiction of the High Court in Malaysia and therefore the maintainability of such a proceeding before that Court. The High Court in Malaysia, by a pronouncement dated August 5, 2009, upheld the contentions of VIL and dismissed the challenge filed by the GoI to the award dated March 31, 2005 on the ONGC Carry issue. The GoI filed a notice of appeal in December 2010 before the Court of Appeal at Malaysia, which by an order dated October 8, 2012 dismissed the appeal. The GoI has filed an appeal before the Federal Court at Malaysia challenging the order of the Court of Appeal. On April 8, 2014, the Federal Court at Malaysia granted leave to appeal to the GOI which was dismissed. In view of certain developments, VIL filed application before the Federal Court at Malaysia seeking revocation of leave granted to the GoI. The GoI issued a letter dated July 10, 2014 asking VIL to show cause within 30 days as to why the GoI may not direct its nominees from withholding monies against GoI’s purported claim of USD 118 million towards Profit Petroleum and interest. VIL on July 23, 2014, responded to this letter and denied any such liability as such demands are incorrect and in contravention of the Arbitration Awards and further filed an application before the Arbitral Tribunal for interim reliefs.

- (ii) GoI had filed a petition (No. 255 of 2006) dated May 30, 2006 before the Delhi High Court under Section 9 of the Arbitration and Conciliation Act, 1996, seeking a declaration that the seat of the arbitration as regards the disputes between VIL and the GoI is Kuala Lumpur and not London. The Arbitral Tribunal pursuant to its letter dated April 11, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgement of the Delhi High Court. The Delhi High Court has held, pursuant to its judgement dated April 30, 2008, that it has the jurisdiction to hear the petition and that the matter be heard on merits as against VIL’s contention that the said petition itself was not maintainable. VIL had, in this respect, filed special leave petition no. 16371 of 2008 before the Supreme Court of India to decide the issue of maintainability of OMP 255 of 2006. The Supreme Court of India, after hearing the parties, had on May 11, 2011, passed a judgement in the matter allowing VIL’s petition while setting aside the judgment dated April 30, 2008 of the Delhi High Court and dismissed the petition filed by the GOI. Subsequently, the Delhi High Court by order dated May 30, 2011 dismissed OMP No.255 of 2006.
 - (iii) In respect of disputes with regards to additional profit petroleum, the GoI had through its letter dated November 3, 2006 raised a collective demand of ₹ 334.13 million on account of additional profit petroleum payable and interest on delayed payments of profit petroleum calculated up to September 30, 2006 pursuant to the interim awards dated March 31, 2005, February 12, 2004 and December 23, 2004. VIL has disputed such demand and has sought refund of US\$ 16.70 million equivalent to ₹ 668.67 million already paid in excess by VIL to the GoI with interest thereon. Subsequently, GoI has in June 2008 through its nominees deducted a further sum of ₹ 372.21 million being its claim of additional profit petroleum and interest on delayed payment of profit petroleum computed up to April 30, 2008. Such deduction, also being in contravention of the above-referred Arbitral Awards, is disputed by VIL.
4. There is a dispute with regards to conversion of US\$ into Indian Rupees for payment of invoice for sale of crude oil. A dispute regarding the rate of conversion from US\$ into Indian rupees applicable to the nominees of the GoI for the purpose of payment of amount of the invoices for sale of the crude oil by VIL under the Ravva PSC was referred to an International Arbitral Tribunal under the UNCITRAL Rules in accordance with the provisions of the Ravva PSC. The Tribunal by its interim award dated March 31, 2005 held that the payment to VIL should be made after converting the US\$ amount into Indian Rupees at the average of the State Bank of India TT Buying and TT Selling Rate (the “Middle Rate”). While accepting the said Award, VIL worked out and submitted a computation on June 30, 2005 to GoI indicating the amount receivable at ₹ 121.43 million being the amount short paid by GoI nominees up to June 19, 2005 and interest thereon also calculated up to June 19, 2005. VIL further sent various communications updating its claim receivable from GoI nominees. The last updated claim was made vide its letter dated July 19, 2014 wherein total amount receivable from GoI nominees is computed at ₹ 1,024.65 million, being the amount short paid by GoI nominees up to June 30, 2014. The payments to be made by the GoI’s nominees in terms of the award dated March 31, 2005 is also pending before the Arbitral Tribunal in terms of the interim

applications filed. The GoI had filed an OMP 329 of 2006 dated July 20, 2006 before the Delhi High Court challenging the award in respect of this issue. Another OMP 223 of 2006 dated May 9, 2006 had been filed by GoI's nominees HPCL and BRPL in the Delhi High Court challenging the interim award dated March 31, 2005 in respect of conversion/exchange rate matter. The Delhi High Court vide its judgement dated July 13, 2012 dismissed both the petitions i.e. OMP 223 of 2006 and OMP 329 of 2006. The Ministry of Petroleum and Natural Gas ('MoPNG') vide its letter dated October 11, 2011, advised the GoI nominees to make payment against the amounts claimed by VIL on ad-hoc basis after obtaining appropriate indemnity from VIL. However, the GoI nominees have not released such amounts as yet and continue to make payments at the exchange rate without considering the directives of the Arbitral Tribunal and the MoPNG in this regard.

5. (i) A dispute with regards to quantum allowed as the Base Development Costs ("BDC") and consequent effect of the same to additional profit petroleum payable on account of disputed BDC was referred to international arbitration. The GoI had contended that the Contractors had claimed BDC to the extent of US\$ 499 million which is in excess of the admissible BDC of US\$ 261.57 million thus impacting the profit petroleum figures for the period up to Fiscal 2009. The GoI had contended that it was eligible for sharing profit petroleum, to be calculated each year up to Fiscal 2009 in respect of excessive BDC claimed by the contractors. The Arbitration Tribunal has passed the Arbitral Award on January 18, 2011, substantially in favour of the Contractors (which includes VIL). The Arbitration Tribunal also held that the GoI is entitled to be credited by the Contractors with US\$ 22.31 million (out of which the Company's share is US\$ 5.58 million being 25% of US\$ 22.31 million) in the final settlement of cost recovery accounts in relation to Development Costs incurred during contract year 1994-95 to 1999-2000 in excess of US\$ 198.43 million. Accordingly the operator on behalf of VIL has revised the cost recovery accounts statement and calculation of VIL's PTRR, in the DGH format, for the years 1997-98 till 2009-10, based on the findings of the Arbitration Award, and such revised statements are submitted on April 29, 2011. The GoI has not yet responded to such communication of the Operator. Instead, the GoI has preferred an appeal against the said Arbitral Order before the Malaysian High Court at Kuala Lumpur in April 2011 and also before the High Court of Delhi in April 2011 seeking quashing of the Arbitral Award. The High Court of Delhi has through its judgement dated April 25, 2012 dismissed such petition. The Malaysian High Court at Kuala Lumpur has through its order dated August 30, 2012 dismissed the appeal filed by the GoI. GoI has subsequently filed an appeal against the judgement dated August 30, 2012 before the Court of Appeal at Malaysia which was dismissed on June 27, 2014. The GoI has filed leave to appeal against the judgement dated June 27, 2014 before the Federal Court at Malaysia.

- (ii) Upon GoI filing an appeal before the Delhi High Court in April 2011 (referred above in (i)), the Contractors also filed an anti-suit application before the Malaysian High Court at Kuala Lumpur in June 2011 which was dismissed by the Malaysian High Court. The Contractors had filed an appeal against such dismissal order before the Court of Appeal but the same has been since withdrawn being non-consequential due to dismissal of GoI's appeal by Malaysian High Court on merit.

Litigation by VIL

Civil Cases

1. VIL had given the construction contract for setting up its glass shells division plant in Bharuch to JMC Project (India) Limited ("JMC"), and a time period of eight months from September 1, 2004, was given for the completion of the work. JMC could not complete the work within the stipulated timeframe. VIL, among other things, alleged that the work was not up to the satisfaction of VIL and there was delay in completing work due to fault of contractor and it was not completed and left abandoned hence consulting engineer did not give Completion Certificate for the reason that JMC took more time than allotted. JMC submitted that they utilized additional time of 12 months and that claimed more amount as compensation towards mobilization of work and loss of profit, and execution of additional items and demanded compensation which VIL denied and therefore JMC has invoked arbitration and claimed a sum of ₹ 55.84 million and interest until the claims are discharged. VIL alleged that due to delay in commencing and completing the work by JMC, it has suffered huge loss and hence has made a counter claim of ₹ 74 million. An award was passed for ₹ 17.59 million in favour of JMC and consequential interest at the rate of 12.50% p.a. from December 22, 2006, until the date of payment. VIL has challenged the award by filing petition before the Bombay High Court and as per directions of Bombay Court, the petition has been withdrawn and filed before the District Court, Bharuch. The matter is currently pending before the District Court, Bharuch.

2. VIL entered into an agreement with Schenck Process India Limited (“**SPIL**”) for purchase of belt weigher system and as per the terms and conditions of the agreement, SPIL was required to deliver the system within stipulated time and install and commission the system. VIL alleged that SPIL failed to deliver the system within stipulated time and install and commission the system as per the terms and conditions of the agreement and consequently VIL suffered a production loss and incurred expenses for installation of system. VIL filed a special civil suit (no. 105 of 1997) before the District Court, Bharuch against SPIL for recovery of ₹ 108.43 million per annum among other things as damages and expenses incurred for installation of system. The District Court, Bharuch pursuant to order dated December 29, 2009, passed the order in favour of VIL. SPIL has filed special civil application no. 8495 of 2010 before Gujarat High Court against the order of the District Court, Bharuch. The matter is pending before the Gujarat High Court.
3. A lease agreement was executed on June 20, 1995 between VIL and Uvifort Metallizers Limited (the “**lessee**”), by which VIL gave certain machinery to lessee on lease. The lessee got amalgamated with Akar Laminators Limited (the “**Defendants**”). The Defendants by MoU dated July 8, 1997 with VIL accepted the terms of original lease agreement. However, the Defendants failed to pay lease rent. VIL sent notice on November 18, 1999 demanding a sum of ₹ 89 million. The Defendants admitted their liability on November 29, 1999 but neglected to pay the amount due. Hence VIL filed a suit (no. 148 of 2000) before the Bombay High Court. VIL has obtained decree against the Defendants and its directors for ₹ 89 million, cost of suit and future interest in the summary suit from Bombay High Court. VIL also filed a contempt petition in the Bombay High Court, against the defendants since the directors committed breach of undertaking for repayment, which was disposed off by the Bombay High Court by an order dated June 13, 2007.

Meanwhile VIL has initiated insolvency proceedings against Mr. Vinod T. Sheth and Mr. Hasmukh T. Sheth who have given personal guarantee for repayment of dues of the defendants. In the said proceeding, orders were passed by Bombay High Court in favour of VIL and the review petition filed was dismissed. Now, Mr. Vinod T. Sheth and Mr. Hasmukh T. Sheth have filed special leave petitions (SLP bearing no.24806 to 24807 of 2011) in the Supreme Court of India. The Supreme Court has remanded back the matter for rehearing of the appeal by different bench of the Bombay High Court and appeal is pending for final hearing.

4. VIL had filed special civil suit No.44/2000 in Civil Judge Senior Division at Aurangabad against Sharp Industries Limited and its directors who had given personal guarantee for the repayment by Sharp. In the said suit, VIL has obtained a decree for ₹ 60 million, cost of the suit and future interest against Sharp Industries Limited and its directors who gave personal guarantee. A petition was filed for compromise /arrangement before the Bombay High Court by VIL which was allowed by the Bombay High Court through its order dated November 17, 2005. Against the said order, Sharp Industries Limited has filed an appeal to which VIL has filed cross objections and same are pending. Subsequently, VIL also filed contempt petition in the Bombay High Court against Sharp Industries Limited and its directors committing breach of undertaking for repayment, which was subsequently dismissed. However, as per scheme of compromise approved by High Court, Sharp failed to make payment and hence VIL filed winding up petition (No.400/2012) against Sharp Industries Limited, alleging that Sharp Industries Limited has failed to pay the dues of VIL as per the settlement scheme approved by the Bombay High Court. In the said matter, compromise has taken place and Sharp has agreed to pay ₹ 53.50 million in instalments to VIL and accordingly consent terms are filed in company petition and company petition was disposed of on March 5, 2014. Erstwhile Videocon Leasing & Industrial Finance Limited (now VIL) filed six criminal cases against Akar Laminators Limited and 13 criminal cases against Sharp Industries Limited (and their respective directors, respectively), under section 138 of the Negotiable Instruments Act, 1881, before Chief Judicial Magistrate at Ahmednagar, alleging dishonour of various cheques, amounting to ₹ 50.54 million and ₹ 103.25 million. In view of the settlement scheme approved by the Bombay High Court, the hearing of these criminal cases are stayed.
5. During June, 1994, Sharada Parameshwari Textiles Limited (the “**Defendant company**”) approached VIL to provide leasing and other financial accommodation to Defendant company which was contemplating to set up a new textile processing unit. Accordingly, an MoU was executed on August 1, 1994 by which VIL agreed to finance up to a maximum amount of ₹ 250 million. VIL also agreed to subscribe to the equity shares of the Defendant company on a condition that the Defendant company shall get its shares listed on the stock exchanges within a stipulated time. However, the conditions of the MoU were never fulfilled. Hence, VIL filed summary suits against Defendant company and its guarantors before the Bombay High Court which is presently pending viz. suit no. 1130 of 1999 for recovery of amount invested in shares of ₹ 36.6 million and suit no. 475 of 1999 for recovery of amount invested in debentures of ₹ 81.5 million. VIL

had filed an arbitration petition and the award was passed in VIL's favour. The Defendant company, has challenged the award by filing petition in Madras High Court. Meanwhile, winding up order was passed and the liquidator has been appointed.

6. Container Corporation of India Limited withheld the materials belonging to VIL as per the claim of shipping company APL India Private Limited. Hence, VIL filed a suit before the Bombay High Court for release of material which was withheld by Container Corporation of India Limited against both Container Corporation of India Limited and APL India Private Limited claiming damages and interim relief of good. VIL has furnished bank guarantee of ₹ 16.1 million and the goods have been released. The matter is pending. The bank guarantee is renewed from time to time.
7. Videocon International Limited (now amalgamated with VIL) filed civil suit no. 3582 of 1997 against Shrenik Shah before the Bombay High Court for the dishonour of cheque and to recover an aggregate sum of ₹ 10.4 million in relation to principal amount due for ₹ 7.50 million and interest of ₹ 2.90 million. The matter is currently pending
8. VIL filed arbitration petitions against V M Jog Engineering Limited ("**Jog Engineering**") for recovery of ₹ 26.34 million and ₹ 7.6 million, before the arbitrator at Mumbai, for non payment of lease rentals. The arbitrator directed Jog Engineering to provide a bank guarantee of ₹ 2.50 million to VIL, which was not provided. The respondent has filed counter claims of ₹ 80.12 million and ₹ 55.2 million, respectively against VIL. These matters are currently pending adjudication by the arbitrator.
9. VIL and Chhattisgarh Power Ventures Private Limited filed civil suit (C.S. No.295/2012) against Coal India Limited and Mahanadi Coalfields Limited a subsidiary of Coal India Limited (the "**Respondents**") before the Calcutta High Court seeking an order of injunction restraining the Respondents from cancelling the Letter of Assurance ('LoA') and encashing the bank guarantee pursuant to the Respondents letter dated August 24, 2012. By the letter dated June 15, 2012, addressed to VIL, the Respondents had alleged that there were certain deficiencies in respect of the project and also called upon VIL to rectify alleged deficiencies. VIL responded pursuant to its letter dated June 21, 2012 that there were no deficiencies on its part and if it had not been able to achieve any of the milestones in terms of the LoA, such non non-achievement was due to *force majeure* events. On August 24, 2012 the Respondents sent a notice for cancellation of LoA and encashing the bank guarantee of ₹ 78.94 million given by VIL in favour of the Respondents for the performance of the terms and conditions of the LoA. VIL and Chhattisgarh Power Venture Private Limited filed a petition (no. 93/2012) against the Respondents before the Calcutta High Court. The Calcutta High Court has allowed the petition and granted injunction restraining the Respondents from taking any steps in this matter. Calcutta High Court has decided interim matter and directed Respondents to give 15 days notice in advance to VIL and Chhattisgarh Power Ventures Private Limited before invoking bank guarantee.
10. VIL and Chhattisgarh Power Ventures Private Limited filed a civil suit (C. S. No.392/2012) against Coal India Limited and South Eastern Coalfields Limited (a subsidiary of Coal India Limited) and Allahabad Bank (the "**Respondents**") before the Calcutta High Court, *inter alia*, praying for an order of restraint against the Respondents from invoking the bank guarantee of ₹ 86.52 million. Simultaneously VIL also filed an application for interim protection. The Calcutta High Court by an order dated February 26, 2014 allowed the application and passed order restraining the Respondents for invocation of bank guarantee. Against the said order, South Eastern Coalfields Limited filed an appeal (G.A. No.1428/2014) before the Division Bench of the Calcutta High Court, which by an order dated May 15, 2014 allowed the appeal and vacated the injunction. VIL requested the Division Bench for filing a special leave petition before the Supreme Court challenging the said order, and accordingly the Calcutta High Court stayed its order until July 9, 2014. VIL and others have filed a special leave petition (SLP (Civil) No.15458/2014) against South Eastern Coalfields Limited and others in the Supreme Court. The Supreme Court through an order dated July 25, 2014, has permitted the Respondents to invoke the bank guarantee, however, in the event the petition is determined against the Respondents, the Respondents will be required to refund the amount with interest at the rate of 10%. Accordingly respondents have encashed the bank guarantee. The matter is currently pending.

*Litigation of Videocon Telecommunications Limited ("**VTL**"), a Videocon Group entity and a step down subsidiary of VIL, whose outcome would have a material adverse effect on the business of VIL and its subsidiary, Videocon International Electronics Limited*

1. VTL filed petitions in relation to 10 service areas (petition nos. 41/2011, 42/2011, 47/2011, 62/2011, 63/2011, 64/2011, 82/2011, 83/2011, 84/2011, 85/2011) (Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Karnataka, Kolkata, Madhya Pradesh, North East, Uttar Pradesh (East), West Bengal) before the Telecom Dispute Settlement Appellate Tribunal (“TDSAT”) against the Union of India challenging the notices issued by Department of Telecommunications (“DoT”) imposing liquidated damages for a total sum of ₹ 357.50 million. VTL has made part/full payment of the liquidated damages imposed by the DoT in some of the matters and has also challenged the notices before the TDSAT. By its judgment dated January 13, 2012, the TDSAT has set aside the demands of DoT in respect of 10 circles and directed DoT to give opportunity to the licensee before raising fresh demands for liquidated damages. The TDSAT, through its said judgment has also directed DoT to refund the amount of ₹ 242.30 million paid by VTL as liquidated damages in respect of 10 circles along with 12% interest and VTL has been directed to deposit bank guarantees for the amount of liquidated damages originally demanded. The Union of India (DoT) filed petitions of appeal (Nos. 8390-8460 of 2012) challenging the TDSAT order dated January 13, 2012 before the Supreme Court. On November 23, 2012 the Supreme Court admitted the appeal, and conferred interim protection to DoT to the extent of interest payable on the principal amount, in terms of the TDSAT order dated January 13, 2012, and the matter is currently pending.
2. VTL filed petitions (nos. 421/2012, 422/2012, 423/2012, 424/2012, 425/2012, 426/2012 and 427/2012) against the Union of India in seven service areas (Bihar, Gujarat, Kerala, Orissa, Rajasthan, Tamilnadu, Uttar Pradesh (West)) challenging the notice issued by DoT for payment of liquidated damages for an aggregate sum of ₹ 82 million for failure to meet the roll-out obligations as stipulated in the license agreement. The notices issued by the DoT are been challenged by VTL on the ground that: (a) there has been a delay in the allocation of start-up spectrum; (ii) delay in SACFA clearance should have been calculated on the actual maximum delay and not the average delay; (iii) delay in meeting 10% roll-out obligations was on account of delay in security clearance of radio equipment; and (iv) delay in meeting 10% roll-out obligations was on account of introduction by the DoT of new and onerous conditions in the license agreement (for example testing, security clearance of equipment). VTL has sought to quash the demand notice issued by the DoT, and stay the operation of the demand notice. The petition was admitted on July 11, 2012 and by an order dated April 30, 2014, the TDSAT quashed the demand notice of DoT and directed that the DoT shall be allowed to issue a fresh demand after giving an opportunity of hearing to VTL, in accordance with law.
3. VTL filed a petition (No. 170 of 2014) against the Union of India, in relation to 2nd phase rollout liquidated damage for North East Service Area, before the TDSAT, challenging the notices issued by DOT imposing liquidated damages for a total sum of ₹ 70 million. VTL challenged the demand order dated February 21, 2014, 21.02.2014 raised by DoT towards liquidated damages amounting to ₹ 70 million pertaining to alleged delay/default in completion of the 2nd phase roll out obligation in North East Service Area. The petition was first listed on March 26, 2014, wherein an exparte ad interim protection against encashment of bank guarantee was conferred on VTL subject to keeping the bank guarantee amounting to ₹ 32.6 million in the North East Circle valid during the pendency of the petition and furnishing of an undertaking to pay the unsecured amount on the entire LD demand raised.
4. VTL filed a petition (No 263 of 2014) before the TDSAT, challenging demand towards electromagnetic frequency norms pertaining to upgradation of shared sites and challenging the penalty demand to the tune of ₹ 170 million imposed by TERM Cell Haryana and Rajasthan. In Rajasthan payment was done under protest and hence refund is sought by way of the present petition on account of alleged violation of EMF Norms pertaining to upgradation of BTS at the shared sites. The matter was admitted on May 26, 2014 and TDSAT granted an ad interim protection against any coercive steps by DOT. The matter has been tagged along with batch matter challenging the issues pertaining to EMF Norms namely, delayed submission of self certificates, improper signage and non/delayed submission of self certification after upgradation of BTS at shared site.
5. An arbitration petition has been filed by IBM for payment of ₹ 1,580.48 million and interest thereon for the services provided as per the terms of the Services Agreement signed between IBM and VTL. The demand was disputed by VTL on account of failure of delivery of services by IBM. An arbitration tribunal was constituted between the parties and IBM filed its statement of claim and VTL filed its statement of defence and counter claim demanding compensation of ₹ 6,300 million from IBM.

II. Litigation involving Chhattisgarh Power Ventures Private Limited

Litigation against Chhattisgarh Power Ventures Private Limited

1. VIL and Chhattisgarh Power Ventures Private Limited filed civil suit (C.S. No.295/2012) against Coal India Limited and Mahanadi Coalfields Limited a subsidiary of Coal India Limited (the “**Respondents**”) before the Calcutta High Court seeking an order of injunction restraining the Respondents from cancelling the Letter of Assurance (“**LoA**”) and encashing the bank guarantee pursuant to the Respondents letter dated August 24, 2012. By the letter dated June 15, 2012, addressed to VIL, the Respondents had alleged that there were certain deficiencies in respect of the project and also called upon VIL to rectify alleged deficiencies. VIL responded pursuant to its letter dated June 21, 2012 that there were no deficiencies on its part and if it had not been able to achieve any of the milestones in terms of the LoA, such non non-achievement was due to *force majeure* events. On August 24, 2012 the Respondents sent a notice for cancellation of LoA and encashing the bank guarantee of ₹ 78.94 million given by VIL in favour of the Respondents for the performance of the terms and conditions of the LoA. VIL and Chhattisgarh Power Venture Private Limited filed a petition (no. 93/2012) against the Respondents before the Calcutta High Court. The Calcutta High Court has allowed the petition and granted injunction restraining the Respondents from taking any steps in this matter. Calcutta High Court has decided interim matter and directed Respondents to give 15 days notice in advance to VIL and Chhattisgarh Power Ventures Private Limited before invoking bank guarantee.
2. VIL and Chhattisgarh Power Ventures Private Limited filed a civil suit (C. S. No.392/2012) against Coal India Limited and South Eastern Coalfields Limited (a subsidiary of Coal India Limited) and Allahabad Bank (the “**Respondents**”) before the Calcutta High Court, *inter alia*, praying for an order of restraint against the Respondents from invoking the bank guarantee of ₹ 86.52 million. Simultaneously VIL also filed an application for interim protection. The Calcutta High Court by an order dated February 26, 2014 allowed the application and passed order restraining the Respondents for invocation of bank guarantee. Against the said order, South Eastern Coalfields Limited filed an appeal (G.A. No.1428/2014) before the Division Bench of the Calcutta High Court, which by an order dated May 15, 2014 allowed the appeal and vacated the injunction. VIL requested the Division Bench for filing a special leave petition before the Supreme Court challenging the said order, and accordingly the Calcutta High Court stayed its order until July 9, 2014. VIL and others have filed a special leave petition (SLP (Civil) No.15458/2014) against South Eastern Coalfields Limited and others in the Supreme Court. The Supreme Court through an order dated July 25, 2014, has permitted the Respondents to invoke the bank guarantee, however, in the event the petition is determined against the Respondents, the Respondents will be required to refund the amount with interest at the rate of 10%. Accordingly respondents have encashed the bank guarantee and SLP is pending in Supreme Court.

III. Litigation involving Pipavav Energy Private Limited

Litigation against Pipavav Energy Private Limited

1. Valtimet of France (“**Valtimet**”) had served a notice of arbitration dated February 22, 2012 on VIL and Pipavav Energy Private Limited (“**PEPL**”), a wholly owned subsidiary of VIL, to resolve issues arising out of a letter of award dated March 30, 2010 (including amendments thereto) placed by PEPL on Valtimet for supply of titanium tubes at a total order value of USD 4.11 million. VIL filed regular civil suit no. 139/2012 in the court of Civil Judge Junior Division, Paithan and obtained an ad-interim ex-parte injunction against Valtimet. On June 6, 2012, Valtimet issued a notice of withdrawal of notice of arbitration against VIL and issued a fresh notice of arbitration of even date against PEPL only.
2. PEPL through a notice dated November 24, 2011, had terminated a contract agreement of work with Madhavi Procon Projects Limited, pursuant to which Madhavi Procon Projects Limited has filed a claim petition before the Arbitral Tribunal at Ahmedabad claiming damages amounting to ₹ 201.40 million. PEPL has through a written statement in the matter made a counter claim / set off of ₹ 3.52 million and the matter is currently pending.

IV. Litigation involving Value Industries Limited

Litigation against Value Industries Limited

1. Value Industries Limited (“**Value Industries**”) filed an appeal on January 28, 2011 before the CIT(A), Mumbai challenging the order and demand notice dated December 27, 2010 issued by the Additional

Commissioner of Income Tax, Mumbai. The demand notice was issued against Value Industries in relation to improper determination of income for the assessment year 2008-2009. Value Industries has challenged among other things the disallowance of amount under Section 14A of the Income Tax Act, disallowance of brought forward loss and short credit of minimum alternate tax. The Commissioner of Income Tax (Appeals) through order dated February 21, 2012, directed the Additional Commissioner of Income Tax, Mumbai to restrict the disallowance of amount under Section 14A of the Income Tax Act to the extent of 0.5 % of average of the value of investment amount. In respect of other disallowances, the Commissioner of Income Tax (Appeals) directed the Additional Commissioner of Income Tax, Mumbai to verify the claim of Value Industries and to allow the same, provided it is in accordance with the provisions of the Income Tax Act and the matter is currently pending. The tax amount involved in the matter is ₹ 26.66 million.

2. Value Industries filed an appeal on April 29, 2011, before the CIT(A), Mumbai challenging the order and demand notice dated March 23, 2011, issued by the Deputy Commissioner of Income Tax, Mumbai. The demand notice was issued against Value Industries in relation to improper determination of income for the assessment year 2009-2010. Value Industries challenged among other things the disallowance of amount under section 14A of the Income Tax Act and short credit of minimum alternate tax. The tax amount involved in the matter is ₹ 11.02 million. The matter is currently pending.
3. Tusker Overseas Inc. (“**Tusker**”), a joint venture company incorporated in the Cayman Islands by Value Industries, among others, has availed financial assistance of USD 100 million from ICICI Bank UK PLC, London and ICICI Bank, Canada and invested an amount equivalent to US\$ 25.18 million in two other companies forming part of the Promoter Group in India. The RBI, through its letter dated March 23, 2009 alleged that the loans raised by Tusker and invested in the equity share capital of Indian companies cannot be considered as bonafide business activity in terms Regulation 6 of FEMA 120/RB 2000 dated July, 7 2004, as amended. The RBI also alleged that investing back in the stocks of Indian companies also violates the provisions of Regulation 7 of said notification. RBI referred the matter to the Directorate of Enforcement (“**DOE**”). The aforesaid companies, through their representatives, are making necessary appearances and submitting relevant documents along with explanations as required, to DOE. The matter is pending with the DOE for final decision.
4. Value Industries filed an appeal on April 25, 2014, before the CIT (A), Mumbai challenging the order and demand notice dated March 05, 2014, issued by the Additional Commissioner of Income Tax, Mumbai. The demand notice was issued against Value Industries in relation to improper determination of income for the assessment year 2011-2012. Value Industries challenged among other things the disallowance of amount under section 14A of the Income Tax Act, provision for warranty expenses and bogus purchases. The tax amount involved in the matter is ₹ 57.85 million. The matter is currently pending.

V. Litigation involving Videocon Global Limited (“VGL”) (British Virgin Islands)

Litigation against VGL

1. Goldman Sachs International, and VGL had entered into USD/INR currency option transactions which are governed by the ISDA Agreement. Further differences have arisen between the parties and Goldman Sachs has filed a claim no. 2012 folio 1049 before the High Court of Justice Queens Bench Division, London claiming a sum of USD 4.07 million together with accrued interest thereon from VGL and VIL (in the capacity of the alleged guarantor to the said transactions). VGL and VIL have denied the claim and the matter is pending before the High Court of Justice Queens Bench Division, London.

VI. Litigation involving Quadrant Televentures Limited

Litigation against QTL

1. The income tax department has filed an appeal before the Income Tax Appellate Tribunal, Chandigarh against an order dated March 28, 2005 passed by the CIT(A), Chandigarh. The CIT(A), Chandigarh allowed an appeal filed by QTL challenging the order dated March 30, 2004 passed by the DCIT, among other things, for allowing expenses in proportion to the business income and disallowance of other expenses for the assessment year 2001-2002. The tax amount (including interest) involved in the matter is ₹ 12.68 million. The matter is currently pending.

2. The Wireless Finance Division of Department of Telecommunications has claimed an outstanding amount of ₹ 29.58 million towards the spectrum charges dues from year 2001 to year 2005 through their letter 1020/48/2005-WFD dated October 7, 2005 which was responded by QTL on October 25, 2005, confirming that the total dues amounted to ₹ 0.03 million only and such amount has been paid. The Wireless Finance Division of Department of Telecommunications has subsequently claimed ₹ 39.31 million through letter number 1020/48/2005-WFD dated September 13, 2006, towards the Spectrum Charges dues from year 2001 to year 2006 which was responded by QTL on October 31, 2006. During the year ended March 31, 2008, out of the above demand, QTL has deposited ₹ 1.80 million under protest towards the interest due till August 31, 2006. Wireless Finance Division of Department of Telecommunications has updated their claim to ₹ 70.60 million towards spectrum charges dues from January 1, 2000, to September 30, 2008, through letter number 1020/29/WR/07-08 dated October 24, 2008, against which QTL made a written representation through its letter dated December 8, 2008 and August 12, 2009. Subsequently DOT has revised their demand to ₹ 70.53 million through letter no 1020/48/WFD/2005-06/ dated September 6, 2010 to which QTL has made representations through letter dated September 23, 2010, February 3, 2011 and March 17, 2011.
3. During the year ended March 31, 2007, Bharat Sanchar Nigam Limited (“BSNL”) has raised supplementary bill dated August 10, 2006, for ₹ 167.61 million towards Inter-connect Usage Charges (“IUC”) and Access Deficit Charges (“ADC”) for the period November 14, 2004 to August 31, 2005, on QTL. BSNL further raised invoices to the tune of ₹ 99.35 million on similar grounds for the period from September 1, 2005 to February 28, 2006. These charges are on account of unilateral declaration of QTL’s Fixed Wireless and Wire line Phone services as Limited Mobility Services by BSNL. QTL has submitted its reply to BSNL on August 23, 2006 asking for the calculation/basis for the additional amount raised towards IUC and ADC by BSNL for ₹ 167.61 million. Subsequently, BSNL issued a disconnection notice on August 26, 2006 which required the payment of ₹ 208.24 million (including ₹ 167.61 million). QTL has submitted details to BSNL for payments already made for ₹ 40.62 million. QTL has approached TDSAT on the subject matter and a stay order was granted on QTL’s petition no. 232 of 2006 against the disconnection notice on September 21, 2006. BSNL Jalandhar office subsequently raised a supplementary bill dated March 20, 2007 for ₹ 5.20 million to which QTL has submitted its reply on March 23, 2007 intimating that the matter being sub-judice and pending decision by the TDSAT, no coercive action be taken against QTL. The hearing on the matter has been completed and the TDSAT has pronounced the judgment on May 21, 2010 in QTL’s favour and has directed that BSNL and QTL should exchange relevant information and reconcile the differences. In the absence of information from BSNL, QTL is not in a position to determine the liability with respect to this matter. BSNL filed an appeal before the Supreme Court and QTL filed its counter statement to the appeal and the matter is currently pending.
4. QTL received a show cause notice dated June 4, 2007, from the DoT for non fulfilment of first year’s roll-out obligations of UASL agreement for Punjab Service Area, where in the licensee as per the terms of the license agreement was required to ensure that at least 10% of the District Headquarter / Towns are covered in the first year of the date of migration to UASL which commences from the date of Test Certificate issued by Telecom Engineering Centre. In the show cause notice, DoT has alleged that QTL has violated the conditions of UASL and accordingly liquidated damages of ₹ 70 million has been imposed which was responded by QTL on September 27, 2007.
5. QTL received a demand of ₹ 433.16 million from BSNL on dated December 20, 2008, on account of unilateral revision of access charges through its letter dated April 28, 2001, for the period from June 2001 to May 2003, in contravention of the Interconnect Agreement and TRAI Regulations. QTL, Association of Unified Service Providers of India (“AUSPI”) (erstwhile Association of Basic Telephone Operators) and other Basic Service Operators contested aforesaid revision in the rates of access charges before the TDSAT. TDSAT through its reasoned and detailed judgement dated April 27, 2005 allowed the refund claims and struck down the unilateral revision in the rates of access charges by BSNL and held that the TRAI is the final authority for fixing of access charges and access charges would be payable as rates prescribed by the TRAI and as per the Interconnect agreements. BSNL preferred an appeal in the Supreme Court against the order of TDSAT and an interim stay was granted on October 19, 2006. Therefore, aggrieved by such unilateral action on the part of BSNL by raising aforesaid demand and disturbing the status-quo, applications were moved by QTL, AUSPI and other Operators in the Supreme Court through C.A no.5834-5836 of 2005 that was listed for hearing on February 9, 2009 and the Supreme Court passed an order clarifying its previous order of October 19, 2006 and stayed the refunds claim against the BSNL there by upholding the TDSAT order dated April 27, 2005 whereby BSNL was refrained from raising the access charges demand. BSNL filed an appeal before the special bench of Supreme Court primarily challenging

the jurisdiction of TRAI and its Regulation 2001 to fix the IUC, ADC and Port charges amongst the service providers. However, by an order dated December 6, 2013, the Supreme Court remanded to its Special Bench to decide further questions of law with regard to power and jurisdictions of TRAI and TDSAT to entertain the challenge of the TRAI regulation.

6. AUSPI, on behalf of Himachal Futuristic Communication Limited and Tata Teleservices Limited, filed petitions (no.9 of 2003 and 18 of 2002) before the TDSAT seeking salvage to the telecom operators from the unrealistic demands by DoT towards liquidated damages and overdue license fees imposed upon those operators who migrated from fixed license fees to revenue sharing regime as per the migration policy, and some operators who had already paid those demands as per fixed license fee have sought refund thereto. TDSAT through its order dated March 17, 2003, disallowed the petition and upheld the demands raised by DOT. AUSPI has challenged the TDSAT order dated March 17, 2003 before the Supreme Court and the matter is currently pending.
7. QTL received a penalty demand from DoT of an amount of ₹ 102 million and encashment threats issued by TERM Cell across various Circles Pan India on account of purported non-compliance of clauses 2.2 and 2.3 of the Circular/Letter bearing No. 800-15/2010-VAS dated 11.10.2012 pertaining to delay in submission of Self Certificates towards emission levels of EMF radiating from antennae of Base transceiver station. QTL has challenged the penalty demand before TDSAT and the matter was admitted by an order dated December 9, 2013 and TDSAT extended the Interim Protection dated August 30, 2013 and October 22, 2013 in petition (No 271 of 2013) to the present petition. DoT has filed its reply and a rejoinder thereto has been filed by the QTL and the matter is currently pending.

Material Frauds against our Company

There have been no material frauds committed against our Company in the five years preceding the date of this Draft Red Herring Prospectus.

Amount Owed To Small Scale Undertakings/Creditors

Except as disclosed in “***Financial Statements***” on page 159, our Company, did not owe any amount to any micro, small and medium enterprises or other creditors which was outstanding for more than 30 days as on June 30, 2014.

Material Developments

Except as stated in “***Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments After June 30, 2014 that May Affect our Future Results of Operations***” on page 241, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the GoI and various governmental agencies required for our present business and except as disclosed in this Draft Red Herring Prospectus, no further material approvals are required for carrying on our present business operations.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

I. Incorporation Details of our Company

1. Certificate of incorporation dated November 22, 2002 issued to our Company by the RoC.
2. Fresh certificate of incorporation dated July 1, 2014, issued to our Company by RoC on account of change of name from 'Bharat Business Channel Limited' to 'Videocon d2h Limited'.
3. Certificate for commencement of business dated June 17, 2003 issued to our Company by the RoC.

II. Approvals Related to the Issue

Corporate Approvals

1. Our Board of Directors has, pursuant to its resolution dated June 23, 2014 authorized the Issue, subject to the approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013.
2. Our shareholders have, pursuant to a resolution dated July 17, 2014 under Section 62(1)(c) of the Companies Act, 2013, authorized the Issue.

In-principle listing approval

In-principle listing approval from the BSE through letter dated [●].

MIB Approval

Our Company shall make an application to the MIB, seeking its approval in relation to the Issue. Details of the approval, once received, shall be disclosed in the Red Herring Prospectus.

III. Approvals in relation to our Operations

Following are details of the approvals received by our Company for its business.

Licenses

- License agreement dated December 28, 2007 with the President of India acting through Director BP&L, MIB, GoI, pursuant to which our Company has been granted the license (under Section 4 of the Telegraph Act and the Indian Wireless Telegraphy Act, 1933) to establish, maintain and operate a DTH platform on the terms and conditions set out in the DTH License Agreement. For details, see "**History and Other Corporate Matters – Other Material Agreements**" on page 129.
- Letter dated June 16, 2014, issued by the MIB, GoI, granting permission to our Company to establish, maintain and operate diversity site at Bharuch, Gujarat in addition to the main earth station at Greater Noida, Uttar Pradesh.
- Certificate from the Department of Telecommunication, Ministry of Communications and Information Technology, GoI ("MIT") under the Indian Telegraph Act, 1885, dated December 12, 2008, permitting our Company to establish, maintain and work wireless telegraphs in India. This license is renewed annually and is currently valid until December 31, 2014.
- License dated November 2, 2007, issued by the Wireless Planning and Coordination Wing ("WPC") for

establishing a wireless telegraph station at Greater Noida, Uttar Pradesh.

- Approval dated November 14, 2007, from the Standing Advisory Committee of Radio Frequency Allocation (“SACFA”) for installation of wireless station at 1D, Udyog Vihar, Industrial Area, Greater Noida, Gautam Budh Nagar Uttar Pradesh.

Importer Exporter Code

Nature	Date of Certificate	Registration No.	Issuing Authority
Certificate of Importer-Exporter Code (IEC)	November 16, 2007	0307064417	Office of Joint Director General of Foreign Trade, Ministry of Commerce

Environmental Approvals

Following are approvals obtained with respect to our Company’s facility situated at Greater Noida, District Gautam Buddha Nagar, Uttar Pradesh:

Approval	Ref. No.	Date of Issue	Validity
Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981, issued by the Uttar Pradesh Pollution Control Board	G-01/50/2014	February 25, 2014	From January 1, 2014 to December 31, 2015
Consent to operate under Water (Prevention and Control of Pollution) Act, 1974, issued by the Uttar Pradesh Pollution Control Board	G-01/50/2014	February 25, 2014	From January 1, 2014 to December 31, 2015

Labour registrations

Registration	Ref. No.	Date of Issue	Validity
Registration under the Contract Labour (Regulation and Abolition) Act, 1970, issued by the Assistant Commissioner of Labour	A-361	February 2, 2012	From January 1, 2014 to December 31, 2014

Intellectual Property

Patents

Our Company has received eight certificates of registration of design (Design Nos. 247352 to 247359), issued by the Controller General of Patents, Designs and Trademarks, in respect of the design of the ‘satellite box’, in Class 14-01, in pursuance of and subject to the provisions of the Designs Act, 2000 and the Design Rules, 2001. The design registrations are valid until August 23, 2022, which term may be extended for a further period of five years, in accordance with the terms of the Designs Act, 2000 and Designs Rules, 2001.

Trademarks

Following are details of trademarks registered in the name of our Company, under the Trade Marks Act, 1999, as amended (“**Trademarks Act**”).

S. No.	Trade Mark	Class	Registration Number	Date of Registration	Date of Expiry
1.	‘CV’	38	1658226	December 24, 2010	February 26, 2018
2.	‘CV’	41	1658227	January 13, 2011	February 26, 2018
3.	‘D2H’ (colour label)	9	1715060	January 13, 2011	July 28, 2018
4.	‘D2H’ (colour label)	38	1715061	March 11, 2010	July 28, 2018
5.	‘D2H’ (colour label)	41	1715062	March 15, 2010	July 28, 2018

S. No.	Trade Mark	Class	Registration Number	Date of Registration	Date of Expiry
6.	'Direct Hai Correct Hai'	9	1715063	March 15, 2010	July 28, 2018
7.	'Direct Hai Correct Hai'	38	1715064	March 11, 2010	July 28, 2018
8.	'Direct Hai Correct Hai'	41	1715065	March 15, 2010	July 28, 2018
9.	'D2H' (black and white)	9	1715066	July 26, 2010	July 28, 2018
10.	'D2H' (black and white)	38	1715067	January 28, 2011	July 28, 2018
11.	'D2H' (black and white)	41	1715068	January 28, 2011	July 28, 2018
12.	'MYD2H'	9	1727355	March 30, 2010	September 1, 2018
13.	'MYD2H'	38	1727356	March 29, 2010	September 1, 2018
14.	'MYD2H'	41	1727357	March 29, 2010	September 1, 2018
15.	'D2H' alongwith Arc (colour)	9	1818952	February 28, 2011	May 15, 2019
16.	'D2H' alongwith Arc (colour)	38	1818953	February 28, 2011	May 15, 2019
17.	'D2H' alongwith Arc (colour)	41	1818954	February 28, 2011	May 15, 2019
18.	'D2H'	41	1821941	February 18, 2011	May 26, 2019
19.	Bubble device theme again	9	1827253	February 28, 2011	June 9, 2019
20.	Bubble device theme again	38	1827254	February 28, 2011	June 9, 2019
21.	Bubble device theme again	41	1827255	February 28, 2011	June 9, 2019
22.	YANGSTAN	38	1831752	February 28, 2011	June 23, 2019
23.	YANGSTAN	41	1831753	February 28, 2011	June 23, 2019
24.	V-FLEX	38	2201651	August 22, 2013	September 7, 2021
25.	V-FLEX	41	2201652	August 21, 2013	September 7, 2021

CE India Limited (formerly Videocon India Limited) and our Company entered into a deed of trademark usage license dated September 11, 2009, whereby CE India Limited, being the exclusive owner of the trademarks 'Videocon' and 'V', permitted our Company to use the said trademarks for its 'd2h' business, on a non exclusive basis, including for the purposes of advertising, marketing, promotions, products, services, website, bills, documents and all related d2h business materials. Pursuant to this agreement, our Company has acquired the license to use the trademarks 'Videocon' and 'V' for a period of four years, effective from the financial year 2010, subject to further renewal of the license on mutually acceptable terms. Pursuant to a deed of trademark usage license dated April 1, 2013, executed between CE India Limited and our Company, our Company has renewed the term of the license for a period of five years, effective from April 1, 2013.

Pending Approvals

Further, our Company has made applications for registration of the following trademarks under the Trademarks Act, which are pending registration as on date of this Draft Red Herring Prospectus:

Sl. No.	Date of Application	Trademark applied for	Class
1.	April 4, 2008	'Vandemaharashtra' word	38, 9, 16 and 41
2.	May 15, 2009	'D2H' alongwith arc (black and white)	9, 38 and 41
3.	May 26, 2009	'D2H'	9 and 38
4.	September 7, 2011	'V-FLEX'	9
5.	November 24, 2011	'Demand2have'	9, 38 and 41
6.	November 24, 2011	'Telly Belly Award'	9, 38 and 41
7.	August 27, 2014	"4K Ultra HD DTH Service" - Label	9, 38 and 41
8.	August 27, 2014	"4K Ultra HD DTH Service" - Device	9, 38 and 41

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Corporate Approvals

- Our Board of Directors has, pursuant to its resolution dated June 23, 2014, authorized the Issue, subject to the approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013.
- Our shareholders have, pursuant to a resolution dated July 17, 2014, under Section 62(1)(c) of the Companies Act, 2013, authorized the Issue.
- Resolutions dated September 23, 2014 and September 29, 2014 of Board and our IPO Committee, respectively, approving this Draft Red Herring Prospectus.

In-principle Listing Approval

- We have received an in-principle approval from the BSE for the listing of our Equity Shares pursuant to a letter dated [●]. BSE is the Designated Stock Exchange.

Prohibition by the SEBI, the RBI or Governmental Authorities

Our Company, our Promoters, our Promoter Group, our Directors, our Group Entities and persons in control of the Company are not prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities. Neither our Promoters, nor any of our Directors or persons in control of the Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities. However, in the past, our Group Entity, VIL and Mr. Venugopal Nandlal Dhoot (who forms part of our Promoter Group), among others, were debarred from accessing the capital markets for a period of three years commencing April, 2001. For details, see “*Outstanding Litigation and Material Developments*” on page 242.

None of our Directors are in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Neither our Company, nor our Promoters, Group Entities, nor our Directors, nor the relatives (as per the Companies Act, 2013) of our Promoters, have been detained as wilful defaulters by the RBI or any other governmental authorities. For further details, see “*Risk Factors*” and “*Our Promoters and Group Entities*” on pages 12 and 141, respectively.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26 (2) of the SEBI ICDR Regulations as described below:

“An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if the issue is made through the book building process and the issuer undertakes to allot, at least seventy five percent of the net offer to public, to qualified institutional buyers and to refund full subscription money if it fails to make the said minimum allotment to qualified institutional buyers.”

We are eligible for the Issue as per Regulation 26(2) of the SEBI ICDR Regulations as the Issue is being made through the Book Building Process, with not less than 75% of Issue being Allotted to QIBs, failing which the entire subscription monies shall be refunded.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Issue shall be not less than 1,000, otherwise, the entire application money will be

refunded forthwith. If the Company does not allot Equity Shares pursuant to the Issue within 12 Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, ICICI SECURITIES LIMITED, IDBI CAPITAL MARKET SERVICES LIMITED, SBI CAPITAL MARKETS LIMITED, UBS SECURITIES INDIA PRIVATE LIMITED AND YES BANK LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, AXIS CAPITAL LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, ICICI SECURITIES LIMITED, IDBI CAPITAL MARKET SERVICES LIMITED, SBI CAPITAL MARKETS LIMITED, UBS SECURITIES INDIA PRIVATE LIMITED AND YES BANK LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2014 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES**

ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND UNTIL DATE SUCH REGISTRATION IS VALID;
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE;
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS;
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS;
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION WILL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE;
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION;
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE UNDER SECTION 29 OF

THE COMPANIES ACT, 2013, EQUITY SHARES IN THE ISSUE HAVE TO BE ISSUED IN DEMATERIALIZED FORM ONLY;

11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - A. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - B. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE), AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INLCUDED IN THE DRAFT RED HERRING PROSPECTUS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE JGCBRLMs, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Caution – Disclaimer from our Company and the JGCBRLMs

Our Company, our Directors and the JGCBRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and

anyone placing reliance on any other source of information, including our website, www.videocond2h.com, would be doing so at his or her own risk.

The JGCBRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the JGCBRLMs and our Company dated September 29, 2014, and the Underwriting Agreement to be entered into among the Underwriters and our Company.

All information shall be made available by our Company and the JGCBRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Our Company and the Syndicate shall not be liable to the Bidders for any failure in uploading the Bids, due to faults in any software/hardware system, or otherwise.

The JGCBRLMs and their respective associates may engage in transactions with, and perform services for our Company, our Group Entities and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or our Group Entities or our respective affiliates or associates for which they have received, and may in future receive compensation.

Bidders that bid in the Issue will be required to confirm, and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Price Information of Past Issues handled by the JGCBRLMs

1. Past issues handled by Axis Capital

(a) Price information of past issues handled by Axis Capital

Issue name	Issue size (₹ in Million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	Closing price on listing date (in ₹)	% Change in price on listing date (closing) vs. issue price	Benchmark index on listing date (closing)	Closing price as on 10 th calendar day from listing day (in ₹)	Benchmark index as on 10 th calendar day from listing day (closing)	Closing price as on 20 th calendar day from listing day (in ₹)	Benchmark index as on 20 th calendar day from listing day (closing)	Closing price as on 30 th calendar day from listing day (in ₹)	Benchmark index as on 30 th calendar day from listing day (closing)
Bharti Infratel Limited ¹	41,727.6	220.00	28-Dec-12	200.00	191.65	12.89%	5,908.35	207.4	5,988.4	204.40	6001.85	210.30	6074.80
Tara Jewels Limited	2,200.0	230.00	6-Dec-12	242.00	229.9	-0.04%	5,930.90	230.25	5,857.9	223.75	5,905.6	235.30	6016.15
MT Educare Limited	990.0	80.00	12-Apr-12	86.05	90.35	12.94%	5,276.85	107.9	5,200.6	107.1	5,239.15	91.15	4,928.90
NBCC Limited ²	1,249.7	106.00	12-Apr-12	101.00	96.95	-8.54%	5,276.85	96.35	5,200.6	94.75	5,239.15	86.55	4,928.90

Source: www.nseindia.com

¹ Price for retail individual bidders was ₹ 210.00 per equity share and for anchor investors was ₹ 230.00

² Price for retail individual bidders and eligible employees was ₹ 100.70 per equity share.

Notes:

- The S&P CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 10th/20th/30th day is not a trading day, closing price on NSE of the next trading day has been considered.

(b) Summary statement of price information of past issues handled by Axis Capital

Financial year	Total no. of IPOs	Total funds raised	Nos. of IPOs trading at discount on listing date	Nos. of IPOs trading at premium on listing date	Nos. of IPOs trading at discount as on 30th calendar day from listing day	Nos. of IPOs trading at premium as on 30th calendar day from listing day
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		(₹ in Million)	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	4	46,167.3	0	0	3	0	0	1	0	0	2	0	0	2

Note: In the event that any day falls on a holiday, the price/index of the next trading day has been considered. The information for each of the financial years is based on issues listed during such financial year.

2. Past issues handled by Edelweiss

(a) Price information of past issues handled by Edelweiss

Sl. No	Issue name	Issue size (₹ crore)	Issue price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in price on listing date (closing vs. issue price)	Benchmark index on listing date (closing) ⁽¹⁾	Closing price as on 10th calendar day from listing day (INR) ⁽²⁾	Benchmark index as on 10th calendar day from listing day (closing) ⁽¹⁾	Closing price as on 20th calendar day from listing day (INR) ⁽²⁾	Benchmark index as on 20th calendar day from listing day (closing) ⁽¹⁾	Closing price as on 30th calendar day from listing day (INR) ⁽²⁾	Benchmark index as on 30th calendar day from listing day (closing) ⁽¹⁾
1	Sharda Cropchem Limited	351.86	156	September 23, 2014	254.1	231.45	48.37%	26,775.69	NA	NA	NA	NA	NA	NA
2	Wonderla Holidays Limited	181.25	125	May 9, 2014	164.75	157.6	26.08%	22,994.23	167	24,363.05	210.1	24,556.09	216	25,580.21
3	Credit Analysis and Research Limited	539.98	750	December 26, 2012	949	923.95	23.19%	19,417.46	934.45	19,784.08	924.15	19,906.41	916.6	19,923.78

Source: All share price data is from "www.bseindia.com".

Notes

1 The BSE Sensex is considered as the Benchmark Index.

2 In case 10th/20th/30th day is not a trading day, closing price on BSE of the next trading day has been considered.

(b) Summary statement of price information of past issues handled by Edelweiss

Financial year	Total no. of IPOs ⁽¹⁾	Total funds raised (₹ lakhs)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2012-2013	1	539.978	-	-	-	-	-	1	-	-	-	-	-	1
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
April 1, 2014 – to until date	2	533.11	-	-	-	-	2	-	-	-	-	1	-	-

Notes

1. Based on the date of listing

2. Since Sharda Cropchem Limited listed only on September 23, 2014, price data for 10th, 20th and 30th calendar day from listing is not available for the same.

3. Past issues handled by I-Sec

(a) Price information of past issues handled by I-Sec

Issue Name	Issue Size ₹ (Cr.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	Closing Price on Listing Date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing date (₹)	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing date (₹)	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing date (₹)	Benchmark index as on 30th calendar days from listing day (Closing)
Wonderla Holidays Limited	181.25	125	9-May-14	160	157.80	26.24%	6858.80	166.80	7263.55	212.60	7235.65	216.15	7654.60
Bharti Infratel Limited	4,172.76	220*	28-Dec-12	200	191.65	-12.89%	5,908.35	207.40	5,988.40	204.95	6,039.20	210.30	6,074.80
Credit Analysis and Research Limited	539.98	750	26-Dec-12	940	922.55	23.01%	5,905.60	929.25	5,988.40	931.05	6,056.60	924.85	6,074.65
Tara Jewels Limited	179.50	230	6-Dec-12	242	229.9	-0.04%	930.90	230.25	5,857.90	223.75	5,905.60	234.00	5,988.40

*Discount of ₹ 10 per equity share offered to retail investors and Premium of ₹ 10 per equity share to Anchor investors. All calculations are based on Issue Price of ₹ 220.00 per equity share

Note:

– All above data is of NSE (Website www.nseindia.com)

– Benchmark Index considered above in all the cases was NIFTY

– 10th, 20th, 30th trading day from listed day have been taken as listing day plus 10, 20 and 30 calendar days. Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the next trading date / day

(b) Summary statement of price information of past issues handled by I-Sec

Financial Year	Total No. of IPO's	Total Funds Raised (₹ Cr.)	Nos. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2014-15	1	181.25	0	0	0	0	1	0	0	0	0	1	0	0
2013-14	0	Nil	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	3	4,892.24	0	0	2	0	0	1	0	0	1	0	0	2

4. Past issues handled by IDBI Capital

(a) Price information of past issues handled by IDBI Capital

Issue Name	Issue Size (₹ Op)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹)	Closing Price on listing date (₹)	% Change in price on listing date (Closing) vs Issue Price	Benchmark Index on listing date (Closing)	Closing price as on 10th calendar day from listing day (₹)	Benchmark Index as on 10th calendar days from listing day (Closing)	Closing Price as on 20th calendar day from listing day (₹)	Benchmark Index as on 20th calendar days from listing day (Closing)	Closing Price as on 30th calendar day from listing day (₹)	Benchmark Index as on 30th calendar days from listing day (Closing)
Mitcon Consultancy & Engineering Services Limited	250.1	60.0	01/11/2013	60.0	51.1	14.8%	6307.2	43.1	6078.8	42.1	5989.6	44.1	5995.5
Opal Luxury Time Products Limited	130.0	130.0	12/04/2013	130.0	128.0	-1.5%	5528.6	130.0	5834.4	130.5	5871.5	128.0	6043.6
PC Jeweller Ltd.	6012.9	135.0	27/12/2012	137.0	149.2	10.5%	5870.1	181.7	5988.4	168.9	6056.6	157.5	6074.3
Credit and Analysis Rating Agency Limited	5399.8	750.0	26/12/2012	949.0	922.5	23.0%	5905.6	934.8	6016.2	923.5	6024.1	920.9	6019.4
Thejo Engineering Limited	190.1	402.0	18/09/2012	403.0	403.0	0.2%	5600.1	375.0	5649.5	360.0	5747.0	392.90	5,660.25
NBCC Limited	1272.0	106.0	12/04/2012	101.0	97.0	-8.5%	5276.9	98.2	5290.9	96.1	5248.2	86.6	4928.9

Notes:

In case of discounts given to certain categories of investors, the undiscounted issue price has been taken as the issue price.

Issue size has been taken net of promoter's contribution, if any.

If the 10th, 20th and 30th calendar day from listing day is not a working day, closing price on previous working day is taken.

If no trading has taken place on the 10th, 20th and 30th calendar day, the closing price of stock and the benchmark has been taken from the

last day when trading has taken place.

All prices are according to trades on NSE and the benchmark index is the Nifty.

(b) Summary statement of price information of past issues handled by IDBI Capital

Financial Year	Total No. of IPOs	Total Funds Raised (₹Mn)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
April 1, 2014 - till the date of DRHP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013-2014	2	380.10			2				1	1				
2012-2013	4	12874.71			1			3		2				2
Note:														
Total Funds raised is taken as the sum of individual Issue Size.														

5. Past issues handled by SBICAP

(a) Price information of past issues handled by SBICAP

Issue Name	Issue Size (₹ Mn)	Issue price	Listing date	Opening price on listing date	Closing price on listing date	% Change in price on listing date (Closing Vs Issue price)	Benchmark index on listing date (closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (closing)
Credit Analysis and Research Limited	5,399.77	750.00	26-Dec-12	949.00	923.95	23.19%	19,417.46	934.45	19,784.08	924.15	19,906.41	916.60	19,923.78
PC Jeweller Limited	6,013.08	135.00 ⁽¹⁾	27-Dec-12	135.50	149.00	10.37%	19,323.80	181.90	19,691.42	169.00	19,986.82	157.80	20,103.53
Repcos Home Finance Limited	2,702.32	172.00 ⁽²⁾	01-Apr-13	159.95	161.8	5.93%	5,704.40	171.65	5,558.70	168.75	5,834.40	170.90	5,930.20

Note: The 10th, 20th and 30th calendar day computation includes the listing day. If either of the 10th, 20th or 30th calendar days is a trading holiday, the next trading day is considered for the computation.

We have considered the designated stock exchange for the pricing calculation.

1. Issue price for employees and retail individual bidders was ₹130.00
2. Issue price for employees was ₹156.00
3. Issue price for employees and retail individual bidders was ₹85.50 (5% discount)

(b) Summary statement of price information of past issues handled by SBICAP

Financial year	Total no. Of IPOs	Total funds raised (₹ Mn)	Number of IPOs trading at a discount on listing date			Number of IPOs trading at a premium on listing date			Number of IPOs trading at a discount as on 30th calendar day from listing day			Number of IPOs trading at a premium as on 30th calendar day from listing day		
			Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%
2011-12	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	2	11,412.85	0	0	0	0	2	0	0	0	0	0	0	2
2013-14	1	2,702.32	0	0	1	0	0	0	0	1	0	0	0	0

Note: The 30th calendar day computation includes the listing day. If the 30th calendar day is a trading holiday, the next trading day is considered for the computation.

6. Past issues handled by UBS

(a) Price information of past issues handled by UBS

Issue name	Issue size (₹ in Million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	Closing price on listing date (in ₹)	% Change in price on listing date (closing) vs. issue price	Benchmark index on listing date (closing)	Closing price as on 10 th calendar day from listing day (in ₹)	Benchmark index as on 10 th calendar day from listing day (closing)	Closing price as on 20 th calendar day from listing day (in ₹)	Benchmark index as on 20 th calendar day from listing day (closing)	Closing price as on 30 th calendar day from listing day (in ₹)	Benchmark index as on 30 th calendar day from listing day (closing)
Bharti Infratel Limited ¹	41,727.6	220.00	28-Dec-12	200.00	191.65	12.89%	5908.35	207.4	5988.4	204.65	6039.2	208.8	6055.75

Source: www.nseindia.com

¹ Price for retail individual bidders was ₹ 210.00 per equity share and for anchor investors was ₹ 230.00

Notes:

d. The S&P CNX NIFTY is considered as the Benchmark Index.

e. Price on NSE is considered for all of the above calculations.

f. In case 10th/20th/30th day is not a trading day, closing price on NSE of the next trading day has been considered.

(b) Summary statement of price information of past issues handled by UBS

Financial year	Total no. of IPOs	Total funds raised (₹ in Million)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	1	41,727.6	0	0	1	0	0	0	0	0	1	0	0	0

Note: In the event that any day falls on a holiday, the price/ index of the next trading day has been considered.

The information for each of the financial years is based on issues listed during such financial year.

7. Past issues handled by YES Bank

(a) Price information of past issues handled by YES Bank

YES Bank has not handled any initial public offerings of equity shares in the last three years.

(b) Summary statement of price information of past issues handled by YES Bank

YES Bank has not handled any initial public offerings of equity shares in the last three years.

Track record of past issues handled by the JGCBRLMs

For details regarding the track record of the JGCBRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, refer to the websites of the JGCBRLMs, as set forth in the table below:

Name of the JGCBRLM	Websites
Axis Capital	www.axiscapital.co.in
Edelweiss	www.edelweissfin.com
I-Sec	www.icicisecurities.com
IDBI Capital	www.idbicapital.com
SBICAP	www.sbicaps.com
UBS	www.ubs.com
YES Bank	www.yesbank.in

Disclaimer in Respect of Jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families (“HUFs”), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, permitted insurance companies and pension funds and, subject to the approval of the

RBI, to Eligible NRIs, Eligible Qualified Foreign Investors (“**QFIs**”), Alternative Investment Funds (“**AIFs**”), Foreign Institutional Investors (“**FIIs**”), Foreign Portfolio Investors registered with SEBI (“**FPIs**”) and QIBs. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares issued hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was filed with the SEBI for the purpose of receiving its observations. Accordingly, the Equity Shares represented hereby may not be issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) in the United States only to persons reasonably believed to be U.S. QIBs, and (ii) outside of the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the SEBI at Corporation Finance Department, Securities and Exchange Board of India, SEBI Bhawan, C – 4A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed, will be delivered for registration to the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration to the RoC situated at the address mentioned below.

Registrar of Companies, Maharashtra

100, Everest
Marine Drive, Mumbai 400 002
Maharashtra, India

Listing

Application has been made to the Stock Exchange for obtaining permission for listing of the Equity Shares being issued and sold in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchange, our Company shall forthwith repay, without interest, all monies received from the applicants in reliance of the Red Herring Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange is taken within 12 Working Days of the Bid/Issue Closing Date. If our Company does not allot Equity Shares pursuant to the Issue within 12 Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who –

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of: (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the legal counsels, the Bankers to our Company, the Bankers to the Issue, lenders, monitoring agency, industry sources (where such reports have been used); and (b) the JGCBRLMs, the Syndicate Members and the Registrar to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Khandelwal Jain & Co., Chartered Accountants and Kadam & Co., Chartered Accountants, our Auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in **“Financial Statements”** on page 159 and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in **“Statement of Tax Benefits”** on page 79 and such consent and report shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Expert Opinion

Except for the reports of the Auditors of our Company on the restated financial statements and the **“Statement of Tax Benefits”**, included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of the Issue include, among others, lead management fees, underwriting and selling commission, registrar’s fees, advertisement and marketing expenses, printing and distribution expenses, legal fees, SEBI filing fees, bidding software expenses, depository charges and listing fees of the Stock Exchange.

The details of the estimated Issue expenses are set forth below:

(₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Issue expenses	As a % of the total Issue size
Fees payable to the JGCBRLMs	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Fees payable to the Registrar	[•]	[•]	[•]
Underwriting commission, fees payable to the Bankers to the Issue, brokerage and selling commission, as applicable**	[•]	[•]	[•]
Brokerage and selling commission payable to Registered Brokers**	[•]	[•]	[•]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs**	[•]	[•]	[•]
Others (listing fees, legal fees, etc.)	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

*Will be incorporated at the time of filing of the Prospectus.

** Disclosure of commission and processing fees will be incorporated at the time of filing the Red Herring Prospectus.

Fees, Brokerage and Selling Commission

The total fees payable to the JGCBRLMs and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the engagement letters with (i) Axis and UBS, dated June 30, 2014; (ii) Edelweiss, dated September 18, 2014; (iii) I-Sec, dated July 30, 2014; (iv) IDBI Capital, dated August 1, 2014; (v) SBICAP, dated August 28, 2014; and (vi) YES Bank, dated August 28, 2014, copies of which are available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated July 21, 2014, signed among our Company and the Registrar to the Issue, a copy of which shall be made available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment Advice by registered post/speed post (subject to postal rules).

Particulars regarding Public or Rights Issues during the Last Five Years

There have been no public or rights issues undertaken by our Company during the five years preceding the date of this Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares since our incorporation.

Previous Issues Otherwise than for Cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash.

Capital Issues in the Preceding Three Years

Except as disclosed in “*Capital Structure*” and “*Our Promoters and Group Entities*” on pages 59 and 141, respectively, Our Company and our Group Entities have not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis Objects

Our Company has not completed any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus.

Performance vis-s-vis Objects: Last Issue of Group Entities or Associate Companies

Except as stated in “*Our Promoters and Group Entities*” on page 141, none of our Group Entities have made any public or rights issues in the 10 years preceding the date of this Draft Red Herring Prospectus.

Outstanding Debentures, Bonds or Redeemable Preference Shares

As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding debentures, bonds or redeemable preference shares.

Partly Paid-Up Shares

As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares of our Company are not listed on any stock exchange and hence no stock market data is available.

Mechanism for Redressal of Investor Grievances by our Company

The agreement dated July 21, 2014 between the Registrar to the Issue and our Company, provides for retention of records with the Registrar to the Issue for a minimum period of three years from the last date of dispatch of letters of Allotment, demat credit or refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

Investors may contact the JGCBRLMs for any complaint pertaining to the Issue. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Disposal of Investor Grievances by our Company and Listed Group Entities

We estimate that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ms. Amruta Karkare, Company Secretary, as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Ms. Amruta Karkare
 Company Secretary and Compliance Officer
 1st Floor, Techweb Centre, New Link Road
 Oshiwara Jogeshwari (West)
 Mumbai 400 102, Maharashtra, India
 Tel: (+91 22) 42 555 062

Fax: (+91 22) 2288 0515
Email: ipo@d2h.com

For details on mechanism for redressal of investor grievances by listed Group Entities, see “*Our Promoters and Group Entities*” on page 141.

Changes in Auditors

There has been no change in our Auditors during the three years preceding the date of this Draft Red Herring Prospectus.

Capitalization of Reserves or Profits

We have not capitalised our reserves or profits at any time during the five years preceding the date of this Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating up to ₹ 7,000 million. The Issue will constitute [●]% of the post-Issue paid-up Equity Share capital of the Company.

Our Company is considering a Pre-IPO Placement of up to 5,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 10% of the post-Issue paid-up Equity Share capital of our Company.

The Issue is being made through the Book Building Process.

	QIBs ⁽¹⁾	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation ⁽²⁾	Not less than [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Issue less allocation to QIBs and Retail Individual Investors.	Not more than [●] Equity Shares available for allocation or Issue less allocation to QIBs and Non-Institutional Investors.
Percentage of Issue Size available for Allotment/allocation	Not less than 75% of the Issue being available for allocation to QIBs. However, up to 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB Category. The unsubscribed portion in the Mutual Fund portion will be available for allocation to QIBs	Not more than 15% of the Issue.	Not more than 10% of the Issue.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For more information, see “ <i>Issue Procedure</i> ” on page 296.
Mode of Bidding	Through ASBA process only	Through ASBA process only	Both the ASBA process and the non-ASBA process are available to Retail Individual Investors
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form.		

	QIBs ⁽¹⁾	Non-Institutional Investors	Retail Individual Investors
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Category
Trading Lot	One Equity Share		
Who can Apply ⁽³⁾	Public financial institutions specified in Section 2(72) of the Companies Act, 2013 FPIs (other than Category III FPIs), scheduled commercial banks, mutual funds registered with the SEBI, venture capital funds registered with SEBI, FVCIs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, and any Category III FPIs registered with SEBI, which is a foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹ 200,000 in value	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value
Terms of Payment	The entire Bid Amount will be payable at the time of submission of the Bid cum Application Form to the Syndicate or the Designated Branch or the member of the Syndicate at the Specified Location or the Registered Broker at the Broker Center, as the case may be. In case of ASBA Bidders, the SCSB will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid cum Application Form. ⁽⁴⁾		

⁽¹⁾ The Company may, in consultation with the JGCBRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100.00 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor, and (iii) minimum of five and maximum of 25 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100.00 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above Anchor Investor Issue Price.

⁽²⁾ Subject to valid Bids being received at or above the Issue Price. Pursuant to Rule 19(2)(b)(ii) of the SCRR, the Issue is being made for at least 10% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process and pursuant to Regulation 26(2) of the SEBI ICDR Regulations, where not less than 75% of the Issue will be Allotted on a proportionate basis to QIBs, provided that our Company may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not more than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Issue will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Subject to allotment of not less than 75% of the Issue to QIBs, under subscription, if any, in the Non-Institutional Category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the JGCBRLMs and the Designated Stock Exchange.

⁽³⁾ In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

⁽⁴⁾ Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. The balance, if any,

shall be paid within the two Working Days of the Bid/Issue Closing Date.

If not less than 75% of the Issue cannot be Allotted to QIBs, the entire application money will be refunded. In the event aggregate demand in the QIB Category has been met, under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, at the discretion of the Company in consultation with the JGCBRLMs and the Designated Stock Exchange.

Withdrawal of the Issue

The Company, in consultation with the JGCBRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event the Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The JGCBRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The Company shall also inform the same to the Stock Exchange on which the Equity Shares are proposed to be listed.

If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an issue/offer for sale of the Equity Shares, the Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/Issue Programme

BID/ISSUE OPENS ON	[●]*
BID/ISSUE CLOSES ON	[●]**

* The Company may, in consultation with the JGCBRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI Regulations.

** The Company may, in consultation with the JGCBRLMs, consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations.

An indicative timetable in respect of the Issue is set out below.

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchange	On or about [●]

The above timetable is indicative and does not constitute any obligation on the Company or the JGCBRLMs. Whilst the Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 12 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by the Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable law.

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period at the Bidding centers mentioned in the Bid cum Application Form, or in the case of ASBA Bidders, at the Designated Branches (a list of such branches is available at the website of the SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) or with the members of the Syndicate at the Specified Locations or with the Registered Brokers at the Broker Centers (a list of such Broker Centers is available at the websites of the Stock Exchange), as the case may be, except that on the Bid/Issue Closing Date (which for QIBs is a day prior to the Bid/Issue Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. (Indian Standard Time) in case of Bids by Retail Individual Investors.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchange only for uploading

Bids received from Retail Individual Investors after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the JGCBRLMs to the Stock Exchange. Due to limitation of time available for uploading Bids on the Bid/Issue Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. If a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Issue. Our Company, the members of the Syndicate, the SCSBs and the Registered Brokers will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days.

Our Company, in consultation with the JGCBRLMs, reserve the right to revise the Price Band during the Bid/Issue Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price as disclosed at least one Working Day prior to the Bid/Issue Closing Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release and also by indicating the changes on the website of the JGCBRLMs and members of the Syndicate and by intimation to SCSBs and the Registered Brokers.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchange shall be taken as the final data for the purpose of Allotment.

TERMS OF THE ISSUE

The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Companies Act, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the Equity Listing Agreement, the terms of the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchange, the RoC, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable, or such other conditions as may be prescribed by SEBI, the RBI and/or any other authorities while granting its approval for the Issue.

Ranking of Equity Shares

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and shall rank *pari-passu* with the existing Equity Shares of the Company including rights in respect of dividend. The Allottees upon Allotment of Equity Shares under the Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see “*Main Provisions of Articles of Association of our Company*” on page 337.

Mode of Payment of Dividend

Our Company shall pay dividends on its Equity Shares, if declared, to its shareholders in accordance with the provisions of the Companies Act, the Memorandum of Association, the Articles of Association and the provisions of the Equity Listing Agreement. See, “*Dividend Policy*” on page 158.

Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

The Price Band and the minimum Bid Lot will be decided by the Company in consultation with the JGCBRLMs and will be advertised in [●] edition of English national daily [●], [●] edition of Hindi national daily [●] and [●] edition of Marathi national daily [●], each with wide circulation, at least five Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchange for the purpose of upload on its website. The Price Band along with certain financial ratios shall be pre-filled in the electronic Bid cum Application Forms shall be made available on the website of the Stock Exchange.

Compliance with SEBI Regulations

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time including the SEBI ICDR Regulations.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreement and the Company’s Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights,

dividend, forfeiture and lien and/or consolidation/splitting, see “*Main Provisions of Articles of Association of Our Company*” on page 337.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares will be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Issue will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see “*Issue Procedure*” on page 296.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

Nomination

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder’s death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including through the devolvement to the Underwriters, as applicable, our Company shall forthwith refund the entire subscription amount received no later than 15 days from the Bid/Issue Closing Date, failing which, the directors of our Company who are officers in default shall jointly and severally be liable to repay that money with interest at the rate of 15% per annum. Further in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares are Allotted in the Issue will be not less than 1,000.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of Equity Shares

Except for lock-in of the pre-Issue Equity Shares, Promoter's minimum contribution and Anchor Investor lock-in in the Issue as detailed in "*Capital Structure*" on page 59, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. For details, see "*Main Provisions of the Articles of Association of Our Company*" on page 337.

Option to receive Equity Shares in dematerialized form

Allotment of Equity Shares will only be in dematerialized form. The Equity Shares will be traded on the dematerialized segment of the Stock Exchange.

ISSUE PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (“**General Information Document**”) included below under section titled “ – **Part B - General Information Document**”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchange and the JGCBRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

Our Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Issue is being made through the Book Building Process and pursuant to Regulation 26(2) of the SEBI ICDR Regulations, where not less than 75% of the Issue will be Allotted on a proportionate basis to QIBs, provided that our Company may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not more than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Issue will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Subject to allotment of not less than 75% of the Issue to QIBs, under subscription, if any, in the Non-Institutional Category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the JGCBRLMs and the Designated Stock Exchange.

Bid cum Application Form

There is a common Bid cum Application Form for ASBA Bidders as well as non-ASBA Bidders. Copies of the Bid cum Application Form will be available with the members of the Syndicate, the Registered Brokers at the Broker Centers, at our Registered Office and our Corporate Office. The Bid cum Application Forms will also be available for download on the website of the Stock Exchange at least one day prior to the Bid/Issue Opening Date.

Retail Individual Investors may Bid through the ASBA process at their discretion. However, QIBs (excluding Anchor Investors) and Non Institutional Investors must compulsorily use the ASBA process to participate in the Issue. Anchor Investors are not permitted to participate in this Issue through the ASBA process.

ASBA Bidders must provide bank account details in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such detail are liable to be rejected. In relation to non-ASBA Bidders, the bank account details shall be available from the depository account.

ASBA Bidders shall ensure that the Bids were submitted at the Bidding centers only on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSB, as the case may be, (except in case of electronic Bid cum Application Forms) and Bid cum Application Forms not bearing such

specified stamp maybe liable for rejection.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form *
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including FPIs and Eligible NRIs, applying on a repatriation basis	Blue
Anchor Investors**	[●]

* Excluding electronic Bid cum Application Forms

**Bid cum Application Forms for Anchor Investors will be made available at the office of the JGCBRLMs.

Who can Bid?

In addition to the category of Bidders set forth under “- **General Information Document for Investing in Public Issues - Category of Investors Eligible to Participate in an Issue**”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- (i) Mutual Funds registered with SEBI. Bids by asset management companies or custodians of Mutual Funds should clearly indicate the name of the concerned scheme for which the Bid is submitted;
- (ii) Venture Capital Funds and Alternative Investment Funds registered with SEBI;
- (iii) Foreign Venture Capital Investors registered with SEBI;
- (iv) Foreign Portfolio Investor registered with SEBI, provided that any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995;
- (v) State Industrial Development Corporations;
- (vi) Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
- (vii) Insurance companies registered with IRDA;
- (viii) Provident funds and pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitutional documents to hold and invest in equity shares;
- (ix) National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
- (x) Insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India;
- (xi) Multilateral and bilateral development financial institutions; and
- (xii) Any other person eligible to Bid in the Issue under applicable laws.

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

Eligible NRIs bidding on repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to the Non-Resident External (“NRE”) or Foreign Currency Non Resident (Bank) (“FCNR”) accounts maintained with authorised dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000 (“**Authorised Dealer**”). Eligible NRIs bidding on repatriation basis are advised to use the Bid cum Application Form for Non-Residents (Blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting the NRE or FCNR account, as the case may be.

Eligible NRIs bidding on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as the Non-Resident Ordinary Rupee Account (“NRO”). Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents (White in colour).

Bids by Foreign Portfolio Investors (including FIIs and QFIs)

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014 (“**SEBI FPI Regulations**”), investment in the Equity Shares by a single FPI or an investor group (which means the same

set of ultimate beneficial owner(s) investing through multiple entities) is permitted up to 10% of our post- Issue Equity Share capital.

Any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. An FII or a sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in this Issue, until the expiry of its registration with SEBI as an FII or a sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier. Further, a QFI may participate in this Issue until January 6, 2015 (or such date as may be specified by SEBI) or if it has obtained a certificate of registration as an FPI, whichever is earlier.

In accordance with foreign investment limits applicable to our Company, total foreign investment including FPI investment may be up to 49% through the automatic route and up to 100% through the approval route 100%. Currently, total foreign investment including FPI investment is not permitted to exceed 49% of our total issued capital.

FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents (blue in colour). FPIs are required to Bid through the ASBA process to participate in the Issue.

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the “**SEBI VCF Regulations**”) and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the “**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations.

In accordance with RBI regulations, OCBs cannot participate in the Issue.

Pre- Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] edition of [●] (a widely circulated English national newspaper), [●] edition of [●] (a widely circulated Hindi national newspaper) and [●] edition of [●] (a widely circulated Marathi newspaper).

Payment instructions

In terms of the RBI circular (No. DPSS.CO.CHD.No./133/04.07.05/2013-14) dated July 16, 2013, non-CTS cheques will be processed in three CTS centers thrice a week until April 30, 2014, twice a week until October 31, 2014 and once a week from November 1, 2014 onwards. In order to enable listing and trading of Equity Shares within 12 Working Days of the Bid/Issue Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Issue Closing Date.

Payment into Escrow Accounts for Bidders other than ASBA Bidders

The payment instruments for payment into the Escrow Accounts should be drawn in favor of:

- (i) In case of Resident Retail Individual Investors: “[●]”
- (ii) In case of Non-Resident Retail Individual Investors: “[●]”

Our Company, in consultation with the JGCBRLMs, in its absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. The payment instruments for payment into the Escrow Account(s) for Anchor Investors should be drawn in favor of:

- (i) In case of resident Anchor Investors: “[●]”
- (ii) In case of non-resident Anchor Investors: “[●]”

Undertakings by our Company

Our Company undertakes the following:

- (i) That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- (ii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Issue Closing Date;
- (iii) That funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- (iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days from the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (v) That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;
- (vi) That adequate arrangements shall be made to collect all Bid cum Application Forms in relation to ASBA and to consider them similar to non-ASBA applications while finalizing the basis of allotment; and
- (vii) That our Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilization of Issue Proceeds

Our Board certifies that:

- (i) all monies received from the Issue shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- (ii) details of all monies utilised out of the Issue referred to in sub item (i) shall be disclosed and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate separate head in the balance-sheet of the Issuer indicating the purpose for which such monies had been utilised;
- (iii) details of all unutilised monies out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested;

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations, 2009**”).

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus (“RHP”)/Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Issue and on the website of Securities and Exchange Board of India (“**SEBI**”) at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section “Glossary and Abbreviations”.

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

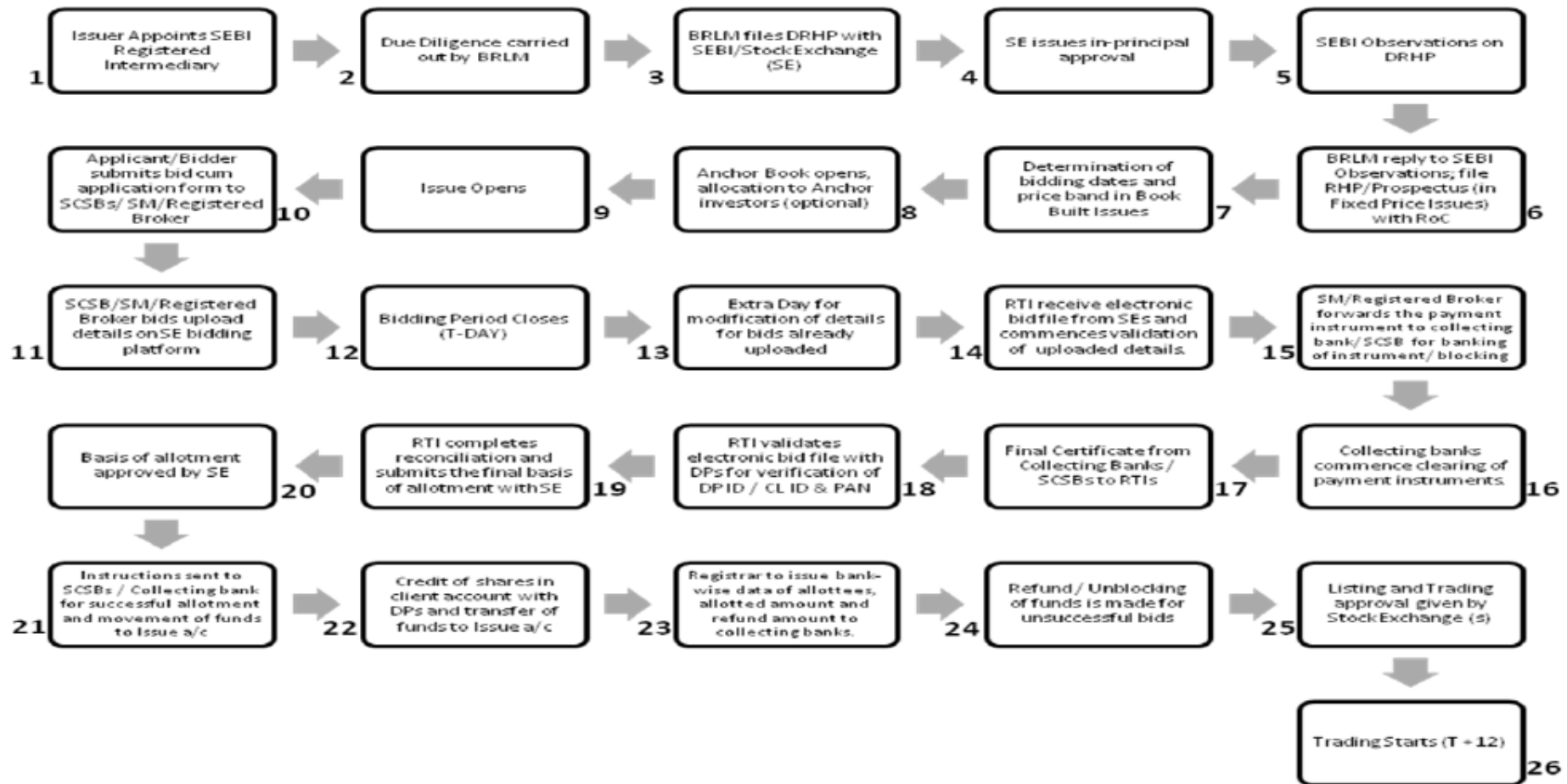
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
 - i. Step 7 : Determination of Issue Date and Price
 - ii. Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.
 - iii. Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
 - iv. Step 12: Issue period closes
 - v. Step 15: Not Applicable



SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Qualified Foreign Investors subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified cum Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
----------	--

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, QFIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants bidding/applying in the reserved category	[As specified by the Issuer]

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA **XYZ LIMITED - PUBLIC ISSUE - R** **FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI'S APPLYING ON A NON-REPATRIATION BASIS**

Logo To, The Board of Directors, XYZ Limited **BOOK BUILDING ISSUE** Bid cum Application Form No. _____

SYNDICATE MEMBER'S STAMP & CODE		BROKER'S/AGENT'S STAMP & CODE		1. NAME & CONTACT DETAILS of Sole / First Applicant			
ESCROW BANK / SCSB BRANCH STAMP & CODE		SUB-BROKER'S/SUB-AGENT'S STAMP & CODE		Mr. / Ms. _____			
BANK BRANCH SERIAL NO.		REGISTRAR'S / SCSB SERIAL NO.		Address _____			
				Tel. No (with STD code) / Mobile _____			
				2. PAN OF SOLE / FIRST APPLICANT			

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS				6. Investor Status			
<input type="checkbox"/> NSDL <input type="checkbox"/> CDSL				<input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VC <input type="checkbox"/> Others (Please specify) - OTH			
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID							

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")										5. Category					
Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)						Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)						Retail Individual <input type="checkbox"/>	Non-Institutional <input type="checkbox"/>	QIB <input type="checkbox"/>
	7	6	5	4	3	2	1	4	3	2	1	4			
Option 1															<input type="checkbox"/>
(OR) Option 2															<input type="checkbox"/>
(OR) Option 3															<input type="checkbox"/>

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)										PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment	
Amount Paid (₹ in figures) _____ (₹ in words) _____											
<input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD)										<input type="checkbox"/> (B) ASBA	
Cheque/DD No. _____					Dated D / M / Y Y					Bank A/c No. _____	
Drawn on (Bank Name & Branch) _____										Bank Name & Branch _____	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKING AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT		8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY)		BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)	
Date: _____, 2011		I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue			
		1) _____			
		2) _____			
		3) _____			

XYZ LIMITED **Acknowledgement Slip for Syndicate Member / SCSB** Bid cum Application Form No. _____

DPID / CLID											PAN		
Amount Paid (₹ in figures)					Bank & Branch					Stamp & Signature of Banker			
Cheque / DD/ASBA Bank A/c No.													
Received from Mr./Ms.													
Telephone / Mobile				Email									

XYZ LIMITED	Option 1			Option 2			Option 3			Stamp & Signature of Syndicate Member / SCSB		Name of Sole / First Applicant	
	No. of Equity Shares												
	Bid Price												
	Amount Paid (₹)												
Cheque / DD/ASBA Bank A/c No.												Acknowledgement Slip for Bidder Bid cum Application Form No. _____	
Bank & Branch													

communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and all communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT

- (a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim (“PAN Exempted Bidders/Applicants”). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum

application value is within the range of Rs. 10,000 to Rs.15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

- (e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.

In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

- (b) For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.
- (e) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least Rs.10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Issue size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through

Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e)).

4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
- i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
 - ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
- i. Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category.
 - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
 - iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
 - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 FIELD NUMBER 5 : CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 FIELD NUMBER 6: INVESTOR STATUS

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 FIELD NUMBER 7: PAYMENT DETAILS

- (a) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.
- (c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.
- (d) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft (“Non-ASBA Mechanism”).
- (e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 Instructions for non-ASBA Bidders:

- (a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.
- (b) **For Bids made through a member of the Syndicate:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the members of the Syndicate at Specified Locations.
- (c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.
- (d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.

- (e) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.
- (g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.1.7.2 Payment instructions for ASBA Bidders

- (a) ASBA Bidders may submit the Bid cum Application Form either
 - i. in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or
 - ii. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
 - iii. in physical mode to a member of the Syndicate at the Specified Locations, or
 - iv. Registered Brokers of the Stock Exchange
- (b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) **ASBA Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).
- (g) **ASBA Bidders bidding through a Registered Broker** should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms.
- (h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

- (i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.
- (l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

4.1.7.3 Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

- (c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.
- (b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.
- (c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:
- i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.
 - ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.
 - iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.
 - iv. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker
 - v. Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.
- (d) The following details (as applicable) should be quoted while making any queries –
- i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
 - ii. name and address of the member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted or

- iii. In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof
- iv. In case of ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

- (a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:

COMMON BID REVISION FORM FOR ASBA / NON-ASBA		XYZ LIMITED - PUBLIC ISSUE - R				FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS	
Logo		To, The Board of Directors XYZ Limited		BOOK BUILDING ISSUE INE523L01018		Bid cum Application Form No. _____	
SYNDICATE MEMBERS STAMP & CODE		BROKER'S/AGENT'S STAMP & CODE		1. NAME & CONTACT DETAILS of Sole / First Applicant			
ESCROW BANK / SCSB BRANCH STAMP & CODE		SUB-BROKER'S/SUB-AGENT'S STAMP & CODE		Mr. / Ms. _____ Tel. No (with STD code) / Mobile _____			
BANK BRANCH SERIAL NO.		REGISTRAR'S / SCSB SERIAL NO.		2. PAN OF SOLE / FIRST APPLICANT _____			
				3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL <small>For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID</small>			
PLEASE CHANGE MY BID							
4. FROM (as per last Bid or Revision)							
Bid Options		No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)			Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)		
		(In Figures)			(In Figures)		
					Bid Price		
					Discount, if any		
					Net Price		
					"Cut-off" (Please tick)		
Option 1							
(OR) Option 2							
(OR) Option 3							
5. TO (Revised Bid)							
Bid Options		No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)			Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)		
		(In Figures)			(In Figures)		
					Bid Price		
					Discount, if any		
					Net Price		
					"Cut-off" (Please tick)		
Option 1							
(OR) Option 2							
(OR) Option 3							
6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment							
Additional Amount Paid (₹ in figures) _____ (₹ in words) _____							
<input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) Cheque/DD No. _____ Dated DD/MM/YYYY Drawn on (Bank Name & Branch) _____				<input type="checkbox"/> (B) ASBA Bank A/c No. _____ Bank Name & Branch _____			
<small>I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKINGS AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid revision Form given overleaf.</small>							
7A. SIGNATURE OF SOLE/ JOINT APPLICANT(S)			7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY) <small>I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue.</small>			BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)	
Date: _____, 2011			1) _____ 2) _____ 3) _____				
TEAR HERE							
XYZ LIMITED BID REVISION FORM				Acknowledgement Slip for Syndicate Member / SCSB		Bid cum Application Form No. _____	
DPID / CLID		PAN		Additional Amount Paid (₹)		Stamp & Signature of Banker	
Cheque / DD/ASBA Bank A/c No.		Bank & Branch		Received from Mr./Ms. _____			
Telephone / Mobile _____		Email _____					
TEAR HERE							
XYZ LIMITED BID REVISION FORM		Option 1		Option 2		Option 3	
		No. of Equity Shares		Bid Price		Additional Amount Paid (₹)	
		Cheque / DD/ASBA Bank A/c No.		Bank & Branch		Name of Sole / First Applicant	
						Acknowledgement Slip for Bidder	
						Bid cum Application Form No. _____	

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

4.2.3 FIELD 6: PAYMENT DETAILS

- (a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.
- (b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

- (d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.
- (e) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- (f) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- (a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed Rs. 200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
- i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.
 - ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
- i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
 - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
 - iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS

- (a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 FIELD 7: PAYMENT DETAILS

- (a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- (b) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").
- (c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 Instructions for non-ASBA Applicants:

- (a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).
- (b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).
- (c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.
- (d) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.
- (f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.3.5.2 Payment instructions for ASBA Applicants

- (a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.
- (b) ASBA Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) ASBA Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until

finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

- (l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.3 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

4.3.5.4 Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-

Mode of Application	Submission of Bid cum Application Form
Non-ASBA Application	1) To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form 2) To Registered Brokers
ASBA Application	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres (b) To the Designated branches of the SCSBs where the ASBA Account is maintained

- (a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.

- (b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.
- (c) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

- (a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.
- (b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.
- (c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.
- (d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

- (a) The Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs may upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

- (a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and the SCSBs may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Issue Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

- (a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

- (a) The members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to
 - i. the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,
 - ii. the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,
 - iii. the Bid cum application forms accepted but not uploaded by the members of the Syndicate, the Registered Broker and the SCSBs, or
 - iv. With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical

grounds either at the time of their submission to the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

- (a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids/Applications by OCBs; and
- (c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;
- (e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (l) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, the amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;
- (p) Bids/Applications for a Bid/Application Amount of more than Rs. 200,000 by RIIs by applying through non-ASBA process;
- (q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (s) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue

Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

- (t) With respect to ASBA Bids/Applications, inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- (v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;
- (w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);
- (x) ASBA Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;
- (y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.
- (b) Under-subscription in Retail category is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.
- (c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., Rs. 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below Rs. 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding (“Alternate Book Building Process”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be

allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot (“Maximum RII Allottees”). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer subject to compliance with the following requirements:
- i. not more than 60% of the QIB Portion will be allocated to Anchor Investors;
 - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
 - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
 - a maximum number of two Anchor Investors for allocation up to Rs.10 crores;
 - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs. 10 crores and up to Rs. 250 crores subject to minimum allotment of Rs. 5 crores per such Anchor Investor; and
 - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than Rs. 250 crores subject to minimum allotment of Rs. 5 crores per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per

Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

- (e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than Rs. 5 lakhs but which may extend to Rs. 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not repaid within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Issuer may forthwith, without interest refund the entire subscription amount received. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time, then the Issuer and every director of the Issuer who is an officer in default may be liable to repay the money, with interest at the rate of 15% per annum.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

- (a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.
- (b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.
- (c) In case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Bidders/Applicants' sole risk and neither the

Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

- (d) In the case of Bids from Eligible NRIs, FIIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various modes as mentioned below:

- (a) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;
- (b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders/Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (c) **Direct Credit**—Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (d) **RTGS**—Bidders/Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and
- (e) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders/Applicants may refer to RHP/Prospectus.

8.3.2 Mode of making refunds for ASBA Bidders/Applicants

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not

been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid /Issue Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period

Term	Description
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Manager(s)/Lead Manager/ LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid

Term	Description
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs, QFIs and FVCIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961

Term	Description
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
Qualified Foreign Investors or QFIs	Non-Resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than Rs. 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than Rs. 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992

Term	Description
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India

SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

I. The Regulations contained in Table 'F' in the first Schedule of the Companies Act, 2013 shall apply to this Company to the extent which they are not modified, amended or altered by these Articles.

II. The marginal notes hereto shall not affect the construction hereof any provision.

1. For the purposes of these Articles, in addition to the terms defined in the introduction to these Articles and in the text of these Articles, whenever used in these Articles, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

“**Act**” means the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), including wherever applicable the rules framed thereunder and the relevant provisions of the Companies Act, 1956, to the extent that such provisions have not been superseded by the Companies Act, 2013 or denotified, as the case may be;

“**Annual General Meeting**” means a meeting of the members held in accordance with provisions of Section 96 of the Act.

“**Articles**” or “**these Articles**” shall mean the Articles of Association of the Company for the time being in force.

“**Auditors**” means and include those persons appointed, as such for the time being, by the Company.

“**Board**” means meeting of the Directors duly called and constituted or, as the case may be, the Directors assembled at a Board or the Directors of the Company collectively.

“**Capital**” means the share capital for the time being raised or authorized to be raised for the purpose of the Company.

“**Company**” means Videocon d2h Limited.

“**Debentures**” includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not.

“**Directors**” means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board.

“**Dividend**” includes interim dividend.

“**Electronic mode**” means any communication by way of electronic media like tele-conferencing, video-conferencing and any other electronic media.

“**Extra Ordinary General Meeting**” mean an Extra Ordinary General Meeting of the members duly called and constituted and any adjourned meeting thereof.

“**General Meeting**” means a meeting of the Members.

“**Member**” means member as defined under Section 2 (55) of the Companies Act, 2013 and the duly registered holder, from time to time, of the shares of the Company and includes every person whose name is entered as a Beneficial Owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

“**Month**” means a calendar month.

“**Office**” means the Registered Office for the time being of the Company.

“**Paid up**” includes credited as paid-up.

“**Register of Members**” means the Register of Members to be kept pursuant to Section 88 of the Act.

“**Registrar**” means the Registrar of Companies.

“**Seal**” means the Common Seal for the time being of the Company.

“**SEBI**” means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992

“**Secretary**” means the Company Secretary appointed in pursuance of Section 203 of the Act;

“**Share**” means Share in the Capital of a Company and includes stock except where a distinction between stock and share is expressed or implied.

“**Year**” means the Calendar Year and “**Financial Year**” shall have the meaning assigned thereto by section 2(41) of the Act.

SHARE CAPITAL AND VARIATION RIGHTS

3. The Share Capital of the Company shall mean the share capital for the time being raised or authorized to be raised for the purpose of the Company, in terms of Clause V of Memorandum of Association of the Company. The Company shall have the power to increase or reduce the capital, to divide the share in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions, as may be determined by or in accordance with the Regulations, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Regulations of the Company and to consolidate or sub-divide the shares and issue shares of higher or lower denomination. The minimum paid – up capital of the Company should be Rs. 5,00,000/- (Rs. Five Lakhs only).
4. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
5. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:

- (a) Equity share capital:
 - (i) with voting rights; and / or
 - (ii) with differential rights as to dividend, voting or otherwise in accordance with the Rules; and
- (b) Preference share capital

6. LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall

not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

7. A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.
8. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board. Provided that notwithstanding what is stated above, the directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under the Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.
9. The provisions of the foregoing Articles relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.
10. The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent or at the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules.
11. The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules.
12. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
13.
 - i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.
 - ii) To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply.
14. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
15. Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.
16. **SHARES AT THE DISPOSAL OF DIRECTORS**

Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 53 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and

may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares, provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

17. FURTHER ISSUE OF SHARES

- (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of unissued capital or increased share capital, then:
 - (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date ;
 - (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right. Provided that the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him;
 - (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they, in their sole discretion, think fit.

- (2) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:
 - (a) If a special resolution to that effect is passed by the Company in a general meeting, or
 - (b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - (a) To extend the time within which the offer should be accepted; or
 - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares in the Company.

- (5) Provided that that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debenture or the raising of loan by a special resolution passed by the Company in general meeting.

ALTERATION OF CAPITAL

18. Subject to the provisions of the Act, the Company may, by ordinary resolution -
- (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares:
 Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
 - (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

19. Where shares are converted into stock:

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;
- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;
- (c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"member" shall include "stock" and "stock-holder" respectively.

20. The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, —

- (a) its share capital; and/or
- (b) any capital redemption reserve account; and/or
- (c) any securities premium account; and/or
- (d) any other reserve in the nature of share capital.

21. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at a general meeting, appointment of directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in a general meeting by special resolution.

LIEN

22. (1) The Company shall have a first and paramount lien –

- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
- (b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

- (2) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.
 - (3) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.
23. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien Provided that no sale shall be made:
- (a) unless a sum in respect of which the lien exists is presently payable; or
 - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.
24. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (2) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
 - (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.
25. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
26. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.
27. The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the Company.
33. **PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST:** The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.
34. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.
35. All calls shall be made on a uniform basis on all shares falling under the same class.
36. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by

way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

37. The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

TRANSFER AND TRANSMISSION OF SHARES

38. The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of Shares held in physical and dematerialized forms in any medium as may be permitted by law, including in any form of electronic medium. The Company shall be entitled to keep in any state or country outside India, a branch Register of Members resident in that state or country.
39. Instrument of Transfer: A common form of transfer shall be used in case of transfer of shares. The instrument of transfer shall be in writing and all the provisions of section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and the registration thereof.
40. The instrument of transfer duly stamped and executed by the transferor or the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such Shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer the certificate or certificates of the Shares must be delivered to the Company. The transfer of the Shares shall be effected within one month from the date of the lodging the transfer with the Company.
41. Notwithstanding anything contained contrary in these Articles, the shareholders shall have full, absolute, unrestricted and unfettered right to transfer, pledge, create lien, charge, mortgage and otherwise encumber the shares of the Company in favour of the lenders or in favour of any person/s acting for the benefit of the lenders as security for the loans and such lenders or the person/s acting for the benefit of the lenders, as the case may be, shall have full, absolute, unrestricted and unfettered right to sell the shares so pledged, charged and/or under the security interest and/or transfer in their name, in the name of their nominees or in the name of third person, at their sole and absolute discretion in accordance with the terms of financing/ security/ debenture documents. The Company shall immediately give effect to such transfer of share and/ or sale of the shares and register the name of the lenders or the person acting for the benefit of the lender or transferee or the subsequent purchaser as shareholder.
42. Nothing contained contrary in these Articles shall apply to any transfer or sale of shares which are charged, pledged or under the security interest as security for the loans or the transfer, sale or appropriation of shares by the lenders or by any person/s acting for the benefit of the lenders and the Company/Director shall immediately without demur register the name of the lenders or the person acting for the benefit of the lenders or any such person to whom the lenders or the person acting for the benefit of the lenders have sold or transferred the shares pursuant to its right available in any of the financing and/or security documents or the subsequent transferee.
43. On giving not less than seven days' previous notice in accordance with Section 91 of the Act and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board of Directors may from time to time determine, provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty five (45) days in the aggregate in any year.
44. Directors may refuse to register transfer: Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in-force, the Directors may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmissions by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from

the date of which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmissions, as the case may be, giving reason for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares/debentures in whatever lot shall not be refused.

45. Where in the case of partly paid Shares, an application for registration is made by the transferor the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.
46. In the case of the death of any one or more of the persons named in the Register of members as the joint-holders of any Share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such Share but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other.
47. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board of Directors and, subject as hereinafter provided elect, either:
 - a) to be registered himself as holder of the share; or
 - b) to make such transfer of the shares as the deceased or insolvent member could have made.
 (2) The Board of Directors shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.
48. (1) If the person so becoming entitled, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a note in writing signed by him stating that he so elects.
 - (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of share.
 - (3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
49. No fee on transfer or transmission: No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
50. On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the Company, provided that the Board of Directors may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days, the Board of Directors may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.
51. The Company shall incur no liability whatever in consequence of its registration or giving effect, to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable rights, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be

bound or required to regard or attend or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

FOREFEITURE OF SHARES

52. If any member fails to pay any call or, installment of a call on or before the day appointed for the payment of the same, the Board may at any time thereafter during such time as the call or installment remains unpaid give notice requiring him to pay the same together with any interest that may have accrued.
53. The notice shall name a further day (not being less than fourteen days from the date of the service of notice) on or before which the payment required by the notice is to be made; and state that, in the event of non-payment on or before the days so named, the shares in respect of which the call was made, will be liable to be forfeited.
54. If the requirements of any such notice as aforesaid shall not be complied with, every or any Shares in respect of which such notice has been given, may at any time thereafter before payment required by the notice has been made, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
55. When any Share shall have been so forfeited notice of the forfeiture to the member in whose name it stood at the time of forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members but forfeiture shall not be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
56. Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off either to the original holder thereof or to any other person upon such terms and in such a manner as the Board shall think fit.
57. Any member whose Shares have been forfeited shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at date of forfeiture, were presently payable by him to the Company in respect of the shares.
58. The forfeiture of a Share involves extinction, at the time of the forfeiture, of all interest in and claims and demands against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
59. A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.
60. The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off. The transferee shall thereupon be registered as the holder of the share. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
61. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the Shares shall (unless the same shall on demand by the company have been previously surrendered to, by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said Shares to the person entitled thereto.

62. The Board may at any time before any Shares so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof at such conditions as it thinks fit.

GENERAL MEETING

67. All general meeting other than the annual general meetings of the Company shall be called extraordinary general meetings.
68. A general meeting of a company may be called by giving not less than clear twenty-one days notice either in writing or through electronic mode in such manner as may be prescribed in the Act or rules made thereunder.
69. 1) The Board of Directors may, whenever it thinks fit call an extraordinary general meeting.
 2) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extra-ordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
- 3) The Board of Directors shall call an extraordinary general meeting, upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as on that date carries the right of voting. Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office, provided that such requisition may consist of several documents in like form each signed by one or more requisitionists. Upon the receipt of any such requisition, the Board of Directors shall forthwith call an extraordinary general meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists may themselves call the meeting, within a period of three months from the date of the requisition. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

CONDUCT OF GENERAL MEETINGS

70. (1) No business shall be transacted at any general meeting, unless a quorum or members is present at the time when the meeting proceeds to business.
 (2) Save as otherwise provided herein, the quorum for the general meeting shall be as provided in Section 103 of the Act.
71. The Chairman, if any of the Board of Directors shall preside as Chairman at every general meeting of the Company.
72. If there is no such Chairman or if he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the directors present shall elect one of their members to be the Chairman of the meeting.
73. If at any meeting no director is willing to act as Chairman or if no director is present within fifteen minutes of the time appointed for holding the meeting, the members present shall choose one of their members to be the Chairman of the meeting.
74. No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.
75. (1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place.
 (2) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the case of an original meeting.
 (3) When a meeting is adjourned for thirty days or more, fresh notice of any adjourned meeting shall be given as in the case of an original meeting.

- (4) Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.
76. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which poll is demanded shall be entitled to a second or casting vote.
77. The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.
78. There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting -
 (a) is or could reasonably be regarded, as defamatory of any person; or
 (b) is irrelevant or immaterial to the proceedings; or
 (c) is detrimental to the interests of the Company.
79. The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.
80. The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.
81. A member of the Company may participate in a General Meeting through the electronic mode, subject to compliance of section 110 of the Act and such other circulars as may be prescribed.

BOARD OF DIRECTORS

93. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 152 of the Act, the number of Directors (including Debentures and Alternate Directors) shall not be less than three or more than fifteen.
94. The First Directors of the Company are:
 1. Mr. Venugopal Nandlal Dhoot
 2. Mr. Anirudha Venugopal Dhoot
 3. Mr. Suresh Madhava Hegde
95. The Board shall have the power to appoint/re-appoint from time to time any of its members as Chairman & Managing Director or Manager of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit. The appointment and terms and conditions, including remuneration of Managing Director or Manager or Whole-Time Director shall be in accordance with Section 197 and Schedule V of the Companies Act, 2013. . The Managing Director or Manager or Whole-Time Director who are in whole-time employment in the Company shall be subject to supervision and control of the Board of Directors of the Company.
96. The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit. A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
97. The directors may participate in any meeting of the Board or a committee thereof, through electronic mode subject to compliance with applicable law.
98. At every annual general meeting of the Company one-third of such of the directors of the time being as are liable to retire by rotation in accordance with the provisions of Section 152 of the Act if their number is not three or a multiple of three, then the number nearest to one third retire from office.

99. The Director, including Alternate and Nominee Directors, if any, shall be entitled to sitting fees, for participating/attending Board Meeting or Meeting of Committee of Board of Directors, a sum not exceeding Rs. 20,000/- or such sum as may be fixed by the Board of Directors, from time to time. However, the same shall not exceed the maximum sum as is permissible under the provisions of the Act or Guidelines issued by appropriate authority, from time to time.
- 100.(1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- (2) In addition to the remuneration payable to them in pursuance to the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them:
- a) In attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
- b) In connection with the business of the Company.
101. The directors shall not be required to hold any qualifications shares in the Company.
102. Subject to the provisions of Sections 149 and 161 of the Act, the Board of Directors shall have power at any time, and from time to time, to appoint persons as additional directors, provided the number of additional directors and directors together shall not at any time exceed the maximum strength fixed for the Board of Directors by the Articles. Such a person shall hold office up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.
103. Subject to the provisions of Section 161 of the Act, the Board of Directors shall have power to appoint a person, not being a person holding any alternate directorship for any other director in the Company, to act as an alternate director to act for a director during his absence for a period of not less than three months from India.
104. The directors shall have power, at any time and from time to time, to appoint any qualified person to be a director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upon the date up to which the director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.
105. The office of a director shall become vacant on the occurrence of any events described in Section 167 of the Act and other relevant provisions if the Act.
106. Every director present at any meeting of the Board of Directors or a committee thereof shall sign his name in a book or attendance sheet to be kept for that purpose, to show his attendance there at.
107. Notwithstanding anything to the contrary contained in these Articles, so long as moneys remain owing by the Company to the IDBI Bank Limited, ICICI Bank Limited, Life Insurance Corporation of India, General Insurance Corporation of India, National Insurance Company Ltd, The Oriental Fire & General Insurance Co Ltd, The New India Assurance Co. Ltd, United India Insurance Company Ltd or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or any Public Sector Banks by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as "the Corporation") out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold debentures/shares in the Company as result of under writing or by subscription or private placement or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole-time or non-whole time (which Director or directors is/are hereinafter referred to as "**Nominee Directors**") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or her or their places. The Board of Directors of the Company shall have no power to remove office of the Nominee Directors. At the option of the Corporation such Nominee directors shall not be required to hold any share qualification in the Company. Also, at the option of the Corporation such Nominee Directors shall not be liable to retirement by rotation of Directors. The Company agrees that if the Board of Directors of

the Company has constituted or proposes to constitute any management committee or other committee (so it shall, if so required by the Corporation, include the Nominee Director as a member of such management committee or other committees). Subject as aforesaid the Nominee Director(s) shall be entitled to the same rights and privileges and be subject to the same obligations as any other director of the Company. The Nominee Director(s) so appointed shall hold the said office only so long as any money remains owing by the Company to the Corporation or so long as the Corporation hold or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the company arising out of the guarantee is outstanding and the Nominee Director(s) so appointed in exercise of the said power shall vacate such office, immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the company arising out of the guarantee furnished by the Corporation. The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director(s) is/are, Member(s) as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Nominee Director(s) shall be entitled to the same sitting fees, commission, remuneration and expense as are applicable to other Directors of the other expenses to the Nominee Director(s) directly, but the commission, remuneration or other monies and fees to which the Nominee Director(s) is/are entitled shall accrue due to the Corporation and shall accordingly be paid by the Company directly to the Corporation.

Provided that if any such Nominee Directors is in office of the Corporation the sitting fees, in relation to such Nominee director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Any expense that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be, to such Nominee Director(s). Provided also that in the event of the Nominee Director being appointed as whole time director(s), such Nominee Director(s) shall exercise such powers and duties as may be approved by the Corporation and have such right as are usually exercised or available to a Whole Time Director in the management of the affairs of the Company. Such Whole Time Director(s) shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

POWERS OF BOARD OF DIRECTORS

108. The Board of Directors shall exercise the following powers on behalf of the Company and it shall do so only by means of resolution passed by the Board at its meetings:

- a. make calls on shareholders in respect of money unpaid on the shares in the Company;
- b. Authorize buy-back of securities under Section 68 of the Act;
- c. issue securities, including debentures , whether in or outside India;
- d. borrow moneys,
- e. invest the funds of the Company;
- f. grant loans or give guarantee or provide security in respect of loans;
- g. approve financial statement and the Board's Report;
- h. diversify the business of the Company;
- i. approve amalgamation, merger or reconstruction;
- j. takeover a company or acquire a controlling or substantial stake in another company;
- k. to make political contributions;
- l. to appoint or remove key managerial personnel (KMP);
- m. to take note of appointment(s) or removal(s) of one level below the KMP;
- n. to appoint internal auditors and secretarial auditor;
- o. to buy, sell investments held by the Company (other than trade investments), constituting five percent or more of the paid up share capital or free reserves of the investee company;
- p. to invite or accept or renew public deposits and related matters;
- q. to review or change the terms and conditions of public deposits;
- r. to approve quarterly, half yearly and annual financial statements or financial results as the

- case may be; and
s. any other matter which may be prescribed from time to time.

Provided that the Board may, by a resolution passed at a meeting, delegate to any committee of Directors, the managing Director, the manager or any other principal officer of the Company, the powers specified in (d), (e) and (f) or such other powers as may be permitted from time to time on such conditions as the Board may prescribe, subject to Section 179 of the Act.

109. The Board may exercise all such powers of the Company and do all such acts and things as are not by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company accorded by a Special Resolution:
- (a) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.
 - (b) to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;
 - (c) to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business
 - (d) to remit, or give time for the repayment of, any debt due from a director.
110. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by a resolution passed at a Meeting of the Board.

PROCEEDINGS OF THE BOARD

112. (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (2) The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board.
 - (3) The quorum for a Board meeting shall be as provided in the Act.
 - (4) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
113. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
114. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

115. (1) The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
 (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
116. (1) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.
 (2) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
 (3) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
117. A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.
118. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
119. Committee may meet and adjourn as it thinks fit.
120. Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.
121. In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.
122. All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
123. Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.

DIVIDENDS AND RESERVE

133. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
134. Subject to the provisions of Section 123 of the Act, the Board of Directors may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits earned by the Company.
135. The Board of Directors may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such applications may at the like discretion either be employed in the businesses of the Company or be invested in such investments (other than shares of the Company) as the Board of Directors may, from time to time, think fit. The Board of Directors may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.
136. (1) Subject to the rights of the persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in

respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as having been paid on the share.
 - (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- 137. The Board of Directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
 - 138. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the reregistered address of the holder or in case of joint holders, to the registered address of that one of the joint holders who is first named on the register of member, or to such persons and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
 - 139. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other moneys payable in respect of such share.
 - 140. Notice of any dividend that may have been declared shall be given to the person entitled to share therein in the manner mentioned in the Act.
 - 141. No dividend shall bear interest against the Company.
 - 142. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, the Company shall, within seven days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Videocon d2h Limited Unpaid Dividend Account".
 - 143. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under Section 125 of the Act.
 - 144. No unclaimed or unpaid dividend shall be forfeited by the Board of Directors until the claim becomes barred by law.

ACCOUNTS

- 145. The Board of Directors shall cause proper books of accounts to be maintained including under Section 128 of the Act.
- 146. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any accounts or books or documents of the Company except as conferred by law or authorized by the Board or by the Company in a General Meeting.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date

Material Contracts to the Issue

1. Engagement Letters with (i) Axis and UBS, dated June 30, 2014; (ii) Edelweiss, dated September 18, 2014; (iii) I-Sec, dated July 30, 2014; (iv) IDBI Capital, dated August 1, 2014; (v) SBICAP, dated August 28, 2014; and (vi) YES Bank, dated August 28, 2014.
3. Issue Agreement dated September 29, 2014 between our Company and the JGCBRLMs.
4. Agreement dated July 21, 2014 executed between our Company and the Registrar to the Issue.
5. Escrow Agreement dated [●] among our Company, the JGCBRLMs, the Escrow Collection Banks and the Registrar to the Issue.
6. Syndicate Agreement dated [●] between our Company and the members of the Syndicate.
7. Underwriting Agreement dated [●] among our Company, the Underwriters and the Registrar to the Issue.

Material Documents

1. Our Memorandum of Association and Articles of Association, as amended until date.
2. Our certificate of incorporation dated November 22, 2002 and fresh certificate of incorporation dated July 1, 2014.
3. Board resolution and shareholders' resolution of our Company, dated June 23, 2014 and July 17, 2014, respectively, authorizing the Issue and other related matters.
4. Resolutions of the the Board of Directors and IPO Committee dated September 23, 2014 and September 29, 2014, respectively approving the Draft Red Herring Prospectus.
5. Approval dated [●], issued by the MIB, GoI in relation to the Issue.
6. Report of the Auditors dated September 23, 2014, prepared as per Indian GAAP and mentioned in the "*Financial Statements*" on page 159.
7. Copies of annual reports of our Company for the last five financial years and financial statements for the three months ended June 30, 2014.
8. The statement of tax benefit report dated September 25, 2014 prepared by the Auditors as mentioned in "*Statement of Tax Benefits*" on page 79.
9. Consents of Bankers to our Company, the JGCBRLMs, lenders, monitoring agency, Syndicate Members, Registrar to the Issue, Bankers to the Issue, legal counsels, Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, as referred to act, in their respective capacities.
10. The DTH License Agreement dated December 28, 2007 among our Company and the President of India acting through Director, B P& L, MIB, GoI.
11. The K_v-Band Lease Agreement dated April 19, 2012, and amendment No. 1 dated June 19, 2013, among our Company and the Department of Space, Government of India.
12. Consent of the Auditors for inclusion of their report on accounts in the form and context in which they appear in this Draft Red Herring Prospectus.
13. Certificate dated September 25, 2014, issued by the Auditors confirming all transactions between our Company and TEL have been carried out on an arms' length basis.
14. Quotation dated September 24, 2014, received from TEL, for purchase of consumer premises equipment through the proceeds of the Issue.
15. In-principle listing application dated [●] filed with the BSE.
16. In-principle listing approval dated [●] received from the BSE.
17. Tripartite Agreement dated June 12, 2009 among our Company, NSDL and the Registrar to the Issue.
18. Tripartite Agreement dated October 15, 2012 among our Company, CDSL and the Registrar to the Issue.
19. Due diligence certificate dated September 29, 2014 to the SEBI from the JGCBRLMs.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules or regulations issued thereunder, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

(Mr. Saurabh Pradipkumar Dhoot)

(Whole-time Director)

(Mr. Shivratn Jeetmal Taparia)

(Independent Director)

(Mr. Pradeep Ramwilas Rathi)

(Independent Director)

(Mr. Nabankur Gupta)

(Independent Director)

(Mr. Karunchandra Srivastava)

(Independent Director)

AND

Mr. Avanti Kumar Kanthaliya

(Chief Financial Officer)

Place: Mumbai

Date: September 29, 2014