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## Section 1: 20-F/A (FORM 20-F AMENDMENT)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**Form 20-F/A  
(Amendment No. 2)**

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REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report \_\_\_\_\_

Commission file number 001-36901

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## **Videocon d2h Limited**

(Exact name of Registrant as specified in its charter)

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**Republic of India**  
(Jurisdiction of incorporation or organization)

1st Floor, Techweb Centre  
New Link Road  
Oshiwara Jogeshwari (West)  
Mumbai 400 102 Maharashtra, India  
(Address of principal executive offices)

Law Debenture Corporate Services Inc.  
400 Madison Avenue, 4th Floor  
New York, NY 10017  
Tel: (212) 7506474  
Fax: (212) 7501361

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each class  
American Depositary Shares, each representing four Equity Shares, par value 10

Name of each exchange on which registered  
The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:

392,999,600 Equity Shares, par value 10 rupees per share

392,999,600

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on our corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by checkmark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by checkmark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

\* The Equity Shares were registered in connection with the registration of American Depositary Shares ("ADSs"). The Equity Shares are not listed for trading on the Nasdaq Stock Market LLC.

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**EXPLANATORY NOTE**

This Amendment No. 2 (“Amendment No. 2”) to our annual report on Form 20-F for the year ended March 31, 2015, originally filed with the Securities and Exchange Commission (the “SEC”) on July 28, 2015 (the “Original 2015 Form 20-F”), as amended by Amendment No. 1 (“Amendment No. 1”) on Form 20-F filed with the SEC on February 5, 2016 (the Original 2015 Form 20-F, as amended by Amendment No. 1 and this Amendment No. 2, the “2015 Form 20-F”), is being filed solely for the purpose of amending Item 18 to correct the previously filed audit report which (i) omitted the phrase “in conformity with IFRS” at the end of the paragraph under “Opinion” and (ii) omitted the word “million” after the phrase “losses amounting to INR 17,300.70” under the paragraph “Other matter”, each of which was included in the actually issued audit report dated February 5, 2016.

Other than as expressly set forth above, this Amendment No. 2 does not, and does not purport to, amend, update or restate the information in any other item of the 2015 Form 20-F, or reflect any events that have occurred after the Original 2015 Form 20-F was originally filed. The Company’s 2015 Form 20-F, continues to speak as of the initial filing date of the Original 2015 Form 20-F.

**ITEM 18. FINANCIAL STATEMENTS**

See pages F-1 through F-42.

**ITEM 19. EXHIBITS**

The following exhibits are filed as part of this Form 20-F:

- 12.1 Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 and 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 12.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 and 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certification of the Principal Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 15 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 13.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 15 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf by the undersigned, thereunto duly authorized.

Videocon d2h Limited

\_\_\_\_\_  
(Registrant)

Date February 18, 2016

By:                   /s/ Saurabh Pradipkumar Dhoot                  

(Signature)

Saurabh Pradipkumar Dhoot  
Executive Chairman

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**INDEPENDENT AUDITOR'S REPORT (REVISED)**

**To the Board of Directors of**

**Videocon d2h Limited  
(formerly known as Bharat Business Channel Limited)**

We have audited the accompanying statement of financial position of **Videocon d2h Limited (formerly known as Bharat Business Channel Limited) (the "Company")** as of March 31, 2015 and 2014 and the related income statement, statement of changes in equity and cash flows for the three year period ended March 31, 2015 and had issued Independent Auditor's report on May 27, 2015 where, in the opinion paragraph the reference was made only to the financial statements for the year ended March 31, 2015. However as we have also audited the financial statements for years ended March 31, 2014 and March 31, 2013, the said report has now been revised, as under, to refer to each period for which audited financial statements are required, that is, for the three year period ended March 31, 2015.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of these financial statement in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS') and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall restated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Videocon d2h Limited as at March 31, 2015 and 2014 and the related income statement, statement of changes in equity and cash flows for the three year period ended March 31, 2015 in conformity with IFRS.

**Other matter**

As discussed in Note 2 to the financial statement, the Company has incurred a loss of INR 2,726.64 million during the year ended March 31, 2015 and has accumulated losses amounting to INR 17,300.70 million as at March 31, 2015, resulting into substantial erosion of its net worth. The management is confident of meeting its funds requirements in the future and generating cash flow from business operations through increasing it's subscriber's base. Accordingly, the financial statement has been prepared on going concern basis. The financial statement does not include the adjustments that would result if the Company was unable to continue as a going concern.

**Khandelwal Jain & Co.  
Chartered Accountants**

Place : Mumbai, India  
Date : February 5, 2016

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**Videocon d2h Limited – Financial Statements**

(All amounts are in INR Million)

**Income Statement**

| Particulars                                | Note  | For the year ended                  |                                     |                                     |
|--|-------|-------------------------------------|-------------------------------------|-------------------------------------|
|  |       | March 31,<br>2015<br>(₹ in Million) | March 31,<br>2014<br>(₹ in Million) | March 31,<br>2013<br>(₹ in Million) |
| <b>INCOME</b>                              |       |                                     |                                     |                                     |
| Revenue from operations                    | 7     | 23,377.08                           | 17,644.10                           | 11,295.47                           |
|  |       | <b>23,377.08</b>                    | <b>17,644.10</b>                    | <b>11,295.47</b>                    |
| <b>EXPENSE</b>                             |       |                                     |                                     |                                     |
| Operating expense                          | 9     | 13,853.05                           | 10,715.06                           | 8,264.59                            |
| Employee benefits expense                  | 10    | 1,023.28                            | 864.28                              | 778.70                              |
| Administration and other expenses          | 11    | 688.04                              | 538.71                              | 445.41                              |
| Selling and distribution expenses          | 12    | 1,856.32                            | 1,605.56                            | 1,033.37                            |
| Depreciation, amortization and impairment  | 16&17 | 5,286.82                            | 4,211.89                            | 3,125.87                            |
| <b>Total Expenses</b>                      |       | <b>22,707.51</b>                    | <b>17,935.50</b>                    | <b>13,647.94</b>                    |
| <b>Profit / (Loss) from operations</b>     |       | <b>669.57</b>                       | <b>(291.40)</b>                     | <b>(2,352.47)</b>                   |
| Finance costs / Finance Income (Net)       | 13    | (4,614.22)                          | (4,351.02)                          | (2,746.52)                          |
| Other Income                               | 8     | 0.08                                | 17.26                               | 3.60                                |
| <b>Profit / (loss) before tax</b>          |       | <b>(3,944.57)</b>                   | <b>(4,625.16)</b>                   | <b>(5,095.39)</b>                   |
| <b>Profit / (Loss) before tax</b>          |       | <b>(3,944.57)</b>                   | <b>(4,625.16)</b>                   | <b>(5,095.39)</b>                   |
| <b>Income tax expense</b>                  |       |                                     |                                     |                                     |
| Current tax                                | 14    | —                                   | —                                   | —                                   |
| Deferred tax                               | 14    | (1,217.93)                          | (1,429.68)                          | (1,571.06)                          |
| <b>Profit / (Loss) after tax</b>           |       | <b>(2,726.64)</b>                   | <b>(3,195.48)</b>                   | <b>(3,524.33)</b>                   |
| <b>Basic and Diluted earning per share</b> | 15    | <b>(11.25)</b>                      | <b>(13.20)</b>                      | <b>(16.59)</b>                      |

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**Videocon d2h Limited – Financial Statements**

(All amounts are in INR Million)

**Statement of Financial Position**

| Particulars  | Note | As at                                  |  |
|--|------|--|--|
|  |      | March 31,<br>2015<br>(₹<br>in Million) | March 31,<br>2014<br>(₹<br>in Million) |
| <b>Assets</b>  |      |  |  |
| <b>Non-current Assets</b>                                |      |  |  |
| Property, Plant and equipment & Capital Work-in-Progress | 16   | 25,315.45                              | 22,774.61                              |
| Intangible Assets  | 17   | 1,072.53                               | 1,250.93                               |
| Other Financial Assets                                   | 20   | 861.32                                 | 2,225.01                               |
| Deferred Tax Assets (Net)                                |      | 7,708.19                               | 6,490.26                               |
| <b>Total non-current assets</b>                          |      | <b>34,957.49</b>                       | <b>32,740.81</b>                       |
| <b>Current Assets</b>                                    |      |  |  |
| Inventories  | 18   | 341.25                                 | 317.13                                 |
| Trade Receivables  | 19   | 1.63                                   | 4.24                                   |
| Other Financial Assets                                   | 20   | 3,168.34                               | 747.16                                 |
| Other Non-Financial Assets                               | 20   | 907.93                                 | 1,721.45                               |
| Cash and cash equivalents                                | 21   | 9,888.77                               | 184.90                                 |
| <b>Total current assets</b>                              |      | <b>14,307.92</b>                       | <b>2,974.88</b>                        |
| <b>Total Assets</b>                                      |      | <b>49,265.41</b>                       | <b>35,715.69</b>                       |
| <b>Equity</b>  |      |  |  |
| Share Capital  |      | 3,930.00                               | 2,420.00                               |
| Share Premium  |      | 21,380.88                              | 5,840.00                               |
| Retained earnings  |      | (17,300.70)                            | (14,574.06)                            |
| <b>Total Equity</b>                                      |      | <b>8,010.18</b>                        | <b>(6,314.06)</b>                      |
| <b>Liabilities</b>                                       |      |  |  |
| <b>Non-current Liabilities</b>                           |      |  |  |
| Long-term borrowings                                     | 22   | 23.13                                  | —                                      |
| Other Non-Financial Liabilities                          | 23   | 2,869.14                               | 2,668.99                               |
| Post employment benefits                                 | 24   | 44.99                                  | 29.87                                  |
| Others employment benefits                               | 25   | 26.10                                  | 18.19                                  |
| <b>Total non-current liabilities</b>                     |      | <b>2,963.36</b>                        | <b>2,717.05</b>                        |
| <b>Current Liabilities</b>                               |      |  |  |
| Short-term borrowings                                    | 22   | —                                      | 2,250.00                               |
| Trade Payable  |      | 4,338.03                               | 2,203.87                               |
| Other Non-Financial Liabilities                          | 23   | 7,199.90                               | 5,597.46                               |
| Other Financial Liabilities                              | 23   | 26,747.99                              | 29,256.55                              |
| Post employment benefits                                 | 24   | 2.53                                   | 1.81                                   |
| Others employment benefits                               | 25   | 3.42                                   | 3.01                                   |
| <b>Total current liabilities</b>                         |      | <b>38,291.87</b>                       | <b>39,312.70</b>                       |
| <b>Total Liabilities</b>                                 |      | <b>41,255.23</b>                       | <b>42,029.75</b>                       |
| <b>Total equity and liabilities</b>                      |      | <b>49,265.41</b>                       | <b>35,715.69</b>                       |



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**Videocon d2h Limited – Financial Statements**

(All amounts are in INR Million)

**Statement of Cash flows**

|  | March 31,<br>2015<br>(₹ in Million) | March 31,<br>2014<br>(₹ in Million) | March 31,<br>2013<br>(₹ in Million) |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                                      |                                     |                                     |                                     |
| <b>Profit before Tax</b>   | <b>(3,944.57)</b>                   | <b>(4,625.16)</b>                   | <b>(5,095.39)</b>                   |
| <b>Adjustments for:</b>  |                                     |                                     |                                     |
| Depreciation, Amortization and Impairment  | 5,286.82                            | 4,211.89                            | 3,125.87                            |
| Finance Costs  | 4,716.75                            | 4,447.98                            | 2,797.35                            |
| Interest Income  | (102.53)                            | (96.96)                             | (50.83)                             |
| Employee benefits expenses   | 24.16                               | 6.38                                | 14.71                               |
| Liabilities/ provisions no longer required written back                          | —                                   | (15.41)                             | (2.52)                              |
| <b>Operating cash flow before changes in assets and liabilities</b>              | <b>5,980.63</b>                     | <b>3,928.72</b>                     | <b>789.19</b>                       |
| Decrease/(increase) in inventories   | (24.12)                             | (63.96)                             | (64.30)                             |
| Decrease/(increase) in trade receivables   | 2.61                                | 14.50                               | 12.35                               |
| Decrease/(increase) in other financial and non-financial assets                  | (244.64)                            | (1,635.12)                          | (310.18)                            |
| Increase/(decrease) in trade payable   | 2,134.17                            | 227.06                              | 428.24                              |
| Increase/(decrease) in other financial and non-financial liabilities             | 1,258.55                            | 875.65                              | 2,797.97                            |
| <b>Cash generated from operations</b>  | <b>9,107.20</b>                     | <b>3,346.85</b>                     | <b>3,653.27</b>                     |
| Income tax paid  | (0.67)                              | 19.25                               | 20.01                               |
| <b>Net cash inflow from operating activities</b>                                 | <b>9,107.87</b>                     | <b>3,327.60</b>                     | <b>3,633.26</b>                     |
| <b>Cash flows from investing activities</b>                                      |                                     |                                     |                                     |
| Purchase of intangible assets  | (55.10)                             | (63.02)                             | (491.08)                            |
| Property, Plant and equipment & Capital Work-in-Progress                         | (7,597.34)                          | (6,438.82)                          | (7,010.37)                          |
| Decrease in Capital Work-in-Progress & Disposal of Property, Plant and equipment | 3.17                                | 285.54                              | 2.14                                |
| Interest Income  | 102.53                              | 96.96                               | 50.83                               |
| <b>Net cash flow from investing activities</b>                                   | <b>(7,546.74)</b>                   | <b>(6,119.34)</b>                   | <b>(7,448.48)</b>                   |
| <b>Cash flows from financing activities</b>                                      |                                     |                                     |                                     |
| Increase in Equity Share Capital   | 1,510.00                            | —                                   | 600.00                              |
| Share Premium Received   | 15,540.88                           | —                                   | 2,400.00                            |
| Share Application Money  | —                                   | —                                   | (3,000.00)                          |
| Proceeds from borrowings   | 8,163.82                            | 7,333.25                            | 14,269.26                           |
| Repayment of borrowings  | (12,355.20)                         | (5,697.30)                          | (1,909.95)                          |
| Interest & other borrowing costs paid  | (4,716.75)                          | (4,447.98)                          | (2,797.35)                          |
| <b>Net cash flow from financing activities</b>                                   | <b>8,142.75</b>                     | <b>(2,812.03)</b>                   | <b>9,561.96</b>                     |
| <b>Net increase/(decrease) in cash and cash equivalents during the year</b>      | <b>9,703.87</b>                     | <b>(5,603.77)</b>                   | <b>5,746.74</b>                     |
| Cash and cash equivalents at beginning of the financial year                     | 184.90                              | 5,788.67                            | 41.93                               |
| <b>Cash and cash equivalents at end of the financial year</b>                    | <b>9,888.77</b>                     | <b>184.90</b>                       | <b>5,788.67</b>                     |

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### Videocon d2h Limited – Financial Statements

(All amounts are in INR Million)

#### Notes to Financial Statements for the year ended March 31, 2015

##### Statement of Changes in Equity

|                             | Called up share capital | Share premium | Share Application Money | Retained earnings | Accumulated Other Comprehensive Income / (Loss) | Total      |
|-----------------------------|-------------------------|---------------|-------------------------|-------------------|---|------------|
| Balance as at March 31 2013 | 2,420.00                | 5,840.00      | —                       | (11,378.58)       | —   | (3,118.58) |
| Loss for the year           | —                       | —             | —                       | (3,195.48)        | —   | (3,195.48) |
| Balance as at March 31 2014 | 2,420.00                | 5,840.00      | —                       | (14,574.06)       | —   | (6,314.06) |
| Additional Issued           | 1,510.00                | 15,540.88     | —                       | —                 | —   | 17,050.88  |
| Loss for the year           | —                       | —             | —                       | (2,726.64)        | —   | (2,726.64) |
| Balance as at March 31 2015 | 3,930.00                | 21,380.88     | —                       | (17,300.70)       | —   | 8,010.18   |

##### Share Capital

| Particulars   | As at March 31, 2015     |                         | As at March 31, 2014     |                         |
|---|--------------------------|-------------------------|--------------------------|-------------------------|
|   | No of Shares<br>(in Nos) | Value<br>(₹ in Million) | No of Shares<br>(in Nos) | Value<br>(₹ in Million) |
| Authorized shares<br>(Equity Shares of ₹ 10/- each)     | 500,000,000              | 5,000.00                | 500,000,000              | 5,000.00                |
| Ordinary shares of ₹ 10 allotted, issued and fully paid | 242,000,000              | 2,420.00                | 242,000,000              | 2,420.00                |
| Allotted during the year                                | 150,999,600              | 1,510.00                | —                        | —                       |
| As at March 31  | 392,999,600              | 3,930.00                | 242,000,000              | 2,420.00                |

a) The company, under ESOP Plan 2014, has given an option to its eligible employees entitling upto 4,000,000 equity shares. Each option pursuant to the ESOP 2014 entitles the grantees to apply for one equity share. The exercise price is lower of Rs 50 or a price equivalent to 50% of the issue price determined pursuant to an initial public offering. Till March 31, 2015, the option has not been granted.

b) In terms of Contribution agreement entered between company and Silver Eagle Acquisition Corporation;

(i) Certain shareholders of the company are entitled to be issued an additional 11,680,000 American Depository Shares (ADS) equivalent to 46,720,000 equity shares of the company;

(ii) The Company is also required to issue to the Global Eagle Acquisition LLC by way of a bonus issue of shares (or such other form of share issue as determined by the independent members of the Board of Directors of Videocon d2h) an additional 2,000,000 American Depository Shares.

(iii) The company has also granted a stock option of 2,800,000 equity shares to its executive director, Mr Saurabh Dhoot;

These equity shares will be issued by way of a bonus shares or such other form of share issue as determined and is subject to the achievement of certain ADS price targets on Nasdaq for a specified period during three years after listing.

c) The equity shares listed in clause a & b above are subject to approval of Ministry of Information & Broadcasting (MoIB)

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

##### **1. Corporate information**

Videocon d2h Limited is a limited company incorporated and domiciled in India under the Companies Act, 1956 of India. The name of the Company was changed from Bharat Business Channel Limited to the current name now, Videocon d2h Limited on July 1, 2014. The registered office is located at Auto Cars Compound, Adalat Road, Aurangabad, 431005, Maharashtra, India.

The company is engaged in the business of providing Direct to Home (DTH) services to its subscribers. The company has entered into a license agreement with the Ministry of Information and Broadcasting to provide DTH services in India. The DTH services are rendered to the subscribers through Consumer Premises Equipment (CPE) used for receiving and broadcasting DTH signals at subscriber's premises.

##### **2. Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') and IFRIC interpretations, as issued by the International Accounting Standards Board. These financial statements have been prepared under the historical cost convention, as modified by financial assets /financial liabilities at fair value through statement of Income.

These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at March 31, 2015. The policies set out below have been consistently applied to all the years presented.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 & 5. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The financial statements provide comparative information in respect of the previous periods. In addition, the company presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

The Company has incurred a loss of INR 2,726.64 mn during the year ended March 31, 2015 and has accumulated losses amounting to INR 17,300.70 mn as at March 31, 2015, resulting into substantial erosion of its net worth. Further, the Company has breached certain covenants of the long term loan agreements. These factors raise significant doubt that the entity will be able to continue as a going concern. The management is confident of meeting its funds requirements in the future and generating cash flow from business operations through increasing its subscriber's base. Accordingly, these financial statements have been prepared on going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

### **3. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company.**

The following new standards or interpretations have not been applied for the year ended 31<sup>st</sup> March 2015.

| <u>STANDARDS OR INTERPRETATIONS</u>             | <u>EFFECTIVE DATE</u> |
|---|-----------------------|
| IFRS 9 – Financial Instruments                  | 1 January 2018        |
| IFRS 15 – Revenue from contracts with Customers | 1 January 2017        |

#### **IFRS 9 *Financial Instruments***

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

#### **IFRS 15 *Revenue from Contracts with Customers***

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

#### **Amendments:**

IAS 19 (amendment), 'Defined Benefit Plans – Employee Contributions', is effective for periods beginning on or after 1 July 2014. The amendment simplifies the accounting treatment of contributions received from employees or third parties for defined benefit plans. The accounting treatment depends on whether the contributions are independent of the number of years of employee service. If the contributions are independent, for example employee contributions that are calculated according to a fixed percentage of salary, the contributions may be recognised as a reduction in the service cost in the period in which the related service is rendered. If the contribution is linked to years of service the contribution is recognised as part of the gross benefit attributed to the employee.

This amendment is unlikely to have a material impact on the financial statement of the company.

IAS 28 and IFRS 10 (amendment), 'Sale or Contribution of Assets between an investor and its associate or joint venture', are effective for periods beginning on or after 1 January 2016. The amendment requires on the transfer of an asset that is a business in a downstream transaction that the group recognise the gain or

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

loss on the transfer in full. On transfer of an asset that is not a business, the investor recognises a partial gain or loss based on the group's unrelated interest in the associate or joint venture.

Consistently IFRS 10 has been amended that the full gain or loss is not recognised when a subsidiary is transferred that does not meet the definition of a business.

This amendment is unlikely to have an impact on the Company as it has no subsidiary or associate.

IAS 16 & IAS 38 (amendments), 'Clarification of Acceptable Methods of Depreciation and Amortisation', is effective for periods beginning on or after 1 January 2016. The amendment clarifies that a depreciation method based on revenue is not an appropriate method in determining a pattern in which the assets future economic benefits are consumed

This amendment is unlikely to have a material impact on the financial statement of the company.

IAS 16 & IAS 41 (amendments), 'Agriculture: Bearer Plants', is effective for periods beginning on or after 1 January 2016. The amendment provides a definition of bearer plants which are scoped out of IAS 41. Instead bearer plants would fall to be within the scope of IAS 16. Bearer plants are broadly those which are used in the production or supply of agricultural produce over more than one period and are unlikely to be sold as agricultural produce.

This amendment is unlikely to have an impact on the Company as it has no agricultural activities involving bearer plants.

IFRS 11 (amendment), 'Accounting for acquisitions of interests in joint operations', is effective prospectively for periods beginning on or after 1 January 2016. The amendments clarifies that a joint operator that acquires an asset or group of assets in a joint operation that represents a business in accordance with IFRS 3, applies the principles in IFRS 3 in accounting for business combinations to the acquisition. This will result in separate recognition of goodwill if any arises on the acquisition. If the asset or group of assets acquired does not constitute a business the principles of IFRS 3 are not applied.

This amendment is unlikely to have an impact on the Company as it has no joint operations.

#### **4. Significant accounting policies**

##### **4.1 Intangible assets**

Intangible Assets which includes License Fees, Computer Software, Technical Know-how and Trade Mark / Brand, are measured at cost of acquisition and are stated at cost less accumulated amortization and impairment, if any. Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised

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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

**a) License fees**

Acquired licenses are initially recognised at cost. Subsequently, license fees are measured at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation period for license fees is determined primarily by reference to the unexpired license period. Amortisation is charged to the income statement on a straight-line basis over the period of license. The useful life of license is 10 years.

**b) Computer software**

Computer software comprises of computer softwares purchased from third parties. Computer software licenses are capitalised on the basis of all the costs incurred to acquire and bring into use the specific purpose.

Software integral to a related item of hardware equipment is accounted for as property, plant and equipment. Costs associated with maintaining computer software programs are recognised as an expense when they are incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the date the software is available for use. The useful economic life is estimated at 5 years.

**c) Trademarks / Brand / Technical know-how and Designs**

Trademark / Brand / Technical know-how and Designs are measured at cost and are amortised on straight line basis over its useful life which is the shorter of the license term and the useful economic life. The useful economic life is estimated at 10 years.

#### **4.2 Property, plant and equipment**

Property, plant and equipment 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repair and maintenance costs are recognized in Income statement as incurred.

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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, using the straight-line method, over their estimated useful lives, as follows:

| <u>Assets</u>  | <u>Useful Life</u> |
|--|--------------------|
| <b>Land and Building</b>                                   |                    |
| Building   | 30 Years           |
| <b>Equipment &amp; Machinery</b>                           |                    |
| Plant and Machinery  | 13 – 15 years      |
| Consumer Premises Equipment                                | 7 Years            |
| Computer hardware  | 3 – 6 years        |
| <b>Other assets (Furniture &amp; Fixtures and Vehicle)</b> |                    |
| Furniture & Fixtures                                       | 10 years           |
| Vehicles   | 8 years            |

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

#### **4.3 Impairment of assets**

##### **Property, plant and equipment and intangible assets**

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **4.4 Revenue**

- 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 completion of activation services and is net of service tax and any discount given.

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

- c) Revenue from installation is recognized on completion of the installation services and is net of service tax.
- d) Revenue on account of sale of Set Top 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 like carriage fees and advertisement revenue are recognized on rendering of the service and are net of service tax.
- g) Interest income is recognized on time proportion basis taking into account the amount invested and the rate of interest.
- h) Revenue and Expenditure on account of Free Commercial Time (FCT) granted by the broadcaster/s is recognised as and when same is utilised.

#### **4.5 Inventories**

Inventories is stated at the lower of cost and net realisable value. Cost is determined on weighted average basis and comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition.

#### **4.6 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as an assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in Trade and other payables. Finance charges are recognised in the income statement.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

#### **Arrangement containing lease**

The determination of whether an arrangement is, or contains, a lease is based on the substance of arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### **4.7 Foreign currencies**

##### **a) Functional and presentation currency**

The financial statements of the company are presented in Indian Rupees ('INR') which is the functional currency of the Company.



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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

##### **b) Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the rates prevailing on the reporting period date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Administration & Other expenses' (net).

#### **4.8 Employment benefits**

##### **a) Short Term Employees Benefits**

All employee benefits payable 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 Income Statement in the period in which the employee renders the related service.

##### **b) Long Term Employee Benefits**

###### **i) Provident Fund and employees' state insurance schemes**

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. These contributions are made to the fund administered and managed by the Government of India. The Company's contributions to both these schemes are expensed. The Company has no further obligations under these plans 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 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 Income Statement as income or expenses.

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

##### **iii) Leave Encashment and Other long term benefit**

Liability in respect of leave encashment for complete financial year is determined using the projected unit credit method with independent actuarial valuations as on the date of Statement of financial position and gains/losses are recognized immediately in the Income Statement.

- c) The employee stock option plan is measured by reference to fair value in accordance with IFRS 2 (Share Based Payment) at the date at which equity instruments are granted and is recognized as an expenses over the vesting period, which ends on the date on which the employee becomes fully entitled to the award. Fair value is determined by using Black Scholes Model of valuation.

#### **4.9 Taxation**

Income tax expense represents the sum of the current tax and deferred tax.

The charge for current tax is based on the result for the year adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is recognised in the income statement unless the item to which the tax relates was recognised outside the income statement being other comprehensive income or equity. The tax associated with such an item is also recognised in other comprehensive income or equity respectively

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to Income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

A change in deferred tax assets and liabilities as a result of a change in the tax rates or laws are recognised in Income statement or other comprehensive income to the extent that it relates to items previously recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

#### **4.10 Financial instruments**

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition.

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

##### **Trade receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

##### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balance with banks, being those with original maturities of three months or less.

##### **Trade payables**

Trade payables are not interest bearing and are stated at their nominal value.

##### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

##### **Capital market and bank borrowings**

Interest bearing loans are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

##### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

#### **4.11 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### **4.12 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

#### **4.13 Earnings per share**

The Company's earnings per share ('EPS') is determined based on the net loss attributable to the equity shareholders. Basic loss per share are computed using the weighted average number of shares outstanding during the year. Diluted loss per share is computed using the weighted average number of common and dilutive common equivalent shares if any outstanding during the year, except where the result would be anti-dilutive.

#### **4.14 Borrowing costs**

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The interest cost incurred for funding a qualifying asset during the construction period is capitalised based on actual investment in the asset at the average interest rate. All other borrowing costs are recognised in Income statement in the period in which they are incurred.

#### **4.15 Exceptional Items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

#### **5. Critical accounting estimates**

The company prepares its financial statements in accordance with IFRS as issued by the IASB, the application of which often requires judgments to be made by management when formulating the company's financial position and results. Under IFRS, the management of the company is required to adopt those accounting policies most appropriate to the company's circumstances for the purpose of presenting fairly the company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the company's disclosure of significant IFRS accounting policies which are provided in note 4 to the financial statements, "Significant accounting policies".

Management has discussed its critical accounting estimates and associated disclosures with the company's Audit Committee.

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

##### **a. Impairment reviews**

IFRS requires management to undertake an annual test for impairment of finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

##### **b. Revenue recognition**

###### **Arrangements with multiple deliverables**

In revenue arrangements including more than one deliverable, the arrangement considerations are assigned to one or more separate deliverables based on its relative fair values for revenue recognition purpose.

Determining the fair value of each deliverable can require estimates due to the nature of the goods and services provided.

##### **c. Taxation**

The Company is subject to income taxes in Indian jurisdictions. Significant judgments are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain; such determination being made by the relevant taxing authorities. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be found to be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Where considered necessary estimates are developed by management based on external specialist advice.

There are no other judgemental areas identified by management that could have a material effect on the provisions made at the reporting date.

###### **Recognition of deferred tax assets**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

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**Videocon d2h Limited – Financial Statements**  
*(All amounts are in INR Million)*

**Notes to Financial Statements for the year ended March 31, 2015**

Recognition therefore involves judgement regarding the future financial performance of the company.

**d. Employee benefit**

The present value of the employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of employment benefits.

Discount rate as determined by the actuary is the interest rate used to discount the defined benefit obligation and calculate the net interest recognised in profit or loss on the net defined benefit liability. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms of maturity approximating the terms of the related pension obligation.

Other key assumptions relevant to the defined employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are provided in note 24 & 25.

**e. License Fees**

There are transactions and calculations for which the ultimate license fees determination is uncertain; such determination being made by the relevant authorities. The company recognises liabilities based on estimates of whether additional fees will be found to be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement and liabilities in the period in which such determination is made.

There are no other judgemental areas identified by management that could have a material effect on the provisions made at the reporting date.

**f. Other intangible assets**

**Estimation of useful life**

The useful life used to intangible assets relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of intangible assets is as follows:

**Capitalised software**

The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licenses, the useful life represents management's view of expected term over which the Company will receive benefits from the software, but not exceeding the license term. For unique software products controlled by the Company, the life is based on historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. Historically changes in useful lives have not resulted in material changes to the Company's amortisation charge.

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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

##### **g. Property, plant and equipment**

Property, plant and equipment also represent a significant proportion of the asset base of the Company being 61% as at March 31 2015 (March 31, 2014: 78%) of the Company's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

##### **Estimation of useful life**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement.

The useful lives and residual values of Company assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Historically changes in useful lives and residual values have not resulted in material changes to the Company's depreciation charge.

##### **h. Provisions and contingent liabilities**

The Company exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see note 27). Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

#### **6. Segment analysis**

The Company operates in a single business segment viz. Direct to Home services in India; accordingly there is no reportable business segment or geographical segment.

#### **7 Revenue from operations**

| <u>Particulars</u>                  | <u>For the years ended</u>                               |  |  |
|-------------------------------------|--|--|--|
|                                     | <u>March 31,</u><br><u>2015</u><br><u>(₹ in Million)</u> | <u>March 31,</u><br><u>2014</u><br><u>(₹ in Million)</u> | <u>March 31,</u><br><u>2013</u><br><u>(₹ in Million)</u> |
| Subscription Revenue                | 20,581.41  | 14,877.41  | 9,356.23   |
| Other Operating Revenue             | 1,760.16   | 1,891.88   | 1,300.85   |
| Lease Rentals                       | 927.35   | 761.34   | 591.90   |
| Sale of set top box and accessories | 108.16   | 113.47   | 46.49  |
|                                     | <b>23,377.08</b>   | <b>17,644.10</b>   | <b>11,295.47</b>   |

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### Videocon d2h Limited – Financial Statements (All amounts are in INR Million)

#### Notes to Financial Statements for the year ended March 31, 2015

#### 8 Other Income

| Particulars   | For the years ended |                   |                   |
|---|---------------------|-------------------|-------------------|
|   | March 31,<br>2015   | March 31,<br>2014 | March 31,<br>2013 |
|   | (₹ in Million)      | (₹ in Million)    | (₹ in Million)    |
| Liabilities/ provisions no longer required written back | —                   | 15.41             | 2.52              |
| Other non-operating income                              | 0.08                | 1.85              | 1.08              |
|   | <b>0.08</b>         | <b>17.26</b>      | <b>3.60</b>       |

#### 9 Operating expenses

| Particulars                              | For the years ended |                   |                   |
|--|---------------------|-------------------|-------------------|
|  | March 31,<br>2015   | March 31,<br>2014 | March 31,<br>2013 |
|  | (₹ in Million)      | (₹ in Million)    | (₹ in Million)    |
| Content and Programming costs            | 8,459.24            | 6,019.58          | 4,568.58          |
| License fees and taxes                   | 2,489.52            | 1,832.05          | 1,114.43          |
| Space segment charges and fees           | 1,403.49            | 1,332.29          | 994.47            |
| Installation and service expenses        | 938.36              | 1,028.68          | 1,228.72          |
| IT support costs                         | 330.01              | 283.60            | 233.15            |
| Cost of material and components consumed | 232.43              | 218.86            | 125.24            |
|  | <b>13,853.05</b>    | <b>10,715.06</b>  | <b>8,264.59</b>   |

#### 10 Employee benefits expenses

| Particulars                               | For the years ended |                   |                   |
|---|---------------------|-------------------|-------------------|
|   | March 31,<br>2015   | March 31,<br>2014 | March 31,<br>2013 |
|   | (₹ in Million)      | (₹ in Million)    | (₹ in Million)    |
| Salaries, bonus and allowances *          | 957.87              | 809.94            | 729.34            |
| Contribution to Provident and other funds | 37.77               | 33.76             | 31.34             |
| Staff welfare expenses                    | 27.64               | 20.58             | 18.02             |
|   | <b>1,023.28</b>     | <b>864.28</b>     | <b>778.70</b>     |

\* Salaries, bonus and allowances include ₹ 29.74 mn towards provision for ESOP Plan 2014.



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**Videocon d2h Limited – Financial Statements**

(All amounts are in INR Million)

**Notes to Financial Statements for the year ended March 31, 2015**

**11 Administration and other expenses**

| Particulars                        | For the years ended |                   |                   |
|------------------------------------|---------------------|-------------------|-------------------|
|                                    | March 31,<br>2015   | March 31,<br>2014 | March 31,<br>2013 |
|                                    | (₹ in Million)      | (₹ in Million)    | (₹ in Million)    |
| Travelling and Conveyance Expenses | 154.46              | 131.45            | 122.53            |
| Rent                               | 108.18              | 89.78             | 72.91             |
| Power and Fuel                     | 77.31               | 68.98             | 55.70             |
| Legal and Professional Charges     | 147.55              | 67.11             | 53.98             |
| Office and General Expenses        | 84.16               | 63.48             | 57.04             |
| Exchange Fluctuation Loss (Net)    | 18.87               | 48.17             | 26.29             |
| Communication Expenses             | 28.20               | 24.88             | 20.09             |
| Repairs and Maintenance            | 27.51               | 22.20             | 18.62             |
| Printing and Stationery            | 15.96               | 10.84             | 9.93              |
| Insurance Expenses                 | 5.05                | 5.78              | 5.43              |
| Rates and Taxes                    | 7.86                | 4.51              | 1.38              |
| Auditors' Remuneration             | 9.39                | 1.53              | 1.51              |
| Loss on Sale of Fixed Assets       | 2.07                | —                 | —                 |
| Bad Debts                          | 1.05                | —                 | —                 |
| Provision for Doubtful Debts       | 0.42                | —                 | —                 |
|                                    | <b>688.04</b>       | <b>538.71</b>     | <b>445.41</b>     |

**12 Selling and distribution expenses**

| Particulars                          | For the years ended |                   |                   |
|--------------------------------------|---------------------|-------------------|-------------------|
|                                      | March 31,<br>2015   | March 31,<br>2014 | March 31,<br>2013 |
|                                      | (₹ in Million)      | (₹ in Million)    | (₹ in Million)    |
| Advertisement and Marketing Expenses | 899.32              | 893.68            | 336.82            |
| Customer Support Services            | 871.77              | 627.16            | 640.79            |
| Distribution Expenses                | 85.23               | 84.72             | 55.76             |
|                                      | <b>1,856.32</b>     | <b>1,605.56</b>   | <b>1,033.37</b>   |

**13 Finance (costs) / Finance Income (Net)**

| Particulars                                  | For the years ended |                   |                   |
|--|---------------------|-------------------|-------------------|
|  | March 31,<br>2015   | March 31,<br>2014 | March 31,<br>2013 |
|  | (₹ in Million)      | (₹ in Million)    | (₹ in Million)    |
| <b>Finance Costs:</b>                        |                     |                   |                   |
| Bank Loan Interest                           | (4,223.47)          | (4,235.14)        | (2,493.74)        |
| Other Interest                               | (368.82)            | (112.08)          | (164.67)          |
| Bank Charges                                 | (124.46)            | (100.76)          | (138.94)          |
|  | <b>(4,716.75)</b>   | <b>(4,447.98)</b> | <b>(2,797.35)</b> |
| <b>Finance Income:</b>                       |                     |                   |                   |
| Interest Income                              | 102.53              | 96.96             | 50.83             |
| <b>Finance (Costs)/ Finance Income (net)</b> | <b>(4,614.22)</b>   | <b>(4,351.02)</b> | <b>(2,746.52)</b> |

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### Videocon d2h Limited – Financial Statements

(All amounts are in INR Million)

#### Notes to Financial Statements for the year ended March 31, 2015

#### 14 Taxation

The major components of income tax expense for the years ended 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2014

##### Income Tax expense

| Particulars   | For the years ended                 |                                     |                                     |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
|   | March 31,<br>2015<br>(₹ in Million) | March 31,<br>2014<br>(₹ in Million) | March 31,<br>2013<br>(₹ in Million) |
| <b>Income tax expenses in respect of :</b>                        |                                     |                                     |                                     |
| Current year  | —                                   | —                                   | —                                   |
| <b>Total income tax</b>   | <b>—</b>                            | <b>—</b>                            | <b>—</b>                            |
| Deferred tax on origination and reversal of temporary differences | (1,217.93)                          | (1,429.68)                          | (1,571.06)                          |
| <b>Total deferred tax</b>   | <b>(1,217.93)</b>                   | <b>(1,429.68)</b>                   | <b>(1,571.06)</b>                   |
| <b>Total income tax expenses</b>                                  | <b>(1,217.93)</b>                   | <b>(1,429.68)</b>                   | <b>(1,571.06)</b>                   |

##### Deferred tax

Deferred tax relates to the following:

| Particulars   | As at                               |                                     |
|---|-------------------------------------|-------------------------------------|
|   | March 31,<br>2015<br>(₹ in Million) | March 31,<br>2014<br>(₹ in Million) |
| <b>Statement of Financial Position</b>                        |                                     |                                     |
| Provision for Gratuity  | 14.68                               | 9.79                                |
| Disallowances in Tax  | 530.23                              | 184.71                              |
| Deferment of Expenses – Discount on Long term recharge        | (80.59)                             | (73.46)                             |
| Allowances under Section 35D                                  | 20.23                               | 2.77                                |
| Depreciation/ amortization and impairment                     | 137.34                              | (217.53)                            |
| Employee stock option Plan                                    | 9.19                                | —                                   |
| Losses available for offsetting against future taxable income | 7,077.11                            | 6,583.98                            |
| <b>Deferred Tax Assets</b>                                    | <b>7,708.19</b>                     | <b>6,490.26</b>                     |
| Deferred tax Assets at April 1                                | 6,490.26                            | 5,060.58                            |
| <b>Deferred tax expense /(benefit)</b>                        | <b>(1,217.93)</b>                   | <b>(1,429.68)</b>                   |

##### Reconciliation in the Statement of Financial Position:

| Particulars  | As at                               |                                     |
|--|-------------------------------------|-------------------------------------|
|  | March 31,<br>2015<br>(₹ in Million) | March 31,<br>2014<br>(₹ in Million) |
| Deferred tax asset   | 7,651.44                            | 6,781.25                            |
| Deferred tax liability                                     | 56.75                               | (290.99)                            |
| <b>Deferred tax assets or Deferred tax liabilities net</b> | <b>7,708.19</b>                     | <b>6,490.26</b>                     |

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### **Videocon d2h Limited – Financial Statements**

(All amounts are in INR Million)

#### **Notes to Financial Statements for the year ended March 31, 2015**

##### **Factors affecting the tax charge in future years**

Factors that may affect the Company's future tax charge include the impact of corporate restructurings, the resolution of open issues, future planning opportunities, corporate acquisitions and disposals, the use of brought forward tax losses and changes in tax legislation and tax rates.

The Company is routinely subject to assessments by tax authorities in India. These are usually resolved through the Indian legal system. The Company considers each issue on its merits and, where appropriate, holds provisions in respect of the potential tax liability that may arise. However, the amount ultimately paid may differ materially from the amount accrued and could therefore affect the Company's overall profitability and cash flows in future periods.

**At March 31, 2015 the gross amount and expiry dates of losses available for carry forward are as follows:**

| <b>Particulars</b>                                  | <b>For the years ended</b> |                           |
|---|----------------------------|---------------------------|
|   | <b>March 31,<br/>2015</b>  | <b>March 31,<br/>2014</b> |
|   | <b>(₹ in Million)</b>      | <b>(₹ in Million)</b>     |
| <b>Expiring within 5 years</b>                      |                            |                           |
| Losses for which a deferred tax asset is recognized | 5,579.33                   | 1,124.18                  |
| Losses for which no deferred tax is recognized      | —                          | —                         |
| <b>Expiring within 6-10 years</b>                   |                            |                           |
| Losses for which a deferred tax asset is recognized | 1,967.92                   | 8,965.86                  |
| Losses for which no deferred tax is recognized      | —                          | —                         |
| <b>Unlimited</b>                                    |                            |                           |
| Losses for which a deferred tax asset is recognized | 15,356.02                  | 11,217.34                 |
| Losses for which no deferred tax is recognized      | —                          | —                         |
| <b>Total</b>  |                            |                           |
| Losses for which a deferred tax asset is recognized | 22,903.27                  | 21,307.38                 |
| Losses for which no deferred tax is recognized      | —                          | —                         |

#### **15 Earning Per Share**

| <b>Particulars</b>   | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> | <b>March 31,<br/>2013</b> |
|--|---------------------------|---------------------------|---------------------------|
|  | <b>(₹ in Million)</b>     | <b>(₹ in Million)</b>     | <b>(₹ in Million)</b>     |
| Profit/(Loss) for the year                                   | (2,726.64)                | (3,195.48)                | (3,524.33)                |
| Weighted average number of shares for basic loss per share   | 242,413,698               | 242,000,000               | 212,410,959               |
| Weighted average number of shares for diluted loss per share | 242,413,698               | 242,000,000               | 212,410,959               |
| Basic earning per Share                                      | (11.25)                   | (13.20)                   | (16.59)                   |
| Diluted earning per Share                                    | (11.25)                   | (13.20)                   | (16.59)                   |

Basic Profit/(loss) per share is calculated by dividing the Profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted Profit/(loss) per share are calculated by dividing the Profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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**Videocon d2h Limited – Financial Statements**

(All amounts are in INR Million)

**Notes to Financial Statements for the year ended March 31, 2015**

**16 Property, Plant and equipment & Capital Work-in-Progress**

(₹ in Million)

| Costs                       | Consumer Premises Equipments (CPE) | Plant and Machinery | Computers | Building | Electrical Installations | Furniture and Fixtures | Office Equipments | Vehicles | Capital Work-in-Progress | Total     |
|-----------------------------|------------------------------------|---------------------|-----------|----------|--------------------------|------------------------|-------------------|----------|--------------------------|-----------|
| <b>As at March 31, 2013</b> | 19,715.21                          | 2,961.64            | 518.53    | 229.78   | 176.23                   | 51.09                  | 24.16             | 18.18    | 2,510.05                 | 26,204.87 |
| Additions                   | 6,180.59                           | 190.12              | 47.58     | 2.74     | 10.05                    | 3.19                   | 4.53              | —        | —                        | 6,438.80  |
| Disposals / Adjustments     | —                                  | —                   | —         | —        | —                        | —                      | —                 | —        | 285.54                   | 285.54    |
| <b>As at March 31, 2014</b> | 25,895.83                          | 3,151.76            | 566.11    | 232.52   | 186.28                   | 54.28                  | 28.69             | 18.18    | 2,224.51                 | 32,358.16 |
| Additions                   | 6,808.52                           | 337.03              | 89.36     | 11.34    | 16.87                    | 6.13                   | 8.36              | —        | 319.69                   | 7,597.30  |
| Disposals / Adjustments     | —                                  | 0.35                | 0.02      | —        | 0.13                     | 1.05                   | 0.05              | 2.96     | —                        | 4.56      |
| <b>As at March 31, 2015</b> | 32,704.35                          | 3,488.44            | 655.45    | 243.86   | 203.02                   | 59.36                  | 37.00             | 15.22    | 2,544.20                 | 39,950.90 |

| Accumulated depreciation and impairment | Consumer Premises Equipments (CPE) | Plant and Machinery | Computers | Building | Electrical Installations | Furniture and Fixtures | Office Equipments | Vehicles | Capital Work-in-Progress | Total     |
|---|------------------------------------|---------------------|-----------|----------|--------------------------|------------------------|-------------------|----------|--------------------------|-----------|
| <b>As at March 31, 2013</b>             | 4,670.40                           | 620.67              | 257.55    | 24.90    | 25.14                    | 9.13                   | 3.20              | 4.57     | —                        | 5,615.56  |
| Depreciation for the year               | 3,647.96                           | 209.77              | 87.45     | 7.72     | 8.61                     | 3.39                   | 1.38              | 1.73     | —                        | 3,968.01  |
| Disposals / Adjustments                 | —                                  | —                   | —         | —        | —                        | —                      | —                 | —        | —                        | —         |
| <b>As at March 31, 2014</b>             | 8,318.36                           | 830.44              | 344.99    | 32.61    | 33.75                    | 12.52                  | 4.58              | 6.30     | —                        | 9,583.55  |
| Depreciation for the year               | 4,245.36                           | 260.88              | 127.97    | 7.95     | 25.95                    | 6.98                   | 16.55             | 2.58     | —                        | 4,694.22  |
| Disposals / Adjustments                 | —                                  | 0.08                | 0.02      | —        | 0.03                     | 0.45                   | 0.01              | 0.78     | —                        | 1.37      |
| Impairment                              | 359.04                             | —                   | —         | —        | —                        | —                      | —                 | —        | —                        | 359.04    |
| <b>As at March 31, 2015</b>             | 12,922.76                          | 1,091.24            | 472.95    | 40.56    | 59.67                    | 19.05                  | 21.12             | 8.10     | —                        | 14,635.45 |

| Net Book Value       | Consumer Premises Equipments (CPE) | Plant and Machinery | Computers | Building | Electrical Installations | Furniture and Fixtures | Office Equipments | Vehicles | Capital Work-in-Progress | Total     |
|----------------------|------------------------------------|---------------------|-----------|----------|--------------------------|------------------------|-------------------|----------|--------------------------|-----------|
| As at March 31, 2014 | 17,577.47                          | 2,321.32            | 221.12    | 199.91   | 152.53                   | 41.76                  | 24.11             | 11.88    | 2,224.51                 | 22,774.61 |
| As at March 31, 2015 | 19,781.59                          | 2,397.20            | 182.50    | 203.30   | 143.35                   | 40.31                  | 15.88             | 7.12     | 2,544.20                 | 25,315.45 |

Property, Plant and equipment & Capital Work-in-Progress are charged by way of equitable mortgage with banks for term loans. For more details refer note no 22.

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**Videocon d2h Limited – Financial Statements**  
(All amounts are in INR Million)

Notes to Financial Statements for the year ended March 31, 2015

**17 Intangible Assets**

(₹ in Million)

| Costs   | Trademark /<br>Brand | Technical Know-<br>how and<br>Designs | Computer<br>Software | License Fees | Total    |
|---|----------------------|---------------------------------------|----------------------|--------------|----------|
| <b>As at March 31, 2013</b>                           | 1,225.31             | 274.45                                | 406.53               | 100.00       | 2,006.29 |
| Additions   | —                    | —                                     | 63.02                | —            | 63.02    |
| Disposals / Adjustments                               | —                    | —                                     | —                    | —            | —        |
| <b>As at March 31, 2014</b>                           | 1,225.31             | 274.45                                | 469.54               | 100.00       | 2,069.30 |
| Additions   | —                    | —                                     | 55.10                | —            | 55.10    |
| Disposals / Adjustments                               | —                    | —                                     | —                    | —            | —        |
| <b>As at March 31, 2015</b>                           | 1,225.31             | 274.45                                | 524.64               | 100.00       | 2,124.40 |
| <b>Accumulated amortisation and impairment losses</b> |                      |                                       |                      |              |          |
|   | Trademark /<br>Brand | Technical Know-<br>how and<br>Designs | Computer<br>Software | License Fees | Total    |
| <b>As at March 31, 2013</b>                           | 208.56               | 90.15                                 | 238.72               | 37.04        | 574.47   |
| Depreciation for the year                             | 122.53               | 27.44                                 | 82.81                | 11.11        | 243.89   |
| Disposals / Adjustments                               | —                    | —                                     | —                    | —            | —        |
| <b>As at March 31, 2014</b>                           | 331.09               | 117.61                                | 321.54               | 48.15        | 818.39   |
| Depreciation for the year                             | 122.53               | 27.44                                 | 72.40                | 11.11        | 233.48   |
| Disposals / Adjustments                               | —                    | —                                     | —                    | —            | —        |
| <b>As at March 31, 2015</b>                           | 453.62               | 145.05                                | 393.94               | 59.26        | 1,051.87 |
| <b>Net Book Value</b>                                 |                      |                                       |                      |              |          |
|   | Trademark /<br>Brand | Technical Know-<br>how and<br>Designs | Computer<br>Software | License Fees | Total    |
| As at March 31, 2014                                  | 894.23               | 156.85                                | 148.00               | 51.85        | 1,250.93 |
| As at March 31, 2015                                  | 771.69               | 129.40                                | 130.70               | 40.74        | 1,072.53 |

Amortisation of licences and other intangible assets is included within Depreciation and Amortisation on the income statement. All licences have been pledged as security against borrowings.

The remaining amortisation period of licence as follows:

| Particulars                   | 2015         | 2014         |
|-------------------------------|--------------|--------------|
| Remaining amortization period | 3 to 4 years | 4 to 5 years |

The Company takes on lease certain Computer Softwares under non-cancellable finance lease agreements. The lease terms range between 2 and 5 years.

**18 Inventories**

| Particulars  | As at             |                   |
|--|-------------------|-------------------|
|  | March 31,<br>2015 | March 31,<br>2014 |
|  | (₹ in Million)    | (₹ in Million)    |
| Consumables and Spares (including Material-in-Transit)<br>(As taken, valued and certified by the management) | 341.25            | 317.13            |
|  | <b>341.25</b>     | <b>317.13</b>     |

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### Videocon d2h Limited – Financial Statements

(All amounts are in INR Million)

#### Notes to Financial Statements for the year ended March 31, 2015

#### 19 Trade Receivables

| <u>Particulars</u> | <u>As at</u>                    |                                 |
|--------------------|---------------------------------|---------------------------------|
|                    | <u>March 31,</u><br><u>2015</u> | <u>March 31,</u><br><u>2014</u> |
|                    | <u>(₹ in Million)</u>           | <u>(₹ in Million)</u>           |
| Trade Receivables  | 2.68                            | 4.87                            |
| Less: Provisions   | (1.05)                          | (0.63)                          |
|                    | <u>1.63</u>                     | <u>4.24</u>                     |

The management consider that the carrying amount of trade and other receivables approximates their fair value. The allowance for estimated irrecoverable amounts of trade debtors has been determined by reference to past default experience and information on specific balances outside trade terms and is calculated by reference to the present value of anticipated future proceeds.

#### 20 Financial and Non-Financial Assets

| <u>Particulars</u>                            | <u>As at</u>                    |                                 |
|---|---------------------------------|---------------------------------|
|   | <u>March 31,</u><br><u>2015</u> | <u>March 31,</u><br><u>2014</u> |
|   | <u>(₹ in Million)</u>           | <u>(₹ in Million)</u>           |
| <b>Included within non-current assets</b>     |                                 |                                 |
| <b>Financial assets:</b>                      |                                 |                                 |
| Capital Advance                               | 661.52                          | 2,032.26                        |
| Prepaid Rent                                  | 108.92                          | 110.60                          |
| Deposits                                      | 46.20                           | 48.05                           |
| Term deposits with banks                      | 44.68                           | 34.10                           |
|   | <u>861.32</u>                   | <u>2,225.01</u>                 |
| <b>Total</b>                                  | <u>861.32</u>                   | <u>2,225.01</u>                 |
| <b>Included within current assets</b>         |                                 |                                 |
| <b>Financial assets:</b>                      |                                 |                                 |
| Term deposits with banks                      | 3,067.77                        | 662.87                          |
| Interest Receivables                          | 51.25                           | 31.14                           |
| Other Assets                                  | 12.50                           | 18.40                           |
| Deposits                                      | 20.06                           | 17.99                           |
| Prepaid Rent                                  | 16.76                           | 16.76                           |
|   | <u>3,168.34</u>                 | <u>747.16</u>                   |
| <b>Non Financial assets:</b>                  |                                 |                                 |
| Balance with Central Excise/VAT Authority     | 646.05                          | 1,579.73                        |
| Prepaid Expenses                              | 211.21                          | 90.38                           |
| Advance Income Tax and Tax deducted at source | 50.67                           | 51.34                           |
|   | <u>907.93</u>                   | <u>1,721.45</u>                 |
| <b>Total</b>                                  | <u>4,076.27</u>                 | <u>2,468.61</u>                 |

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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

Term deposits with banks in financial assets includes Restricted Cash (March 31, 2015: ₹ 3,110.71 million, March 31, 2014: ₹ 696.97 million) given towards margin / reserves for term loan and bank guarantee. Included in above, a lien is marked on Fixed Deposits amounting to ₹ 2,000 Mn towards credit facility availed by a group entity from a bank.

#### **21 Cash and cash equivalents**

| <u>Particulars</u>   | <u>As at</u>                            |   |
|--|---|---|
|  | <u>March 31, 2015</u><br>(₹ in Million) | <u>March 31, 2014</u><br>(₹ in Million) |
| Balances with Banks in Current Accounts                                      | 8,287.05                                | 183.55                                  |
| Cash on hand   | 1.72                                    | 1.35                                    |
| Term deposits with banks   | 1,600.00                                | —                                       |
| <b>Cash and cash equivalents as presented in the statement of cash flows</b> | <b>9,888.77</b>                         | <b>184.90</b>                           |

Bank balances comprise cash held by the Company on a short-term basis with original maturity of three months or less. The carrying amount of cash and cash equivalents approximates their fair value.

The Company's exposure to credit, currency and interest rate risks relating to cash and cash equivalents, together with a sensitivity analysis, is detailed in note 29.

#### **22 Borrowings**

| <u>Particulars</u>  | <u>As at</u>                            |   |
|---|---|---|
|   | <u>March 31, 2015</u><br>(₹ in Million) | <u>March 31, 2014</u><br>(₹ in Million) |
| <b>Non Current (long-term)</b>  |   |   |
| <b>Long-term borrowings</b>   |   |   |
| Term loans from banks   | 22,977.00                               | 23,533.25                               |
| Less: Reclassified under current financial liabilities                  | (22,977.00)                             | (23,533.25)                             |
|   | —                                       | —                                       |
| Finance Lease Obligation  | 23.13                                   | —                                       |
| <b>included in current financial liability</b>                          |   |   |
| Long-term borrowings – Reclassified under current financial liabilities | 22,977.00                               | 23,533.25                               |
| Current Maturities of Term loans from banks                             | 2,931.25                                | 4,355.20                                |
| <b>Total</b>  | <b>25,908.25</b>                        | <b>27,888.45</b>                        |
| Current Maturities of Finance Lease Obligation                          | 15.69                                   | —                                       |
| <b>Current (short-term)</b>   |   |   |
| Loans from Related parties  | —                                       | 2,250.00                                |
| Term loans from bank  | —                                       | —                                       |
|   | —                                       | <b>2,250.00</b>                         |

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

(1) 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) Guarantee of Corporate Promoters.
- (e) Personal Guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

| <u>Name of the Guarantor</u> | <u>Sanctioned Amount<br/>as on March 31, 2015</u><br>(₹ in Million) | <u>Outstanding as<br/>on March 31,<br/>2015</u><br>(₹ in Million) | <u>Sanctioned<br/>Amount as on<br/>March 31, 2014</u><br>(₹ in Million) | <u>Outstanding as on<br/>March 31, 2014</u><br>(₹ in Million) |
|------------------------------|---|---|---|---|
| Mr. Venugopal N. Dhoot       |   |   |   |   |
| Mr. Pradipkumar N. Dhoot     | 27,500.00   | 25,908.25   | 33,100.00   | 27,888.45   |

(2) A part of term loans are secured by first pari-passu charge on entire current assets of the Company, present and future.

(3) A part of term loans from banks are further secured by corporate guarantee of one non promoter shareholder and also by Videocon Industries Limited.

(4) The term loans from Banks are secured by:

- (a) A part of loans from banks are secured by Pledge of 30% shares of the Company.
- (b) A part of loans from banks are secured by Non-Disposal undertaking of 21% shares of the Company.

(5) During the year, the company had breached certain covenants of long term loan agreements with the banks. Since the company has not obtained from lenders a specific waiver of their right to accelerate the repayment of entire loan amount by the reporting date, the loan amounts are classified as current liabilities.



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### **Videocon d2h Limited – Financial Statements**

(All amounts are in INR Million)

#### **Notes to Financial Statements for the year ended March 31, 2015**

#### **22 Borrowings**

(6) Loan facility wise outstanding amount is as follows :

| <u>Name of Banks</u>              | <u>As at March 31,</u> | <u>As at March 31,</u> |
|-----------------------------------|------------------------|------------------------|
|                                   | <u>2015</u>            | <u>2014</u>            |
|                                   | <u>Amount</u>          | <u>Amount</u>          |
|                                   | <u>( ₹ in Million)</u> | <u>( ₹ in Million)</u> |
| <b><u>Secured Loans</u></b>       |                        |                        |
| Central Bank of India             | 958.25                 | 2,370.75               |
| IDBI Bank Limited                 | 5,140.63               | 5,890.00               |
| Bank of Baroda                    | 1,975.00               | 2,427.70               |
| ICICI Bank Limited                | 2,550.00               | 3,000.00               |
| Karur Vysa Bank Limited           | 425.00                 | 500.00                 |
| Canara Bank                       | 3,378.12               | 3,700.00               |
| Jammu and Kashmir Bank Limited    | 975.00                 | 1,000.00               |
| Syndicate bank                    | 900.00                 | 1,000.00               |
| Dena Bank                         | 850.00                 | 1,000.00               |
| Oriental Bank of Commerce         | 850.00                 | 1,000.00               |
| Bank of India                     | 1,925.00               | 2,000.00               |
| Bank of Maharashtra               | 1,000.00               | 1,000.00               |
| Union Bank of India               | 1,481.25               | 1,500.00               |
| United Bank of India              | 1,500.00               | 1,500.00               |
| IFCI Ltd                          | 2,000.00               | 0.00                   |
| <b>Total Term Loan from banks</b> | <b>25,908.25</b>       | <b>27,888.45</b>       |

7 (a) The Company has made certain defaults in repayment of Term Loans and interest during the fiscal year. However there was no continuing default as at 31<sup>st</sup> March, 2015.

(b) The floating rate of interest on loans from Banks and Financial Institutions ranges between 13.0 % and 14.5 % p.a

8) As per the original repayment terms, the term loan from banks are repayable as below –

| <u>Particulars</u>           | <u>As at</u>           |                        |
|------------------------------|------------------------|------------------------|
|                              | <u>March 31, 2015</u>  | <u>March 31, 2014</u>  |
|                              | <u>( ₹ in Million)</u> | <u>( ₹ in Million)</u> |
| Within one year              | 2,931.25               | 4,355.20               |
| Between One and three year   | 9,681.88               | 8,541.88               |
| Between three and five years | 7,430.62               | 7,183.12               |
| Over five years              | 5,864.50               | 7,808.25               |
| <b>Total</b>                 | <b>25,908.25</b>       | <b>27,888.45</b>       |

Repayment of Term Loan from bank is considered as Gross basis, processing fees is not considered in repayment schedule in note no 8 above.

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### Videocon d2h Limited – Financial Statements

(All amounts are in INR Million)

#### Notes to Financial Statements for the year ended March 31, 2015

9) Periodic finance lease obligations are as below:

| <u>Particulars</u>          | <u>As at</u>                            |   |
|-----------------------------|---|---|
|                             | <u>March 31, 2015</u><br>(₹ in Million) | <u>March 31, 2014</u><br>(₹ in Million) |
| Within one year             | 15.69                                   | —                                       |
| Between One and two year    | 17.77                                   | —                                       |
| Between two and three years | 5.36                                    | —                                       |
| <b>Total</b>                | <b>38.82</b>                            | <b>—</b>                                |

10) The Loan from other parties are repayable on demand.

11) The rate of interest of loans from other parties is SBI PLR minus 2%

### 23 Financial and Non-Financial Liabilities

| <u>Particulars</u>  | <u>As at</u>                            |   |
|---|---|---|
|   | <u>March 31, 2015</u><br>(₹ in Million) | <u>March 31, 2014</u><br>(₹ in Million) |
| <b>Included within Non-current liabilities:</b>                         |   |   |
| <b>Non-Financial liabilities:</b>                                       |   |   |
| Income Received in Advance  | 2,869.14                                | 2,668.99                                |
| <b>Total</b>  | <b>2,869.14</b>                         | <b>2,668.99</b>                         |
| <b>Included within current liabilities:</b>                             |   |   |
| <b>Financial liabilities:</b>   |   |   |
| Long-term borrowings – Reclassified under current financial liabilities | 22,977.00                               | 23,533.25                               |
| Current Maturities of Term loans from banks                             | 2,931.25                                | 4,355.20                                |
| Current Maturities of Finance Lease Obligation                          | 15.69                                   | —                                       |
| Payable for capital expenditure   | 823.49                                  | 643.14                                  |
| Interest Accrued and due on Borrowings                                  | —                                       | 378.54                                  |
| Interest Accrued but not due on Borrowings                              | 0.56                                    | 346.42                                  |
|   | <b>26,747.99</b>                        | <b>29,256.55</b>                        |
| <b>Non-Financial liabilities:</b>                                       |   |   |
| Income Received in Advance  | 4,572.89                                | 4,104.47                                |
| Others  | 2,627.01                                | 1,492.99                                |
|   | <b>7,199.90</b>                         | <b>5,597.46</b>                         |

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### Videocon d2h Limited – Financial Statements

(All amounts are in INR Million)

#### Notes to Financial Statements for the year ended March 31, 2015

#### 24 Post employment benefits – Gratuity

| <u>Particulars</u>                    | (₹ in Million) |
|---------------------------------------|----------------|
| <b>As at March 31, 2013</b>           | <b>27.32</b>   |
| Addition/ adjustments during the year | 4.36           |
| <b>As at March 31, 2014</b>           | <b>31.68</b>   |
| Addition/ adjustments during the year | 15.84          |
| <b>As at March 31, 2015</b>           | <b>47.52</b>   |

Provisions have been analysed between current and non-current as follows:

| <u>Particulars</u>          | (₹ in Million) |
|-----------------------------|----------------|
| <b>As at March 31, 2015</b> |                |
| Current                     | 2.53           |
| Non-current                 | 44.99          |
| <b>As at March 31, 2014</b> |                |
| Current                     | 1.81           |
| Non-current                 | 29.87          |

#### Defined Benefit Plans – Gratuity:

The plan provides for a lump sum payment to vested employees, at retirement, death while in employment or on termination of employment, of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

#### Defined benefit plans as per actuarial valuation – Gratuity

| <u>Particulars</u>  | <u>For the years ended</u> |                       |
|---|----------------------------|-----------------------|
|   | <u>March 31, 2015</u>      | <u>March 31, 2014</u> |
|   | (₹ in Million)             | (₹ in Million)        |
| a. The amounts recognized in the Balance Sheet as at the end of the year    |                            |                       |
| 1. Present Value of Defined Benefit Obligation                              | 47.52                      | 31.68                 |
| 2. Fair value of plan assets  | —                          | —                     |
| 3. Funded Status – Surplus/ (Deficit)                                       | (47.52)                    | (31.68)               |
| 4. Net Assets/(Liability)   | (47.52)                    | (31.68)               |
| b. The amounts recognized in the Statement of Profit and Loss for the year  |                            |                       |
| 1. Current Service Cost   | 8.73                       | 7.13                  |
| 2. Interest Cost  | 2.47                       | 2.25                  |
| 3. Actuarial (Gains)/Losses   | 7.15                       | (3.21)                |
| 4. Past Service Cost  | —                          | —                     |
| 5. Total Expenses   | 18.35                      | 6.18                  |
| c. The changes obligations during the year                                  |                            |                       |
| 1. Present value of Defined Benefit Obligation at the beginning of the year | 31.67                      | 27.32                 |
| 2. Current Service Cost   | 8.73                       | 7.13                  |
| 3. Interest Cost  | 2.47                       | 2.25                  |
| 4. Past Service Cost  | —                          | —                     |
| 5. Actuarial (Gain)/ Losses   | 7.15                       | (3.21)                |
| 6. Benefit Payments   | (2.51)                     | (1.82)                |
| 7. Present value of Defined Benefit Obligation at the end of the year       | 47.52                      | 31.68                 |

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**Videocon d2h Limited – Financial Statements**  
(All amounts are in INR Million)

**Notes to Financial Statements for the year ended March 31, 2015**

**Actuarial Assumptions: Gratuity**

| <b>Particulars</b> | <b>Year Ended<br/>March 31, 2015</b>                    | <b>Year Ended<br/>March 31, 2014</b>                    |
|--------------------|---|---|
| Discount Rate      | 7.80%   | 9.31%   |
| Mortality          | Indian Assured Lives<br>Mortality (2006-08)<br>Ultimate | Indian Assured Lives<br>Mortality (2006-08)<br>Ultimate |
| Salary Escalation  | 5%  | 5%  |
| Attrition Rate     | 2%  | 2%  |

**25 Others employment benefits**

| <b>Particulars</b>                    | <b>(₹ in Million)</b> |
|---------------------------------------|-----------------------|
| <b>As at March 31, 2013</b>           | <b>19.18</b>          |
| Addition/ adjustments during the year | 2.02                  |
| <b>As at March 31, 2014</b>           | <b>21.20</b>          |
| Addition/ adjustments during the year | 8.32                  |
| <b>As at March 31, 2015</b>           | <b>29.52</b>          |

**Provisions have been analysed between current and non-current as follows:**

| <b>Particulars</b>          | <b>(₹ in Million)</b> |
|-----------------------------|-----------------------|
| <b>As at March 31, 2015</b> |                       |
| Current                     | 3.42                  |
| Non-current                 | 26.10                 |
| <b>As at March 31, 2014</b> |                       |
| Current                     | 3.01                  |
| Non-current                 | 18.19                 |

**Defined Contribution Plan**

The Company makes Provident Fund contributions to defined contribution plan administered by the Regional Provident Fund Commissioner.

Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits. The Company has recognised Rs. 37.77 million for Provident Fund contributions in the income statement for the year ended March 31, 2015 (March 31, 2014: Rs. 33.76 million). The contributions payable by the Company are in accordance with rules framed by the Government of India from time to time.

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**Videocon d2h Limited – Financial Statements**  
(All amounts are in INR Million)

**Notes to Financial Statements for the year ended March 31, 2015**

**Defined benefit plans as per actuarial valuation – Leave Encashment**

| <b>Particulars</b>  | <b>For the years ended</b>              |   |
|---|---|---|
|   | <b>March 31, 2015</b><br>(₹ in Million) | <b>March 31, 2014</b><br>(₹ in Million) |
| a. The amounts recognized in the Balance Sheet as at the end of the year    |   |   |
| 1. Present Value of Defined Benefit Obligation                              | 29.52                                   | 21.20                                   |
| 2. Fair value of plan assets  | —                                       | —                                       |
| 3. Funded Status – Surplus/ (Deficit)                                       | (29.52)                                 | (21.20)                                 |
| 4. Net Assets/(Liability)   | (29.52)                                 | (21.20)                                 |
| b. The amounts recognized in the Statement of Profit and Loss for the year  |   |   |
| 1. Current Service Cost   | 7.05                                    | 3.64                                    |
| 2. Interest Cost  | 1.65                                    | 1.58                                    |
| 3. Actuarial (Gains)/Losses   | 8.99                                    | 4.37                                    |
| 4. Past Service Cost  | —                                       | —                                       |
| 5. Total Expenses   | 17.69                                   | 9.59                                    |
| c. The changes obligations during the year                                  |   |   |
| 1. Present value of Defined Benefit Obligation at the beginning of the year | 21.20                                   | 19.18                                   |
| 2. Current Service Cost   | 7.05                                    | 3.64                                    |
| 3. Interest Cost  | 1.65                                    | 1.58                                    |
| 4. Past Service Cost  | —                                       | —                                       |
| 5. Actuarial (Gain)/ Losses   | 8.99                                    | 4.37                                    |
| 6. Benefit Payments   | (9.38)                                  | (7.57)                                  |
| 7. Present value of Defined Benefit Obligation at the end of the year       | 29.52                                   | 21.20                                   |

**Actuarial Assumptions: Leave Encashment**

| <b>Particulars</b> | <b>Year Ended</b><br><b>March 31, 2015</b>              | <b>Year Ended</b><br><b>March 31, 2014</b>              |
|--------------------|---|---|
| Discount Rate      | 7.80%   | 9.31%   |
| Mortality          | Indian Assured<br>Lives Mortality<br>(2006-08) Ultimate | Indian Assured<br>Lives Mortality<br>(2006-08) Ultimate |
| Salary Escalation  | 5%  | 5%  |
| Attrition Rate     | 2%  | 2%  |

**26 Commitments**

| <b>Particulars</b>  | <b>As at</b><br><b>March 31, 2015</b><br>(₹ in Million) | <b>As at</b><br><b>March 31, 2014</b><br>(₹ in Million) |
|---|---|---|
| Contracts for future capital expenditure not provided in the financial statements | 163.64  | 160.67  |

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### **Videocon d2h Limited – Financial Statements**

(All amounts are in INR Million)

#### **Notes to Financial Statements for the year ended March 31, 2015**

#### **27 Contingent liabilities**

| <b>Particulars</b>   | <b>As at</b>           | <b>As at</b>           |
|--|------------------------|------------------------|
|  | <b>March 31, 2015</b>  | <b>March 31, 2014</b>  |
|  | <b>( ₹ in Million)</b> | <b>( ₹ in Million)</b> |
| DTH license fees (Refer below Note 1)                        | 3,661.07               | 2,483.93               |
| Counter guarantees given for guarantees given by the bankers | 587.03                 | 592.58                 |
| Entertainment tax (Refer below Note 2)                       | 127.14                 | 80.47                  |
| Tax deducted at source (Refer below Note 3)                  | 74.36                  | 74.36                  |
| Letters of credit opened by a bank                           | 23.56                  | 2.27                   |
| Service tax (refer below Note 4(a) & 4(b))                   | 1,086.24               | —                      |
| Value Added Tax (Refer below Note 5)                         | —                      | 0.50                   |
|  | <b>5,559.40</b>        | <b>3,234.11</b>        |

**Note 1 :** DTH License fee payable by the Company 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 account. The Company has received a demand notice dated March 24, 2014 from Ministry of Information & Broadcasting demanding additional license fees of ₹ 1,582.89mn (including interest of Rs 272.44mn) on the difference between gross revenue and adjusted gross revenue upto financial year 2012-13. The Company has filed a petition before TDSAT challenging the demand on, among others, the grounds of arbitrariness, non following principals of natural justice and during pendency of appeal before the Hon'ble Supreme Court dealing with the issue of license fees to be paid by DTH operators etc. 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 a claim for additional license fees for financial year 2013-14 of Rs 901.04mn and for financial year 2014-15 of ₹ 1177.14mn. Pending the matter for further hearing and final outcome, no provision is considered necessary by the management.

**Note 2 :** 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 to the Company. 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 ₹ 127.14mn (Previous Year ₹ 80.47mn) in respect of two states.

**Note 3 :** 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.

**Note 4 : (a)** The Company has received 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

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### **Videocon d2h Limited – Financial Statements** *(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

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.

**Note 4 : (b)** The Company has also received show cause notice dated October 22, 2014 from Directorate General of Central Excise Intelligence, Mumbai Zonal Unit with regard to reversal of Cenvat Credit of ₹ 391.77 mn availed during the financial years 2009-10 to 2013-14 on deactivated consumer premises equipments at customer premises. 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. The Company has also received show cause notice dated October 10, 2014 from Commissioner of Customs, Central Excise and Service Tax, Noida in the same matter.

**Note 5 :** The Company has also received a demand notice of ₹ 0.50mn for the financial year 2013-14 for difference of VAT in the state of Tripura. 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.

#### **28 Related Party**

The Company's related parties are its Key Management Personnel. Company's related parties and transactions with those related parties are as follows:

##### **List of related parties**

Name of Key Management Personnel -

- Mr. Saurabh P. Dhoot (Whole Time Director)
- Mr. Anil Khera (Chief Executive Officer)
- Mr. Pradeep Ramwilas Rathi (Non - Executive, Independent Director)
- Mr. Nabankur Gupta (Non - Executive, Independent Director)
- Mr. Shivratan Jeetmal Taparia (Non - Executive, Independent Director)
- Mr. Karunchandra Srivastava (Non - Executive, Independent Director)

Relative of Key Management Personnel (with whom transactions have taken place)

- Mrs. Shelly Anil Khera (Wife of Mr. Anil Khera)

Others

- C E India Limited
- Infodart Technologies India Limited
- Quadrant Televentures Limited
- PE Electronics Limited
- Planet M Retail Limited
- Tekcare India Private Limited
- Trend Electronics Limited

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**Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

**Notes to Financial Statements for the year ended March 31, 2015**

Value Industries Limited

Videocon Industries Limited

Videocon Telecommunications Limited

Force Appliances Private Limited

KAIL Limited

Techno Kart India Limited (Formerly Next Retail India Limited)

Techno Electronics Limited

Topaki Media Private Limited

KBS Realtors Private Limited

Nippon Investments and Finance Company Private Limited



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**Videocon d2h Limited – Financial Statements**  
(All amounts are in INR Million)

**Notes to Financial Statements for the year ended March 31, 2015**

**Details of transactions with related parties**

| <b>Particulars</b>   | <b>As at<br/>March 31,<br/>2015<br/>(₹ in Million)</b> | <b>As at<br/>March 31,<br/>2014<br/>(₹ in Million)</b> | <b>As at<br/>March 31,<br/>2013<br/>(₹ in Million)</b> |
|--|--|--|--|
| <b>Payment of salaries / remuneration / perquisites</b>        |  |  |  |
| Key Management Personnel                                       |  |  |  |
| Mr. Anil Khera   | 10.46  | 10.11  | 10.48  |
| <b>Rent paid</b>   |  |  |  |
| Relative of Key Management Personnel                           |  |  |  |
| Mrs. Shelly Anil Khera (Inclusive of Service Tax)              | 1.28   | 1.15   | 1.22   |
| <b>Sitting Fees</b>  |  |  |  |
| Key Management Personnel                                       |  |  |  |
| Mr. Pradeep Ramwilas Rathi                                     | 0.01   | 0.08   | 0.06   |
| Mr. Nabankur Gupta   | 0.03   | 0.14   | 0.08   |
| Mr. Shivratn Jeetmal Taparia                                   | 0.01   | 0.02   | 0.02   |
| Mr. Karunchandra Srivastava                                    | 0.41   | 0.21   | 0.11   |
| <b>Brand royalty</b>   |  |  |  |
| Key Management Personnel                                       |  |  |  |
| Mr. Saurabh P. Dhoot   | 0.00   | 0.00   | 0.05   |
| Others   |  |  |  |
| C E India Limited  | 0.70   | 0.51   | 0.53   |
| <b>IT Support Expenses</b>                                     |  |  |  |
| Infodart Technologies India Limited                            | 42.03  | 39.25  | 22.82  |
| <b>Call Centre Expenses</b>                                    |  |  |  |
| Quadrant Televentures Limited                                  | 61.31  | 37.37  | 5.44   |
| Videocon Telecommunications Limited                            | 4.12   | 12.90  | 84.55  |
| <b>Business Support Expenses</b>                               |  |  |  |
| Videocon Industries Limited                                    | 7.23   | 125.87   | —  |
| <b>Schemes Expenses</b>  |  |  |  |
| PE Electronics Limited   | 1.62   | 2.47   | 0.67   |
| <b>Purchase of Assets</b>                                      |  |  |  |
| Planet M Retail Limited  | 0.01   | 0.13   | 1.61   |
| Trend Electronics Limited                                      | 5,913.18   | 5,832.31   | 6,753.48   |
| KAIL Limited   | 0.00   | 52.94  | —  |
| Techno Kart India Limited (Formerly Next Retail India Limited) | 0.02   | 0.02   | 0.01   |
| Videocon Industries Limited                                    | 368.16   | —  | —  |
| Value Industries Limited                                       | 4.88   | —  | —  |
| Infodart Technologies India Limited                            | 16.68  | —  | —  |
| <b>Purchase of Spares</b>                                      |  |  |  |
| Tekcare India Private Limited                                  | 1.94   | 1.92   | 0.13   |
| Videocon Industries Limited                                    | 0.00   | 7.56   | 16.21  |
| Techno Electronics Limited                                     | 0.00   | 0.00   | 0.00   |

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### **Videocon d2h Limited – Financial Statements** (All amounts are in INR Million)

#### **Notes to Financial Statements for the year ended March 31, 2015**

| <u>Particulars</u>   | <u>As at<br/>March 31,<br/>2015</u><br>(₹ in Million) | <u>As at<br/>March 31,<br/>2014</u><br>(₹ in Million) | <u>As at<br/>March 31,<br/>2013</u><br>(₹ in Million) |
|--|---|---|---|
| <b>Finance Cost</b>  |   |   |   |
| Videocon Industries Limited  | 132.75  | 4.75  | 63.67   |
| <b>Marketing Expenses / Sales Promotion</b>                          |   |   |   |
| Topaki Media Private Limited   | 36.50   | 137.25  | 151.67  |
| Techno Kart India Limited (Formerly Next Retail India Limited)       | 4.63  | —   | —   |
| <b>Sales and Revenue</b>   |   |   |   |
| Tekcare India Private Limited  | 0.61  | 0.01  | 0.01  |
| Techno Kart India Limited (Formerly Next Retail India Limited)       | 1.90  | —   | —   |
| Planet M Retail Limited  | 0.00  | —   | —   |
| Value Industries Limited   | 0.39  | —   | —   |
| Videocon Industries Limited  | 9.99  | —   | —   |
| <b>Unsecured Loan and Advances</b>                                   |   |   |   |
| Videocon Industries Limited  | 2,250.00  | (241.04)  | 2,280.47  |
| <b>Rent</b>  |   |   |   |
| Videocon Industries Limited  | 0.21  | —   | —   |
| <b>Job work</b>  |   |   |   |
| Force Appliance Pvt Ltd  | 5.15  | —   | —   |
| <b>Guarantees / Collateral</b>                                       |   |   |   |
| <b>Personal Guarantee given for Term Loans taken by the company</b>  |   |   |   |
| Venugopal N. Dhoot   | 27,500.00   | 33,100.00   | 27,888.45   |
| Pradipkumar N. Dhoot   | 27,500.00   | 33,100.00   | 27,888.45   |
| <b>Corporate Guarantee given for Term Loans taken by the company</b> |   |   |   |
| Videocon Industries Limited  | 18,950.00   | 18,950.00   | 18,950.00   |
| <b>Collateral security given for Term Loans taken by the company</b> |   |   |   |
| Nippon Investments and Finance Company Private Limited               | 250.00  | —   | —   |
| KBS Realtors Private Limited   | 1,250.00  | —   | —   |
| <b>Fixed deposit hypothecated against loan taken by group entity</b> |   |   |   |
| Videocon Industries Limited  | 2,000.00  | —   | —   |

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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

##### **Amount due to related parties –**

| <u>Particulars</u>   | <u>As at<br/>March 31,<br/>2015</u><br>(₹ in Million) | <u>As at<br/>March 31,<br/>2014</u><br>(₹ in Million) |
|--|---|---|
| Rent payable to relative of Key Management Personnel           | 0.12  | —   |
| <b>Others Payable</b>  |   |   |
| C E India Limited  | —   | 0.51  |
| Infodart Technologies India Limited                            | 5.18  | 4.86  |
| Quadrant Televentures Limited                                  | 15.65   | 9.20  |
| PE Electronics Limited   | 5.09  | 5.69  |
| Tekcare India Private Limited                                  | 3.43  | 2.10  |
| Trend Electronics Limited                                      | —   | —   |
| Videocon Industries Limited                                    | 138.66  | 2,250.00  |
| Videocon Telecommunications Limited                            | 1.16  | 13.54   |
| KAIL Limited   | —   | 47.52   |
| Techno Electronics Limited                                     | 0.34  | 0.34  |
| Topaki Media Private Limited                                   | 118.22  | 120.01  |
| Value Industries Limited                                       | 0.09  | —   |
| Techno Kart India Limited (Formerly Next Retail India Limited) | 0.83  | —   |
| Force Appliance Pvt Ltd  | 0.49  | —   |
| <b>Others Receivable</b>                                       |   |   |
| Planet M Retail Limited  | —   | 19.32   |
| Trend Electronics Limited                                      | 637.90  | 2,031.38  |
| Techno Kart India Limited (Formerly Next Retail India Limited) | —   | 2.25  |

#### **29. Capital and financial risk management**

##### **I. Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's policy is to manage its borrowings using mixture of long-term and short-term borrowing facilities, including money market borrowings and other instruments permitted under its Treasury Policy, to meet anticipated funding requirements.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of financial position plus net debt.

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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

The gearing ratio at March 31, 2015 and March 31, 2014 were as follows:

| <b>Particulars</b>                             | <b>As at March 31, 2015</b> | <b>As at March 31, 2014</b> |
|--|-----------------------------|-----------------------------|
| Total borrowings                               | 25,931.38                   | 30,138.45                   |
| Less: Cash and cash equivalents                | (9,888.77)                  | (184.90)                    |
| <b>Net Debt</b>                                | <b>16,042.61</b>            | <b>29,953.55</b>            |
| Total Equity                                   | 8,010.18                    | (6,314.06)                  |
| <b>Total Equity</b>                            | <b>8,010.18</b>             | <b>(6,314.06)</b>           |
| <b>Gearing ratio (Net debt/ Total capital)</b> | <b>2.00</b>                 | <b>N.A.</b>                 |

Restricted Cash (March 31, 2015: ₹ 3,110.71 million, 31, 2014: ₹ 696.97 million) includes Term Deposits with bank which are placed towards margin / reserves for term loans and bank guarantees. These are shown under other financial assets and not included in cash & cash equivalent for calculation of above gearing ratio.

## **II. Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by a treasury department (company treasury) as per the policy of the Company. Company treasury identifies, evaluates and hedges financial risks if any in close co-operation with the company's operating units. The policy covers the areas of overall risk management, including foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The major financial instruments of the Company include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risk management approach of the Company is aimed to minimize the financial risks for the business.

### **a) Market Risk**

#### *(i) Foreign exchange risk*

The company operates in local market and carries no major foreign currency risk, except for trade payables in respect of imports made by the company. However according to the management there is no material impact of the same. Trade payables in foreign currencies as on March 31, 2015 is INR 742 million (March 31, 2014 INR 479 million). The impact of foreign exchange sensitivity of 5% strengthening or weakening on the payables is INR 37 million.

The sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the INR computed from historical data and assuming all other information to be constant.

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### **Videocon d2h Limited – Financial Statements**

*(All amounts are in INR Million)*

#### **Notes to Financial Statements for the year ended March 31, 2015**

*(ii) Interest rate risk*

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates.

In respect to borrowing on floating rates the Company negotiates exit options without break-costs on interest reset dates wherever possible.

The table below shows the Company's sensitivity to interest rates on floating rate bank borrowings on profit or loss and equity:

| <u>Particulars</u>        | <u>For the year ended</u>       |                                 |
|---------------------------|---------------------------------|---------------------------------|
|                           | <u>March 31,</u><br><u>2015</u> | <u>March 31,</u><br><u>2014</u> |
|                           | ₹ in Million                    |                                 |
| 1% strengthening of rates | 259.08                          | 278.88                          |
| 1% weakening in rates     | 259.08                          | 278.88                          |

The profile of Company's borrowings as at March 31, 2015 and March 31, 2014 is provided on Note 22.

*(iii) Price risk*

The Company is not exposed to any price risk as the Company does not have any investment.

**b) Credit risk**

Credit risk encompasses the direct risk of default, the risk of deterioration of creditworthiness as well as concentration risks. It principally arises from deposits with banks and others, trade and other receivables mainly linked to the credit exposures of customers.

The Company maintains its Cash and cash equivalents, Derivative financial instruments, Bank deposits with banks and financial institutions having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

Trade receivables of the Company are typically unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of customers to which Company grants credit terms in the normal course of business. The allowance for impairment of Trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables. The Company has no concentration of credit risk as the customer base is geographically distributed in India.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. It also maintains varied maturity profile with a cap on the level of debt maturing in any one calendar quarter, therefore minimising refinancing risk. Long-term borrowings generally mature between one and 8 years. Liquidity is reviewed on a daily basis based on weekly cash flow forecast.

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### Videocon d2h Limited – Financial Statements

(All amounts are in INR Million)

#### Notes to Financial Statements for the year ended March 31, 2015

##### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the company's policies and procedures include specific guidelines to focus on the maintaining existing subscriber's base, adding new subscribers and developing innovative products.

#### 30. Fair value of financial instruments

Fair value hierarchy

Financial liabilities measured at fair value and classified into level 3 :

This level of hierarchy includes financial liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor they are based on available market data. The item in this category is employee stock option valuation, measured at fair value.

| Particulars                | ₹<br>in million |
|----------------------------|-----------------|
| Opening                    | Nil             |
| Charge to income statement | 29.74           |
| Closing                    | 29.74           |

#### 31. Approval of the financial statements

The financial statements were approved by the board of directors of the Company and authorised for issue on May 27, 2015.

For and on behalf of the Board

**SAURABH P. DHOOT**  
Executive Director

**NABANKUR GUPTA**  
Director

Place: Mumbai  
Date: May 27, 2015

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## Section 2: EX-12.1 (EX-12.1)

Exhibit 12.1

### Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Saurabh Pradipkumar Dhoot, certify that:

- I have reviewed this annual report on Form 20-F/A of Videocon d2h Limited (the "Company");
- Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
- The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the company and have:
  - designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision,

to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the Audit Committee of the company's Board of Directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 18, 2016

By: /s/ Saurabh Pradipkumar Dhoot  
Name: Saurabh Pradipkumar Dhoot  
Title: Executive Chairman

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## Section 3: EX-12.2 (EX-12.2)

Exhibit 12.2

### Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Avanti Kumar Kanthaliya, certify that:

1. I have reviewed this annual report on Form 20-F/A of Videocon d2h Limited (the "Company");
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the company and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the Audit Committee of the company's Board of Directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 18, 2016

By: /s/ Avanti Kumar Kanthaliya  
Name: Avanti Kumar Kanthaliya  
Title: Chief Financial Officer

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## Section 4: EX-13.1 (EX-13.1)

Exhibit 13.1

**Certification of Principal Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Videocon d2h Limited (the “Company”) hereby certifies, to such officer’s knowledge, that:

- (i) the accompanying annual report on Form 20-F/A of the Company for the year ended March 31, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 18, 2016

By: /s/ Saurabh Pradipkumar Dhoot  
Name: Saurabh Pradipkumar Dhoot  
Title: Executive Chairman

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being “filed” either as part of the Report or as a separate disclosure statement, and is not to be incorporated by reference into the Report or any other filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. The foregoing certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of Section 18 or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

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## **Section 5: EX-13.2 (EX-13.2)**

**Exhibit 13.2**

**Certification of Chief Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Videocon d2h Limited (the “Company”) hereby certifies, to such officer’s knowledge, that:

- (i) the accompanying annual report on Form 20-F/A of the Company for the year ended March 31, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 18, 2016

By: /s/ Avanti Kumar Kanthaliya  
Name: Avanti Kumar Kanthaliya  
Title: Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being “filed” either as part of the Report or as a separate disclosure statement, and is not to be incorporated by reference into the Report or any other filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. The foregoing certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of Section 18 or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

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