

Section 1: 20-F (FORM 20-F)

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

Form 20-F

☐ 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, 2016

☐ 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

Videocon d2h Limited
(Exact name of Registrant as specified in its charter)

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)

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

Title of Each class	Name of each exchange on which registered
American Depositary Shares, each representing four Equity Shares, par value 10 rupees per share	The Nasdaq Stock Market LLC
Equity Shares, par value 10 rupees per share	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

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:

420,064,600 Equity Shares, par value 10 rupees per share

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). N/A

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.

<u>Title of Each class</u>	<u>Name of each exchange on which registered</u>
American Depositary Shares, each representing four Equity Shares, par value 10 rupees per share	The Nasdaq Stock Market LLC
Equity Shares, par value 10 rupees per share	The Nasdaq Stock Market LLC*

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DEFINITIONS

ADS

means an American Depositary Share.

add-on

means a set of channels that subscribers may add to their current subscription package.

Additional KuBand Lease Agreement

means the transponders agreement, dated December 4, 2015, entered into between the Company and Antrix Corporation for the leasing of two new transponders for a period of three years.

Adjusted DTH Gross Revenue

refers to the basis of the payment of license fees to the MIB, calculated on the basis of revenue earned from licensed activities net of certain deductions as permitted by TDSAT Ruling.

a la carte

means subscribers can create a custom subscription package, by selecting individual or a set of different channels.

Antrix Corporation

means the commercial division of the Department of Space, Government of India.

ARPU

means Average Revenue Per User.

BSE

refers to BSE Limited, located in Mumbai, Maharashtra, India.

Contribution Agreement

refers to the Contribution Agreement dated December 31, 2014, as amended from time to time, between the Company and Silver Eagle Acquisition Corp.

DAS

means Digital Addressable Cable TV System.

Daily Burn Rate

means daily charge for the package used by subscribers.

Department of Space

refers to the Department of Space, Government of India.

Deposit Agreement

refers to the deposit agreement dated March 31, 2015, as amended from time to time, between the Company, Deutsche Bank Trust Company Americas as depositary and the holders and beneficial owners of the ADS evidenced by American Depositary receipts. The laws of the State of New York govern the Deposit Agreement and the ADSs.

DTH

means Direct-to-Home satellite, a means of receiving signals transmitted from direct broadcast satellites.

DTH Gross Revenue

refers to the Company’s gross revenue as defined in the DTH License Agreement.

DTH License Agreement

means License Agreement, dated December 28, 2007, executed between Videocon d2h and the President of India acting through the Director, Broadcasting, Policy and Legislation, Ministry of Information and Broadcasting, Government of India.

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Earnout

refers to the allotment of bonus issue of shares (or such other form of share issue as determined by the independent members of our board of directors) to our existing shareholders as of the date of the Contribution Agreement and the Sponsor, Global Eagle Acquisition LLC, upon satisfaction of certain share price performance hurdles of the ADSs on the Nasdaq being satisfied within three years of the initial listing of the ADSs, namely an “Initial Performance Hurdle” and a “Subsequent Performance Hurdle”.

equity shares

means the equity shares of Videocon d2h with face value of Rs. 10 each.

ESOP 2014

means the Videocon d2h Employees Stock Option Scheme 2014, adopted by Videocon d2h on August 1, 2014

GNIDA

refers to the Greater Noida Industrial Development Authority.

GoI

refers to the Government of India.

Gross subscribers

means total registered subscribers.

HD

means High Definition.

IFRS

refers to International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Indian Companies Act

means together, the notified provisions of the Companies Act, 2013 (along with applicable rules framed thereunder) and the Companies Act, 1956, as amended (to the extent in force).

Initial Performance Hurdle

means the allotment of shares to existing shareholders as of the date of the Contribution Agreement and the sponsor, Global Eagle Acquisition LLC, if the last sales price of the Company’s ADSs on the Nasdaq (converted into Indian Rupees on each such day at the Indian Rupee/U.S. dollar exchange rate on such date) equals or exceeds 125.0% of the listing price of the ADSs for any 20 trading days within any 30 trading period within three years from the closing date (as adjusted for splits, dividends, reorganizations, recapitalizations and the like).

KuBand

means the 1218 GHz portion of the electromagnetic spectrum in the microwave range of frequencies primarily used for satellite communications.

KuBand Lease Agreements

means the combination of the Original KuBand Lease Agreement, the New KuBand Lease Agreement and Additional KuBand Lease Agreement.

MIB

refers to Ministry of Information and Broadcasting, Government of India.

MPA Report

refers to “Indian DTH Market Overview — Key Dynamics & Future Outlook 2016, a report prepared by Media Partners Asia, Ltd, an independent provider of information services, focusing on media, communications, and entrainment industries.

Nasdaq

means the Nasdaq Stock Market LLC.

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Net subscribers

means subscribers authorized to receive DTH broadcasting services on account of payment of subscription charges or any entry offer at the time of initial connection, as well as subscribers who are temporarily disconnected due to non-payment of subscription charges for a period not exceeding 120 days.

New KuBand Lease Agreement

means a KuBand lease agreement, dated August 1, 2015, entered into between Videocon d2h and the Department of Space, Government of India for a period of three years.

Original KuBand Lease Agreement

means a KuBand lease agreement, dated April 19, 2012, as amended on June 19, 2013 (“Amendment 1”), on July 1, 2014 (“Amendment 2”), on February 27, 2015 (“Amendment 3”), on April 15 , 2015 (“Amendment 4”) and on June 1, 2015 (“Amendment 5”) entered into between Videocon d2h and the Department of Space, Government of India.

Patronage Letters

means patronage letters dated June 1, 2007 and June 5, 2007 issued by Videocon Industries in favor of Intesa towards the fulfillment of VDC’s obligations under a loan agreement for a maximum principal amount of €35 million between the lenders, Intesa Sanpaolo S.p.A. and Banca Intesa Mediocredito S.p.A., and the borrower, VDC.

PFIC

means passive foreign investment company

Principal Shareholders

means Mr. Saurabh Pradipkumar Dhoot, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited, Platinum Appliances Private Limited, Shree Dhoot Trading and Agencies Limited and Dome Bell Electronics India Private Limited.

RBI

means the Reserve Bank of India.

Recharge

means the payments made by a subscriber from time to time in order to receive the services offered by Videocon d2h.

SEC

means the U.S. Securities Exchange Commission.

SingTel

refers to Singapore Telecommunications Limited.

ST2

satellite” refers to a telecommunications satellite made by Mitsubishi Electric, operated by the ST2 Satellite Ventures joint company of SingTel and Chunghwa Telecom.

Subsequent Performance Hurdle

means the allotment of shares to existing shareholders as of the date of the Contribution Agreement and the sponsor, Global Eagle Acquisition LLC, if the last sales price of the Company’s ADSs on the Nasdaq (converted into Indian Rupees on each such day at the Indian Rupee/U.S. dollar exchange rate on such date) equals or exceeds 150.0% of the listing price of the ADSs for any 20 trading days within any 30 trading period within three years from the closing date (as adjusted for splits, dividends, reorganizations, recapitalizations and the like).

Sweat Equity Shares

refers to the allotment of equity shares to Mr Saurabh Dhoot, Executive Chairman upon satisfaction of certain share price performance hurdles of the ADSs on the Nasdaq being satisfied within three years of the initial listing of the ADSs, namely an “Initial Performance Hurdle” and a “Subsequent Performance Hurdle”.

TDSAT

refers to Telecom Disputes Settlement and Appellate Tribunal of India.

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TRAI

refers to Telecom Regulatory Authority of India.

VDC

means VDC Technologies S.p.A.

Videocon d2h

means Videocon d2h Limited, a public limited company organized under the laws of the Republic of India.

Videocon Group

means the group of entities controlled by Mr. Venugopal Nandlal Dhoot, Mr. Rajkumar Nandlal Dhoot and/or Mr. Pradipkumar Nandlal Dhoot.

Videocon Industries or VIL

refers to Videocon Industries Limited, the Videocon Group’s flagship entity with its securities listed on the BSE Limited, the National Stock Exchange of India Limited, the Bourse de Luxemburg and the Singapore Exchange Securities Trading Limited.

CERTAIN DEFINITIONS, CONVENTIONS AND GENERAL INFORMATION

Unless the context otherwise requires, references in this Form 20-F to the “Company”, “Videocon D2H”, “we”, “us”, and “our” shall mean Videocon d2h Limited are to Videocon d2h Limited. References to “India” are to the Republic of India. References to “rupee,” “INR”, or “Rs.” are to the lawful currency of India. All references to the “GoI” herein are references to the Government of India. References to “United States” or “US” are to the United States of America. References to “U.S. dollar” or “US\$” are to the lawful currency of the United States. Certain figures (including percentages) have been rounded for convenience, and therefore indicated and actual sums, quotients, percentages and ratios may differ. References to “fiscal” year is to the year ended March 31 of the year referenced.

Our financial statements as of March 31, 2016, and 2015 and for the years ended March 31, 2016, 2015 and 2014 (restated) included in this Form 20-F (the “Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Solely for the convenience of the reader, certain Indian Rupee amounts have been converted into U.S. dollars at specified rates. Unless otherwise indicated, U.S. dollars equivalent information for amounts in Indian Rupee are converted at the Reserve Bank of India (“RBI”). Reference Rate for March 31, 2016, which was Rs. 66.33 to US\$ 1.00. The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Indian Rupee. No representation is made that the Indian Rupee or U.S. dollar amounts shown herein could have been or could be converted into U.S. dollar or Indian Rupee, as the case may be, at any particular rate or at all. See Item 3 “Key Information – Selected Financial Data – Exchange Controls” for further information regarding rates of exchange between the Indian Rupee and the U.S. dollar.

Certain Non-IFRS Measures

This annual report on Form 20-F contains references to EBITDA and Adjusted EBITDA which are non-IFRS measures. EBITDA and Adjusted EBITDA presented in this annual report are supplemental measures of performance and liquidity that is not required by or represented in accordance with the IFRS. Furthermore, EBITDA and Adjusted EBITDA are not measures of financial performance or liquidity under IFRS and should not be considered as an alternative to profit after tax, operating income or other income or any other performance measures derived in accordance with the IFRS or as an alternative to cash flow from operating activities or as a measure of liquidity. In addition, EBITDA and Adjusted EBITDA are not standardized terms, hence direct comparison between companies using the same terms may not be possible. Other companies may calculate EBITDA and Adjusted EBITDA differently from our Company, limiting their usefulness as comparative measures. We believe that EBITDA and Adjusted EBITDA help identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that are excluded when calculating EBITDA and Adjusted EBITDA. We believe that EBITDA and Adjusted EBITDA enhance the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in our financial and operational decision-making.

FORWARD-LOOKING STATEMENTS

This Form 20-F contains “forward-looking statements” as defined in Section 27A of the US Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the US Securities Exchange Act of 1934, as amended (“Exchange Act”), within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our expectations and projections for our future operating performance and business prospects. The words “believe”, “expect”, “anticipate”, “estimate”, “project” and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Form 20-F are forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements herein are reasonable, we can give no assurance that such expectations will prove to be correct. These forward-looking statements are subject to a number of risks and uncertainties, including changes in the economic, social and political environments in India. This Form 20-F discloses, under Item 3 “Key Information – Risk Factors” and elsewhere, important factors that could cause actual results to differ materially from our expectations. You should thoroughly read this annual report and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following tables present our selected financial information and operating statistics as of the dates and for each of the periods indicated. The selected financial information as of and for the years ended March 31, 2016, 2015, 2014 and 2013 presented below is based upon our audited Financial Statements prepared in conformity with IFRS. The selected financial information as of March 31, 2016 and 2015 and for the years ended March 31, 2016, 2015 and 2014 should be read in conjunction with, and is qualified in its entirety by reference to, our audited Financial Statements, including the notes thereto, and the other information included elsewhere in this Form 20-F. The selected financial information as of March 31, 2013 and for the year ended March 31, 2013 is derived from our audited IFRS financial statements not included in this annual report on Form 20-F. Our historical results do not necessarily indicate results expected for any future period.

The Public Accountant Firm Khandelwal Jain & Co. audited our Financial Statements as of and for the years ended March 31, 2016, 2015, 2014 and 2013

	Year Ended March 31,			
	2013	2014	2015	2016
		(Rs. in million)		
Revenue from operations	11,295.47	17,644.10	23,377.08	28,558.62
Total Expenses	13,647.94	17,935.50	22,707.51	26,751.88
Profit/(Loss) from operations	(2,352.47)	(291.40)	669.57	1,806.74
Profit/(Loss) before tax	(5,095.39)	(4,625.16)	(3,944.57)	(1,299.45)
Profit/(Loss) after tax	(3,524.33)	(3,195.48)	(2,726.64)	(922.05)
Basic earnings per share ⁽¹⁾⁽⁴⁾	(13.28)	(12.04)	(10.26)	(2.21)
Diluted earnings per share ⁽²⁾⁽⁴⁾	(13.28)	(12.04)	(10.26)	(2.21)
Number of shares outstanding ⁽³⁾⁽⁴⁾	242,000,000	242,000,000	392,999,600	416,359,600

- (1) Basic earnings per share is calculated by dividing the profit/(loss) for the year attributable to our ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.
- (2) Diluted earnings per share is calculated by dividing the profit/(loss) attributable to our ordinary equity holders by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.
- (3) Number of shares outstanding excludes the equity shares issued as part of ESOP 2014 to Videocon d2h Employees Welfare Trust, but not yet vested with employees as per the terms of ESOP 2014.
- (4) For further details, see pages F-1 through F-37.

	As of March 31,			
	2013	2014	2015	2016
	(Rs. in million)			
Assets				
Noncurrent Assets				
Property, Plant and equipment & Capital Work-in-Progress	20,589.34	22,774.61	25,315.45	26,680.84
Intangible Assets	1,431.80	1,250.93	1,072.53	888.10
Other Financial Assets	185.59	2,114.41	752.40	2,054.56
Other Non-financial Assets	112.27	110.60	108.92	107.25
Deferred Tax Assets (Net)	5,060.58	6,490.26	7,708.19	8,085.59
Total non-current assets	27,379.58	32,740.81	34,957.49	37,816.34
Current Assets				
Inventories	253.17	317.13	341.25	400.23
Trade Receivables	3.33	4.24	1.63	2.79
Other Financial Assets	590.61	730.40	3,151.58	5,547.82
Other Non-Financials Assets	2,150.76	1,738.21	924.69	1,481.61
Cash and cash equivalents	5,788.67	184.90	9,888.77	1,428.69
Total current assets	8,786.54	2,974.88	14,307.92	8,861.14
Total Assets	36,166.12	35,715.69	49,265.41	46,677.48
Equity				
Share Capital	2,420.00	2,420.00	3,930.00	4,163.60
Share Premium	5,840.00	5,840.00	21,380.88	21,147.28
Retained earnings	(11,378.58)	(14,574.06)	(17,300.70)	(18,222.75)
Other reserves	—	—	29.74	147.51
Total Equity	(3,118.58)	(6,314.06)	8,039.92	7,235.64
Liabilities				
Noncurrent Liabilities				
Long-term borrowings	—	—	23.13	5.37
Other Non-Financial Liabilities	2,376.74	2,668.99	2,869.14	2,739.59
Post employment benefits	25.78	29.87	44.99	53.04
Others employment benefits	16.67	18.19	26.10	31.45
Total non-current liabilities	2,419.19	2,717.05	2,963.36	2,829.45
Current Liabilities				
Short-term borrowings	5,500.00	2,250.00	—	—
Trade Payable	1,976.81	2,203.87	4,338.03	5,602.86
Other Non-Financial Liabilities	4,513.56	5,597.46	7,170.16	7,383.24
Other Financial Liabilities	24,871.09	29,256.55	26,747.99	23,621.79
Post employment benefits	1.54	1.81	2.53	0.80
Others employment benefits	2.51	3.01	3.42	3.70
Total current liabilities	36,865.51	39,312.70	38,262.13	36,612.39
Total Liabilities	39,284.70	42,029.75	41,225.49	39,441.84
Total equity and liabilities	36,166.12	35,715.69	49,265.41	46,677.48

Exchange Rate Information

The following table shows the exchange rate of Indian Rupee to U.S. dollar based on the noon buying rate in The City of New York for cable transfers of Indian Rupees as certified for customs purposes by the Federal Reserve Bank of New York.

Year ended March 31,	at Period End	Average ⁽³⁾ (Rs. Per US\$1.00)	Low	High
2012 ⁽¹⁾	50.89	47.81	44.00	53.71
2013 ⁽¹⁾	54.52	54.36	50.64	57.13
2014 ⁽¹⁾	60.00	60.35	53.65	68.80
2015 ⁽¹⁾	62.31	61.34	58.30	63.67
2016 ⁽¹⁾	66.25	64.41	61.99	68.84

Recent Monthly Data 2016	Low	High
	(Rs. Per US\$1)	
January ⁽²⁾	66.49	68.08
February ⁽²⁾	67.57	68.84
March ⁽²⁾	66.34	67.75
April ⁽²⁾	66.05	66.70
May ⁽²⁾	66.36	67.59
June ⁽²⁾	66.51	67.92

Source: Federal Reserve Bank of New York

- (1) Determined based upon the last day middle exchange rate of each month announced by the Federal Reserve Bank of New York applicable for the period.
- (2) Determined based upon the daily middle exchange rate announced by the Federal Reserve Bank of New York during the applicable period.
- (3) The average rates for the annual periods were calculated by taking the simple average of the exchange rates on the last business day of each month during the relevant period.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASON FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

A. Risks Related to our Company and the Industry in which we operate.

We have accumulated losses resulting in substantial erosion of our net worth, which may affect our ability to continue as a “going concern”.

We incurred losses for the years ended March 31, 2016, 2015 and 2014 of Rs. 922.05 million, Rs. 2,726.64 million and Rs. 3,195.48 million, respectively. Our auditors have stated in their audit opinion that we incurred a loss of Rs. 922.05 million during the year ended March 31, 2016 and had accumulated losses amounting to Rs. 18,222.75 million as of March 31, 2016, resulting in substantial erosion of our net worth. Our auditors have stated in their audit opinion that our accumulated losses exceed our paid-up share capital and that our ability to continue as a going concern is dependent on our ability to fund our operations and capital expenditure requirements. See “Item 5. Operating and Financial Review and Prospects.” We cannot assure you that we will not continue to incur losses, or that the our auditors will continue to prepare our financial statements on a going concern basis.

Our indebtedness could adversely affect our financial health and make it more difficult for us to service our debt or obtain additional financing, if necessary.

As of March 31, 2016 and March 31, 2015, we had outstanding secured indebtedness of Rs. 23,171.70 million and Rs. 25,947.07 million, respectively, from banks and financial institutions. We may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flows may be used towards payment of principal and interest of our debts, which would reduce the availability of cash to fund working capital needs, capital expenditures and other general corporate requirements;
- our ability to obtain additional financing in the future with reasonable terms may be restricted;

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- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions; and
- we may be placed at a competitive disadvantage relative to our competitors that have greater financial resources than us.

As of March 31, 2016, substantially all of our indebtedness consisted of floating rate indebtedness. An increase in the prevailing interest rates would increase borrowing costs with respect to existing floating rate obligations or new loans, which may adversely affect our business, financial condition and results of operations.

We are not in compliance with certain terms and conditions of our loan agreements in prior years, which could lead to termination of facilities, acceleration of loans, or cross-defaults, which could have an adverse effect on our business, financial condition and results of operations.

While we believe that our relationships with our lenders are good, compliance with various terms and conditions of our loan agreements is subject to interpretation and, as a result, it is possible that a lender could assert that we have not complied with certain terms under our financing agreements. Any failure to service our indebtedness, obtain a required consent or perform any condition or covenant could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have an adverse effect on our financial condition and results of operations. See “*Risk Factors—Videocon Industries may be determined to be in default under certain of its financing agreements, which could result in our Company being in default or cross-default under certain provisions of our loan agreements*”. Although we believe we are in compliance with our financial covenant requirements of our loan agreements as of March 31, 2016, we have, on occasion, been unable to meet our financial covenant requirements in the past, and we have not received waivers for such non-compliance. However, our lenders have neither enforced any security nor have accelerated repayment of the loans for any such non-compliance.

Our failure to adhere to the terms and conditions contained in the DTH License Agreement could have an adverse effect on our business, financial condition and results of operations. In addition, we may owe additional amounts under our DTH License Agreement for prior years of operations.

We entered into the DTH License Agreement, dated December 28, 2007, with the President of India acting through the Director, Broadcasting, Policy and Legislation, Ministry of Information and Broadcasting, GoI, or the MIB. Pursuant to the terms of the DTH License Agreement, we are required to pay an annual fee of 10.0% of our gross revenue as defined in the DTH License Agreement (“**DTH Gross Revenue**”) to the MIB for the relevant fiscal year. Separately, we are also required to pay license fees and royalty for the spectrum we use, as determined by the Wireless Planning & Coordination Wing of the Ministry of Communications and Information Technology, Department of Telecommunications, GoI.

The DTH license is valid until December 12, 2018, and it may be terminated by the MIB without compensation to us in the event of breach of any of the terms and conditions of the license (after giving us an opportunity to address the breach). If the DTH License Agreement is terminated or is not renewed, we would lose the ability to provide DTH services in India and our business, financial condition and results of operations would be adversely affected. Since the commencement of our DTH operations, we have paid license fees to the MIB, calculated on the basis of revenue earned from licensed activities net of certain deductions as permitted by TDSAT Ruling (“**Adjusted DTH Gross Revenue**”). Pay DTH operators, including Videocon d2h, are currently in a dispute with the MIB regarding whether license fees should be calculated based on DTH Gross Revenue or Adjusted DTH Gross Revenue and a final decision by the Supreme Court of India is pending. If the Supreme Court rules in favor of the GoI and we are required to pay additional DTH license fees based on DTH Gross Revenue instead of Adjusted DTH Gross Revenue, we may incur additional liability and our business and financial condition of our operations may be adversely affected. We make an estimation of and disclose such potential liability in our financial statements as a contingent liability. For the period since incorporation until March 31, 2016, such potential liability is estimated to be Rs. 5,052.91 million (inclusive of interest as of March 19, 2014 on liability accruing until March 31, 2013), as per our financial statements as of March 31, 2016, whereas the MIB raised a demand against us for an aggregate amount of Rs. 1,582.89 million towards outstanding license fees (together with interest at the rate of 1% per month) for periods until March 31, 2013. See “Item 5. Operating and Financial Review and Prospects”.

Our leased satellite ST2 is subject to operational, lease and environmental risks that could limit our ability to utilize the satellite.

The ST2 satellite was launched in May 2011 and it has an estimated useful life of 12 to 15 years. It is subject to significant operational risks while in orbit, resulting from the satellite manufacturer’s errors or operational failures. The satellite is also subject to a variety of atmospheric risks while in orbit that may adversely affect operations, including meteoroid strikes, electrostatic storms, increased solar activity and collisions with space debris. In the event the ST2 satellite experiences a technical failure, is damaged or lost, our ability to provide programming to our subscribers could be seriously disrupted or suspended, even for prolonged periods, as we do not have any additional backup satellite.

A significant portion of our operations are currently located in a single digital broadcast center in Noida, India.

Although we have taken steps to set up an additional broadcast site, which is currently under construction, at Bharuch in Gujarat as a backup to our existing broadcast center, a significant portion of our operations are still currently located in a single digital broadcast center in Noida, India. As a result, we are vulnerable to the effects of natural disasters, such as an earthquake, flood or fire, or other calamity or event, such as technological failures, that would cause significant damage to this facility and/or disrupt our ability to conduct the business. In the event of a significant disruptive event affecting this facility, we may face disruptions in the delivery of channels or degradation in the audio and visual quality of such channels.

Further, pursuant to the terms of the facility’s lease agreement, or the Noida Lease Agreement, executed between our Company and the Greater Noida Industrial Development Authority, or the GNIDA, we are required to comply with certain terms and conditions, including providing prior written notice to the GNIDA in respect of any change in our capital structure, among other things. If we are in default of the terms of the Noida Lease Agreement, the GNIDA may terminate the lease, in which case we would be required to vacate the facility. If our operations at the digital broadcast center in Noida are disrupted for any reason, our business, financial condition and results of operations would be adversely affected.

A significant portion of our shares held by the Principal Shareholders are pledged as security to banks and financial institutions.

As of July 22, 2016, certain of our Principal Shareholders have pledged an aggregate of 58.7% of our shares to banks and financial institutions. In the event of enforcement of pledges on such encumbered equity shares for any reason (including any default under the terms and conditions of the relevant agreements pursuant to which such pledges have been created), such pledged equity shares may be required to be transferred to third parties in whose favor the pledges were created. This could result in a change in our shareholding pattern, which may adversely affect our ability to carry out our business operations and thereby adversely affect our business, financial condition, results of operations and the trading price of our ADSs.

We rely on third parties to provide us with programming and any increase in programming costs or new regulations may adversely affect our business, financial condition and results of operations.

We rely on third party content providers to provide us with programming and our ability to compete successfully in the DTH pay-TV industry depends on our ability to continue to obtain programming for delivery to our subscribers at competitive prices. Content procurement by broadcasting service providers in India, including our Company, takes place through channel distributors or owners. Under Indian interconnection regulations, all channel owners and distributors are required to offer their content to all broadcasting platforms and operators, including pay DTH service providers such as our Company, subject to payment of content costs, which are regulated by the GoI. Any change in Indian interconnection regulations that would permit content owners and distributors to refuse to provide programming to DTH operators or impose discriminatory terms or conditions, may adversely affect our ability to acquire programming in a cost-effective manner, or at all, which would adversely affect our business, financial condition and results of operations.

Further, we typically enter into agreements with channel distributors and owners, in order to be able to acquire multiple channels offered by such distributors or owners as a bundle, at negotiated prices (typically below the ceiling prices prescribed by the Indian regulator). Significant content agreements that we have entered into at negotiated rates include those entered into with Zee Entertainment Enterprises Ltd (formerly Taj Television (India) Private Limited), Star India Private Limited, Sony Pictures Networks India Private Limited (formerly Multi Screen Media Private Limited) and TV 18 Broadcast Limited. Our programming agreements generally have terms ranging from one to five years and contain various renewal and termination provisions.

Although we have historically been able to readily renew our contracts with our major content providers, we may not be able to renew them on favorable terms in the future, in a timely manner, or at all, if the market environment changes due to new regulations or increase in content costs for channel distributors. If we are unable to renew our material content agreements, our programming costs may increase. If we are unable to pass on such increased programming costs to our subscribers, or if such increase in subscriber fees leads to increased subscriber churn or inability to add to our subscriber base, our business, financial condition and results of operations may be adversely affected. In addition, we have paid our content fees after the due date under our major content agreements from time to time, and the content providers are entitled to terminate the agreement within 21 to 45 days after serving a written demand for payment if payment has not been received by the due date. Although none of the content providers have sought to terminate agreements due to delayed payments or otherwise as we believe we have had good relationships with all the major content providers since inception; we cannot assure you that the major content providers will not exercise their right to terminate the agreements in the future due to delays in payments for content, which could adversely affect our business, financial condition and results of operations.

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Damage to our relationship with the Videocon Group or the “Videocon” brand could have a material adverse effect on our business, financial condition and results of operations.

We benefit from our relationship with the Videocon Group in many ways, such as their reputation, cross-selling of our services through the Videocon Group, the ability to reduce our marketing spend by using Videocon Group’s existing marketing network and goodwill and the Videocon Group’s willingness to guarantee our loan agreements. Our growth and future success are influenced, in part, by our continued relationship with the Videocon Group because of the goodwill and market reputation that Videocon Group has established in India, and we rely on such benefits to position ourselves in the market to attract subscribers. We cannot assure you that we will be able to continue to take advantage of our relationship with Videocon Group in the future. If we cease to benefit from this relationship for any reason, our business, financial condition and results of operations may be adversely affected.

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

If we are unable to recover consumer premises equipment from churned subscribers, there could be a significant erosion of the realizable value of our consumer premises equipment.

Consumer premises equipment comprised 83.4% of our net tangible assets as of March 31, 2016. When subscribers discontinue or terminate our services, we are not always able to recover our consumer premises equipment that we have provided on a rental basis to such subscribers. We recognize a subscriber as a churned subscriber if the subscriber has not made a payment for at least 120 days. As of March 31, 2016, we have encountered a cumulative churn of 3.88 million subscribers since we commenced operations in 2009, out of which we have already provided for impairment for 1.97 million churned subscribers. If we are unable to recover the consumer premises equipment from such churned subscribers, there could be a significant erosion of the realizable value of our consumer premises equipment. See “Item 5. Operating and Financial Review and Prospects — Critical Accounting Policies — Impairment reviews.”

We face intense and increasing competition.

Our business is primarily focused on providing DTH pay-TV services and we have traditionally competed against other DTH pay-TV providers and cable companies, some of whom have greater financial, marketing and other resources than us. Moreover, mergers and acquisitions, joint ventures and alliances among cable television providers, telecommunications companies and others may result in, among other things, greater financial leverage and increase in service offerings from our competitors capable of bundling television, broadband and telephone services. We and our competitors would need to attract a greater proportion of new subscribers from each other’s existing subscriber bases as well as first-time purchasers of DTH pay-TV services, including cable to DTH switch over subscribers. In addition, because other DTH pay-TV providers may be seeking to attract a greater proportion of their new subscribers from our existing subscriber base, we may be required to increase retention spending which is capital-intensive. Competition in the DTH pay-TV industry has intensified in recent years as the industry has matured and seen the growth of digital cable-based pay-TV services offered by digital cable operators. These cable-based pay-TV services have significantly greater capacity, enabling them to offer substantial HD programming content as well as bundled services. This increasingly competitive environment may require us to increase subscriber acquisition and retention spending or accept lower subscriber activation and higher subscriber churn. Further, as a result of this increased competitive environment and the maturation of the DTH pay-TV industry, our future growth opportunities may be limited. In addition, our margins maybe reduced if we are unable to finance our capital needs, duly service our debt obligations or secure other financing when needed, on acceptable terms, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We have had overdue payments under some of our loan agreements in prior years

Although we made all of our payments under our loan agreements on time during fiscal 2016, we have occasionally faced delay in making payments under certain of our loan agreements in prior years. In the event of our failure to make timely payments to our lenders, such lenders may issue a notice declaring an event of default under each of these loan agreements. However, our lenders have neither enforced any security nor have accelerated repayments of the loans for any such non-compliance. Should we fail to comply with the covenants of our various loan agreements in time, or fail to make timely payments to our lenders in the future, and our lenders elect to accelerate any or all amounts outstanding under the relevant loan agreements and declare such amounts immediately due and payable, together with accrued and unpaid interest, it could have an adverse effect on our business, financial condition and results of operations.

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Further, a default under the terms of any of our loan agreements also constitutes a cross-default under our other financing agreements. Such default could result in acceleration of amounts due under those facilities, which may individually or in the aggregate have an adverse effect on our business, financial condition and results of operations. In addition, we may have to dedicate a substantial portion of our future cash flow from operations to repay our debts under the financing agreements, thereby reducing the availability of cash flow to meet working capital requirements and use for other general corporate purposes. Such continued defaults and any action initiated by a lender may also impact our ability to obtain financing in the future and may result in a decline in the value of our equity shares and the trading price of the ADSs.

Any failure or inadequacy of our information technology and network systems may have an adverse effect on our business operations.

Our success depends, in part, on the continued and uninterrupted performance of our information technology and network systems. The capacity, reliability and security of our information technology hardware and software infrastructure (including our billing systems) are important to our business operations, which would suffer in the event of system failures or cyber attacks. Similarly, our ability to expand and update our information technology infrastructure in response to our growth and changing needs is important to implement our new service offering initiatives. Our inability to expand or upgrade our technology infrastructure could have adverse consequences, which could include delayed implementation of new service offerings, service or billing interruptions, among others.

Our systems are vulnerable to damage from a variety of sources, including telecommunications failures, power loss, malicious human acts and natural disasters. Moreover, despite our security measures, our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautions we have taken, unanticipated problems affecting our systems could cause failures in our information technology and network systems or disruptions in the transmission of signals. Sustained or repeated system failures that interrupt with our ability to provide services to our subscribers or otherwise meet our business obligations in a timely manner would adversely affect the satisfaction of our subscribers. If one or more of such events occur, this could potentially jeopardize our customer information and other information that have been processed and stored, as well as transmitted through, our information technology hardware and software infrastructure, or otherwise cause interruptions or malfunctions in our operations, which could result in significant losses or reputational damage to our Company.

If our information technology systems are subjected to floods, fire or other natural disasters, terrorism, computer viruses, power loss, other catastrophe or unauthorized access, our operations and customer relations could be adversely affected. Any failure in the operation of our information technology and network systems could result in business interruptions, which may adversely affect our reputation, weaken our competitive position and have an adverse effect on our business, financial condition and results of operations. We may also be required to expend significant additional resources to modify our security measures or investigate and remediate vulnerabilities or other exposures in our information technology systems, and we may be subject to litigation.

Our inability to keep pace with technological developments could have a material adverse effect on our business, financial condition and results of operations.

In the DTH industry, changes occur as new technologies are developed, which could adversely affect our business and increase our cost of operations. Technological developments within the DTH industry include changes that may result in improved utilization of capacity, more robust content recording features and new interactive content. Consumers may also choose to view digital media through other platforms, such as computers, mobile phones, tablet computers and other devices. If we are unable to keep pace with such technological developments, our business, financial condition and results of operations may be adversely affected. If new technologies in which we invest fail to achieve acceptance in the marketplace or our technology does not work and requires significant cost to replace or fix, we could suffer a material adverse effect on our competitive position, which could reduce our revenues and earnings. For access to technologies and products that are necessary to remain competitive, we may make acquisitions and investments and may enter into strategic partnerships with other companies. Such investments may require commitment of significant capital and human and other resources. The value of such acquisitions, investments and partnerships and the technology required may be highly speculative. Such arrangements with third parties can lead to disputes and dependence on others for the development and delivery of necessary technology that we may not be able to control or influence. Such relationships may result in us committing to technologies that are rendered obsolete or precluding pursuit of other superior technologies.

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In addition, our business is subject to risks relating to increased competition from other leisure and entertainment activities which occupy consumers’ time. Our business competes with many other media used for entertainment and information delivery, including broadcast television, films, live events, radio broadcasts, home video products, video and computer games, print media, social media and the Internet. Technological advancements, such as new video formats, and delivery of video content through streaming and downloading services on the Internet, have increased the number of entertainment and information delivery choices available to consumers and intensified the challenges posed by audience fragmentation. The increasing number of choices available to consumers could adversely affect demand for our products and services and changes in technology could adversely affect our ability to maintain, expand or upgrade our systems and respond to competitive pressures. We cannot assure you that we will be able to fund the capital expenditures necessary to keep pace with future technological developments. We also cannot assure you that we will successfully anticipate the demand for products and services requiring new technology. Any inability to keep pace with technological changes and offer advanced services in a timely manner, or to anticipate the demands of the market, could adversely affect our business and increase our costs of operations.

Videocon Industries may be determined to be in default under certain of its financing agreements, which could result in our Company being in default or cross-default under certain provisions of our loan agreements.

In June 2007, Intesa Sanpaolo S.p.A. (“Intesa”) and Banca Intesa Mediocredito S.p.A. (“Banca Intesa”) (collectively, the “Lenders”) entered into a loan agreement with VDC Technologies S.p.A. (“VDC”), a company incorporated in Italy, which was then an indirect subsidiary of Videocon Industries, for a maximum principal amount of €35 million. In relation to the loan to VDC, Videocon Industries issued patronage letters dated June 1, 2007 and June 5, 2007 in favor of Intesa (collectively, the “Patronage Letters”), towards the fulfillment of VDC’s obligations under the loan agreement.

VDC ceased to be a subsidiary of Videocon Industries in March 2008. Since such time, VDC had allegedly defaulted under the terms of the loan agreement. Intesa sought to enforce the Patronage Letters alleging continued default under the loan agreement. The Court of Turin, Italy passed an ex parte decree against Videocon Industries ordering that it pay Intesa the principal amount of the loan of €35 million along with other interests and costs incurred, aggregating €36.2 million. Further, as a result of the alleged violation of the terms of the Patronage Letters together with the ex parte decree passed by the Court of Turin, Videocon Industries may be determined to be in default under certain of its financing agreements. Furthermore, although there is a carve-out in the terms and conditions of the secured US\$ 97.2 million, 4.30% foreign currency convertible bonds due 2020 (the “Bonds”) issued by Videocon Industries for the Intesa related litigation described above, it could trigger a cross-default if debt other than the Intesa-related debt becomes due and payable prior to its stated maturity. Any default or declaration of an event of default under the Bonds could have an adverse effect on Videocon Industries’ and the Videocon Group’s financial condition, business and reputation.

Videocon Industries is a flagship entity of the Videocon Group and a number of our secured loans are either guaranteed or supported through undertakings by Videocon Industries. Under the terms of these facilities, we may be in default if one of our guarantors (including Videocon Industries) fails to comply with its own debt obligations, defaults under one or more of its loan facilities or if any of such entities’ indebtedness, becomes due and payable prior to maturity on account of an event of default. Thus, if Videocon Industries were to default under a loan facility or if any of its indebtedness becomes due and payable prior to maturity on account of an event of default, such event could trigger a series of defaults or cross-defaults under its or our loan facilities for which Videocon Industries has provided a guarantee, which could adversely affect our financial condition, business, results of operations and reputation.

We may be unable to manage our growth effectively.

Since the commencement of our operations, our subscriber base and total revenue have grown rapidly. Our gross DTH subscriber base has increased from approximately 0.44 million as of March 31, 2010 to 15.74 million as of March 31, 2016. Our total revenue has increased from Rs. 142.07 million for fiscal year 2010 to Rs. 28,558.62 million for fiscal year 2016. In order to manage our continued growth effectively, we must continue to increase our subscriber base, acquire programming offerings, manage the selection of programming, including structuring of subscriber packages, introduce new models of set-top boxes and additional service features, develop and improve our operational, financial and other controls, keep pace with technological advancements, effectively withstand pricing and other competitive pressures, effectively manage a growing labor force and hire, train and retain skilled personnel for our management and technical teams. If we are unable to manage our growth effectively, our business, financial condition and results of operations may be adversely affected.

We experience seasonal fluctuations in our business.

We are exposed to seasonal fluctuations in our business. India’s DTH market is affected by seasonal factors, such as Diwali and other regional festivals and sports events, especially cricket tournaments such as the ICC Cricket World Cup. Other seasonal sporting events that could affect the demand in the DTH industry are major football leagues and the Olympics. These seasonal events could have an impact on subscribers in the suspension or churn group to become active subscribers and additional new subscribers may sign up for our services during these festivals or sporting events. Further, existing subscribers may move from a base pack to a sports pack or sports HD pack which would result in additional revenue for us during the relevant period. However, we cannot assure you that the subscribers who sign up for our services or upgrade their subscription packages during such events will continue to pay for their subscriptions or not revert to base subscription packages, which could adversely affect our business, financial condition and results of operations.

We do not intend to pay dividends in the foreseeable future.

We have not declared any dividend since our incorporation have not adopted a formal dividend policy and do not intend to pay dividends in the foreseeable future. The declaration and payment of dividends by our Company, if any, will be recommended by our board of directors and approved by our shareholders at their discretion, subject to the provisions of our Articles of Association and the Indian Companies Act, the notified provisions of the Companies Act, 2013 (along with the applicable rules framed thereunder) and the Companies Act, 1956, as amended (to the extent in force). As a result, capital appreciation in the price of our ADSs, if any, maybe your only source of gain from investment in our ADSs.

Grant of the proposed Sweat Equity Shares will result in a charge to our profit and loss account, which may adversely affect our results of operations.

Our board has adopted a resolution with respect to granting of up to 2,800,000 shares of face value Rs.10 each in the form of sweat equity to Mr. Saurabh Dhoot equivalent to 700,000 Videocon d2h ADSs, exercisable at a value determined by a registered valuer in accordance with applicable law, in two tranches of 50.0% each, which shall be allotted if the last sales price of the Company’s ADSs on the Nasdaq (converted into Indian Rupees on each such day at the Indian Rupee/U.S. dollar exchange rate on such date) equals or exceeds 125.0% of the listing price of the ADSs (the “**Initial Performance Hurdle**”), and 150.0% of the listing price of the ADSs (the “**Subsequent Performance Hurdle**”), respectively, for any 20 trading days within any 30 trading period within three years from the closing date (as adjusted for splits, dividends, reorganizations, recapitalizations and the like). As the Initial Performance Hurdle was met in fiscal 2016, Mr Saurabh Dhoot is eligible to receive 1,400,000 equity shares, subject to receipt of GoI approval for the issuance of these shares. Any grant under this plan is subject to compliance of the applicable laws and regulations. Under IFRS, the grant of Sweat Equity Shares will result in a charge to our profit and loss account and dilute the earnings per share which may adversely affect our results of operations.

B. Risks Related to Our Operations in India

A slowdown in economic growth in India may adversely affect our business, financial condition, results of operations, the value of our equity shares and the trading price of our ADSs.

All of our operations are India. Thus, our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in financial markets in the global economy, and, particularly in India. The Indian economy also remains largely driven by the performance of the agriculture sector which depends on the quality of the monsoon which is difficult to predict. The Indian economy has grown significantly in recent years, although it has experienced an economic slowdowns in the past. The Indian economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, business corruption, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, inflation, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely affect our business, financial condition, results of operations, value of our equity shares and the trading price of our ADSs.

Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and a decline in the value of our equity shares and trading price of the ADSs.

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

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

India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. For example, in September 2014, the state of Jammu and Kashmir in northern India, a popular tourism destination, experienced widespread floods and landslides, and in April 2015, an earthquake occurred in the Federal Democratic Republic of Nepal with aftershocks and landslides subsequently affecting the country. The extent and severity of these natural disasters determines their impact on the Indian economy. Substantially all of our operations and employees are located in India and there can be no assurance that we will not be affected by natural disasters in the future. Although the long term effect of diseases such as the H5N1 “avian flu”, H1N1, the swine flu, or Middle East Respiratory Syndrome (“MERS”) cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in India could adversely affect our business, financial condition and results of operations. We cannot assure you that natural disasters will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

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

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

No assurance can be given that Standard & Poor’s, Fitch, Moody’s or any other statistical rating organization will not downgrade the credit ratings of India. Any downgrade could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our current variable rate debt and our ability to access the debt markets on favorable terms in the future. This could have an adverse effect on our financial condition.

A decline in India’s foreign exchange reserves may affect liquidity and interest rates in the Indian economy.

According to a report released by the RBI, India’s foreign exchange reserves totaled approximately US\$ 363 billion as of June 3, 2016. Although India’s foreign exchange reserves have increased over the past year, they have declined in the recent past and any future decline in foreign exchange reserves may negatively affect the valuation of the Rupee against the U.S. dollar. A decline in the valuation of the Rupee could result in reduced liquidity and higher interest rates that could adversely affect our future financial condition and the market price of our ADSs.

C. Risks Related to Our ADSs

In the event that our shares required to be issued pursuant to certain agreed earnouts are issued by way of a bonus issue, the holders of the ADSs (including any holders of equity shares underlying such ADSs), other than the shareholders of the Company as of the date of the Contribution Agreement and the Sponsor, shall have no interest in or entitlement to equity shares issued pursuant to such bonus, and such holders have been deemed to have waived their interest in or entitlement to equity shares issued pursuant to such bonus.

Pursuant to the Contribution Agreement between Silver Eagle Acquisition Corp. and the Company dated December 31, 2014, as amended (the “Contribution Agreement”), our existing shareholders as of the date of the Contribution Agreement and the Sponsor, Global Eagle Acquisition LLC, are entitled to receive by way of a bonus issue of shares (or such other form of share issue as determined by the independent members of our board of directors) upon satisfaction of certain share price performance hurdles of the ADSs on the Nasdaq being satisfied within three years of the initial listing of the ADSs (the “Earnout”), namely an “Initial Performance Hurdle” and a “Subsequent Performance Hurdle”, each as defined in the Contribution Agreement.

In the event that we issue shares pursuant to the Earnout by way of a bonus issue or otherwise, the holders of the ADSs (including any holders of equity shares underlying such ADSs), other than the shareholders of the Company as of the date of the Contribution Agreement and the Sponsor, shall have no interest in or entitlement to such shares issued pursuant to such bonus issue or otherwise, and such holders have been deemed to have waived their interest in or entitlement to such shares issued pursuant to such bonus issue or otherwise. See *Questions and Answers about the Proposals for Stockholders and Public Warrantholders* on the Form F-4 filed on February 4, 2015.

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The board of directors of the Company, at their meeting held on July 22, 2015, determined that the Initial Performance Hurdle has been achieved and satisfied. Khandelwal Jain & Co., an independent statutory auditor of the Company, has also confirmed and certified that the Initial Performance Hurdle has been achieved and satisfied. Accordingly, having received the Ministry of Information and Broadcasting approval for the issuance of bonus shares on December 23, 2015, the board of directors of the Company approved an allotment of 23,360,000 equity shares (equivalent to 5,840,000 ADSs) to the shareholders of the Company as of the date of the Contribution Agreement and the issuance of 3,999,984 equity shares (equivalent to 999,996 ADSs) to the Sponsor by way of a bonus issue, in accordance with the terms of the Contribution Agreement and the Articles of Association of the Company.

Since a majority of our directors, officers and assets reside or are located outside of the United States, investors may have difficulty enforcing judgments against us, our directors and officers.

We are incorporated under the laws of India. Furthermore, we conduct substantially all of our operations in India. The majority of our directors and officers reside outside the United States, and a majority of our assets and some or all of the assets of such persons are located outside the United States. As a result, it may be difficult or impossible to effect service of process within the United States upon us or those persons, or to recover against us or those persons on judgments of United States courts, including judgments predicated upon the civil liability provisions of the United States federal securities laws. An award of punitive damages by a United States court based upon United States federal securities laws is likely to be construed by Indian courts to be penal in nature and therefore unenforceable in India. Further, no claim may be brought in India against us or our directors and officers in the first instance for a violation of United States federal securities laws because these laws have no extraterritorial application under Indian law and are not enforceable in India. However, an Indian court may impose civil liability, including the possibility of monetary damages, on us or our directors and officers if the facts alleged in a complaint constitute or give rise to a cause of action under Indian law. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that the Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian practice or public policy.

Further, the United States has not been declared by the Government of India to be a reciprocating territory for the purposes of enforcement of foreign judgments, and there are grounds upon which Indian courts may decline to enforce them judgments of United States courts. Some remedies available under the laws of United States jurisdictions, including remedies available under the United States federal securities laws, may not be allowed in Indian courts if contrary to public policy in India. Because judgments of United States courts are not automatically enforceable in India, it may be difficult for you to recover against us or our directors and officers. In India, prior approval of the RBI is required in order to repatriate any amount recovered pursuant to such judgments.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices in lieu of certain Nasdaq requirements applicable to U.S. issuers. As a result, our shareholders will not have the protections afforded by these corporate governance requirements, which may make our ADSs less attractive to investors or otherwise negatively affect the ADS share price.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices in lieu of certain Nasdaq requirements, although we will be subject to certain independence requirements with respect to our audit committee under Nasdaq rules. Nasdaq listing rules require, *inter alia*, that (i) a majority of the board of directors of a listed company to comprise independent directors; (ii) each listed company to have an audit committee comprising at least three members, each of whom must be an independent director and (iii) each listed company to have a compensation committee comprising at least two members, each of whom must be an independent director.

In accordance with the Indian Companies Act, a public company with paid up share capital of Rs. 100 million or more; or turnover of Rs. 1,000 million or more; or outstanding loans, debentures and deposits which in aggregate exceed Rs. 500 million, is required to have at least two independent directors on its board of directors. Further, such company is required to constitute a Nomination and Remuneration Committee, comprising at least three non-executive directors, of which a majority must be independent directors, who shall be responsible for determining qualifications and independence of directors and formulating a policy relating to the remuneration of directors and key managerial personnel. A foreign private issuer must disclose in its annual reports filed with the Securities and Exchange Commission, or the SEC, each Nasdaq requirement it does not comply with, followed by a description of its applicable home country practice. As a company which is incorporated in India and listed on the Nasdaq, we expect to follow our home country practice with respect to the composition of our board of directors and Nomination, Remuneration and Compensation Committees and executive sessions. Unlike the requirements of the Nasdaq, the corporate governance practice and requirements in India include, that a “public company” under the Indian Companies Act, which is not listed on any stock exchanges in India, is required to comply with the provisions of the Indian Companies Act, including the following provisions relating to corporate governance:

Composition of Board of Directors: In accordance with Indian Companies Act, a public company with paid up share capital of Rs. 100 million or more; or turnover of Rs. 1,000 million or more; or outstanding loans, debentures and deposits which in aggregate exceeds Rs. 500 million, is required to have at least two independent directors on its board of directors. The Indian Companies Act prescribes certain eligibility criteria for qualifying as an independent director.

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Additionally, a public company with paid up share capital of Rs. 1,000 million or more; or turnover of Rs. 3,000 million or more is required to have at least one woman director on its board of directors with effect from April 1, 2015.

Board Committees: In accordance with the Indian Companies Act, a public company with paid up share capital of Rs. 100 million or more; or turnover of Rs. 1,000 million or more; or outstanding loans, debentures and deposits which in aggregate exceeds Rs. 500 million, is required to constitute the following committees.

- Audit Committee — as a listed company we are required to have an audit committee consisting entirely of independent directors, subject to certain limited exceptions. A majority of the members, including the chairman of the audit committee should have the ability to read and understand financial statements. The audit committee is responsible for overseeing a company’s financial reporting process and disclosures of its financial information.
- Nomination and Remuneration Committee — The nomination and remuneration committee, responsible for determining qualifications and independence of directors and formulating a policy relating to the remuneration of directors and key managerial personnel, shall be composed of three or more nonexecutive directors, of which not less than one half should be independent directors.

In addition, should a company have a net worth of Rs. 5,000 million or more or turnover of Rs. 10,000 million or more or net profit of Rs. 50 million or more during any fiscal year, it will be required to constitute a Corporate Social Responsibility Committee of the Board composed of three or more directors, of which at least one director is required to be an independent director. Similarly, should a company have more than 1,000 security holders, it will be required to constitute a Stakeholders Relationship Committee for resolving the grievances of the security holders, composed of a chairman who is a non-executive director and such other members that the board of directors may decide.

Accordingly, our shareholders will not have the same protection afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements, which could make our ADSs less attractive to some investors or could otherwise negatively affect the ADS share price.

Future issuances of any equity shares by us may dilute your holdings and decrease the market value of your ADSs.

Any issuance of equity shares by us such as pursuant to our ESOP 2014, could dilute our shareholders’ interests and could substantially decrease the value of our equity shares and the ADSs. We may issue equity or equity linked securities in the future for a number of reasons, including to finance our operations and business strategy (including in connection with acquisitions and other transactions), to adjust debt to equity ratio, to satisfy our obligations upon the exercise of then outstanding options or other equity linked securities, if any, or for other reasons.

If we fail to establish and maintain an effective system of integrated internal controls, we may not be able to report our financial results accurately, which could have a material adverse effect on our business, financial condition and results of operations.

Establishing adequate internal financial and accounting controls and procedures in order to produce accurate financial statements on a timely basis is a costly and time consuming effort that will need to be frequently evaluated. Section 404 of the Sarbanes Oxley Act requires public companies to conduct an annual review and evaluation of their internal controls and provide attestations of the effectiveness of internal controls by independent auditors. We are required to perform the annual review and evaluation of our internal controls no later than for the fiscal year ending 2020. As an emerging growth company, we are exempt from the auditors’ attestation requirement until such time as we no longer qualify as an emerging growth company. We will need to implement substantial control systems and procedures in order to satisfy the reporting requirements under the Exchange Act and applicable Nasdaq requirements, among other items. Establishing these internal controls will be costly and may divert the management’s attention.

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Evaluation by us of our internal controls over financial reporting may identify material weaknesses that may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of Nasdaq listing rules. There also could be a negative reaction in the financial markets due to a loss of investor confidence in us or the reliability of our financial statements. Confidence in the reliability of our financial statements also could suffer if we or our independent registered public accounting firm were to report a material weakness in our internal controls over financial reporting.

This could materially adversely affect our business, financial condition and results of operations and could also lead to a decline in the price of our ADSs.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our ADSs, the ADS market price and trading volume could decline.

The trading market for our ADSs will be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrade our ADSs or publish inaccurate or unfavorable research information about our business, our ADS market price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our ADSs to decline.

Our ADS price may be volatile.

The market price of our ADSs may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our ADS in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including changes in our quarterly operating results or dividends, additions or departures of key management personnel, failure to meet analysts’ earnings estimates, publication of negative research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about the industry we operate in or individual scandals. Consequently, in response to these events, the market price of our ADSs could decrease significantly.

We may be classified as a passive foreign investment company, which could result in adverse United States federal income tax consequences to U.S. Holders.

We do not believe we were a passive foreign investment company, or PFIC, for United States federal income tax purposes for our taxable year ended March 31, 2016. However, the application of the PFIC rules is subject to uncertainty in several respects and, therefore, the U.S. Internal Revenue Service may assert that, contrary to our belief, we were a PFIC for such taxable year. A non-U.S. corporation will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the total value of its assets (based on an average of the quarterly value of the assets during such year) is attributable to passive assets, including cash, that produce or are held for the production of passive income. Whether we are a PFIC is a determination that must be made after the close of each taxable year. Because the aggregate value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our equity shares and ADSs, fluctuations in the market price of the equity shares and ADSs may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC. Accordingly, we cannot assure you that we will not be a PFIC for the taxable year ending on March 31, 2017 or any future taxable year. If we were a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information — E. Taxation — U.S. Federal Income Taxation”) holds an ADS or an equity share, certain adverse U.S. federal income tax consequences could apply to the U.S. Holder. A U.S. Holder of shares in a PFIC may mitigate such adverse tax consequences under the PFIC rules by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, if we are a PFIC, you may make a qualified electing fund election with respect to our ADSs or equity shares only if we agree to furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information.

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Holders of the ADSs might not have the same voting rights as the holders of our equity shares and might not receive voting materials in time to be able to exercise their right to vote.

Holders of the ADSs are not able to exercise voting rights attached to the equity shares evidenced by the ADSs on an individual basis. Under the Deposit Agreement, holders of ADSs must vote by giving voting instructions to the depositary, including instructions to give a discretionary proxy to a person designated by us. Upon receipt of such holder’s voting instructions, the depositary will vote the underlying equity shares in accordance with these instructions. Holders of ADSs will not be able to directly exercise their right to vote with respect to the underlying equity shares unless they withdraw the equity shares. Holders of ADSs may not receive voting materials in time to instruct the depositary to vote, and it is possible that holders of ADSs, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise their right to vote.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement.

A holder of the ADSs may only exercise voting rights with respect to the underlying equity shares in accordance with the provisions of the deposit agreement. Upon receipt of voting instructions of a holder of ADSs in the manner set forth in the deposit agreement, the depositary will endeavor to vote the underlying equity shares in accordance with these instructions. When a general meeting is convened, holders of ADSs may not receive sufficient notice of a shareholders’ meeting to permit them to withdraw their equity shares to allow them to cast their votes with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to holders of ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of ADSs in a timely manner, but we cannot assure such holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their shares. Furthermore, the depositary will not vote on any matter for which voting is conducted on a show of hands basis in accordance with our Articles of Association and will not have an obligation to demand voting on a poll basis. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast, or for the effect of any such vote. As a result, holders of ADSs may not be able to exercise their right to vote and may lack recourse if their equity shares are not voted as requested.

A holder of ADSs right to participate in any future rights offerings may be limited, which may cause dilution to such holder’s holdings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to holders of ADSs in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. In addition, the deposit agreement provides that the depositary will not make rights available to holders of ADSs unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, ADS holders may be unable to participate in our rights offerings and may experience dilution in their holdings. In addition, if the depositary is unable to sell rights that are not exercised or not distributed, or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case holders of ADSs will receive no value for these rights.

Holders of ADSs may be subject to limitations on transfer of their ADSs.

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems necessary in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement.

Holders of ADSs might not receive distributions on our equity shares, or any value for them at all, if it is unlawful or impracticable for us to make them available to such holders.

The depositary of the ADSs has agreed to pay holders of ADSs the cash dividends or other distributions it or the custodian for the ADSs receives on our equity shares or other deposited securities after deducting our fees and expenses in accordance with the deposit agreement. Holders of ADSs will receive these distributions in proportion to the number of our equity shares that their ADSs represent. However, the depositary is not responsible if it is unlawful or impracticable to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but such securities are not properly registered or distributed pursuant to an applicable exemption from registration. The depositary is not responsible for making a distribution available to any holders of ADSs if any government approval or registration is required for such distribution. We have no obligation to take any other action to permit the distribution of the ADSs, equity shares, rights or anything else to holders of the ADSs. This means that holders of ADSs might not receive the distributions that we make on our equity shares or any value for them at all if it is unlawful or impracticable for us to make them available to you.

ITEM 4. INFORMATION ON THE COMPANY
HISTORY AND DEVELOPMENT OF THE COMPANY

2002

Incorporated as Bharat Business Channel Limited.

2009

DTH services launched in July 2009.

2010

Achieved one million gross subscriber base.

2011

Launched the HD DVR with 3D.

2011

Achieved three million gross subscriber base.

2012

Achieved five million gross subscriber base; Title sponsor of the Kings XI Punjab cricket team in the Indian Premier League 2012; and achieved six million gross subscriber base.

2013

Achieved eight million gross subscriber base.

2014

Achieved 10 million gross subscriber base; sponsored an Indian Super League team (FC Goa).

Changed our business name to Videocon d2h Limited.

2015

Launched 4K set-top boxes in January 2015.

2016

Achieved 15 million gross subscriber base

Launched new smart services, namely, Smart English, Smart Games and Smart Kids

Launched new active channel services, namely, d2h Hollywood HD, d2h Kids, d2h Rhymes, d2h Darshan and d2h Spice

Awards, Certifications and Recognitions

We have received the following, awards, certifications and recognitions:

2009

Recognized as one of the most successful brand launches across product categories at the Business Standard Brand Derby survey.

2012

Received a silver trophy for the ‘Best Search Engine Optimization Campaign’ by the Indian Digital Media Awards 2012.

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2013

Recognized as ‘Asia’s Most Promising Brand 2012 – 2013’ in the DTH category by iBrands 360 (Iconic Brands 360), a World Consulting and Research Corporation enterprise.

2014

Endorsed as one of the top brands in India by the Economic Times Best Brands 2014. Recognized as “Asia’s Most Promising Brand 2013 – 2014” in the DTH category by iBrands 360 (Iconic Brands 360), a World Consulting and Research Corporation enterprise.

2015

Became the first Indian media company to be listed on NASDAQ.

Awarded as Economic Times Promising Brand for the Year 2015.

Received BCS Ratna Award by Aavishkar Media Group for the most effective packages and highest subscriber additions.

2016

Awarded as India’s Most Trusted Brand for 2015 by IBC Infomedia, New Jersey.

Awarded as Asia’s Most Promising Brand for 2015 by World Consulting and Research Corporation (WCRC) (i360 Brands).

Awarded as pay TV service of the year at MIPCOM (Marche International des Programmes de Communication) 2015, Cannes, France

Recognized as one of the top 50 dream companies to work for by World HRD Congress.

Awarded as India’s Most Trusted Brand for the year 2016 (Power of Trust), by TRA Research Pvt Ltd.

B. BUSINESS OVERVIEW

BUSINESS PORTFOLIO

DTH Subscription Television Services

Our primary business is the provision of DTH subscription television services to subscribers in India. We operate under the “Videocon d2h” brand. We carry out transmission of programming to subscribers through satellite broadcasting, which allows a subscriber to directly receive a broadcast signal from a satellite, through a satellite dish antenna and other equipment installed at the subscriber’s premises, which is then decoded by a set-top box.

All of our channels are turnaround channels meaning that Videocon d2h rebroadcasts all of the channels offered without modifying the content. Videocon d2h also derives advertising revenue from selling advertising on the “home” channel, which is the channel that comes on when the system is powered on, and certain pathway channels which serve as pathways to popular channels.

Subscription Packages and Package Options

Our subscribers have access to over 550 national and international channels and services, including 45 HD channels and services and 42 audio and video services through our Music Channel Services through several subscription packages, as well as the option of choosing add-ons and a la carte channels and receiving certain discounts through long-term recharge offers. We also launch various subscription packages to cater to the varied needs of customers from time to time.

As of March 31, 2016, the charges for most of our monthly subscription packages generally ranged from Rs. 275 to Rs. 650 per month (inclusive of taxes). The packages offered are similar throughout India All packages include the Doordarshan channels and other free-to-air channels. During fiscal 2016, we introduced the Flexi Pack, a special entry-level subscription package available for Rs. 99 per month (inclusive of taxes).

The following are the key monthly subscription packages currently been offered, in addition to certain other regional and HD related packages:

Entry level

Flexi Pack. Under this special package, the subscriber receives up to 224 channels and services for Rs. 99 per month (inclusive of taxes). This package includes popular Hindi channels, in addition to regional channels and free-to-air channels.

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Super Gold Pack. Under this package, the subscriber receives up to 370 channels and services for Rs. 275 per month (inclusive of taxes). This package includes popular Hindi channels, in addition to regional channels.

Mid-tier

Gold Maxi pack. Under this package, the subscriber receives up to 374 channels and services for Rs. 305 per month (inclusive of taxes). This package includes popular Hindi channels, in addition to regional channels and two sports channels.

Gold Kids. Under this package, the subscriber receives up to 390 channels and services for Rs. 320 per month (inclusive of taxes). This package includes popular Hindi channels, in addition to regional channels.

New Gold Sports Pack. Under this package, the subscriber receives up to 386 channels and services for Rs. 365 per month (inclusive of taxes). This package provides the Super Gold Pack channels, plus a variety of sports channels.

Gold Sports Kids. Under this package, the subscriber receives up to 403 channels and services for Rs. 410 per month (inclusive of taxes). This package provides the Super Gold Pack channels, plus a variety of sports channels.

New Diamond Pack. Under this package, the subscriber receives up to 433 channels and services for Rs. 435 per month (inclusive of taxes). This package provides the New Gold Sports Pack channels, plus additional English channels.

High-tier

Platinum Pack. Under this package, the subscriber receives up to 426 channels and services for Rs. 500 per month (inclusive of taxes). This package provides the New Diamond Pack channels, plus additional lifestyle channels.

Platinum HD Pack. Under this package, the subscriber receives up to 483 channels and services for Rs. 650 per month (inclusive of taxes). This package in addition to all the channels offered in the Platinum Pack, provides additional lifestyle channels and all of the HD channels offered by us.

For any of the packages that are selected, the subscriber has a choice of 11 different language zones: Hindi, English, Punjabi, Marathi, Gujarati, Oriya, Bengali, Tamil, Malayalam, Kannada and Telugu. Upon selection of a language zone, the subscriber receives certain regional programming in his or her chosen language.

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

A La Carte. With a la carte programming, a subscriber may create a custom subscription package, by selecting individual or a set of different channels.

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

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

User Experience Services

In addition to subscription packages and package options, we offer certain services designed to augment customers’ viewing experiences. The following sets forth the key services that we offer currently:

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

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

Value-Added Services

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

Movie Channel Services: We offer five movie channel services to subscribers. Two of these services are available as a part of all subscription packages for no additional charge, with three of these services (d2h cinema: SD and HD and d2h Hollywood: HD) available as an add-on which can be subscribed for on a monthly basis.

Active Music Channel Services: We offer 42 Music Channel Services that include a variety of musical genres.

Tickers: We offer a variety of screen “tickers” that appear at the bottom of the screen which can be viewed simultaneously with any channel. The tickers display information, such as sports scores, stock market numbers and a variety of news, including Bollywood, politics, sci-tech, business, lifestyle and general news.

In 2016, we expanded our value-added channels and continue to provide differentiated content tailored to the demographics in the Indian market that we target. The following sets forth the value-added services that we launched in 2016:

Smart Services: We offer smart services to subscribers, namely, Smart English, Smart Kids and Smart Games. Smart English provides videos to help subscribers learn correct pronunciation, grammar and vocabulary in English. Smart Kids provide a collection of popular stories, nursery rhymes and educational science videos, narrated with colorful pictures and a background voice. Smart Games includes games such as Road Racer, Terror Attack and Defender.

New Active Channel Services: We added four new active channel services, namely, d2h Kids, d2h Rhymes, d2h Darshan and d2h Spice. d2h Kids and d2h Rhymes are provided as add-ons under the d2h Kids World Pack. d2h Darshan is a divinity channel which includes prayers, mantras, bhajans and pilgrimages. d2h Spice contains hit numbers and popular dance songs.

Our subscriber base has increased significantly since commencing operations in July 2009. Our gross DTH subscriber base has increased from approximately 0.44 million as of March 31, 2010 to 15.74 million as of March 31, 2016.

The following table presents information regarding our gross and net subscriber base in million as of March 31, 2014, 2015 and 2016:

	As of March 31,		
	2014	2015	2016
Gross Subscribers	10.45	13.09	15.74
Net Subscribers	8.44	10.18	11.86

SALES, DISTRIBUTION AND MARKETING

Sales and Distribution

We use a zonal sales and distribution network to facilitate distribution across India and to provide an optimum level of service throughout India. As of March 31, 2016, we had over 5,000 distributors and direct dealers, and over 225,000 sub-dealers and recharge counters. As of March 31, 2016, we had a team of 370 sales executives working in 25 offices that sign up new distributors and dealers to expand our network.

Our distributors act as wholesale distributors of our consumer premises equipment and recharge vouchers, and are typically distributors of products that are in a related category or synergistic to those of Videocon d2h, such as durable consumer goods, consumer electronics or telecommunications. We appoint distributors based on certain key criteria, such as location, track record, potential for expansion, technological competence and business type.

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

Seasonality

We experience seasonal fluctuations in our business, whereby we have increased subscriptions during the holiday seasons in India and sporting events such as the Olympics, the football world cup and the cricket world cup. See “*Risk Factors - We are exposed to seasonal fluctuations in our business.*”

Marketing

Our marketing program includes the use of retail signage, print, television, radio and digital advertising, social media, road shows, exhibitions and special events and promotional campaigns to market our products and services. We have strategically targeted what we believe to be high value and high growth markets, focusing on the youth, urban and suburban segments. We determine the platform to be utilized for our marketing efforts on the basis of various factors such as the target group, the location, the communication suitability, the return on investment and the final expected outcome from the initiative.

As part of our marketing initiatives, we have sponsored teams participating in Indian Premier League cricket matches and Indian Super League soccer matches. In order to market our brand, we have used actors, such as Mr. Abhishek Bachchan and Ms. Parineeti Chopra, as national brand ambassadors. These ambassadors, and the associated marketing initiatives reinforce our belief in investing in sports and Bollywood to connect with the youth segment in India, which is the largest demographic in the country.

Advertising

We derive advertising revenue from selling advertising on the “home” channel, which is the channel that comes on when the system is powered on, and certain pathway channels which serve as pathways to popular channels.

Sources of content and equipment

We enter into content agreements with channel broadcasters and distributors to license channels and we pay them content and programming fees that are stipulated under the agreements. The major channel broadcasters and distributors, from whom we procure content include Star India Private Limited, Zee Entertainment Enterprises Ltd (formerly Taj Television (India) Private Limited), Turner International India Private Limited, TV 18 Broadcast Limited, and Sony Pictures Networks India Private Limited (formerly Multi Screen Media Private Limited).

We procure consumer premises equipment, which primarily comprises set-top boxes, outdoor units, accessories and smart cards, from our suppliers and distribute such equipment through our distribution network to subscribers at subsidized prices. We purchase a majority of the set-top boxes, outdoor units and its accessories and spares from Trend Electronics Limited. See “Item 7. Related Party Transactions” and Note 28 to financial statements for the fiscal year ended March 31, 2016 in “Item 18. Financial Statements”.

Marketing Strategy

Our marketing strategy is to:

- Continue to expand subscriber base through marketing and retention initiatives
- Focus on increasing subscription revenue through new value-added services
- Focus on enhancing subscriber base by promoting movement into higher tier subscription packages
- Continue to focus on technological innovation
- Focus on controlling or reducing costs and improving margins
- Expand differentiated content offerings
- Use our strong balance sheet to take advantage of inorganic growth opportunities

LICENSING

We entered into the DTH License Agreement pursuant to which we have been granted a DTH license. The DTH license is valid until December 12, 2018 (10 years from the date of the issue of the wireless operational license from Wireless Planning & Coordination Wing, Ministry of Communications and Information Technology, Department of Telecommunications, Government of India, or “PW”).

Pursuant to the terms of the DTH License Agreement, we paid a non-refundable entry fee of Rs. 100.00 million and are required to pay an annual fee of 10.0% of gross revenue to the MIB. The determination of gross revenue is currently subject to the Telecom Disputes Settlement Appellate Tribunal’s ruling which determined that gross revenue should be determined after taking into consideration certain deductions. See “*Risk Factors — Our failure to adhere to the terms and conditions contained in the DTH License Agreement could have an adverse effect on our business, financial condition and results of operations. In addition, Videocon d2h may owe additional amounts under our DTH License Agreement for prior years of operations.*” We are also required to pay license fees and royalty for the spectrum we use, as determined by the PW.

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

Under the terms of the DTH License Agreement, any change in our equity structure is required to be carried out in consultation and with the prior approval of the licensor. In addition, a majority of the board and the chief executives of our Company are required to be Indian citizens. See “Item 4. Information of the Company — Government Regulation — Foreign investment regulations” for details on foreign investment permitted in companies involved in the DTH industry.

TRADEMARKS, COPYRIGHTS, INDUSTRIAL DESIGNS AND PATENTS

We have entered into a trademark license agreement with CE India Limited, a Videocon Group entity, for the use of the “Videocon” and “V” trademarks on a non-exclusive basis for a nominal fee. This license is valid until March 31, 2022, and is renewable upon mutual agreement. We have registered 33 trademarks, including in relation to the “d2h” brand name and have applied for registration of further 62 trademarks.

COMPETITION

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

GOVERNMENT REGULATIONS

We are subject to various laws and regulations in India arising from our operations in India, including specific regulations and policies applicable to the DTH broadcasting services sector.

We were granted a license to establish, maintain and operate a DTH platform, on the terms and conditions set out in the DTH License Agreement. The DTH License Agreement is effective for a period of 10 years from the date of issue of the wireless operational license (which was issued to us on December 12, 2008), unless terminated earlier in accordance with our terms. Pursuant to the terms of the DTH License Agreement, we are required to pay an annual fee of 10% of our gross revenue (gross revenue includes, among other things, the gross inflow of cash, receivables, or other consideration arising in the course of ordinary activities of the DTH enterprise from rendering services and from the use by others of the enterprise resources yielding rent, interest, dividend, royalties or commissions). Further, pursuant to the terms of the DTH License Agreement, prior approval of the Licensor is required for effecting any change in our equity structure and the transfer of the license or any rights and obligations under the DTH License Agreement.

On July 23, 2014, TRAI released its Recommendations to MoIB on Issues related to New DTH Licenses (“New DTH License Recommendations”), which included recommendations relating to a new DTH licensing regime. TRAI has recommended that, among other things, the period of the DTH license be increased to 20 years, renewable for 10 years at a time and the license fee be reduced from 10% of gross revenue to 8% of adjusted gross revenue (where adjusted gross revenue is calculated by excluding service tax, entertainment tax and sales tax / VAT actually paid from the gross revenue). TRAI has also recommended that once the GoI notifies the new DTH licensing regime, an existing DTH operator should be allowed to migrate to the new regime at any time during the currency of their existing licenses, provided that it clears all its dues and fulfils all obligations under the terms and conditions of the existing license as well as those arising out of legal cases pending before various courts of law. However, the New DTH License Recommendations are not binding in any manner and we have no further information on if or when the GoI will notify a new DTH licensing regime or whether such new regime, if notified, will retain the recommendations, either in full or in part, made by TRAI through the New DTH License Recommendations.

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As a licensed DTH broadcasting service provider, we are subject to the terms of the Guidelines for Obtaining License for Providing Direct-To-Home (DTH) Broadcasting Service in India issued by the MIB on March 15, 2001, as amended from time to time (“DTH Guidelines”). Under the DTH Guidelines, only companies registered under the laws of India with Indian management control (i.e., with a majority of the members of the board of directors as well as the chief executive of such company being Indian residents) are permitted to provide DTH services in India, and any Company providing DTH services cannot hold more than 20% of the total equity of a company engaged in the business of cable network services or vice versa. Further, the licensee company must adhere to the program and advertising codes issued by the MIB and follow the prescribed technical standards and other obligations. Licensees are prohibited from carrying any television broadcast or channel which has not been registered by the Central Government for being viewed within the territory of India and must carry the television channels notified by the MIB for mandatory and compulsory carriage from time to time.

The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007, as amended, establishes the standards of quality of DTH services that Indian DTH service providers are required to maintain, including standards relating to provision of consumer premises equipment to subscribers through outright purchase, hire purchase and rental agreements and procedures for billing and effective redress of subscribers’ grievances.

Under the Indian Wireless Telegraphy Act, 1933, as amended (“Wireless Act”), no person is permitted to possess a wireless telegraphy apparatus without obtaining a license. Accordingly, we have obtained a certificate from the Department of Telecommunication, Ministry of Communications and Information Technology, Government of India (“MIT”) permitting us to establish, maintain and work wireless telegraphs in India, which is renewable on an annual basis. This license granted to us is currently valid until March 31, 2017. Additionally, we have obtained a license, dated November 2, 2007, issued by the WPC for establishing a wireless telegraph station at Greater Noida, Uttar Pradesh, India (where the headquarters is located) and an approval dated November 14, 2007, from the Standing Advisory Committee of Radio Frequency Allocation (“SACFA”) for installation of a wireless station at such location.

On May 27, 2013, TRAI issued the Telecommunication (Broadcasting and Cable) Services (6th) (The Direct to Home Services) Tariff Order, 2013 (“DTH Tariff Order”), directing all DTH service providers in India to offer to every subscriber the standard packages for supply and installation of the consumer premises equipment, as specified in the DTH Tariff Order, in addition to any other packages that may be offered. The standard packages prescribe, among other things, the rent per month (for the consumer premises equipment) and the refundable/adjustable security deposit that a subscriber may be charged. Certain DTH service providers, including our Company, have challenged the DTH Tariff Order before the appropriate telecom disputes redressal forum in India on various grounds, including that TRAI lacks jurisdiction to issue such a tariff order and that it has incorrectly computed the cost of consumer premises equipment in determining the standard packages.

TDSAT rendered a decision, confirming TRAI’s authority to regulate prices charged by DTH operators related to consumer premises equipment on October 1, 2014. DTH operators including us filed an appeal challenging TDSAT’s decision regarding Telecommunication (Broadcasting and Cable) Services (Sixth) (The Direct to Home Services) Tariff Order, 2013 before the Supreme Court and it is expected to be slated on August 30, 2016.

Additionally, an appeal challenging TRAI’s new tariff order called the Telecommunication (Broadcasting and Cable) Services (Seventh) (The Direct to Home Services) Tariff Order, 2015 dated April 1, 2015 for Commercial Interoperability has been filed before TDSAT. The appeal was filed because TRAI failed to consider certain cost components significant to the business of DTH operators, resulting in the revised tariff order being adverse to the interests of DTH operators.

TDSAT through its judgement and order dated 3 June, 2011 has directed Union of India (UOI) to direct Bureau of Indian Standards (BIS) to lay down the standards for MPEG 4. TRAI has filed an appeal before the Supreme Court against the Order of TDSAT challenging the powers of TDSAT.

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Under the Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2004 (“Interconnection Regulations”), distributors of TV channels in India are ensured non-discriminatory access to content of all broadcasters, and the Interconnection Regulations mandate that broadcasters issue a public notice before disconnecting signals to enable consumers to protect their interests.

Environmental regulations

We have obtained consents to operate under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974, each, from the Uttar Pradesh Pollution Control Board, with respect to the premises where our digital broadcast centre is located at Greater Noida, Uttar Pradesh, India. These consents are subject to renewal from time to time and are currently valid until December 31, 2018.

Labor regulations

Under the terms of the Contract Labor (Regulation and Abolition) Act, 1970 (“CLRA”) we have obtained the necessary Certificate of Registration from the Office of the Registering Officer & Assistant Labor Commissioner (Central), Ministry of Labor & Employment, Government of India as a principal employer for engaging contract labor. This Certificate of Registration is valid from February 9, 2015 onwards.

Trademarks

The Trade Marks Act, 1999 (“Trade Marks Act”) provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading, and to provide relief in case of infringement for commercial purposes as a trade description. The Trade Marks Act prohibits registration of, among other things, deceptively similar marks. It also provides for penalties for infringement, falsifying and falsely applying trademarks. We have obtained registrations in our name for various trademarks, including ‘D2H’, ‘Direct Hai Correct Hai’. Further, we have entered into a deed of trademark usage license dated September 11, 2009 with CE India Limited, whereby, we have been authorized by CE India Limited to use the trademarks ‘Videocon’ and ‘V’, for our DTH broadcasting business activities, on a non-exclusive basis. The current term of this agreement expires on March 31, 2022, subject to further renewal.

Foreign investment regulations

The Department of Industrial Policy and Promotion has issued the Consolidated FDI Policy, with effect from June 7, 2016 which consolidates the policy framework on FDI in Indian companies, and is updated from time to time. Currently, under the provisions of the Consolidated FDI Policy, FDI in a company engaged in the DTH broadcasting sector, like Videocon d2h is permitted in up to 100.0% of the paid-up equity share capital of such company under the automatic route, (provided that infusion of fresh foreign investment beyond 49.0% in a company not seeking permission from the applicable sectoral ministry, resulting in a change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require prior approval of the GoI) subject to, among others, the following conditions:

- A majority of the directors and key executives, including any chief executive officer, chief officer in charge of technical network operations and chief security officer must be citizens of India;
- Each of the company, directors, key executives such as any managing director, chief executive officer, chief financial officer, chief operating officer, chief technical officer, chief security officer, any shareholder of such company who holds 10% or more of the paid-up equity share capital, and any other category of persons as may be specified by the MIB from time to time, have obtained security clearance from the MIB;
- Prior permission of the MIB must be obtained for effecting any changes in the board of directors, appointment of directors and any key executives as mentioned above, and any other executives as may be specified by the MIB from time to time; and
- Security clearance must also be obtained for each foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract, consultancy or any other capacity for providing any services to such company. Such security clearance is required to be renewed every two years.

Additionally, under the Consolidated FDI Policy, such company is also required to provide traceable identity of the subscribers to its DTH services and to ensure that such subscribers’ database is not transferred to any person or place outside India, unless permitted by applicable law. Further, companies are obligated to utilize equipment which enables lawful interception and monitoring from a centralized location as and when required by the GoI.

C. ORGANIZATIONAL STRUCTURE

We benefit from our relationship with the Videocon Group. We believe that the “Videocon” brand is well recognized in India. Videocon Industries Limited is the flagship entity of the Videocon Group, a group that we have a strong relationship with. The Videocon Group has diversified interests in consumer electronics, oil and gas, power, retail and insurance, among others.

We have no subsidiaries or associate companies.

D. PROPERTY, PLANT AND EQUIPMENT

We maintain a registered office in Aurangabad, Maharashtra, India, a corporate office in Mumbai, Maharashtra, India and a digital broadcast facility in Greater Noida, Uttar Pradesh, India where our digital broadcast center is located.

Pursuant to a Transfer Deed of Leasehold Rights for Industry dated April 25, 2008, Videocon Industries transferred its leasehold rights in the industrial plot leased from the GNIDA (under a lease deed dated March 29, 2000 executed between Videocon Industries and GNIDA), and the ownership rights in the buildings constructed by it, comprising a covered area measuring 25 square meters and an industrial shed covering 2,358.29 square meters to our Company. We have the right to use this industrial plot until 2090. We operate our digital broadcast center at these premises.

“Auto Cars”, a partnership firm, comprising members of the Dhoot family, has authorized us to use the premises where our registered office is located pursuant to a letter dated August 1, 2012. We are licensed to use the premises where our corporate digital DTH service office is located pursuant to a leave and license agreement dated October 23, 2012 executed with V-Techweb (India) Private Limited, which is valid until September 30, 2017.

Additionally, we entered into leave and license agreements with various parties in respect of 287 premises as of March 31, 2016, which are used by us as branch offices and service centers for carrying out our business and marketing activities across India.

INSURANCE

We maintain insurance on our Greater Noida digital broadcast center infrastructure assets, and consumer premises equipment up to the point where we deliver the equipment to distributors, for a variety of risks, including fire. We have taken a keyman insurance policy for our Executive Director. We have also taken insurance coverage on Directors and Officers liability to minimize risks associated with litigations for us. We do not maintain any insurance for business interruption caused by satellite failure or liability for breach of environmental regulations.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of operations is based upon, and should be read in conjunction with, our financial statements and related notes that appear elsewhere in this annual report. Our financial statements are prepared in accordance with IFRS. Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve months ended March 31 of that year. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, see “Risk Factors” and “Forward-Looking Statements”.

Overview

We are one of the fastest growing direct-to-home, or DTH, service providers in India by acquisition of new subscribers, adding approximately 12.88 million gross subscribers during the period from April 2011 to March 2016 across India. We distribute multiple digital television channels and allied video and audio services to subscribers via direct satellite feeds as part of our DTH services. We bring our subscribers quality digital television viewing and currently we carry over 550 national and international channels and services, including high definition, or HD, channels and 42 audio and video services as part of our Music Channel Services. We commenced DTH operations in July 2009 and have since grown to a gross subscriber base of 15.74 million and a market share of 17.7% in the DTH market in India as of March 31, 2016 according to the MPA Report. We provide our services throughout India and believe we are well positioned to capitalize on the growth opportunities in the Indian DTH market, including as a result of India’s ongoing digitalization program. In December 2015, India began implementing Phase III Digitalization in cities that come under that phase of the digitalization scheme. According to the MPA Report, it is estimated that around 144 million television homes will be affected by under Phase III and Phase IV Digitalization, of which 49 million television homes are already on the digital platform. Thus, the target market for homes that may switch to the digital platform as a result of Phase III and Phase IV Digitalization is the balance of an estimated 95 million television homes in affected markets that are currently on analog cable, terrestrial and free satellite.

Principal Factors Affecting our Financial Condition and Results of Operations

Subscriber Growth

Almost all of our revenue comprises income from DTH subscribers, particularly, subscription revenue and activation revenue and lease of consumer premises equipment. Subscription and activation revenue is dependent upon the number of subscribers, pricing of offerings and services and subscriber loyalty. Our total number of gross subscribers was 13.09 million and 15.74 million at the end of fiscal years 2015 and 2016, respectively.

Our revenue growth is driven primarily by subscriber additions and subscriber churn management. We seek to increase our subscriber base by providing a wide range of subscription packages at competitive prices, along with providing attractive value-added services that we believe are competitive. Additionally, with our marketing efforts, we intend to increase our subscriber base by reaching out to a wider population. We also utilize dealer incentives to drive subscriber growth. As subscribers grow, so does the amount of consumer premise equipment leased, which results in an increase in lease revenue.

Subscriber churn is a critical factor affecting our results of operations. We calculate churn as the number of subscribers who have not made payments and remain disconnected for at least 120 days. Any amount of churn tends to result in loss of operating revenue from those subscribers. Our monthly churn rate (as a percentage of average net subscribers) was 0.8% in the 2015 fiscal year and 0.7% in the 2016 fiscal year. Churn arises mainly as a result of personal economic factors and, to a lesser extent, changes in consumer preferences and competitor offerings. Churn also tends to increase after major sports events which have led to a spike in new subscriber additions. Churn may also increase due to factors beyond our control, including, a slowing economy and consumer fraud. We seek to control churn through managing the consumer life cycle, continuously improving and increasing content, providing innovative products and technology, and providing quality customer service. We controlled exclusive direct service centers in over 230 cities as of March 31, 2016, which allows us to retain control of the customer service experience, unlike certain of our competitors which outsource the majority of their customer service operations. We also believe the reliability of our content offerings serves to limit churn. We have been able to maintain good relationships with broadcasters, allowing access to the full range of offerings from such content providers. We also believe that the quality of new subscribers can also serve to decrease churn. In line with industry practice, we ceased the practice of granting a free viewing period to new subscribers in recent years. We believe that this has led to increased quality of new subscribers and a decrease in our churn rate, as new subscribers have demonstrated a willingness to pay for our services. However, as competition for new subscribers increases in the market, for example as a result of digital platforms competing to attract customers affected by Phase III and Phase IV digitalization, competitive factors may lead to the reinstatement of free viewing periods, which could have an impact on our churn in the future. Our total number of net subscribers, which is calculated as gross subscribers less churn, was 10.18 million and 11.86 million for fiscal 2015 and 2016 respectively.

We intend to capitalize on the digitalization of the analog market in India in order to grow our subscriber base. This digitalization program provides DTH operators, such as Videocon d2h, a significant opportunity to further expand our subscriber base in urban areas and cable stronghold markets. According to the MPA Report, the DTH market is projected to grow rapidly over the next few years, garnering a high share of new pay-TV subscribers as well as increasing its share of the pay-TV market from the market share of cable television as a result of the digitalization initiative. We believe that our pan-India presence, along with our broad distribution network, wide selection of channels, service offerings and content help us leverage off the new digital addressable cable TV system, or DAS being implemented, and maximize subscriber additions.

Content and Programming Costs

Content and programming costs comprise the largest portion of our operating expenses, comprising 37.3% and 40.4% of our total expenses for fiscal 2015 and 2016, respectively. Programming procurement by DTH operators in India, including Videocon d2h, generally takes place through channel distributors or owners. These programming procurement costs consist primarily of license fees paid to broadcasters and distributors of channels and content. We enter into content agreements with channel broadcasters and distributors to license channels and we pay them content and programming fees that are stipulated under the agreements. The major channel broadcasters and distributors, from whom we procure content include Star India Private Limited, Zee Entertainment Enterprises Ltd (formerly Taj Television (India) Private Limited), Turner International India Private Limited, TV 18 Broadcast Limited, and Multi Screen Media Private Limited. We renewed our agreements with these broadcasters and distributors during the 2015 fiscal year. Under the new agreements, a portion of our costs will be determined on a variable basis depending on our number of subscribers. Our previous content agreements were primarily on a fixed cost basis. Thus, as our number of gross subscribers increases, we can expect the variable cost portion of our content agreements to increase as well.

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Typically upon expiration of existing contracts, content suppliers renegotiate the commercial terms based on subscriber and Average Revenue Per User (“ARPU”) growth, which tends to increase content and programming costs. Given the competitive DTH market, broadcasters have limited ability to pass on increases in content and programming costs to the subscribers. As such, increases in content and programming costs may have an impact on our results of operations.

Subscriber Acquisition Costs

We incur significant expenses in acquiring new subscribers. Subscriber acquisition cost per subscriber was Rs. 1,870 and Rs. 1,774 in fiscal years 2015 and 2016, respectively. We calculate subscriber acquisition cost as the difference between upfront charges received from new subscribers (net of taxes) and costs incurred towards activation of those subscribers, including the cost of consumer premises equipment and distributors’ margin. We previously included marketing cost in our subscriber acquisition cost, but, in line with market practice among competitors in the DTH market in India, we began computing subscriber acquisition cost without including marketing cost in fiscal 2016. The subscriber acquisition cost figures included in this annual report are all presented without including marketing cost. Our subscriber base has grown significantly since the commencement of operations. As we grow our business, our subscriber acquisition costs may increase to the extent we continue to add new subscribers or due to increased competition.

Subscriber Choice of Packages

We provide subscribers with a choice of packages through three tiers: entry level, mid-tier and high-tier, as well as add-on, à la carte channels. As of March 31, 2016, our monthly subscription packages generally ranged from Rs. 275 to Rs. 650 per month (inclusive of taxes). Generally, the sale of higher priced packages is more profitable and positively affects our results of operations. We seek to improve average revenue per user, or ARPU, by encouraging customers to adopt higher-priced packages, à la carte channels and value-added services; and seek to minimize lapses in subscription payments. During the year, we introduced the Flexi Pack, an entry level subscription package available for Rs. 99 per month (inclusive of taxes).

Our ARPU was Rs. 196 and Rs. 207 in fiscal years 2015 and 2016, respectively. ARPU for the fiscal year 2016 is calculated after adding back distribution margin of approximately 5.0%. The increase in ARPU has primarily resulted from an increase in monthly subscription rates and an increase in customers choosing higher-priced packages.

Competition

We compete directly with other DTH operators, as well as indirectly with cable operators, free-to-air television, media-on-demand and other mass media. We believe that we compete primarily based on price, content offering, service, viewing experience and customer satisfaction, and the quality of the system and distribution network and content delivery.

We believe that our key DTH competitors are Tata Sky Limited, which operates the “Tata Sky” brand, Dish TV India Limited, which operates the “Dishtv” brand, and Bharti Telemedia Limited, which operates the “Airtel” brand. We incur substantial expense in acquiring new subscribers, including activation expenses, marketing and promotional expenses, installation costs and consumer premises equipment costs. As competition intensifies, we may have to increase subsidies for consumer premises equipment and increase marketing and sales and distribution expenses in order to grow our subscriber base and maintain market share.

Finance Costs

We use debt to finance our business and operations. We had total long-term and short-term borrowings outstanding of Rs. 25,947.07 million and Rs. 23,171.70 million, as of March 31, 2015 and 2016, respectively. Finance costs (net of finance income) in fiscal years 2015 and 2016 were Rs. 4,614.22 million and Rs. 3,142.83 million, respectively. The decrease in total borrowings and in finance costs in fiscal year 2016 was due to repayment of loans in fiscal year 2016. We expect that we will continue to use debt to finance our business and operation.

Depreciation

Consumer premise equipment comprises a large part of our property, plant and equipment. As we add subscribers, the amount of consumer premise equipment deployed increases along with the related depreciation. As of March 31, 2015 and 2016, we had deployed consumer premise equipment of Rs. 32,704.35 million and Rs. 40,594.22 million, respectively. We depreciate consumer premise equipment over a seven year period using the straight line method. In fiscal years 2015 and 2016, our depreciation expenses relating to this equipment were Rs. 4,604.4 million and Rs. 5,428.49 million, respectively.

Going Concern

Our financial statements have been prepared on a going concern basis. Our accumulated losses as of March 31, 2014, March 31, 2015 and March 31, 2016 were Rs. 14,574.06 million, Rs. 17,300.70 million and Rs. 18,222.75 million, respectively, exceeding our paid-up share capital and securities premium in such periods. This point was noted in the audit opinion issued by Khandelwal Jain & Co. Our ability to continue as a going concern is dependent on the success of our operations and our ability to arrange funds for our operations.

Critical Accounting Policies

In preparing our financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and various assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our results of operations may differ if prepared under different assumptions or conditions. We believe the following principal accounting policies affect the more significant judgments and estimates used in the preparation of our financial statements:

Impairment reviews

IFRS requires the management to undertake an annual test for impairment for 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 that 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 the management’s expectations of:

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

Our property, plant & equipment are mainly classified under two broad categories:

- i. Assets that are located at our premises or are in our possession. These assets are tested for impairment based on their revenue generating ability and remaining useful lives. We determine whether the future profitability will be sufficient to cover the written-down value of these assets and until ascertained no provision is required; and
- ii. Consumer premises equipment, which are assets located at our subscribers premises and are used to receive the direct-to-home services. Consumer premises equipment comprised 78.1% and 83.4 % of our total property, plant & equipment as of March 31, 2015 and March 31, 2016, respectively. We provide for impairment of consumer premises equipment on a cost basis for subscribers who have not recharged their subscription for a period more than 500 days after recognizing churn. We provided for impairment of consumer premises equipment of Rs. 359.04 million and Rs. 210.01 million, for fiscal years 2015 and 2016, respectively.

Revenue recognition

The subscribers to our services buy a recharge balance from our distribution network (which includes our distributors, direct dealers and sub-dealers) and which enables them to recharge their subscription account with us. The current recharge balances appear as liabilities under the head “Income Received in Advance” under current liabilities in our financial statements. On delivering the services we provide to the subscribers with the recharge balance, the revenue is recognized on a time proportionate basis. We debit the Daily Burn Rate based on the package selected by the subscriber, which gets accumulated over a period of a month or over a period of service, whichever is less, and this is accounted for at the end of the month.

Arrangements with multiple deliverables

In revenue arrangements including more than one deliverable, the arrangement consideration is assigned to one or more separate deliverables based on the relative fair value of the applicable deliverable for revenue recognition purposes.

The initial amount charged to new subscribers is assigned to various deliverables including activation charges, service access fees and lease rental of set top box, outdoor unit and accessories on the basis of fair value of each element. While determining the fair value of each of these deliverables, we consider the relevant cost of the service and/or goods provided to the new subscriber. We also incur charges such as discounts and margin to the distribution network (which includes our distributors, dealers and sub-dealers) and other charges relating to the creation of a subscriber data base, the assigning of the selected packages, and other such matrix at the time the new subscriber are activated. We assign our activation revenue considering these costs towards activation.

Income taxes

We are subject to income taxes in a number of Indian jurisdictions. A significant amount of judgment is required to determine the amount of provision for income taxes. There are certain transactions and calculations for which the ultimate determination by the relevant taxing authorities is uncertain. We recognize 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 computed by management based on advice from an external specialist, such as an actuary.

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Recognition of deferred assets

We need to make substantial investments to grow our subscriber’s base. We fund this investment through a mix of borrowing and funding from operations in order, which increase our interest payments going forward. In addition, our revenue may decrease if we are unable to increase our subscription package pricing due to the competition. Furthermore, any change in government regulations or increase in any levy of taxes or duties may impact our revenue, but this tax burden can be passed on to subscribers.

Notwithstanding the above, we believe that we will be able to achieve sufficient taxable profits within the next six years to utilize the benefit of our deferred tax assets as we have acquired a threshold level of subscriber base which has resulted in cash profits. We believe that we will be able to make cash profits as we expect to maintain and grow the subscriber market share. In addition, we expect to add new subscribers as the DTH pay-TV industry will benefit from the digitalization in Phase III and IV of the Government’s DAS program. It is estimated that there will be an addition of 95 million digital subscribers in India during Phase III and IV of the Government’s DAS program (as a result of the conversion of analog cable, terrestrial and free air satellite to the digital base (Source: MPA Report)). We believe that these additions in subscriber base and favorable pricing trends in the industry will help us achieve sufficient taxable profits to utilize the deferred tax assets.

Deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be realized.

We note that, we reduced deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of the deferred tax asset to be utilized. We will reverse any such reduction to the extent that it becomes probable that sufficient taxable profit will be available.

Employee benefits

The present value of the employee benefit obligation is determined upon actuarial valuation made in conformity with generally accepted actuarial principles and practices by the professional actuary, industry practices and underlying assumptions. The assumptions used in determining the net cost (income) for employment benefits include mortality, retirement age, attrition rate, salary escalation rate, discount rate, and others which are done by professional actuary as per the actuary practices prevailing in India. For example, management confirmed the discount rate of 7.8% for each of the fiscal years 2015 and 2016. Any changes in these assumptions will have an effect on the carrying amount of employment benefits. After considering professional advice, management determines the appropriate discount rate at the end of each fiscal year. This is the interest rate used to discount the defined benefit obligation and calculate the net interest recognized 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. For example, management confirmed that the other key assumptions relevant to the defined employment benefit obligations are based in part on current market conditions.

ESOP Plan 2014

The employee stock option plan is measured by reference to fair value at the date when the equity instruments are granted, and is recognized as an expense 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 the Black-Scholes Model of valuation.

License Fees

Management uses its discretion and interpretation of law to determine the amount of license fees we should pay to the Government. The Government interprets the license agreement differently and accordingly believes that a different amount is due as license fees. This dispute is currently in litigation. We recognize 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 for the applicable period. See “*Risk Factors — Our failure to adhere to the terms and conditions contained in the DTH License Agreement could have an adverse effect on our business, financial condition and results of operations. In addition, we may owe additional amounts under our DTH License Agreement for prior years of operations*”.

Property, plant and equipment

Estimates 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. 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, which are as follows:

<u>Type of asset</u>	<u>Estimated useful lives (Years)</u>
Building	30
Plant and machinery	13 – 15
Consumer premises equipment	7
Computer hardware	3 – 6
Furniture and fixtures	10
Vehicles	8

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 our 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, certificates obtained from technical persons and 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 our depreciation charge and as of date hereof no such adjustments have been made.

Provisions and contingent liabilities

We exercise judgment 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. Judgment 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.

A. Operating Results

The following table sets forth select financial data from our income statement for the periods indicated, the components of which are also expressed as a percentage of total revenue for such periods.

	Fiscal Year					
	2014		2015		2016	
	(restated)					
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
	(Rs. in million)					
INCOME						
Revenue from operations	17,644.10	100.0%	23,377.08	100.0%	28,558.62	100.0%
	17,644.10	100.0%	23,377.08	100.0%	28,558.62	100.0%
EXPENSE						
Operating expense	10,715.06	60.7%	13,853.05	59.3%	16,492.80	57.8%
Employee benefits expense	864.28	4.9%	1,023.28	4.4%	1,207.31	4.2%
Administration and other expenses	538.71	3.1%	688.04	2.9%	704.51	2.5%
Selling and distribution expenses	1,605.56	9.1%	1,856.32	7.9%	2,258.84	7.9%
Depreciation, amortization and impairment	4,211.89	23.9%	5,286.82	22.6%	6,088.42	21.3%
Total Expenses	17,935.50	101.7%	22,707.51	97.1%	26,751.88	93.7%
Profit/(Loss) from operations	(291.40)	(1.7)%	669.57	2.9%	1,806.74	6.3%
Finance costs/Finance Income (Net)	(4,351.02)	(24.7)%	(4,614.22)	(19.7)%	(3,142.83)	(11.0)%
Other Income	17.26	0.1%	0.08	0.0%	36.64	0.1%
Profit/(loss) before tax	(4,625.16)	(26.2)%	(3,944.57)	(16.9)%	(1,299.45)	(4.6)%
Income tax expense						
Current tax	—	0.0%	—	0.0%	—	0.0%
Deferred tax	(1,429.68)	(8.1)%	(1,217.93)	(5.2)%	(377.40)	(1.3)%
Profit/(Loss) after tax	(3,195.48)	(18.1)%	(2,726.64)	(11.7)%	(922.05)	(3.2)%

Non-GAAP Measures

Earning before interest, tax and depreciation & amortization (EBITDA)

	Fiscal Year					
	2014		2015		2016	
	(restated)		(Rs. in million)			
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Profit/(Loss) after tax	(3,195.48)	(18.1)%	(2,726.64)	(11.7)%	(922.50)	(3.2)%
Income tax expense	(1,429.68)	(8.1)%	(1,217.93)	(5.2)%	(377.40)	(1.3)%
Profit / (Loss) before tax	(4,625.16)	(26.2)%	(3,944.57)	(16.9)%	(1,299.45)	(4.6)%
Finance costs/Finance Income (Net)	4,351.02	24.7%	4,614.22	19.7%	3,142.83	11.0%
Other Income	(17.26)	(0.1)%	(0.08)	0.0%	(36.64)	(0.1)%
Profit/(Loss) from operations	(291.40)	(1.7)%	669.57	2.9%	1,806.74	6.3%
Depreciation, amortization and impairment	4,211.89	23.9%	5,286.82	22.6%	6,088.42	21.3%
EBITDA ⁽¹⁾	3,920.49	22.2%	5,956.39	25.5%	7,895.16	27.6%
Employee Share based compensation cost (ESOP Plan 2014)	—	—	29.74	0.1%	117.77	0.5%
Security Issue Expenses	—	—	105.43	0.5%	—	—
Adjusted Earning before interest, tax, depreciation and amortization (Adjusted EBITDA) ⁽²⁾	3,920.49	22.2%	6,091.56	26.1%	8,012.93	28.1%

- (1) EBITDA and Adjusted EBITDA presented in this annual report are supplemental measures of performance and liquidity that is not required by or represented in accordance with the IFRS. Furthermore, EBITDA and Adjusted EBITDA are not measures of financial performance or liquidity under IFRS and should not be considered as an alternative to profit after tax, operating income or other income or any other performance measures derived in accordance with the IFRS or as an alternative to cash flow from operating activities or as a measure of liquidity. In addition, EBITDA and Adjusted EBITDA are not standardized terms, hence direct comparison between companies using the same terms may not be possible. Other companies may calculate EBITDA and Adjusted EBITDA differently from our Company, limiting their usefulness as comparative measures. We believe that EBITDA and Adjusted EBITDA help identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that are excluded when calculating EBITDA and Adjusted EBITDA. We believe that EBITDA and Adjusted EBITDA enhance the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in our financial and operational decision-making.
- (2) Adjusted for recognition of fair value of ESOP Plan 2014, recognized as an expense over the vesting period (See “Item 5 – Operating and Financial Review and Prospects – Critical Accounting Policies – ESOP Plan 2014) and security issue expenses incurred in connection with our listing plans, including our listing on the Nasdaq. The charge with respect to the ESOP Plan 2014 will continue to appear in the Income Statement for the fiscal year 2017.

Revenue

Our revenue comprises revenue from operations and other income.

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Revenue from Operations

The following table shows a breakdown of our revenue from operations for the periods indicated:

	Fiscal Year					
	2014		2015		2016	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Subscription and activation revenue	15,250.91	86.4	20,628.48	88.2	26,068.06	91.3
Other operating revenue	1,518.38	8.6	1,713.09	7.3	1,367.52	4.8
Lease rentals	761.34	4.3	927.35	4.0	1,032.46	3.6
Sale of set-top box and accessories	113.47	0.7	108.16	0.5	90.58	0.3
Total	17,644.10	100.0	23,377.08	100.0	28,558.62	100.0

Subscription and Activation Revenue: Subscription and activation revenue comprises (i) monthly subscription fees paid by our subscribers for our programming packages, (ii) fees for extra services such as additional channels, combination of channels or other add-on packages or value-added services that we offer and (iii) fees for activation which are collected up front and are recognized as revenue upon the activation of consumer premises equipment. Fees for activation are reflected net of any applicable activation expenses. The total amount of subscription revenue depends on the number of paying subscribers and the amount of monthly subscription fees paid for the packages subscribed by the subscribers

Other Operating Revenue: Other operating revenue comprises income received from advertisement, carriage fees received from broadcasters for carrying their channels on our platform, revenue received for repairs undertaken and for services provided to the subscriber.

Lease Rental: Lease rental represents the rental revenues for the lease of set-top boxes and outdoor units and any associated spares and accessories. The lease rental we receive from a new subscriber is recognized over a period of seven years from the date of activation. We offer subscribers the option to lease, buy or rent-to-own the set-top box, in accordance with applicable Indian regulations.

Sale of Set-top Boxes and Other Accessories: Sale of set-top boxes and other accessories primarily comprises revenue received from the sale of set-top boxes, spares and tools. The sale price of set-top boxes depends on the model type of the product. These sales also include the sale of related spares and accessories.

Other Income

Our other income comprises fees received from the depository and, in previous years, it included liabilities/provisions no longer required to be written back which primarily relate to recovery of credit provided to customers once their subscriptions expire and other non-operating income. The following table shows our components of other income for the periods indicated:

	Fiscal Year					
	2014		2015		2016	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Liabilities/provisions no longer required written back	15.41	89.3	—	—	—	—
Other non-operating income	1.85	10.7	0.08	100.0	36.64	100.0
Total	17.26	100.0	0.08	100.0	36.64	100.0

Expenses

Our expenses comprise (i) operating expenses; (ii) employee benefits expense; (iii) administrative and other expenses; and (iv) selling and distribution expenses.

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Operating Expenses: Operating expenses comprise content and programming costs, license fees and taxes, space segment charges and fees, installation and service expenses, IT support costs, and cost of materials and components consumed. Content and programming costs comprise monthly license fees due to television broadcasters and channel distributors. License fees and taxes comprise license fees payable to the MIB and also include entertainment taxes paid under protest to the respective authorities. Space segment charges and fees comprise fees paid towards the rental of the transponders of the ST2 satellite of SingTel pursuant to the KuBand Lease Agreements, with the Department of Space, as well as the network operations control center fee and spectrum charges. Installation and service expenses comprise expenses incurred for support during the installation of consumer premises equipment for a new subscriber and expenses incurred towards repair of such equipment. IT support costs comprise expenses for IT support activities. Cost of materials and components consumed comprise the cost of set-top boxes that are sold to subscribers and the cost of consumption of spares and tools for the purpose of undertaking repairs of consumer premises equipment. The following table shows the components of our operating expenses for the periods indicated:

	Fiscal Year					
	2014		2015		2016	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Content and programming costs	6,019.58	56.2	8,459.24	61.0	10,796.54	65.4
License fees and taxes	1,832.05	17.1	2,489.52	18.0	3,342.91	20.3
Space segment charges and fees	1,332.29	12.4	1,403.49	10.1	1,555.40	9.4
Installation and service expenses	1,028.68	9.7	938.36	6.8	273.42	1.7
IT support costs	283.60	2.6	330.01	2.4	346.57	2.1
Cost of materials and components consumed	218.86	2.0	232.43	1.7	177.96	1.1
Total	10,715.06	100.0	13,853.05	100.0	16,492.80	100.0

Employee Benefits Expense: Our employee benefits expense comprises salaries, discretionary bonuses and allowances, contributions to Provident and other funds, and staff welfare expenses. The following table shows the components of our employee benefits expenses for the periods indicated:

	Fiscal Year					
	2014		2015		2016	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Salaries, bonus and allowances	809.94	93.7	957.87	93.6	1,132.85	93.8
Contributions to Provident and other funds	33.76	3.9	37.77	3.7	43.42	3.6
Staff welfare expenses	20.58	2.4	27.64	2.7	31.04	2.6
Total	864.28	100.0	1,023.28	100.0	1,207.31	100.0

Administrative and Other Expenses: Administrative and other expenses include, among other things, expenses related to state government fees and taxes, travelling and conveyance expenses, rent, office and general expenses and power and fuel expenses. The following table shows the components of our administrative and other expenses for the periods indicated:

	Fiscal Year					
	2014		2015		2016	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Travelling and conveyance expenses	131.45	24.4	154.46	22.5	159.92	22.7
Rent	89.78	16.7	108.18	15.7	117.83	16.7
Power and fuel	68.98	12.8	77.31	11.3	88.06	12.5
Legal and professional charges	67.11	12.5	147.55	21.4	84.66	12.0
Office and general expenses	63.48	11.8	84.16	12.2	89.89	12.8
Exchange fluctuation loss (net)	48.17	8.9	18.87	2.7	42.40	6.0
Communication expenses	24.88	4.6	28.20	4.1	29.37	4.2
Repairs and maintenance	22.20	4.1	27.51	4.0	30.73	4.4
Printing and stationery	10.84	2.0	15.96	2.3	15.54	2.2
Insurance expenses	5.78	1.1	5.05	0.7	13.98	2.0
Rates and taxes	4.51	0.8	7.86	1.1	25.99	3.7
Auditors' remuneration	1.53	0.3	9.39	1.4	5.00	0.7
Loss on sale of fixed assets	—	—	2.07	0.3	—	0.0
Bad debts	—	—	1.05	0.2	1.04	0.1
Provision for doubtful debts	—	—	0.42	0.1	0.10	—
Total	538.71	100.0	688.04	100.0	704.51	100.0

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Selling and Distribution Expenses: Selling and distribution expenses comprise advertisement and marketing expenses, customer support services, which are expenses incurred towards customer care, subscriber management and logistics costs, and expenses incurred for distribution. The following table shows the components of our selling and distribution expenses for the periods indicated:

	Fiscal Year					
	2014		2015		2016	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Advertisement and marketing expenses	893.68	55.7	899.32	48.4	1,106.42	49.0
Customer support services	627.16	39.0	871.77	47.0	1,131.71	50.1
Distribution expenses	84.72	5.3	85.23	4.6	20.71	0.9
Total	1,605.56	100.0	1,856.32	100	2,258.84	100.0

Finance Costs/Finance Income (Net): Finance costs comprise interest expense, other borrowing costs and bank charges incurred. Finance income comprises interest income on deposits. The following table shows the components of our finance costs/finance income (net) for the periods indicated:

	Fiscal Year					
	2014		2015		2016	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. In million)	%
Finance costs						
Bank loan interest	(4,235.14)	(97.3)	(4,223.47)	(91.5)	(3,406.48)	(108.4)
Other interest	(112.08)	(2.6)	(368.82)	(8.0)	(348.19)	(11.1)
Bank charges	(100.76)	(2.3)	(124.46)	(2.7)	(112.64)	(3.6)
Finance income						
Interest income	96.96	2.2	102.53	2.2	724.48	23.1
Finance (Cost) / Finance Income (Net)	(4,351.02)	(100.0)	(4,614.22)	(100.0)	(3,142.83)	(100.0)

Depreciation, Amortization and Impairment Expense: Depreciation and amortization expense comprises depreciation of plant and machinery and other equipment, furniture, office equipment, vehicles, computer hardware and amortization of computer software and other intangible assets. It also includes the amortization of consumer premises equipment that we lease to our subscribers. We amortize the cost of consumer premises equipment over a period of seven years. Impairment expense includes the net cost of consumer premises equipment installed at the premises of subscribers who have not made payment for more than 500 days after recognizing churn (which is currently recognized after non-payment by a subscriber for a continuous period of 120 days).

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Income Tax Expense: Income tax comprises current tax and deferred tax. Provision for current income tax is made on the assessable income and benefits at the rate applicable to the relevant assessment year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to certain considerations. Deferred tax is measured using the tax rates enacted or substantively enacted as of the balance sheet date. Deferred assets carried forward are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilized. Any reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Certain Key Measures of Financial Performance

Average Revenue Per User

ARPU represents the revenue we receive per average number of subscribers per period. We calculate ARPU by dividing our subscription revenue by the average of our net subscribers for the period.

The following table provides our ARPU and churn (as a percentage of subscription revenue) for fiscal years 2016, 2015 and 2014.

		Fiscal Year		
		2014	2015	2016
	Closing Gross Subscribers (millions)	10.45	13.09	15.74
	Less: Churn Subscribers (Gross minus Net Subscribers) (millions)*	2.01	2.91	3.88
A	Net Subscribers (millions)	8.44	10.18	11.86
B	Average Net Subscribers (millions)**	7.58	9.31	11.02
C	Incremental Churn Subscribers (millions)	0.69	0.90	0.97
D	Total Subscription and activation charges (Rs. in millions)***	16,445.83	21,915.04	27,381.59
E = (D/B/Number of Months)	ARPU (in Rs.)	180.9	196.2	207.1
F = (C/B/Number of Months)	Monthly Churn (as a percentage of average Net Subscribers)	0.76%	0.80%	0.73%

* Churn has been calculated as the number of subscribers who have not made payment for at least 120 days and is the difference between the number of gross subscribers and the number of net subscribers

** (Opening net subscribers + closing net subscribers)/2

*** Includes margins provided to distributors for distribution of subscriptions and consumer premises equipment for fiscal years 2016, 2015 and 2014 in the amounts of Rs. 1,204.43 million, Rs. 1,286.55 million and Rs. 1,194.92 million, respectively. Subscription and activation charges collected from subscribers is a non-IFRS measure.

ARPU is a common terminology used in the pay TV industry worldwide to measure the operational performance of a company in the DTH pay-TV business. The subscription and activation charges are considered on a gross basis without netting off the margins or discounts provided to the distributors as an industry practice.

Our financial statements include items labelled as “Subscription Revenue” and “Other Operating Revenue”. Other operating revenue comprises income received from advertisement, carriage fees received from broadcasters for carrying their channels on our platform, revenue received for repairs undertaken and for services provided to the subscriber.

Subscriber Acquisition Costs

We calculate subscriber acquisition cost as the difference between upfront charges received from new subscribers (net of taxes) and costs incurred towards activation of those subscribers, including the cost of consumer premises equipment and distributors’ margin. We previously included marketing cost in our subscriber acquisition cost, but, in line with market practice among competitors in the DTH market in India, we began computing subscriber acquisition cost without including marketing cost in fiscal 2016. The subscriber acquisition cost figures included in this annual report are all presented without including marketing cost. The following table provides our subscriber acquisition costs per subscriber for fiscal years 2016, 2015 and 2014:

		Fiscal Year		
		2014	2015	2016
	Particulars (in Rs. per subscriber)			
	Subscriber Acquisition Costs	1,720	1,870	1,774

Fiscal year 2016 compared to fiscal year 2015

Revenue from operations: Our revenue from operations increased by 22.2% to Rs. 28,558.62 million for the fiscal year 2016 from Rs. 23,377.08 million for the fiscal year 2015, primarily as a result of an increase in total subscription revenue due to an increase in the total number of gross subscribers to 15.74 millions of the fiscal year 2016 from 13.09 million as of the fiscal year 2015, which also led to a corresponding increase in lease rentals.

Subscription and Activation revenue: Our subscription and activation revenue increased by 26.4% to Rs. 26,068.06 million for the fiscal year 2016 from Rs. 20,628.48 million for the fiscal year 2015, primarily as a result of an increase in our total number of gross subscribers by 2.65 million in fiscal year 2016, an increase in base prices of packages offered and subscribers opting for premium packages. Our base package prices increased to the general range of Rs. 275 to Rs. 650 per month in fiscal year 2016 from the range of Rs. 241 to Rs. 590 per month for the fiscal year 2015. During fiscal 2016, we introduced the Flexi Pack, a special entry-level subscription package available for Rs. 99 per month (inclusive of taxes).

Other Operating Revenue: Our other operating revenue decreased by 20.2% to Rs. 1,367.52 million for the fiscal year 2016 from Rs. 1,713.09 million for the fiscal year 2015 primarily due to outsourcing of installation and repair services in the second half of the 2015 fiscal year, which continued through the 2016 fiscal year.

Lease Rental: Our lease rental revenue increased by 11.3% to Rs. 1,032.46 million for the fiscal year 2016 from Rs. 927.35 million for the fiscal year 2015, primarily as a result of an increase in the total number of gross subscribers.

Sale of Set-top Boxes and Accessories: Our revenue from sale of set-top boxes and other accessories decreased by 16.3% to Rs. 90.58 million for the fiscal year 2016 from Rs. 108.16 million for the fiscal year 2015, primarily as a result of decrease in sale of set-top boxes.

Other Income: Our other income increased to Rs. 36.64 million for the fiscal year 2016 from Rs. 0.08 million for the fiscal year 2015, primarily resulting from fees received from the depository for our ADSs in the fiscal year 2016

Total Expenses: Our total expenses increased by 17.8% to Rs. 26,751.88 million for the fiscal year 2016 from Rs. 22,707.51 million for the fiscal year 2015, as a result of an increase in operating expenses, employee benefit expenses, selling and distribution expenses and administrative and other expenses and depreciation, amortization and impairment during the fiscal year 2016 compared to the fiscal year 2015.

Operating Expenses: Our operating expenses increased by 19.1% to Rs. 16,492.80 million for the fiscal year 2016 from Rs. 13,853.05 million for the fiscal year 2015, primarily as a result of an increase in content costs to Rs. 10,796.54 million for the fiscal year 2016 from Rs. 8,459.24 million for the fiscal year 2015 as the company began operating under new content agreements mid-way through fiscal year 2015, while the full year impact of the new content agreements was reflected in the results for fiscal year 2016, an increase in license fees and taxes to Rs. 3,342.91 million for the fiscal year 2016 from Rs. 2,489.52 million for the fiscal year 2015 resulting from the increase in revenue and gross subscribers, an increase in space segment charges and fees to Rs. 1,555.40 million for the fiscal year 2016 from Rs. 1,403.49 million for the fiscal year 2015 primarily resulting from the increase in the number of leased transponders from 10 to 12 in December 2015 and partially offset by a reduction in installation and service expenses to Rs. 273.42 million for the fiscal year 2016 from Rs. 938.36 million for the fiscal year 2015 as a result of our outsourcing of installation and service operations and a reduction of cost of material consumed to Rs. 177.96 million in fiscal 2016 from Rs 232.43 million in fiscal 2015.

Employee Benefit Expenses: Our employee benefit expense increased by 15.2% to Rs. 1,207.31 million for the fiscal year 2016 from Rs. 1,023.28 million for the fiscal year 2015, primarily as a result of an increase in salaries and wages to Rs. 1,132.85 million for the fiscal year 2016 from Rs. 957.87 million for the fiscal year 2015 as a result of the periodic increase in compensation to our employees, partially offset by a decrease in our total number of employees, and recognition of ESOP expenses of Rs. 117.77 million in fiscal year 2016 in comparison of Rs. 29.74 million in fiscal year 2015, primarily as a result of full year impact of ESOP expenses in fiscal year 2016 compared to only partial year impact in fiscal year 2015.

Administrative and Other Expenses: Our administrative and other expenses increased by 2.4% to Rs. 704.51 million for the fiscal year 2016 from Rs. 688.04 million for fiscal year 2015, primarily due to an increase in exchange fluctuation loss by Rs. 23.53 million to Rs. 42.40 million in fiscal 2016 due to the weakening of the Rupee versus the U.S. dollar, an increase in rates and taxes by Rs. 18.13 million to Rs. 25.99 million, an increase in power and fuel cost by Rs. 10.75 million to Rs. 88.06 million, partly offset by reduction in legal and professional fees by Rs. 62.89 million to Rs 84.66 million in fiscal year 2016 resulting from the non-recurrence in fiscal year 2016 of fees incurred relating to our listing on NASDAQ in fiscal year 2015.

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Selling and Distribution Expenses: Our selling and distribution expenses increased by 17.80% to Rs. 2,258.84 million for the fiscal year 2016 from Rs. 1,856.32 million for the fiscal year 2015, primarily due to an increase in customer support expenses to Rs. 1,131.71 million for the fiscal year 2016 from Rs. 871.77 million for the fiscal year 2015 as a result of an increase in the total number of gross subscribers and an increase in advertisement and marketing expenses by Rs. 207.10 million to Rs. 1,106.42 million in fiscal 2016 from Rs. 899.32 million in fiscal year 2015, primarily resulting from efforts to attract customers affected by Phase III and Phase IV digitalization to our platform, as well as advertising expenses in connection with special events such as the Twenty20 Cricket World Cup.

Depreciation, Amortization and Impairment Expense: Our depreciation, amortization and impairment expense increased to Rs. 6,088.42 million for the fiscal year 2016 from Rs. 5,286.82 million for the fiscal year 2015, primarily as a result of an increase in the total number of gross subscribers. This in turn led to the corresponding increase in depreciation recognized for consumer premises equipment installed, and an increase in the number of subscribers who had not made payment for more than 500 days after recognizing churn.

Finance Costs/Finance Income (Net): Our finance costs/finance income (net) decreased by 31.9% to Rs. 3,142.83 million for the fiscal year 2016 from Rs. 4,614.22 million for the fiscal year 2015, as a result of repayment of borrowings made during the fiscal year 2016.

Tax Expense: We did not have any current tax expense for the fiscal year 2016 or fiscal year 2015. Our deferred tax credit decreased by 69.0 % to Rs. 377.40 million for the fiscal year 2016 from Rs. 1,217.93 million for the fiscal year 2015.

Loss for the Year: Our loss for the year decreased by 66.2% to Rs. 922.05 million for the fiscal year 2016 from Rs. 2,726.64 million for the fiscal year 2015, as a result of the factors described above.

Fiscal year 2015 compared to fiscal year 2014

Revenue from operations: Our revenue from operations increased by 32.5% to Rs. 23,377.08 million for the fiscal year 2015 from Rs. 17,644.10 million for the fiscal year 2014, primarily as a result of an increase in total subscription and activation revenue due to an increase in the total number of gross subscribers to 13.09 million of the fiscal year 2015 from 10.45 million as of the fiscal year 2014, which also led to a corresponding increase in lease rentals and an increase in ARPU.

Subscription and Activation Revenue: Our subscription and activation revenue increased by 35.3% to Rs. 20,628.48 million for the fiscal year 2015 from Rs. 15,250.91 million for the fiscal year 2014, primarily as a result of an increase in the total number of gross subscribers as the DTH industry overall witnessed an increase of 10.44 million subscribers in fiscal year 2014 primarily on account of GoI’s rolling out of phase I and II of digitalization and an increase in ARPU due to the reduction of free air time extended to subscribers, increase in base prices of packages offered and subscribers opting for premium packages (Source: MPA Report). Our package prices increased to the range of Rs. 241 to Rs. 590 per month from the range of Rs. 231 to Rs. 550 per month for the fiscal year 2014.

Other Operating Revenue: Our other operating revenue increased by 12.8% to Rs. 1,713.09 million for the fiscal year 2015 from Rs. 1,518.38 million for the fiscal year 2014 primarily as a result of an increase in carriage fees and advertisement revenue partially offset by a decrease in installation income due to outsourcing of installation and repair services since November 2014.

Lease Rental: Our lease rental revenue increased by 21.8% to Rs. 927.35 million for the fiscal year 2015 from Rs. 761.34 million for the fiscal year 2014, primarily as a result of an increase in the total number of gross subscribers.

Sale of Set-top Boxes and Accessories: Our revenue from sale of set-top boxes and other accessories decreased by 4.7% to Rs. 108.16 million for the fiscal year 2015 from Rs. 113.47 million for the fiscal year 2014, primarily as a result of decrease in sale of set-top boxes.

Other Income: Our other income decreased by 99.5% to Rs. 0.08 million for the fiscal year 2015 from Rs. 17.26 million for the fiscal year 2014, as a result of recognition of expenses from bad debts in the fiscal year 2015 compared to a gain from recovery of bad debts in the fiscal year 2014.

Total Expenses: Our total expenses increased by 26.6% to Rs. 22,707.51 million for the fiscal year 2015 from Rs. 17,935.50 million for the fiscal year 2014, as a result of an increase in operating expenses, employee benefit expenses, selling and distribution expenses and administrative and other expenses and depreciation, amortization and impairment during the fiscal year 2015 compared to the fiscal year 2014.

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Operating Expenses: Our operating expenses increased by 29.3% to Rs. 13,853.05 million for the fiscal year 2015 from Rs. 10,715.06 million for the fiscal year 2014, primarily as a result of an increase in content costs to Rs. 8,459.24 million for the fiscal year 2015 from Rs. 6,019.58 million for the fiscal year 2014 as the company began operating under new content agreements. These new agreements provide predictability on content costs over the next three to four years, with better operating leverage and improved margins as subscriber base and ARPU and revenue increase over time, an increase in license fees and taxes to Rs. 2,489.52 million for the fiscal year 2015 from Rs. 1,832.05 million for the fiscal year 2014 resulting from the increase in revenue and gross subscribers, an increase in space segment charges to Rs. 1,403.49 million for the fiscal year 2015 from Rs. 1,332.29 million for the fiscal year 2014 resulting from the weakening of the Rupee versus the U.S. dollar and a decrease in installation and service expenses to Rs. 938.36 million for the fiscal year 2015 from Rs. 1,028.68 million for the fiscal year 2014, primarily as a result of decreased installation expenses.

Employee Benefit Expenses: Our employee benefit expense increased by 18.4% to Rs. 1,023.28 million for the fiscal year 2015 from Rs. 864.28 million for the fiscal year 2014, primarily as a result of an increase in salary and wages to Rs. 957.87 million for the fiscal year 2015 from Rs. 809.94 million for the fiscal year 2014 as a result of the periodic increase in compensation to our employees and an increase in the number of employees to 1,084 as of March 31, 2015 compared to 1,078 as of March 31, 2014.

Administrative and Other Expenses: Our administrative and other expenses increased by 27.7% to Rs. 688.04 million for the fiscal year 2015 from Rs. 538.71 million for fiscal year 2014, due to an increase in legal and professional charges to Rs. 147.55 million for the fiscal year 2015 from Rs. 67.11 million for the fiscal year 2014, an increase in travelling and conveyance cost to Rs. 154.46 million for the fiscal year 2015 from Rs. 131.45 million for the fiscal year 2014 primarily due to costs incurred in connection with our listing.

Selling and Distribution Expenses: Our selling and distribution expenses increased by 15.6% to Rs. 1,856.32 million for the fiscal year 2015 from Rs. 1,605.56 million for the fiscal year 2014, primarily due to the increase in customer support expenses to Rs. 871.77 million for the fiscal year 2015 from Rs. 627.16 million for the fiscal year 2014 as a result of an increase in the total number of gross subscribers.

Depreciation, Amortization and Impairment Expense: Our depreciation, amortization and impairment expense increased to Rs. 5,286.82 million for the fiscal year 2015 from Rs. 4,211.89 million for the fiscal year 2014, primarily as a result of an increase in the total number of gross subscribers. This in turn led to the corresponding increase in depreciation recognized for consumer premises equipment installed, and an increase in the number of subscribers who had not made payment for more than 500 days after recognizing churn.

Finance Costs/Finance Income (Net): Our finance costs/finance income (net) increased by 6.0% to Rs. 4,614.22 million for the fiscal year 2015 from Rs. 4,351.02 million for the fiscal year 2014, as a result of additional borrowings made during the fiscal year 2015.

Tax Expense: We did not have any current tax expense for the fiscal year 2015 or fiscal year 2014. Our deferred tax expense decreased by 14.8% to Rs. 1,217.93 million for the fiscal year 2015 from Rs. 1,429.68 million for the fiscal year 2014.

Loss for the Year: Our loss for the year decreased by 14.7% to Rs. 2,726.64 million for the fiscal year 2015 from Rs. 3,195.48 million for the fiscal year 2014, as a result of the factors described above.

B. Liquidity and Capital Resources

Our auditors have stated in their audit opinion that the Company has incurred a loss of Rs. 922.05 million during the year ended March 31, 2016 and has accumulated losses amounting to Rs. 18,222.75 million as of March 31, 2016, resulting in substantial erosion of our net worth and that our ability to continue as a going concern is dependent on our ability to fund our operations and capital expenditure requirements. See “*Risk Factors — We have accumulated losses resulting in substantial erosion of our net worth, which may affect our ability to continue as a “going concern”*”. As of March 31, 2016 we had Rs. 23,171.70 million in outstanding indebtedness, substantially all of which was floating rate Rupee denominated indebtedness. During the fiscal year 2015, we sometimes experienced delays in payment on our indebtedness as the industry we operate in is highly capital intensive. However, there were no delays in payment during the fiscal year 2016. We believe that we have a good relationship with our lenders and we keep them apprised of any payment delays. See “*Risk Factors — We have had overdue payments under some of our loan agreements in prior years*” for a description of the potential consequences of these payment delays.

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We anticipate that we will incur annual capital expenditure of approximately Rs. 7,000 million to Rs. 8,000 million for purchase of consumer premises equipment in fiscal year 2017. These capital expenditures for consumer premises equipment are for acquisition of new subscribers. In the initial years of operations, when the subscriber base was low, we generated relatively low cash flow from operations and our operational expenditures were high, we met our revenue gap and capital expenditure requirements with term loans from banks and our Principal Shareholders, and also from unsecured loans received from Videocon Industries Limited. We have experienced cash flow mismatches in the past, resulting in delays in servicing our debt repayment obligations. However, with the year on year increase in our subscriber base and revenue, the financial position of our Company has been improving and we believe we have sufficient working capital to operate our business.

Cash Flows

The table below summarizes our cash flows for the fiscal years 2016, 2015 and 2014:

	Fiscal Year		
	2014 (restated)	2015 (Rs. in millions)	2016
Net Cash From/(Used in) Operating Activities	3,327.60	9,107.87	4,727.49
Net Cash From/(Used in) Investing Activities	(6,119.34)	(7,546.74)	(6,544.89)
Net Cash From/(Used in) Financing Activities	(2,812.03)	8,142.75	(6,642.68)
Net Increase in/(Decrease in) Cash And Cash Equivalents	(5,603.77)	9,703.87	(8,460.08)

Net Cash From/Used in Operating Activities

Net cash from operating activities was Rs. 4,727.49 million for the fiscal year 2016 and consisted of a net loss before tax of Rs. 1,299.45 million, as adjusted primarily for non-cash and non-operating items, such as depreciation, amortization and impairment of Rs. 6,088.42 million and finance costs of Rs. 3,867.31 million. In the fiscal year 2016, cash collection predominantly increased on account of increase in revenue from operations of Rs. 5,181.54 million compared with the fiscal year 2015. Our industry operates on a prepaid model which generates cash upfront from subscribers to use our services. The increase in net cash from operating activities is mainly attributable to growth in subscriber base and increase in ARPU due to the increase in package prices and subscribers opting for premium packages. In the fiscal year 2016, we added 2.65 million subscribers leading to a closing gross subscriber base of 15.74 million. This increase in cash collection was utilized for meeting increased operating expenditures, acquiring capital assets and paying finance charges. Our operating cash flow before changes in assets and liabilities was Rs. 8,061.53 million for the fiscal year 2016. Changes in assets and liabilities primarily consisted of an increase in trade payables by Rs. 1,264.83 million, a decrease in financial and non-financial liabilities by Rs. 285.07 million, an increase in financial and non-financial assets by Rs. 4,219.82 primarily resulting from an increase in bank deposits by Rs. 2,169.78, inter corporate deposit by Rs. 500 million, balance with central excise / VAT authority by Rs. 421.37 million, capital advances by Rs. 908.53 to pay for consumer premises equipment, prepaid expenses by Rs. 101.72 million, an increase in inventories by Rs. 58.98 million and an increase in trade receivables by Rs. 1.16 million for the fiscal year 2016. We also paid income taxes of Rs. 33.84 million for the year ended March 31, 2016.

Net cash from operating activities was Rs. 9,107.87 million for the fiscal year 2015 and consisted of a net loss before tax of Rs. 3,944.57 million as adjusted primarily for non-cash and non-operating items, such as depreciation, amortization and impairment of Rs. 5,286.82 million and finance costs of Rs. 4,716.75 million. In the fiscal year 2015, the cash collection predominantly increased on account of increase in revenue from operations of Rs. 5,732.98 million compared with the fiscal year 2014. The increase was mainly attributable to growth in subscribers base and increase in ARPU due to the reduction of free-airtime extended to subscribers, increase in base prices of packages offered and subscribers opting for premium packages. In the fiscal year 2015, we have added an addition of 2.64 million subscribers leading to a closing gross subscriber base of 13.09 million. This increase in cash collection was utilized for meeting increased operating expenditures, acquiring capital assets and paying finance charges. Our operating cash flow before changes in assets and liabilities was Rs. 6,010.37 million for the fiscal year 2015. Changes in assets and liabilities primarily consisted of an increase in trade payable by Rs. 2,134.17 million, and an increase in financial and non financial liabilities of Rs. 1,228.81 million.

Net cash from operating activities was Rs. 3,327.60 million for the fiscal year 2014 and consisted of a net loss before tax of Rs. 4,625.16 million as adjusted primarily for noncash and non operating items, such as depreciation, amortization and impairment of Rs. 4,211.89 million and finance costs of Rs. 4,447.98 million. In the fiscal year 2014, the cash collection predominantly increased on account of an increase in subscription revenue, installation revenue and other operating revenues of Rs. 6,348.63 million compared with the fiscal year 2013. The increase was mainly attributable to growth in subscriber base and increase in ARPU due to the reduction of free airtime extended to subscribers, an increase in base prices of packages offered and subscribers opting for premium packages. In the fiscal year 2014, we have added additional of 2.43 million subscribers leading to a closing gross subscriber base of 10.45 million. This increase in cash collection was utilized for meeting increased operating expenditures, acquiring capital assets and paying finance charges. Our operating cash flow before changes in assets and liabilities was Rs. 3,928.72 million. Changes in assets and liabilities primarily consisted of an increase in other financial and non financial assets of Rs. 1,635.12 million and increase in financial and non financial liabilities of Rs. 875.65 million. We also paid income taxes of Rs. 19.25 million.

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Net Cash From/Used in Investing Activities

Net cash used in investing activities was Rs. 6,544.89 million for the fiscal year 2016 and consisted primarily of property, plant and equipment and capital work-in-progress of Rs. 7,227.96 million primarily relating to consumer premises equipment and purchase of intangible assets of Rs 41.83 million, partly offset by interest income of Rs. 724.48 million.

Net cash used in investing activities was Rs. 7,546.74 million for the fiscal year 2015 and consisted primarily of property, plant and equipment and capital work-in-progress of Rs. 7,597.34 million primarily relating to consumer premises equipment

Net cash used in investing activities was Rs. 6,119.34 million for the fiscal year 2014 and consisted primarily of property, plant and equipment and capital work in progress of Rs. 6,438.82 million primarily relating to consumer premises equipment, partially offset by a decrease in Capital Work in Progress of Rs. 285.54 million.

Net Cash From/Used in Financing Activities

Net cash used in financing activities was Rs. 6,642.68 million for the fiscal year 2016 and consisted of repayment of borrowings of Rs. 5,525.37 million and finance charges of Rs. 3,867.31 million, offset by proceeds from borrowings of Rs. 2,750.00 million.

Net cash generated in financing activities was Rs. 8,142.75 million for the fiscal year 2015 and consisted of an increase in share capital by Rs. 1,510.00 million, an increase in share premium by Rs 15,540.88 million, proceeds from borrowings of Rs. 8,163.82, partly offset by repayment of borrowings of Rs. 12,355.20 million and finance charges of Rs. 4,716.75 million.

Net cash used in financing activities was Rs. 2,812.03 million for the fiscal year 2014 and consisted of repayment of borrowings of Rs. 5,697.30 million and finance charges of Rs. 4,447.98 million, partially offset by proceeds from borrowings of Rs. 7,333.25 million.

Financial Condition, Liquidity and Sources of Capital

As of March 31, 2016, we had Rs. 23,171.70 million in outstanding indebtedness, substantially all of which was floating rate, Rupee denominated indebtedness and cash and cash equivalents of Rs. 1,428.69 million. We also have term deposits with banks of Rs. 3,282.23 million which are placed towards margin / reserves for loans and bank guarantees. These are shown under other financial assets on our balance sheet. We did not have any delays in repayment of our indebtedness in the 2016 fiscal year, although in the past we have regularly experienced delays in payment on our indebtedness as the industry in which we operate in is highly capital intensive. We anticipate that we will have annual capital expenditure of approximately Rs. 7,000 million to Rs. 8,000 million for purchase of consumer premises equipment in fiscal year 2017. These capital expenditures for consumer premises equipment are necessary for the acquisition of new subscribers. In the initial years of operations, when our subscriber base was low and we were generating relatively low cash flow from operations and the operational expenditures were high, we met our revenue gap and capital expenditure requirement with borrowings of term loans from banks and our Principal Shareholders, and also from unsecured loan received from Videocon Industries Limited. We have experienced cash flow mismatches in the past, resulting in delays in servicing our debt repayment obligations. However, with the year on year increase in our subscriber base and revenue, our financial position is improving and is expected to continue to improve further. This is expected to improve our liquidity and financial position, enabling us to service our debt obligations in a timely manner in the future.

There are certain restrictive covenants in certain of our arrangements with our lenders, including being required to maintain certain security margins and financial ratios; and being required to obtain lender consent for, among other things:

1. issuing new equity shares;
2. undertaking any new project, diversification, modernization or substantial expansion of our DTH operations;

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- 3. formulating any scheme of amalgamation or reconstruction;
- 4. making any material changes to our constitutional documents; incurring further indebtedness;
- 5. creating further encumbrances on or disposing of, our assets; and
- 6. changing our fiscal year or making investments or acquisitions beyond certain limits in a particular fiscal year.

Although we were in compliance with the applicable financial covenants under our loan agreements as of March 31, 2016, we have, in the past, occasionally been unable to meet our financial covenant requirements under such agreements, and we have not received waivers for such non-compliance. However, our lenders have neither enforced any security nor have accelerated repayment of the loans for any such non-compliance. See “*Risk Factors — We have had overdue payments under some of our loan agreements in prior years.*”

The following table summarizes our long-term indebtedness and subordinated debt obligations, all of which were secured, as of March 31, 2016.

<u>Name of Banks</u>	<u>As of March 31, 2016</u>	<u>As of March 31, 2015</u>
	<u>Amount</u> <u>(Rs. in million)</u>	<u>Amount</u> <u>(Rs. in million)</u>
<u>Secured Loans</u>		
Central Bank of India	908.25	958.25
IDBI Bank Limited	4,965.00	5,140.63
Bank of Baroda	1,900.00	1,975.00
ICICI Bank Limited	1,800.00	2,550.00
Karur Vysa Bank Limited	300.00	425.00
Canara Bank	2,779.69	3,378.12
Jammu and Kashmir Bank Limited	850.00	975.00
Syndicate bank	700.00	900.00
Dena Bank	1,130.00	850.00
Oriental Bank of Commerce	600.00	850.00
Bank of India	3,425.00	1,925.00
Bank of Maharashtra	950.00	1,000.00
Union Bank of India	1,396.88	1,481.25
United Bank of India	1,443.75	1,500.00
IFCI Ltd	—	2,000.00
Total Term Loan from banks	23,148.56	25,908.25
Finance Lease Obligation	23.13	38.82
Total Borrowings	23,171.70	25,947.07

Interest Rate during the fiscal 2016

Interest rates on our indebtedness ranged from 12.4 % to 14.5% per annum during the fiscal 2016.

Contingent Liabilities

See Note 27 to our financial statements for the year ended March 31, 2016 included in this Form 20-F under Item 18.

Capital Expenditures

We have historically financed our capital expenditure requirements with cash flows from operations, as well as through long-term and short-term borrowings.

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We made capital expenditures of Rs. 6,216.29 million, Rs. 7,597.34 million and Rs. 7,227.95 in fiscal years 2014, 2015 and 2016, respectively. We expect to spend approximately Rs. 7,000 to Rs. 8,000 million on capital expenditures during the 2017 fiscal year, primarily on cost towards purchase of consumer premises equipment.

Our actual capital expenditures may vary from projected amounts due to various factors, including changes in market conditions, ability to obtain adequate financing for planned capital expenditures, the GoI’s policies regarding the DTH industry and the condition of the Indian economy. In addition, our planned capital expenditures do not include any expenditure for potential acquisitions or investments that it may evaluate from time to time.

Our Indebtedness

Set forth below is a brief summary of our outstanding borrowings of approximately Rs. 23,171.70 million, as of March 31, 2016, together with a brief description of certain significant terms of such borrowings. Since April 1, 2016, we have further reduced our term loan outstanding by Rs. 3,869.06 million.

A. Details of Secured Borrowings of Videocon d2h

Set forth below is a summary of our secured borrowings as of March 31, 2016 (unless otherwise stated)

<u>Lender</u>	<u>Description</u>	<u>Amount outstanding as of March 31, 2016 (Rs. million)</u>	<u>Repayment/Tenor</u>
Central Bank of India	Term loan agreement dated February 25, 2013, for a term loan facility of Rs. 1,000 million	908.25	24 unequal quarterly installments commencing on June 30, 2015 after a moratorium of 27 months from the date of first disbursement
	A bank guarantee of Rs. 250 million and a letter of credit of Rs. 600 million	676.90	
IDBI Bank Limited	Rupee loan agreement dated January 7, 2014 for a rupee term loan facility of Rs. 3,000 million	2,850.00	24 unequal quarterly installments commencing from April 1, 2015, after a moratorium of 15 months from the date of first disbursement
	Loan agreement dated January 10, 2013 for a term loan facility of Rs. 1,750 million	1,615.00	24 unequal quarterly installments commencing from April 1, 2015 after a moratorium of 27 months from the date of first disbursement
	Loan agreement dated February 28, 2015 for a term loan facility of Rs. 500 million.	500.00	24 unequal quarterly installments commencing from February 1, 2017 after a moratorium of 2 years from the date of first disbursement
Bank of Baroda	Loan agreement dated March 5, 2013 for a term loan facilities of Rs. 2,000 million	1,900.00	24 unequal quarterly installments commencing June 30, 2015 after a moratorium of 27 months from the date of first disbursement.

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Lender	Description	Amount outstanding as of March 31, 2016 (Rs. million)	Repayment/Tenor
Dena Bank	Term loan agreement dated September 18, 2015, for term loan facilities of Rs. 750 million	750.00	24 unequal quarterly installments commencing October 1, 2017, after a moratorium of 27 months from the date of first disbursement.
ICICI Bank	Bank guarantee agreement dated June 25, 2015, for bank guarantee facilities of Rs. 400 million	393.50	—
Canara Bank	Term loan agreement dated March 7, 2013 for a rupee term loan facility of Rs. 1,750 million	1,579.69	24 structured quarterly installments, commencing on April 01, 2015 after 27 months from the date of first disbursement (from the lead bank IDBI bank).
Bank of India	Term loan facility agreement dated March 21, 2013, for term loan facilities of Rs. 1,500 million	1,425.00	24 quarterly ballooning installments starting on June 30, 2015, after a moratorium period of 27 months from the date of first disbursement (from the lead bank IDBI bank).
	Term loan facility agreement dated October 21, 2015, for term loan facilities of Rs. 2,000 million	2,000.00	24 quarterly ballooning installments starting on September 30, 2016, after a moratorium period of 24 months from the date of first disbursement (from the lead bank IDBI bank).
Union Bank of India	Term loan agreement dated April 5, 2013 for term loan facilities of Rs. 1,500 million	1,396.88	24 unequal quarterly installments commencing on April 1, 2015 after 27 months from the date of first disbursement (from the lead bank IDBI bank).
United Bank of India	Term loan agreement dated May 14, 2013 for term loan facility of Rs. 1,500 million	1,443.75	24 unequal quarterly installments commencing on August 31, 2015 after 27 months from the date of first disbursement
Bank of Maharashtra	Agreement for term loan dated May 13, 2013 for term loan facility of Rs. 1,000 million	950.00	24 unequal quarterly installments commencing on June, 30, 2015 after 27 months from the date of first disbursement

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Lender	Description	Amount outstanding as of March 31, 2016 (Rs. million)	Repayment/Tenor
ICICI Bank Limited (arranger), IDBI Trusteeship Services Limited (security trustee), Canara Bank, Karur Vysya Bank, Dena Bank, Jammu and Kashmir Bank, Syndicate Bank, Oriental Bank of Commerce and Bank of India	Syndicate term loan facility agreement dated December 20, 2010 for a term loan of Rs. 10,000 million entered between ICICI Bank Limited (arranger), IDBI Trusteeship Services Limited (agent), Canara Bank, Karur Vysya Bank, Dena Bank, Jammu and Kashmir Bank , Syndicate Bank, Bank of India and Oriental Bank of Commerce. This includes: Rs. 3,000 million from ICICI Bank; Rs. 2,000 million from Canara Bank*; Rs. 1,000 million from Dena Bank**; Rs. 500 million from Karur Vysya Bank^; Rs. 1,000 million from Syndicate Bank^^; Rs. 1,000 million from Jammu and Kashmir Bank*** Rs. 1,000 million from Oriental Bank of Commerce^^^ Rs. 500 million from Bank of India****	5,830.00	78 months after the first utilization date under the facility agreement
* ^ ** ^^ *** ^^^ ****	<i>pursuant to deed of accession dated September 9, 2011</i> <i>pursuant to deed of accession dated August 18, 2011</i> <i>pursuant to deed of accession dated February 8, 2012</i> <i>pursuant to deed of accession dated December 2, 2011</i> <i>pursuant to deed of accession dated November 29, 2011</i> <i>pursuant to deed of accession dated June 14, 2012</i> <i>pursuant to deed of accession dated July 16, 2012</i>		
Our secured financing arrangements contain various restrictive covenants which require us to obtain prior written consent of our lender(s) for undertaking, among others, the following activities:			
<ul style="list-style-type: none">effecting any change in the capital structure;formulating any scheme of amalgamation or reconstruction;undertaking any new project or expansion, unless the expenditure of such expansion is covered by our net cash accrual after providing for dividend, investment or from long term funds received from financing such new projects or expansion;			

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- making any investments by way of deposits, loans or in share capital of any other concerns (including any subsidiaries) except investments in the usual course of business or advances to employees;
- entering into borrowing arrangements, either secured or unsecured with any other banks, financial institutions or companies or otherwise;
- undertaking guarantee obligations on behalf of any other company and declaring dividends for any year except out of profits relating to that year and with the specific approval of the lender(s);
- issuing any debentures, raising any loans, accepting deposits from the public, issuing equity or preference capital or creating any charge on our assets or giving any guarantee;
- creating any subsidiary or permitting any company to become our subsidiary;
- selling, granting, leasing, transferring, or otherwise disposing of our assets except for such transfers, sales made in the ordinary course of business or permitted disposals which have a cumulative value per financial year not exceeding Rs. 500 million;
- changing our financial year;
- making any investment or acquisition in excess of Rs. 1,000 million in any financial year;
- amend the Memorandum of Association and Articles of Association of Videocon d2h; and effecting any change in the composition of our board of directors or our management, or the appointment/reappointment or removal of our managing director or another person holding substantial management powers.

B. Details of Our Unsecured Borrowings

As of March 31, 2016, we had no unsecured borrowings.

C. Research and development, patents and licenses.

Research and development

We have a dedicated in-house research and development team which specializes in designing and bringing new products as well as re-engineering existing products and services to the network in order to enrich the user engagement on our platforms. One of the key focuses of our research and development team is to develop optimally designed hardware set-top boxes which optimize costs while providing a platform for value-added services and engagement with our customer base. Since last year, we have invested in merging two technologies, namely cloud computing and mobile platforms, to the set-top boxes. These platforms allow us to design and deliver services such as mobile as a remote control, audience measurement systems and interactive advertisement engines on our platforms. All of our HD platforms can be connected to using Android mobile phones. We have added features such as allowing users to use the set-top box as a Bluetooth speaker, audio streaming head phone and gesture control applications. Additionally, we have designed and produced our first hybrid wireless connected set-top boxes. Applications like Facebook, YouTube, Dailymotion, NDTV news and others are available on our smart connect platforms . The research and development quality assurance team is responsible for maintaining the user experience and quality of our products. We expect to focus on enabling services around the connected platforms, ‘internet of things’ security and surveillance use cases in the future. We believe that our in-house research and development team provides us with greater flexibility in determining our product roadmap by working closely with middleware and chipset vendors.

The amount spent on research and development was Rs. 39.83 million, Rs. 59.00 million and Rs. 59.60 million for the fiscal year ended March 31, 2014, 2015 and 2016, respectively.

Intellectual Property

We have entered into a renewal of our trademark license agreement with CE India Limited, a Videocon Group entity, for the use of the “Videocon” and “V” trademarks on a non exclusive basis for a nominal fee. This license is valid until March 31, 2022, and is renewable upon mutual agreement. As of the date of this annual report, we have registered 33 trademarks, including in relation to the “d2h” brand name, and have applied for registration of further 62 trademarks.

D. Trend Information

Please see “Item 5A. Operating Results” of this Form 20-F. Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended March 31, 2016 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions

E. Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements as of March 31, 2016.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth information regarding our contractual obligations and commitments as of March 31, 2016.

	Payment Due by Period				
	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
			(Rs. in millions)		
Long-term borrowings – Reclassified under current financial liabilities (included in current financial liability) *	23,148.56	23,148.56			
Short-term debt	—	—			
Finance Lease obligations	23.13	17.77	5.37	—	—
Amount of contracts remaining to be executed on capital account and not provided for	301.27	301.27			
Employee benefits	88.99	4.50	84.49		
Transponder Expenses **	3,836.38	1,616.32	2,220.06	—	—
Fixed Content & Programming Cost	10,112.20	4118.40	5,462.60	531.20	—
Variable Content & Programming Cost***	6,128.50	3,702.40	2,426.10		—

* We are currently in breach of certain financial covenants in our long term loan agreements, and we have previously had delays in the payment of interest and installments under certain of our loans, although we had no such delay of payment in the 2016 financial year. Although we have not received any notice of acceleration of the payment of the affected loans, since we have not obtained from a specific waiver of lenders’ right to accelerate the repayment of entire loan amount by the reporting date, our management has decided to classify these long term loans as current liabilities.

** Payments under the KuBand Lease Agreements are required to be made in U.S. dollars and for purposes of this table we have used the conversion rate at US\$ 1.00 = Rs. 66.3329 as per the closing rate on March 31, 2016. See “Risk Factors - Our leased satellite ST2 is subject to operational, lease and environmental risks that could limit our ability to utilize the satellite”.

*** For Variable Content & Programming Cost, we used the closing number of subscribers as of March 31, 2016 for calculating our contractual obligation on variable fees content cost. Under variable fee content agreements, we are required to pay content and programming fees based on the monthly average of active subscribers, i.e., opening active subscribers for the month + closing active subscribers for the month) / 2 multiplied by an agreed rate per active subscriber.

G. Safe harbor

See “Forward Looking Statements”.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Directors and Executive Officers of Videocon d2h

The following table sets forth information regarding the directors and executive officers of Videocon d2h.

Name	Age	Position
Directors:		
Saurabh Pradipkumar Dhoot	31	Executive Chairman
Shivratan Jeetmal Taparia	70	Independent Director
Pradeep Ramwilas Rathi	63	Independent Director
Nabankur Gupta	67	Independent Director
Karunchandra Srivastava	72	Independent Director
Radhika Saurabh Dhoot	32	Non-Executive Director
Geetanjali Vikram Kirloskar	50	Independent Director
Harry E. Sloan	66	Non-Executive Director*
Jeff Sagansky	64	Non-Executive Director*
Executive Officers⁽¹⁾:		
Anil Khera	56	Chief Executive Officer
Rohit Jain	40	Deputy Chief Executive Officer
Himanshu Patil	51	Chief Operating Officer
Avanti Kumar Kanthaliya	44	Chief Financial Officer
Siddharth Kabra	38	Vice President – Sales

* Independent as per SEC rules but non-executive and non-independent as per Companies Act, 2013

Notes:

(1) Employees other than directors.

Unless otherwise indicated, the business address of each director and executive officer is 1st Floor, Techweb Centre, New Link Road, Oshiwara, Jogeshwari (West), Mumbai 400 102, Maharashtra, India.

Except for Mr. Saurabh Pradipkumar Dhoot and Mrs. Radhika Saurabh Dhoot who are married, there are no family relationships between any of the directors and executive officers of Videocon d2h.

A description of the business experience and present position of each director and executive officer is provided below:

Directors

Saurabh Pradipkumar Dhoot, 31, is an Executive Director of Videocon d2h. He has served on the board of directors of Videocon d2h since January 31, 2007 and was appointed as an Executive Director on October 5, 2012 for a term of five years. Mr. Dhoot is also a director of one major shareholder of our Company, Synergy Appliances Private Limited. He has more than nine years of experience in the field of mergers and acquisitions, finance, investor relations and corporate communications. Mr. Dhoot holds a bachelor’s degree in engineering from the Imperial College in the United Kingdom.

Shivratan Jeetmal Taparia, 70, is an Independent Director of Videocon d2h and has served on the board of directors of Videocon d2h since October 11, 2012. He was appointed as an Independent Director with effect from September 30, 2014 for a term of five years in terms of the provisions of the Companies Act, 2013. He has more than 38 years of experience in the field of project management, production, finance, marketing and planning. Mr. Taparia also sits on the board of directors of The Supreme Industries Limited, one of the suppliers of some accessories for multi-dwelling units to our Company. Transaction amounts between our Company and The Supreme Industries Limited were Rs. 0.50 million, Rs. 0.58 million, Rs. 1.28 million for fiscal years 2014, 2015 and 2016 respectively. Mr. Taparia holds a bachelor’s degree in mechanical engineering from the University of Pune, India.

Pradeep Ramwilas Rathi, 63, is an Independent Director of Videocon d2h and has served on the board of directors of Videocon d2h since October 11, 2012. He was appointed as an Independent Director with effect from September 30, 2014 for a term of five years in terms of the provisions of the Companies Act, 2013. He has more than 35 years of experience in the field of finance and business. Mr. Rathi is the Managing Director of Sudarshan Chemical Industries Limited. He holds a master’s degree in chemical engineering from Massachusetts Institute of Technology and an MBA from Columbia University.

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Nabankur Gupta, 67, is an Independent Director of Videocon d2h and has served on the board of directors of Videocon d2h since October 11, 2012. He was appointed as an Independent Director with effect from September 30, 2014 for a term of five years in terms of the provisions of the Companies Act, 2013. He has over three decades of experience in project management, marketing, sales, general management and business strategy. He was the first Indian to receive recognition by the Advertising Age International, New York, in 1995 with the title of “Marketing Superstar”. Currently, he is the co-founder and Chairman of Blue Ocean Capital and Advisory Services Private Limited and the founder Chief Executive Officer of Nobby Brand Architects & Strategic Marketing Consultants. Mr. Gupta holds a bachelor’s degree in electrical and electronics engineering from Indian Institute of Technology, Delhi, India.

Karunchandra Srivastava, 72, is an Independent Director of Videocon d2h and has served on the board of directors of Videocon d2h since October 18, 2012. He was appointed as an Independent Director with effect from September 30, 2014 for a term of five years. He is a senior retired civil servant of the Indian Administrative Services and has 39 years of experience in the field of governance and administration. Mr. Srivastava has held important positions with the Government of Maharashtra and the Government of India, including the Municipal Commissioner, Municipal Corporation of Greater Mumbai; Chairman, Second Maharashtra Finance Commission, Government of Maharashtra, Administrative Staff College Campus, Mumbai; Additional Chief Secretary (Home Department), Government of Maharashtra, Mantralaya, Mumbai; Metropolitan Commissioner, Mumbai Metropolitan Regional Development Authority, Mumbai; and Joint Development Commissioner, Small Scale Industries, Ministry of Industries, Government of India. Mr. Srivastava holds a bachelor’s and a master’s degree in arts from the University of Lucknow, India and a diploma in system management and development administration.

Radhika Saurabh Dhoot, 32, was appointed as a Non-Executive Director of Videocon d2h on March 31, 2015. She has a honors degree in Economics from the University of Nottingham, UK. She is married to Mr. Saurabh Dhoot and has been leading the renewable energy division of Videocon Group since early 2011.

Geetanjali Vikram Kirloskar, 50, is a Commerce graduate from University of Pune. She has a vast experience and is a very successful entrepreneur and business-woman. She is the Chairperson of Sakra World Hospital and Chairs several Committees of leading Trade Associations like FICCI. Mrs. Kirloskar has the distinction of being Hon. Consul of Finland. She started off as an advertising professional & for over 20 years was the Chairperson of Pratibha Advertising and Quadrant Advertising. She was appointed as an Independent Director of the Company with effect from March 30, 2016 for a term of five years in terms of the provisions of the Companies Act, 2013.

Harry E. Sloan, 66 was appointed as a Non-Executive Director on May 24, 2016. He served as chairman and chief executive officer from February 2011 to January 2013 of Global Eagle Acquisition Corp., a blank check company which completed a business combination in which it purchased Row 44, Inc., or Row 44, and 86% of the shares of Advanced Inflight Alliance AG, or ARIA, in January 2013, and he remains a director of the combined company, Global Eagle Entertainment Inc. (“GEE”). From October 2005 to August 2009, Mr. Sloan served as Chairman and Chief Executive Officer of Metro-Goldwyn-Mayer, Inc., or MGM, a motion picture, television, home entertainment, and theatrical production and distribution company, and thereafter continued as non-executive chairman until December 2010. From 1990 to 2001, Mr. Sloan was Founder, Chairman and Chief Executive Officer of SBS Broadcasting, S.A., or SBS, a European broadcasting group, operating commercial television, premium pay channels, radio stations and related print businesses in Western and Central and Eastern Europe, which he founded in 1990 and continued as Executive Chairman until 2005. In 1999, SBS became the largest shareholder of Lions Gate Entertainment Corp., or Lions Gate, an independent motion picture and television production company. Mr. Sloan served as chairman of the board of Lions Gate from April 2004 to March 2005. From 1983 to 1989, Mr. Sloan was a Co-chairman of New World Entertainment Ltd., an independent motion picture and television production company. Mr. Sloan was appointed by President Ronald Reagan in 1987 to the President’s Advisory Council on Trade and Policy Negotiations (ACTPN). He currently serves on the UCLA Anderson School of Management Board of Visitors and the Executive Board of UCLA Theatre, Film and Television. He received his Juris Doctor from Loyola Law School in 1976 and his Bachelor of Arts degree from the University of California, Los Angeles in 1971.

Jeff Sagansky, 64 was appointed as a Non-Executive Director on May 24, 2016. He served as president from February 2011 to January 2013 of Global Eagle Acquisition Corp., and he is a director of GEE. Mr. Sagansky has served as Chairman of Hemisphere Film Capital, a private motion picture and television finance company, since 2008. From February 2009 to April 2011, he served as non-executive Chairman of RHI Entertainment, Inc., which develops, produces and distributes original made for television movies and miniseries. From December 2002 to August 2003, he was Vice Chairman of Paxson Communications Corporation, a television network and stations group. From 1998 to 2002, Mr. Sagansky served as Chief Executive Officer of Paxson Communications Corporation. Prior to joining Paxson Communications Corporation, Mr. Sagansky was Co-President of Sony Pictures Entertainment, or SPE, a motion picture, television, and home entertainment production and distribution company which is a subsidiary of Sony Corporation of America, or SCA, from 1996 to 1998 where he was responsible for SPE’s strategic planning and worldwide television operations. Prior to his position with SPE, Mr. Sagansky served as executive vice president of SCA, which he joined in 1994. Prior to joining SCA, Mr. Sagansky was President of CBS Entertainment, a television network, from 1990 to 1994. Mr. Sagansky previously served as president of production and then president of TriStar Pictures, a motion picture and television production and distribution company, from 1985 to 1989. He is currently a director of Starz and Scripps Networks Interactive, Inc., two publicly traded media companies. Mr. Sagansky earned a Bachelor of Arts degree from Harvard College and a Masters in Business degree from Harvard Business School.

Executive Officers

Anil Khera, 56, is the Chief Executive Officer of Videocon d2h. He started his career with the Videocon Group in 1985 and joined Videocon d2h as the Chief Executive Officer on July 1, 2008. Mr. Khera is currently responsible for the overall supervision of the operations of Videocon d2h. He holds a bachelor’s degree in commerce and master’s degree in business administration (marketing) from the University of Mumbai, India.

Rohit Jain, 40, is the Deputy Chief Executive Officer of Videocon d2h. Mr. Jain is a qualified chartered accountant from the Institute of Chartered Accountants of India. He has 21 years of experience in the field of consulting, finance and business management and has worked at Price Waterhouse Coopers and Hewitt Associate (India) Private Limited. Mr. Jain joined Videocon d2h on June 1, 2010, and his present role is to conceptualize and implement the overall business and financial strategy of Videocon d2h. Mr. Jain is also responsible for the supervision of our human resources and other corporate functions. He holds a bachelor’s degree in Commerce from Delhi University.

Himanshu Patil, 51, is the Chief Operating Officer of Videocon d2h. He has over 27 years of experience in the field of marketing, operations and technology and has been associated with organizations such as Onida, Adina Electronics and Videocon Industries Limited in the past. Mr. Patil joined Videocon d2h on February 1, 2009 from Videocon Industries Limited, and his present role is to conceptualize and implement the overall operational and technology strategy of Videocon d2h. Mr. Patil holds a master’s degree in management studies from the University of Bombay.

Avanti Kumar Kanthaliya, 44, is the Chief Financial Officer of Videocon d2h. He is a qualified cost and works accountant from the Institute of Cost and Works Accountants of India. Mr. Kanthaliya has also completed a four month full-timer residential management education program at the Indian Institute of Management, Ahmedabad. He has over 21 years of experience in the field of finance and accounts management. Mr. Kanthaliya has been with the Videocon Group since 1996 and joined Videocon d2h on July 1, 2008. He currently heads the finance department of Videocon d2h and is responsible for developing and deploying our corporate financial policy in line with our strategy. Mr. Kanthaliya holds bachelor’s and master’s degrees in commerce from the Mohanlal Sukhadia University.

Siddharth Kabra, 38, is the Vice President Sales of Videocon d2h. Mr. Kabra has over 15 years of experience in Sales and Marketing. He has been employed by the Videocon Group since 2000 (at Videocon Industries Limited and Techno Kart India Limited (formerly Next Retail India Limited), and he joined Videocon d2h on July 3, 2009 and currently supervises the sales department. Mr. Kabra’s role entails establishing the sales operations strategy of Videocon d2h. He holds a master’s degree in business administration from the Cardiff Business School, University of Wales, Wales.

B. COMPENSATION

Compensation of Commissioners and Directors

For the 2016 fiscal year, the aggregate amount of cash compensation paid to the Directors and Executive Officers of Videocon d2h was Rs. 56.59 million, comprising sitting fees for directors of Rs. 1.10 million and salaries for executive officers aggregating to Rs. 55.49 million. For the fiscal year 2016, Anil Khera received a salary of Rs. 20.29 million, Rohit Jain received a salary of Rs. 13.85 million, Himanshu Patil received a salary of Rs. 7.70 million, Avanti Kumar Kanthaliya received a salary of Rs. 5.63 million and Siddharth Kabra received a salary of Rs. 8.02 million.

C. BOARD PRACTICES

We have established four committees under the board of directors: an audit committee; a stakeholders’ relationship committee; a nomination, remuneration and compensation committee; and a corporate social responsibility committee. Each committee’s members and functions are described below.

Audit Committee

Our Audit Committee consists of Karunchandra Srivastava (Chairman), Shivratan Jeetmal Taparia, Pradeep Ramwilas Rathi and Jeff Sagansky. Each of the committee members satisfies the independence requirements of Rule 5605 of the Nasdaq Stock Market, Marketplace Rules and Rule 10A-3of the Exchange Act. Our board of directors has also determined that Karunchandra Srivastava qualifies as an audit committee financial expert within the meaning of the SEC rules. Our audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of Videocon d2h. The audit committee is responsible for overseeing, among other things:

- our accounting and financial reporting processes and the integrity of our financial statements;
- the audits of our financial statements and the appointment, performance of our independent auditors;
- our compliance with legal and regulatory requirements; and
- the performance of our internal audit function, internal and internal control over financial reporting.

The Audit Committee may engage an independent consultant or other professional advisers to assist in carrying out our functions. In addition, the Audit Committee receives and handles complaints.

Stakeholders’ Relationship Committee

The Stakeholder Relationship Committee of Videocon d2h consists of Nabankur Gupta (Chairman); Karunchandra Srivastava; and Pradeep Ramwilas Rathi. The scope and functions of the Stakeholder Relationship Committee include, among other things, redressal of shareholders’ and investors’ complaints, including issues relating to:

- not receiving declared dividends or financial statements as required under applicable law;
- allotment of equity shares, approval of transfer or transmission of equity shares, debentures or any other securities; and
- duplicate share certificates and new share certificates on split/consolidation/renewal of equity shares.

Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation Committee of Videocon d2h consists of Karunchandra Srivastava (Chairman), Nabankur Gupta, Pradeep Ramwilas Rathi and Harry Sloan. Each of the committee members satisfy the independence requirements of Rule 5605 of the Nasdaq Stock Market, Marketplace Rules. Our Nomination, Remuneration and Compensation Committee assists the board of directors in reviewing and approving the compensation structure of the directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. Members of the Nomination, Remuneration and Compensation Committee are not prohibited from direct involvement in determining their own compensation. The chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The Nomination, Remuneration and Compensation Committee is responsible for, among other things:

- formulation of the criteria for determining qualifications, characteristics and independence of a director and recommending to the board of directors a policy relating to the remuneration of the directors, executive officers and other employees;
- formulation of criteria for evaluation of independent directors and the board of directors;
- devising a policy on board diversity;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the selection criteria, and recommending to the board their appointment and removal;
- consideration and recommendation of grant of employee stock options, if any, and administration and superintendence of the same;
- determining/formulating the terms and conditions of the employee stock option scheme, including the number of options to be granted per employee, the exercise period, vesting period, procedure for making adjustments to the number of options in case of corporate actions, procedure for cashless exercise of options, and conditions for expiration or lapse of options; and
- framing of suitable policies and systems to ensure that there is no violation by any employee of applicable laws.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of Videocon d2h consists of: Saurabh Pradipkumar Dhoot (Chairman), Nabankur Gupta and Karunchandra Srivastava.

The Corporate Social Responsibility Committee is responsible for, among other things, the following:

- formulating and recommending to the board a corporate social responsibility policy setting forth the activities to be undertaken by Videocon d2h in accordance with applicable laws;
- recommending the amount of expenditures to be incurred in connection with such activities; and
- monitoring our corporate social responsibility policy.

D. EMPLOYEES

We had a total of 1,015 employees as of March 31, 2016.

The table below shows our employee profile by function as of the dates indicated:

Position	As of March 31,		
	2014	2015	2016
Sales	372	378	370
Customer Support	299	277	227
Other Support Function	407	429	418
Total	1,078	1,084	1,015

All of our employees are based in India.

Employee Benefit Plans

Short term 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, and others, are recognized in the income statement in the period in which the employees render their related service. The amount recognized in the income statement for the fiscal year ended March 31, 2016 was Rs. 1,207.31 million for all employees including the directors and executive officers.

Long term benefits

Provident Fund

In accordance with Indian law, all of our employees in India are entitled to receive benefits under the Employees’ Provident Fund Scheme, 1952, as amended, a retirement benefit scheme under which an equal amount of 12.0% of basic salary of an employee is contributed both by the employer and the employee in a fund with government/trust with the company. We make a monthly deposit to a government fund and have contributed an aggregate of Rs. 43.42 million for all employees (including management) in the fiscal year ended March 31, 2016.

Gratuity

In accordance with Indian law, we pay gratuity to our eligible employees in India. Under the gratuity plan, an employee is entitled to receive a gratuity payment on the termination of his or her employment if the employee has rendered continuous service to our Company for not less than five years, or if the termination of employment is due to death or disability. The present value of obligation under gratuity is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. For the fiscal year ended March 31, 2016, a provision of Rs. 13.96 million was made for all employees (including management).

E. SHARE OWNERSHIP

Shares Owned by Directors

We set out below shares held by our directors as of March 31, 2016.

Directors	Number of Shares	Percentage of Ownership
Saurabh Pradipkumar Dhoot ⁽¹⁾	164,468,528	39.15%

(1) Consists of 50,418,400 equity shares held by each of Synergy Appliances Private Limited, Solitaire Appliances Private Limited and Greenfield Appliances Private Limited and 13,213,328 equity shares held by Platinum Appliances Private Limited. A significant majority of the shareholding in each of these entities is owned (directly or indirectly) by Mr. Saurabh Pradipkumar Dhoot and he is deemed to beneficially own all shares owned by these entities, including more than 5.00% beneficially owned by Mrs. Pooja A. Dhoot on account of minority shareholding in these entities.

Employee Stock Ownership Program

Employees Stock Option Plan 2014

The ESOP 2014 is administered by the Nomination, Remuneration and Compensation Committee of our board of directors and implemented by the Videocon d2h Employees Welfare Trust. Having received approval for the issuance of shares under ESOP 2014 from the MIB, our board of directors approved the allotment of 3,705,000 shares pursuant to ESOP 2014 on December 23, 2015.

Earnout

Pursuant to the Contribution Agreement between Silver Eagle Acquisition Corp. and the Company dated December 31, 2014, as amended (the “Contribution Agreement”), our existing shareholders as of the date of the Contribution Agreement and the Sponsor, Global Eagle Acquisition LLC, are entitled to receive by way of a bonus issue of shares (or such other form of share issue as determined by the independent members of our board of directors) upon satisfaction of certain share price performance hurdles of the ADSs on the Nasdaq being satisfied within three years of the initial listing of the ADSs (the “Earnout”), namely an “Initial Performance Hurdle” and a “Subsequent Performance Hurdle”, each as defined in the Contribution Agreement. In the event that the Company issues shares pursuant to the Earnout by way of a bonus issue or otherwise, the holders of the ADSs (including any holders of equity shares underlying such ADSs), other than the shareholders of the Company as of the date of the Contribution Agreement and the Sponsor, have no interest in or entitlement to such shares issued pursuant to such bonus issue or otherwise, and in the Articles of Association of the Company such holders have been deemed to have waived their interest in or entitlement to such shares issued pursuant to such bonus issue or otherwise.

The Initial Performance Hurdle is achieved if the last sales price of the Videocon d2h ADSs on Nasdaq (converted into Indian rupees on each such day at the Indian Rupee/U.S. dollar Exchange Rate on such date) for 20 trading days in a 30 trading day period equals or exceeds 125% of the Listing Price (i.e. price per ADS issued to the SEAC Distribution Record Holders converted into Indian rupees at the Indian Rupee/U.S Dollar Exchange Rate prevailing on the Closing Date, March 31, 2015).

The board of directors of the Company, at their meeting held on July 22, 2015, determined that the Initial Performance Hurdle has been achieved and satisfied. Khandelwal Jain & Co., an independent statutory auditor of the Company, has also confirmed and certified that the Initial Performance Hurdle has been achieved and satisfied.

Accordingly, in December 2015, the board of directors of the Company approved the allotment of 23,360,000 equity shares (equivalent to 5,840,000 ADSs) to the shareholders of the Company as of the date of the Contribution Agreement and the issuance of 3,999,984 equity shares (equivalent to 999,996 ADSs) to the Sponsor by way of a bonus issue, in accordance with the terms of the Contribution Agreement and the Articles of Association of the Company.

Sweat Equity Shares

Our board has adopted a resolution with respect to granting of up to 2,800,000 shares of face value Rs.10 each in the form of sweat equity to Mr. Saurabh Dhoot equivalent to 700,000 Videocon d2h ADSs, exercisable at a value determined by a registered valuer in accordance with applicable law, in two tranches of 50% each upon achievement of the Initial Performance Hurdle and the Subsequent Performance Hurdle, respectively. As the Initial Performance Hurdle has been achieved, Mr. Saurabh Dhoot is entitled to receive 1,400,000 (equivalent to 350,000 ADSs) equity shares of the Company, subject to GoI approval.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

Our authorized capital consists of 500,000,000 equity shares. Our authorized shares, 500,000,000 of which are issued and fully paid, are 420,064,600 equity shares.

<u>Company Shareholders as of March 31, 2016</u>	<u>Equity Shares</u>	<u>Percentage of Ownership</u>
Saurabh Pradipkumar Dhoot ⁽¹⁾	164,468,528	39.15%
Shree Dhoot Trading And Agencies Limited ⁽²⁾	50,418,400	12.00%
Dome-Bell Electronics India Private Limited	50,418,400	12.00%
Deutsche Bank Trust Company Americas as Depository ⁽³⁾	150,999,600	35.95%
Anirudha V Dhoot	42,336	0.01%
Venugopal N Dhoot	12,336	0.00%
Videocon d2h Employees Welfare Trust ⁽⁴⁾	3,705,000	0.88%
Total	420,064,600	100.00%

(1) Consists of 50,418,400 equity shares held by each of Synergy Appliances Private Limited, Solitaire Appliances Private Limited and Greenfield Appliances Private Limited and 13,213,328 equity shares held by Platinum Appliances Private Limited. A significant majority of the shareholding in each of these entities is owned (directly or indirectly) by Mr. Saurabh Pradipkumar Dhoot and he is deemed to beneficially own all shares owned by these entities, including more than 5.00% beneficially owned by Mrs. Pooja A. Dhoot on account of minority shareholding in these entities.

(2) Shree Dhoot Trading And Agencies Limited is owned and controlled by Auto Cars, a partnership firm, the partners of which are members of the Dhoot family, specifically, Smt. Kesharbai Dhoot, Mrs. Ramabai V. Dhoot, Mrs. Sushma R. Dhoot, Mrs. Nalinibai P. Dhoot and Mr. Akshay R. Dhoot, along with Mr. Venugopal N. Dhoot (including as the ‘karta’ of a hindu undivided family). As a result, these individuals collectively are deemed to be beneficial owners of shares owned by Shree Dhoot Trading And Agencies Limited.

(3) Held by Deutsche Bank Trust Company as Depository for American Depository Shares (ADS).

(4) Represents shares issued as part of ESOP 2014 to Videocon d2h Employees Welfare Trust, but not yet vested with employees per the terms of ESOP 2014.

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We set out below shareholders holding more than 5% of outstanding shares as of the date of this annual report.

	Equity Shares	Percentage of Ownership
Saurabh Pradipkumar Dhoot ⁽¹⁾⁽⁵⁾	164,468,528	39.15%
Luxor Capital Group ⁽²⁾	37,758,104	8.9%
Shree Dhoot Trading And Agencies Limited ⁽³⁾⁽⁴⁾	50,418,400	12.00%
Dome-Bell Electronics India Private Limited	50,418,400	12.00%
WestBridge Crossover Fund, LLC ⁽⁵⁾	21,781,204	5.2%

(1) Consists of 50,418,400 equity shares held by each of Synergy Appliances Private Limited, Solitaire Appliances Private Limited and Greenfield Appliances Private Limited and 13,213,328 equity shares held by Platinum Appliances Private Limited. A significant majority of the shareholding in each of these entities is owned (directly or indirectly) by Mr. Saurabh Pradipkumar Dhoot and he is deemed to beneficially own all shares owned by these entities, including more than 5.00% beneficially owned by Mrs. Pooja A. Dhoot on account of minority shareholding in these entities.

(2) Information based on Schedule 13G filed with the SEC dated February 16, 2016 by Luxor Capital Partners, LP (the “Onshore Fund”), Luxor Capital Partners Offshore, Ltd. (the “Offshore Feeder Fund”), Luxor Wavefront, LP (the “Wavefront Fund”), Luxor Capital Partners Offshore Master Fund, LP (the “Offshore Master Fund”), Thebes Offshore Master Fund, LP (the “Thebes Master Fund”), Thebes Partners Offshore, Ltd. (the “Thebes Feeder Fund”), LCG Holdings, LLC (“LCG Holdings”), Luxor Capital Group, LP (“Luxor Capital Group”), Luxor Management, LLC (“Luxor Management”) and Mr. Christian Leone on March 31, 2015. The Thebes Feeder Fund is the owner of a controlling interest, and together with a minority investor owns 100% of the interests, in the Thebes Master Fund. LCG Holdings is the general partner of the Onshore Fund, the Wavefront Fund, the Offshore Master Fund and the Thebes Master Fund. Luxor Capital Group acts as the investment manager of the Onshore Fund, the Wavefront Fund, the Offshore Feeder Fund, the Offshore Master Fund, the Thebes Master Fund and the Thebes Feeder Fund (collectively, the “Funds”). Luxor Management is the general partner of Luxor Capital Group. Mr. Leone is the managing member of Luxor Management. Mr. Leone is the managing member of LCG Holdings. By virtue of these relationships, LCG Holdings may be deemed to have voting and dispositive power with respect to the 37,758,104 equity shares owned directly by the Onshore Fund, the Wavefront Fund, the Offshore Master Fund and the Thebes Master Fund. By virtue of these relationships, each of Luxor Capital Group, Luxor Management and Mr. Leone may be deemed to have voting and dispositive power with respect to the 37,758,104 equity shares beneficially owned by the Funds.

(3) Shree Dhoot Trading And Agencies Limited is owned and controlled by Auto Cars, a partnership firm, the partners of which are members of the Dhoot family, specifically, Smt. Kesharbai Dhoot, Mrs. Ramabai V. Dhoot, Mrs. Sushma R. Dhoot, Mrs. Nalinibai P. Dhoot and Mr. Akshay R. Dhoot, along with Mr. Venugopal N. Dhoot (including as the ‘karta’ of a hindu undivided family). As a result, these individuals collectively are deemed to be beneficial owners of shares owned by Shree Dhoot Trading And Agencies Limited.

(4) Please see “Item 6. Directors, Senior Management and Employees E. Share Ownership Earnout” and “Item 6 Directors, Senior Management and Employees E. Share Ownership Sweat Equity Shares” for certain shares that are or may be issuable.

(5) Information based on Schedule 13G filed by WestBridge Crossover Fund, LLC. WestBridge Crossover Fund, LLC, reported a holding of 5,445,301 ADSs, representing 21,781,204 equity shares.

As of March 31, 2016, 64.05% of our equity shares are held in India, and the number of record holders in India as of March 31, 2016 is nine. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

B. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions

Particulars	Year ended		
	March 31, 2014	March 31, 2015 <i>(Rs. in million)</i>	March 31, 2016
Payment of salaries / remuneration / perquisites to Key Management Personnel	10.11	10.46	20.29
Rent paid to relative of Key Management Personnel	1.15	1.28	1.44
Sitting Fees to Key Management Personnel	0.45	0.46	0.99
Brand royalty	0.51	0.70	0.77
IT Support Expenses	39.25	42.03	40.94
Call Centre Expenses	50.27	65.43	110.07
Business Support Expenses	125.87	147.91	156.18
Schemes Expenses	2.86	2.32	2.35
Purchase of Assets ⁽¹⁾	5,885.40	6,302.93	5,262.31
Purchase of Spares	9.48	1.94	0.28
Finance Cost	4.75	132.75	—
Marketing Expenses / Sales Promotion	137.25	41.13	42.34
Sales and Revenue	18.98	30.31	90.91
Rent	—	0.21	0.81
Repairs of Set-top boxes	—	5.15	8.11
Unsecured Loan and Advances ⁽²⁾	(275.79)	2,289.37	—
Personal guarantee individually by 2 promoters ⁽³⁾	27,888.45	25,908.25	23,148.56
Corporate Guarantee ⁽⁴⁾	13,602.50	8,675.00	5,830.00
Collateral Security ⁽⁵⁾	—	1,500.00	—
Collateral Security ⁽⁶⁾	—	—	2,000.00
Fixed deposit hypothecated against loan taken by Videocon Industries Limited	—	2,000.00	—
Videocon Realty and Infrastructure Limited	—	—	2,000.00

(1) We purchase a majority of the set-top boxes, outdoor units and our accessories and spares from Trend Electronics Limited, pursuant to an agreement dated March 11, 2011, for a price to be negotiated from time to time, either through purchase orders or through correspondence. We made purchases amounting to Rs. 5,832.31 million, Rs. 5,913.18 million and Rs. 4,769.53 million from Trend Electronics Limited during fiscal years 2014, 2015 and 2016, respectively.

We have made certain set-top boxes purchased from KAIL Limited amounting to Rs. 52.94 million , Rs. nil and Rs. nil during fiscal years 2014, 2015 and 2016, respectively. We have purchased certain set-top boxes from Videocon Industries Limited amounting to Rs. nil, Rs. 368.16 million and Rs. 492.75 million during fiscal years 2014, 2015 and 2016, respectively

We have also purchased certain office equipment from Planet ‘M’ Retail Limited amounting to Rs 0.13 million, Rs. 0.01 million and Rs. nil during the fiscal year 2014, 2015 and 2016, respectively. Also, we purchased office equipment from Techno Kart India Limited (formerly Next Retail India Limited) amounting to Rs. 0.02 million, Rs. 0.02 million and Rs. 0.03 million during the fiscal years 2014, 2015 and 2016, respectively. We also purchased office equipment from Value Industries Limited amounting to Rs. nil, Rs. 4.88 and Rs. nil during the fiscal years 2014, 2015 and 2016, respectively. We purchased certain software licenses from Infodart Technologies India Limited amounting to Rs. nil, Rs. 16.68 and Rs. nil during the fiscal years 2014, 2015 and 2016, respectively.

- (2) We borrowed Rs. 2,000 million in the form of an unsecured loan from Videocon Industries Limited during the fiscal year 2014, and during the fiscal year 2015 we paid off the total amount of Rs. 2,250 million to Videocon Industries Limited.
- (3) Venugopal N. Dhoot and Pradipkumar N. Dhoot, our promoters, have individually given personal guarantees for the secured loans taken by the Company, amounting to Rs. 27,888 million, Rs. 25,908 million and Rs. 23,148 million during the fiscal years 2014, 2015 and 2016, respectively.
- (4) Videocon Industries Limited has given corporate guarantee for the secured loan taken by the Company, amounting to Rs. 13,602 million, Rs. 8,675 million and Rs. 5,830 million during the fiscal years 2014, 2015 and 2016, respectively.

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- (5) Nippon Investments and Finance Company Private Limited and KBS Realtors Private Limited provided collateral in the amount of Rs. 250 million and Rs. 1,250 million, respectively during the fiscal year 2015 for secured term loans taken by the Company. We paid off these loans during the fiscal year 2015.
- (6) Videocon Realty and Infrastructure Limited, Kartouche Properties and Finvest Private Limited, Joshua Properties and Finvest Private Limited, Tecorno Properties and Finvest Private Limited, Venugopal N. Dhoot and Pradipkumar N. Dhoot provided collateral in the amount of Rs. 2,000 million during the fiscal year 2016 for secured term loans taken by the Company

For further details of related party transactions, see Note 28 to our financial statements for the fiscal year ended March 31, 2016.

C. INTEREST OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 17 “Financial Statements” for our audited Financial Statements filed as part of this Form 20-F.

B. SIGNIFICANT CHANGES

The Company has received a notice dated May 26, 2016 in response to the show cause notice dated December 29, 2015 issued by the office of Commissioner of Entertainment Tax, Uttar Pradesh. Please see Note 27(2)(b) of the financial statement. Accordingly, the demand was reduced from Rs. 422.95 million to Rs. 137.95 million and interest thereon was reduced from Rs. 185.77 million to Rs. 62.52 million.

Since April 1, 2016, we have reduced our outstanding term loans by Rs. 3,869.06 million.

Apart from the above, there have been no significant subsequent events following the close of the last financial year up to the date of this Form 20-F that are known to us and require disclosure as significant changes in this Form 20-F.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Our outstanding ordinary shares are currently listed and traded on the Nasdaq Global Market under the symbol “VDTH”.

The following table shows the reported high and low trading prices quoted in U.S. dollars for our ordinary shares on the NASDAQ Global Market.

	Nasdaq Global Market Price	
	Per Ordinary Share	
	High	Low
Period		
Fiscal Year		
2016	13.49	5.16
Fiscal Quarter		
2016		
First Quarter	13.07	9.52
Second Quarter	13.49	9.11
Third Quarter	10.79	7.51
Fourth Quarter	9.27	5.16
Month		
2016		
January	9.27	5.98
February	7.16	5.15
March	7.96	6.15
April	9.11	7.33
May	9.01	7.275
June	9.05	7.76

B. PLAN OF DISTRIBUTION

C. MARKETS

Our equity shares are currently listed and traded on the Nasdaq Global Market under the symbol “VDTH” but not on any other stock exchanges.

D. SELLING STOCKHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Videocon d2h Limited is a company incorporated under the laws of the Republic of India (CIN: U92100MH2002PLC137947). We were originally incorporated on November 22, 2002 in the name of Bharat Business Channel Limited and our name was subsequently changed to Videocon d2h Limited under the Certificate of Incorporation pursuant to change of name dated July 1, 2014. We hold a DTH license granted by the Ministry of Information and Broadcasting, Government of India. Our affairs are governed by our charter documents, the Companies Act, 2013, SEBI (the Securities and Exchange Board of India) regulations, and other applicable rules and regulations.

As of March 31, 2016, our stated capital was Rs. 4,200.65 million comprising 420,064,600 ordinary shares with a par value of Rs. 10 each.

Main Business

Our Memorandum of Association states our main objects as the following: “To engage in India or abroad in the business of Direct to Home TV Service in KuBand, Broadcasting, Entertainment, Education and Information through various media including electronic, mechanical, electrical, print or otherwise and to carry on all or any of the business of theatre, music hall, concert hall, exhibitors, and to present, produce, manage, conduct and represent at any theatre, music hall, or place of amusement or entertainment and on Televisions, Computers, videos, any present or new form of Multi-Media, plays, dramas, musical and other places, shows, exhibitions, variety and other entertainment as the Company may from time to time think fit and to organize, arrange and conduct, exhibitions and shows of all kinds and to produce, trade, distribute, deal in, let on hire Feature Films, Documentary Films, Tele Film, Video Films, Educational Films, Art Films, Advertisement Film, Television Serials, Plays.”

Directors

Our Articles of Association provide that at every annual general meeting one third of the directors shall retire by rotation in accordance with section 152 of the Indian Companies Act. No age limit is provided in the Articles of Association for retirement or non-retirement of directors.

Directors shall exercise borrowing powers on behalf of the Company only by way of a board resolution. A special resolution is required for the directors to borrow money if the amount including the prior existing debt exceeds our aggregate paid-up share capital and free reserves, apart from temporary loans obtained in the ordinary course of business.

The Articles of Association also provide that the directors are not required to hold any qualification shares in the Company.

Rights attached to shares

Voting Rights

The Articles of Association provide that (i) on a show of hands every member present in person in general meetings shall have one vote; and (ii) on a poll, voting rights of the members shall be in proportion to their shares in our paid-up capital. In the case of joint holders, a vote of a senior joint holder shall be accepted to the exclusion of the other joint holder. Seniority of joint holders shall be determined by the order in which the names of the joint holders appear in the Register of Members. Votes of the members can be cast by appointment of a proxy, which shall be in the form as prescribed in the rules under Section 105 of the Indian Companies Act. A member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.

Rights to share of profits

The directors may resolve to capitalize any part of our reserve accounts or profits and apply the amounts to pay up any unpaid shares held by the members or to pay up in full any unissued shares to be allotted to the members, whereas the amount shall not be paid in cash. For shares distributable in fractions the directors may issue fractional certificates or pay cash to the members at their discretion.

Dividends

Subject to the provisions of Section 123 of the Indian Companies Act, the directors may, from time to time, pay our members such interim dividends as justified by our profits. Entitlement to dividends lapses 30 days from the date of declaration. In the event that a dividend has not been claimed, we shall, within seven days from the date the 30-day period expires, transfer the total amount of the dividend which remains unpaid or unclaimed to a special account to be opened by us in any scheduled bank, to be called “Videocon d2h Limited Unpaid Dividend Account

Rights to surplus in the event of liquidation

The Articles of Association also provide that in the event of liquidation, the liquidator may, by means of a special resolution and any other sanction required by the Indian Companies Act, divide amongst the members in specie or in kind, the whole or any part of our assets, whether it shall consist of the same kind or not. The liquidator may set such value as he deems fair upon any property to be divided, and may determine how such division shall be carried out between members or different classes of members.

C. MATERIAL CONTRACTS

The following is a summary of each of our material contracts, other than contracts entered into in the ordinary course of business, to which we are a party, for the two years immediately preceding the date of this annual report.

Contribution Agreement

See *Questions and Answers about the Proposals for Stockholders and Public Warrant holders* on the Form F-4 filed on February 4, 2015.

Transponder Agreements

New KuBand Lease Agreement

We entered into the New KuBand Lease Agreement, dated August 1, 2015, with the Department of Space, Government of India, for the leasing of ten 54 MHz transponders on a 24-hour, seven-day-per-week basis for a period of three years for a consideration of US\$ 3,318 per MHz per month. The New KuBand Lease Agreement is included in this annual report as Exhibit 4.2(f).

Additional KuBand Lease Agreement

We entered into the Additional KuBand Lease Agreement, dated December 4, 2015, the Department of Space, Government of India, for the leasing of two 36 MHz transponders on a 24-hour, seven-day-per-week basis for a period of three years for a consideration of US\$ 3,318 per MHz per month. The Additional KuBand Lease Agreement is included in this annual report as Exhibit 4.2(g).

Outstanding Loans

See Item 5.B “Operating and Financial Review and Prospects — Liquidity and Capital Resources — Financial Condition, Liquidity and Sources of Capital — Our Indebtedness” and Note 22 “Borrowings” in the notes to our financial statements included in Item 18 of this annual report for more details.

D. EXCHANGE CONTROLS

India

India regulates ownership of Indian companies by foreigners. Foreign investment in securities issued by Indian companies and exchange controls are generally regulated by the Foreign Exchange Management Act, 1999, as amended, and the regulations framed there under or the FEMA. Transfers of any security of an Indian company from foreigners to Indian residents and vice versa are required to be in accordance with FEMA or as permitted by the RBI. Under Consolidated Foreign Direct Investment Policy, the Government of India has set out additional requirements for foreign investments in India, including requirements with respect to downstream investments by Indian companies owned or controlled by foreign entities, and the transfer of ownership or control of Indian companies in sectors with caps on foreign investment from resident Indian persons or entities to foreigners, as well as such transaction between foreigners. These requirements currently include restrictions on valuations and sources of funding for such investments and may include prior approval from the Government of India.

Dividend

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the annual general meeting held each fiscal year. Subject to certain conditions laid down by the Indian Companies Act, no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Indian Companies Act or out of the profits of the company for any previous financial year(s) as determined in accordance with the Indian Companies Act. Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the event of adequacy or absence of profits in any year, company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividends were declared by it in the three years immediately preceding that year; (b) the total amount to be drawn from such accumulated profits shall not exceed one tenth of the sum of its paid up share capital and free reserves as per the latest audited balance sheet; (c) the amount so drawn shall be first utilized to set off the losses incurred in the fiscal year in which the dividend is declared before any dividend in respect of equity shares is declared; (d) the balance of reserves after such withdrawal shall not fall below 15% of its paid up share capital as per the latest audited balance sheet of the company; and (e) no company shall declare a dividend unless carried over previous losses and depreciation not provided in previous years are set off against profit of the company of the current year.

We have not paid any cash dividends on our equity shares. Dividends other than in cash are not permitted under Indian law. The declaration and payment of any dividends in the future will be recommended by our board of directors and approved by our shareholders at their discretion and would depend on a number of factors, including our financial condition, results of operations, capital requirements and surplus, contractual obligations, applicable Indian legal restrictions, the provisions of our Articles of Association, the terms of our credit facilities and other financing arrangements at the time a dividend payment is considered and other factors considered relevant by our board of directors.

E. TAXATION

India Tax Consequences

The following is a summary of the material Indian income tax consequences of the acquisition, ownership and disposal of the Videocon d2h ADSs and the Videocon d2h equity shares underlying the Videocon d2h ADSs for investors who are not residents of India for the purposes of the (Indian) Income Tax Act, 1961, as amended (“IT Act”), or non-residents, who acquire our ADSs pursuant to this annual report. The summary only addresses the tax consequences for non-resident investors who hold our ADSs or equity shares underlying our ADSs as capital assets and does not address the tax consequences which may be relevant to other classes of non-resident investors. The summary proceeds on the basis that the investor continues to remain a non-resident when the income by way of dividends and capital gains are earned. The summary is based on Indian tax laws and relevant interpretations thereof as are in force as of the date of this annual report, including the IT Act which provides for the taxation of persons resident in India on their global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India, and is subject to change. This summary is not intended to constitute a complete analysis of all the tax consequences for a non-resident investor under Indian law in relation to the acquisition, ownership and disposal of the Videocon d2h ADSs or the Videocon d2h equity shares underlying the Videocon d2h ADSs and does not deal with all possible tax consequences relating to an investment in the Videocon d2h equity shares and Videocon d2h ADSs, such as the tax consequences under state, local and other (for example, non-Indian) tax laws. Potential investors should therefore consult their own tax advisers on the tax consequences of such acquisition, ownership and disposal of the Videocon d2h ADSs or the Videocon d2h equity shares underlying the Videocon d2h ADSs under Indian law including specifically, the tax treaty between India and their country of residence and the law of the jurisdiction of their residence.

Taxation of Income arising from sale of Videocon d2h ADSs

Pursuant to amendments to the IT Act made by Finance Act, 2015, any capital gains earned by a non-resident from the sale of depository receipts issued by a company will be subject to capital gains tax in India, if such company’s equity shares are not listed on a stock exchange in India. Accordingly, the sale of Videocon d2h ADSs by a non-resident seller who has held such Videocon d2h ADSs for a period exceeding 36 months, will be subject to long term capital gains tax at a rate of 20% (plus applicable surcharge and cess) and in the event that the Videocon d2h ADSs are held for a period less than or equal to 36 months, short term capital gains tax will be payable at ordinary income tax rates applicable to such non-resident. However, upon listing of shares of Videocon d2h on Recognised Stock Exchange in India, the tax treatment described in the below mentioned paragraph would apply. Further, the tax treatment discussed above is subject to Double Taxation Avoidance Agreements, or DTAAAs, that India has entered into with various countries.

Section 47(viia) of the IT Act provides that the transfer or sale of depository receipts (issued against shares of a company listed on Recognised Stock Exchange) by a non-resident outside India will not be treated as transfer and accordingly the same will be outside the purview of capital gains tax in India. However, if such depository receipts are sold to a resident (whether in or outside India) or to a non-resident in India, the non-resident seller will be subject to capital gains tax in India. Taxes, if any, payable on the sale of such depository receipts by the non-resident seller, are required to be withheld by the purchaser from the purchase consideration at the applicable rate. Further, long term capital gain on sale of depository receipts (issued against shares of a company listed on Recognised Stock Exchange) will be taxable at 10 percent (plus applicable Surcharge and Education cess) and Short term capital gain will be payable at ordinary Income Tax rates applicable to such non-resident. Further, the tax treatment discussed above is subject to Double Taxation Avoidance Agreements, or DTAAAs, that India has entered into with various countries.

This summary only addresses the tax consequences for non-resident investors who hold the Videocon d2h ADSs or the Videocon d2h equity shares underlying the Videocon d2h ADSs as capital assets and does not address the tax consequences where such Videocon d2h ADSs are held as “stock in trade”. If such ADSs are held as stock in trade, the income arising from the transfer of ADSs would be treated as business income, which would be taxable in India if it arises through or from the non-resident seller’s business connection in India, if any. Potential investors should consult their own tax advisers on the tax consequences in India of holding the Videocon d2h ADSs or the underlying Videocon d2h equity shares as a capital asset or as stock in trade, including treatment in pursuance of DTAAAs.

Withdrawal of Videocon d2h Equity Shares in Exchange for the Videocon d2h ADSs

Section 47(x) of the IT Act provides that any transfer by way of conversion of deposit certificates in any form of a company into shares of that company will be exempt from capital gains tax. Therefore, the exchange of Videocon d2h equity shares for the Videocon d2h ADSs, will not give rise to any capital gains liable to income tax in India.

Taxation of Dividends

Dividends paid to non-resident holders of ADSs /shares are not presently subject to tax in the hands of such holder. However, we will be liable to pay a “Dividend Distribution Tax” u/s. 115-O currently at the rate of 20.35765 percent (inclusive of Surcharge and Education Cess) on the total amount distributed as dividend and the said dividend are not taxable in India in the hands of the recipient.

Taxation of Sale of the Equity Shares

Capital gains accruing to a non-resident investor on the sale of the Videocon d2h equity shares will be subject to capital gains tax in India. Such capital gains are computed as the difference between the consideration received for such shares less their cost of acquisition (which will be the same as the cost of acquisition of the Videocon d2h ADSs given that no taxes were paid on the conversion of the Videocon d2h ADS into the Videocon d2h equity shares. Else value of equity shares should be considered while computing capital gain on exchange of ADSs.)

Capital gains realized in respect of unlisted equity shares of Indian public companies held by a non-resident investor for more than 36 months will be treated as long-term capital gains and will be subject to tax at the rate of 10% (plus applicable surcharge and Education cess), provided the non-resident forgoes the benefit of neutralization of foreign exchange fluctuations & indexation benefits. Capital gains realized in respect of equity shares held by the non-resident investor for 36 months or less will be treated as short-term capital gains and will be subject to tax at ordinary tax rates applicable to non-residents. Taxes, if any, payable on the sale of equity shares by the seller, are required to be withheld by the purchaser from the purchase consideration at the applicable rate.

Capital Losses

The losses arising from a transfer of a capital asset in India can only be set off against capital gains and not against any other income in accordance with the IT Act. A long-term capital loss may be set off only against a long-term capital gain. To the extent that the losses are not absorbed in the year of transfer, they may be carried forward for a period of eight years immediately succeeding the year for which the loss was first computed and may be set off against the capital gains assessable for such subsequent years. In order to get the benefit of set-off of the capital losses in this manner, the non-resident investor must file appropriate and timely tax returns in India and undergo the usual assessment procedures.

Tax Treaties

The above mentioned tax rates and the consequent taxation are subject to any benefits available to a non-resident investor under the provisions of any DTAA entered into by the Government Of India with the country of residence of such non-resident investor.

Gift Tax and Inheritance Tax

The holding of the Videocon d2h ADSs by non-resident investors, the holding of the underlying Videocon d2h equity shares by the depositary in a fiduciary capacity and the transfer of the Videocon d2h ADSs between non-resident investors and the depositary is exempt from payment of gift tax. Further, there is no tax on transfer of the Videocon d2h ADSs, or the Videocon d2h equity shares underlying the Videocon d2h ADSs from transferor to the legal heir.

Tax Credit

A non-resident investor may be entitled to a tax credit with respect to any withholding tax paid by us or any other person for such non-resident investor’s account in accordance with the laws of the applicable jurisdiction.

U.S. Federal Income Taxation

The following summary describes the principal U.S. federal income tax consequences relating to the acquisition, ownership, and disposition of ADSs and equity shares. This discussion is not a full discussion of all material tax considerations that may be relevant to a particular holder of ADSs or equity shares. This summary only applies to U.S. Holders (as defined below) that hold ADSs or equity shares as capital assets. This summary does not discuss all the tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- tax-exempt organizations;
- regulated investment companies;
- real estate investment trusts;

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- grantor trusts;
- persons that have a functional currency other than the U.S. dollar;
- persons that will own ADSs or equity shares through partnerships or other pass-through entities;
- persons that own 10% or more, by vote or value, of our equity for U.S. federal income tax purposes;
- dealers or traders in securities or currencies;
- “dual resident” corporations;
- inverted corporations;
- persons that generally mark their securities to market for U.S. federal income tax purposes;
- tax residents of India;
- certain former citizens or long-term residents of the United States; or
- persons that will hold the ADSs or equity shares as a position in a “straddle” or as a part of a “hedging”, “conversion” or other risk reduction transaction or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax, the 3.8% Medicare tax on net investment income, or alternative minimum tax consequences of the acquisition, ownership, or disposition of ADSs or equity shares and this discussion does not address U.S. State and local tax considerations.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP, OR DISPOSITION OF ADSs BASED ON THEIR PARTICULAR CIRCUMSTANCES.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of the ADSs or equity shares who, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation created or organized in the United States or under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if such trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more U.S. persons have the authority to control all of the substantial decisions of such trust.

If an entity or arrangement treated as a partnership for United States federal income tax purposes holds ADSs or equity shares, the tax treatment of the partnership and a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A U.S. Holder that is a partner in a partnership holding ADSs or equity shares is urged to consult its tax advisor regarding the U.S. federal income tax consequences of acquiring, holding, or disposing of ADSs or equity shares.

Ownership of ADSs or Equity Shares

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. In general, for U.S. federal income tax purposes, a U.S. Holder of an ADS will be treated as the owner of the common shares represented by the ADS and exchanges of common shares for ADSs and ADSs for common shares will not be subject to U.S. federal income tax.

Dividends

Subject to the discussion of the Passive Foreign Investment Company rules below, the gross amount of any distributions made by us on the ADSs or equity shares generally will be treated as a dividend includible in the gross income of a U.S. Holder as ordinary income to the extent of our current or accumulated earnings and profits, as determined for U.S. federal income tax principles, when received by a U.S. Holder in the case of equity shares or when received by the Depositary in the case of ADRs. Any such dividends will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from other United States corporations. To the extent the amount of such distribution exceeds our current and accumulated earnings and profits as computed for U.S. federal income tax purposes, it will be treated first as a non-taxable return of capital to the extent of the U.S. Holder’s adjusted tax basis in such ADSs or equity shares and to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such ADSs or equity shares. We, however, do not calculate earnings and profits in accordance with U.S. tax principles. In this case, distributions by us to U.S. Holders will generally be treated as dividends.

The U.S. dollar amount of dividends received by certain non-corporate U.S. Holders may be taxed at the lower applicable capital gains rate applicable to “qualified dividend income,” provided that (1) the ADSs or equity shares, as applicable, are readily tradable on an established securities market in the United States or we are eligible for the benefits of the United States-India income tax treaty (the “Treaty”), (2) we are neither a PFIC nor treated as such with respect to you (as discussed below) for the taxable year in which the dividend is paid or the preceding taxable year, and (3) the ADS or equity shares are held for a holding period of more than 60 days during the 121 — day period beginning 60 days before the ex-dividend date. Under U.S. Internal Revenue Service authority, equity shares or ADSs representing such shares, are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the NASDAQ, as our ADSs currently are. You should consult your tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for any dividends paid with respect to our ADSs or equity shares.

The amount of a dividend distribution that a U.S. Holder must include in its income will be the U.S. dollar value of the Indian Rupee payments made, determined at the spot Rupee/U.S. dollar rate on the date of the dividend distribution, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the U.S. holder includes the dividend payment in income to the date it converts the payment into U.S. dollars will be treated as ordinary income or loss from U.S. sources.

Subject to various limitations, any Indian tax withheld from distributions in accordance with the Treaty will be deductible or creditable against your U.S. federal income tax liability. Any dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. However, such foreign tax credit may be disallowed if the U.S. Holder held such ADS or equity shares for less than a minimum period during which the U.S. Holder is not protected from risk of loss, or is obligated to make payments related to the dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, any dividends distributed by us with respect to ADSs or equity shares will generally constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.” A U.S. Holder may not be able to claim a foreign tax credit for any Indian taxes imposed with respect to dividend distribution taxes on ADSs or equity shares (as discussed under “*India Tax Considerations — Taxation of Dividends*”). The rules relating to the determination of the foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances, including the effects of any applicable income tax treaties.

Taxation of a Disposition of ADSs or Equity Shares

Subject to the Passive Foreign Investment Company rules discussed below, upon a sale or other disposition of ADSs or equity shares, a U.S. Holder will generally recognize a capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized for the ADS or equity share and such U.S. Holder’s tax basis in such ADSs or equity share. Any such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder’s holding period in the ADSs or equity shares at the time of the disposition exceeds one year. Long-term capital gain of individual U.S. Holders generally will be subject to U.S. federal income tax at reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

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A U.S. Holder that receives foreign currency from a sale or disposition of ADSs or equity shares generally will realize an amount equal to the U.S. dollar value of the foreign currency determined on (i) the date of receipt of payment in the case of a cash basis U.S. Holder and (ii) the date of disposition in the case of an accrual basis U.S. Holder. If ADSs or equity shares are treated as traded on an “established securities market”, a cash basis taxpayer or, if it so elects, an accrual basis taxpayer, will determine the U.S. dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale. A U.S. Holder will have a tax basis in the foreign currency received equal to the U.S. dollar amount realized. Any currency exchange gain or loss realized on a subsequent conversion of the foreign currency into U.S. dollars for a different amount generally will be treated as ordinary income or loss from sources within the United States. However, if such foreign currency is converted into U.S. dollars on the date received by the U.S. Holder, a cash basis or electing accrual basis U.S. Holder should not recognize any such gain or loss on such conversion. Because gains generally will be treated as U.S. source gain, as a result of the U.S. foreign tax credit limitation, any Indian income tax imposed upon capital gains in respect of ADSs or equity shares (as discussed under “India Tax Considerations”) may not be currently creditable unless a U.S. Holder has other foreign source income for the year in the appropriate U.S. foreign tax credit limitation basket. U.S. Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an ADS or equity share and their ability to credit an Indian tax against their United States federal income tax liability.

Passive Foreign Investment Company

In general, a non-U.S. corporation is a PFIC for any taxable year in which, after applying relevant look-through rules with respect to the income and assets of its subsidiaries:

- 75% or more of its gross income consists of passive income; or
- 50% or more of the average quarterly value of its gross assets consists of assets that produce, or are held for the production of, passive income.

“Passive income” for this purpose generally includes, among other items, dividends, interest, rents, royalties, and gains from commodities and securities transactions. Passive income does not include rents and royalties derived from the active conduct of a trade or business. If the stock of a non-U.S. corporation is publicly traded for the taxable year, the asset test is applied using the fair market value of the assets to measure such corporation’s assets. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation’s assets and receiving our proportionate share of the other corporation’s income for purposes of the PFIC income and asset tests.

Based on the market price of Videocon d2h’s ADSs and the composition of our income and assets, including goodwill, although not free from doubt, we do not believe we were a PFIC for United States federal income tax purposes for our taxable year ended March 31, 2016. However, the application of the PFIC rules is subject to uncertainty in several respects. In addition, we must make a separate determination each taxable year as to whether we are a PFIC (after the close of each taxable year). A decrease in the market value of our equity shares and ADSs and/or an increase in cash or other passive assets would increase the relative percentage of our passive assets. Accordingly, we cannot assure you we will not be a PFIC for the taxable year ending on March 31, 2017 or any future taxable year.

If we are a PFIC for any taxable year during which you hold ADSs or equity shares, we generally will continue to be treated as a PFIC with respect to you for that year and all succeeding years during which you hold our equity shares or ADSs, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the equity shares or ADSs.

For each taxable year that we are treated as a PFIC with respect to you, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you recognize from a sale or other disposition (including a deemed sale or disposition) of the ADSs or equity shares, unless you make a timely “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125.0% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or equity shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or equity shares;
- the amount allocated to the current taxable year, and any taxable year in your holding period prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

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Non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from us (as described above under “— Taxation of Dividends”) if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the ADSs or equity shares cannot be treated as capital, even if you hold the ADSs or equity shares as capital assets. If we are treated as a PFIC with respect to you for any taxable year, to the extent any of our subsidiaries are also PFICs or we make direct or indirect equity investments in other entities that are PFICs, you may be deemed to own shares in such lower tier PFICs that are directly or indirectly owned by us in that proportion which the value of the ADSs and equity shares you own bears to the value of all of the ADSs and equity shares, and you may be subject to the adverse tax consequences described above with respect to the shares of such lower tier PFICs that you would be deemed to own. You should consult your tax advisor regarding the applicability of the PFIC rules to any of our PFIC subsidiaries.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a timely mark-to-market election for such stock to elect out of the PFIC rules described above regarding excess distributions and recognized gains. If you make a valid mark-to-market election for the ADSs or equity shares, you will include in income for each year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs or equity shares as of the close of your taxable year over your adjusted basis in such ADSs or equity shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or equity shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or equity shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or equity shares will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ADSs or equity shares, as well as to any loss realized on the actual sale or other disposition of the ADSs or equity shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or equity shares. Your basis in the ADSs or equity shares will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, any distributions that we make would generally be subject to the tax rules discussed above under “— Taxation of Dividends,” except that the lower rate applicable to qualified dividend income (discussed above) would not apply. The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in the applicable United States Treasury regulations. The NASDAQ is a qualified exchange. Our ADSs are listed on the NASDAQ and, consequently, if you are a holder of ADSs and the ADSs are regularly traded, the mark-to-market election would be available to you if we become a PFIC. Because a mark-to-market election cannot be made for equity interests in any lower tier PFICs we own, however, a U.S. Holder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. You should consult your tax advisors as to the availability and desirability of a mark-to-market election in the event we determined we were a PFIC.

Alternatively, if a non-U.S. corporation is a PFIC, a holder of shares in that corporation may avoid taxation under the PFIC rules described above regarding excess distributions and recognized gains by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, you may make a qualified electing fund election with respect to our ADSs or equity shares only if we agree to furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information.

If we are or become a PFIC, you must make an annual return on IRS Form 8621, reporting distributions received and gains realized with respect to these interests. In addition, each U.S. Holder who is a shareholder of a PFIC is required to file an annual report containing such information as the IRS may require. You should consult your tax advisor regarding the application of the PFIC rules to your investment in ADSs or equity shares.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or equity shares and proceeds from the sale, exchange, redemption or other disposition of ADSs or equity shares may be subject to information reporting to the U.S. Internal Revenue Service and possible U.S. backup withholding at a current rate of 28%. Certain exempt recipients (such as corporations) are not subject to these information reporting requirements. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W9.

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Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder’s U.S. federal income tax liability. A U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the U.S. Internal Revenue Service and furnishing any required information.

Additional Reporting Requirements

Certain U.S. Holders may be required to report information with respect to such holder’s interest in “specified foreign financial assets” (as defined in Section 6038D of the Code), including stock of a non-U.S. corporation that is not held in an account maintained by a certain financial institution, if the aggregate value of all such assets exceeds certain dollar thresholds. Persons who are required to report specified foreign financial assets and fail to do so may be subject to substantial penalties. U.S. Holders should consult their tax advisors regarding the effect, if any, of these rules on the ownership and disposition of our ADSs or equity shares.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

Any material which is filed as an exhibit to this Annual Report on Form 20F with the US Securities and Exchange Commission is available for inspection at our offices. See Item 4 “Information on the Company”.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks in the ordinary course of our business, including fluctuations in foreign exchange rates and interest rates. We have a risk management policy that seeks to identify, analyze, mitigate and control various risks associated with our business environment, and a risk manager to identify various risks affecting our business, particularly those relating to market dynamics, business laws, systems and processes, internal control mechanisms, governance and technology. We evaluate these risks in terms of their relevance and impact on our business, and once identified monitor and analyze the risk to minimize their impact. We also evaluate the effectiveness of our risk monitoring system from time to time.

Foreign Exchange Risk

We are exposed to movements in currency exchange rates, primarily those related to the U.S. dollar and the Indian Rupee. As our functional currency is the Indian Rupee, our exposure to foreign currency risk primarily arises in respect of our non-Indian Rupee denominated trade and other receivables, trade and other payables and cash and cash equivalents, which were nil, US\$ 7.29 million and US\$ 0.01 million, respectively, as of March 31, 2016 Under the terms of the KuBand Lease Agreements through which we lease 12 satellite transponders on the ST2 satellite, we are required to pay the Indian Rupee equivalent of US\$ 2,030,563 per month to Antrix Corporation at the exchange rate prevalent at the time of payment made by Antrix Corporation to SingTel. Further, we import smartcards and other equipment for which payment is also made in U.S. dollars. Consequently, if the Rupee declines against the U.S. dollar, we will be required to make larger payments in Indian Rupees, which may adversely affect our financial condition and results of operations.

Trade payables in foreign currencies as on March 31, 2016 was Rs. 483.47 million (Rs. 741.91 million as on March 31, 2015). The impact of foreign exchange sensitivity of 5% strengthening or weakening on the payables is Rs. 24.17 million. The sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the Indian Rupee computed from historical data and assuming all other information to be constant.

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rates. Substantially all of our bank borrowings consist of floating rate obligations linked to the applicable bank rates, which will typically be adjusted by the bank at certain intervals in accordance with prevailing interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. Based on our balance sheet as of March 31, 2016, a sensitivity analysis shows that an increase of 100 basis points in interest rates as of March 31, 2016 would have decreased profit or increased loss by Rs. 231.49 million and would not have had any impact on our equity. Similarly, a decrease of 100 basis points in interest rates as of March 31, 2016 would have increased profit or decreased loss by Rs. 231.49 million and would not have had any impact on our equity.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

D. American Depositary Shares

Deutsche Bank Trust Company Americas serves as the “Depositary” for our ADSs which are traded on the Nasdaq. Investors pay a depositary fee directly or through a broker acting on their behalf for the delivery or surrender of ADSs for the purpose of withdrawal. The Depositary also collects fees for making distributions to investors by deducting the fee from the amount distributed or by selling a portion of the distributable property to pay the fee. The Depositary may collect its annual fee for depositary services by making a deduction from the cash distributions or by directly billing investors or by charging the book-entry system accounts of the parties acting on their behalf. The Depositary may refuse to provide fee-generating services until its bills for such services are paid.

Costs Related to ADS Issue and Handling

Shareholders depositing or withdrawing ordinary shares or
ADS must pay:

US\$ 0.05 (or less) per ADS.

US\$ 5.00 (or less) per 100 ADSs.

A fee equivalent to the fee payable if the securities distributed to shareholders had been shares and those shares had been deposited for the issuance of ADS.

Annual fee of up to US\$ 0.05 (or less) per ADS.

Registration or transfer fees.

Depositary Fees.

Taxes and other duties levied by the government, the Depositary or the custodian upon payment of the ADS or other shares underlying the ADS, such as share transfer tax, stamp duty or income tax.

Any costs incurred by the Depositary or its agent for servicing the securities deposited.

For:

Issuance of ADS, including issuance resulting from a distribution of shares or rights or other property.

Cancellation of ADS for the purpose of withdrawal, including in case of termination of the deposit agreement.

Any cash payment to registered ADS shareholders.

Delivery of securities by the Depositary to registered ADS shareholders.

Depositary services.

Transfer or registration of shares on the share register to or from the name of the Depositary or its agent when shareholders deposit or withdraw ordinary shares.

Telegram, telex and fax transmissions (if provided for in the deposit agreement).

Converting foreign currency to U.S. dollar.

As necessary.

As necessary.

Fees and Other Payments Made by the Depositary to Us

From time to time, the depositary may make payments to us to reimburse and / or share revenue from the fees collected from ADS holders, or waive fees and expenses.

Dividends and Other Distributions

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on equity shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of equity shares your ADSs represent as of the record date (which will be as close as practicable to the record date for our equity shares) set by the depositary with respect to the ADSs.

- **Cash.** The depositary will convert or cause to be converted any cash dividend or other cash distribution we pay on the equity shares or any net proceeds from the sale of any equity shares, rights, securities or other entitlements under the terms of the deposit agreement into U.S. dollars if it can do so on a practicable basis, and can transfer the U.S. dollars to the United States and will distribute promptly the amount thus received. If the depositary shall determine in its judgment that such conversions or transfers are not possible or lawful or if any government approval or license is needed and cannot be obtained at a reasonable cost within a reasonable period or otherwise sought, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold or cause the custodian to hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid and such funds will be held in the respective accounts of the ADS holders. It will not invest the foreign currency and it will not be liable for any interest for the respective accounts of the ADS holders.
- **Shares.** For any equity shares we distribute as a dividend or free distribution, either (1) the depositary will distribute additional ADSs representing such equity shares or (2) existing ADSs as of the applicable record date will represent rights and interests in the additional equity shares distributed, to the extent reasonably practicable and permissible under law, in either case, net of applicable fees, charges and expenses incurred by the depositary and taxes and/or other governmental charges. The depositary will only distribute whole ADSs. It will try to sell equity shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. The depositary may sell a portion of the distributed equity shares sufficient to pay its fees and expenses in connection with that distribution.

In the event that our shares are issued by way of a bonus issue, the holders of the ADSs registered pursuant to an effective Form F6 and any holders of equity shares that have been withdrawn from deposit following cancellation of the ADSs pursuant to the terms of the deposit agreement other than the shareholders of the Company as of the date of the Contribution Agreement and the Sponsor, shall have no interest in or entitlement to equity shares issued pursuant to such bonus. In accordance with, or as authorized under, the terms of the Articles of Association, the holders of the ADSs or holders of equity shares that have been withdrawn from deposit, other than the Sponsor, shall be deemed to have waived their interest in or entitlement to equity shares issued pursuant to such bonus.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Although we did not have any payment defaults or non-compliance with financial covenants in the 2016 fiscal year, we have not received waivers to cure payment defaults relating to payment of both principal and interest and financial covenant non-compliance from prior periods. See *“Risk factors — We have had overdue payments under some of our loan agreements in prior years”*.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable

ITEM 15. CONTROLS AND PROCEDURES

a. Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, management, including our Principal Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosure.

Based on the foregoing, Saurabh Pradipkumar Dhoot, our executive chairman (our principal executive officer) and Avanti Kumar Kanthaliya,our chief financial officer have concluded that, as of March 31, 2016, our disclosure controls and procedures were effective.

b. Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, as issued by IASB and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Our management, with the participation of our chief executive officer and our chief financial officer, assessed the effectiveness of our internal control over financial reporting as of March 31, 2016. In conducting its assessment of internal control over financial reporting, management based its evaluation on the 2013 framework in “Internal Control — Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, our management has concluded that our internal control over financial reporting was effective as of March 31, 2016.

c. Attestation Report of the Registered Public Accounting Firm

This annual report does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of the company’s registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

d. Changes in Internal Control over Financial Reporting

Management has evaluated, with the participation of Saurabh Pradipkumar Dhoot, our executive chairman (our principal executive officer) and Avanti Kumar Kanthaliya, our chief financial officer, whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on the evaluation we conducted, management has concluded that no such changes have occurred.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Audit Committee consists of Messrs. Karunchandra Srivastava (Chairman), Shivratan Jeetmal Taparia, Pradeep Ramwilas Rathi and Jeff Sagansky. Each of the committee members satisfies the independence requirements of Rule 5605 of the Nasdaq Stock Market, Marketplace Rules and Rule 10A-3 of the Exchange Act. Our board of directors has also determined that Karunchandra Srivastava qualifies as an audit committee financial expert within the meaning of the SEC rules.

ITEM 16B. CODE OF BUSINESS CONDUCT AND ETHICS

We have adopted the Code of Ethics for Chief Executive Officer and Other Senior Executive Officers, which applies to each of the directors and senior management of Videocon d2h. We have filed this code of ethics as Exhibit 11.1 to the Annual Report on 20-F for the fiscal year 2016

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our financial statements prepared in accordance with IFRS are audited by Khandelwal Jain & Co., a firm registered with the Public Company Accounting Oversight Board in the United States. Khandelwal Jain & Co. has served as our independent registered public accountant for each of the years ended March 31, 2016, March 31, 2015 and March 31, 2014 for which audited statements appear in this Annual Report.

The following table shows the aggregate fees for services rendered by Khandelwal Jain & Co. to us, in fiscal years 2016, 2015 and 2014.

	For Years Ended March 31,		
	2014	2015	2016
		(Rs. in million)	
Audit-Related Fees (assurance and related services for audit or review of financial statements)	1.20	9.00	4.50
Tax Service Fees (other certifications and tax advisory services)	0.10	0.10	0.10
All other fees (advisory services)	0.23	0.29	0.40
Total	1.53	9.39	5.00

Audit Committee Pre-approval Process

Our audit committee reviews and pre-approves the scope and the cost of audit services related to us and permissible non-audit by the independent auditors, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit. All of the services related to our company provided by Khandelwal Jain & Co. are approved by the audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

There were no purchases of our equity securities by us or affiliated purchasers during the fiscal year 2016.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

The Nasdaq Marketplace Rules, or the Nasdaq Rules, provide that foreign private issuers may follow home country practice in lieu of the corporate governance requirements of the Nasdaq Stock Market LLC, subject to certain exceptions and requirements and except to the extent that such exemptions would be contrary to US federal securities laws and regulations. The significant differences between our corporate governance practices and those followed by US companies under the Nasdaq Rules are summarized as follows:

Nasdaq rules require, inter alia, that (i) a majority of the board of directors of a listed company be comprised of independent directors; (ii) each listed company have an audit committee comprised of at least three members, each of whom must be an independent director; and (iii) each listed company have a compensation committee comprised of at least two members, each of whom must be an independent director.

In accordance with the Indian Companies Act a public company with paid up share capital of Rs. 100 million or more; or turnover of Rs. 1,000 million or more or outstanding loans, debentures and deposits which in aggregate exceed Rs. 500 million, is required to have at least two independent directors on our board of directors. Further, such company is required to constitute a Nomination and Remuneration Committee, comprising at least three non-executive directors, of whom a majority must be independent directors, who shall be responsible for determining qualifications and independence of directors and formulating a policy relating to the remuneration of directors and key managerial personnel. A foreign private issuer must disclose in our annual reports filed with the Securities and Exchange Commission, or the SEC, each NASDAQ requirement it does not comply with, followed by a description of our applicable home country practice. As a company incorporated in India and listed on the NASDAQ, we expect to follow our home country practice with respect to the composition of our board of directors and Nomination, Remuneration and Compensation Committees and executive sessions. Unlike the requirements of the NASDAQ, the corporate governance practice and requirements in India include that a “public company” under the Indian Companies Act, which is not listed on any stock exchanges in India, is required to comply with the provisions of the Indian Companies Act, including the following provisions relating to corporate governance:

Composition of Board of Directors: In accordance with the Indian Companies Act, a public company with paid up share capital of Rs. 100 million or more; or turnover of Rs. 1,000 million or more; or outstanding loans, debentures and deposits which in aggregate exceeds Rs. 500 million, is required to have at least two independent directors on our board of directors. The Indian Companies Act prescribes certain eligibility criteria for qualifying as an independent director.

Additionally, a public company with paid up share capital of Rs. 1,000 million or more; or turnover of Rs. 3,000 million or more is required to have at least one woman director on our board of directors with effect from April 1, 2015.

- *Board Committees:* In accordance with the Indian Companies Act, a public company with paid up share capital of Rs. 100 million or more; or turnover of Rs. 1,000 million or more; or outstanding loans, debentures and deposits which in aggregate exceeds Rs. 500 million, is required to constitute the following committees.
- *Audit Committee* — The audit committee, in accordance with the Indian Companies Act, is required to be composed of at least three directors, with independent directors forming a majority. Majority of the members, including the chairman of the audit committee, should have the ability to read and understand financial statements. The audit committee is responsible for overseeing a company’s financial reporting process and disclosures of our financial information.
- *Nomination Remuneration and Compensation Committee* — The nomination remuneration and compensation committee, responsible for determining qualifications and independence of directors and formulating a policy relating to the remuneration of directors and key managerial personnel, shall be composed of three or more non-executive directors, of which not less than one half should be independent directors.

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In addition, should a company have a net worth of Rs. 5,000 million or more; or a turnover of Rs. 10,000 million or more; or net profit of Rs. 50 million or more during any fiscal year, it will be required to constitute a Corporate Social Responsibility Committee of the Board composed of three or more directors, of which at least one director is required to be an independent director. Similarly, should a company have more than 1,000 security holders, it will be required to constitute a Stakeholders Relationship Committee for resolving the grievances of the security holders, composed of a chairman who is a non-executive director and such other members that the board of directors may decide.

Accordingly, our shareholders will not have the same protection afforded to shareholders of companies that are subject to all of the NASDAQ corporate governance requirements, which could make our ADSs less attractive to some investors or could otherwise harm the ADS share price.

Other than the above, we have followed and intend to continue to follow the applicable corporate governance standards under the Nasdaq Marketplace Rules.

In accordance with Rule 5250(d)(1) under the Nasdaq Marketplace Rules, we will post this Annual Report on Form 20-F on our company website at <http://www.videocond2h.com>. In addition, we will provide hard copies of our Annual Report free of charge to shareholders upon request.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of this Item.

ITEM 18. FINANCIAL STATEMENTS

See pages F-1 through F-37.

ITEM 19. EXHIBITS

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

1.1*	Memorandum of Association of Videocon d2h Limited
1.2**	Articles of Associations of Videocon d2h Limited
4.1*	DTH License Agreement by and between the Registrant and the President of India acting through the Director, Broadcasting, Policy & Legislation, Ministry of Information and Broadcasting, Government of India, dated December 28, 2007.
4.2†*	Original KuBand Lease Agreement by and between the Registrant and the Satellite Communication and Navigation Programme Office of the Department of Space, Government of India, dated April 19, 2012.
4.2(a)†*	Amendment No. 1 to the Original KuBand Lease Agreement by and between the Registrant and the Satellite Communication and Navigation Programme Office of the Department of Space, Government of India, dated June 19, 2013.
4.2(b)**	Amendment No. 2 to the Original KuBand Lease Agreement by and between the Registrant and the Satellite Communication and Navigation Programme Office of the Department of Space, Government of India, dated July 1, 2014.
4.2(c)**	Amendment No. 3 to the Original KuBand Lease Agreement by and between the Registrant and the Satellite Communication and Navigation Programme Office of the Department of Space, Government of India, dated February 27, 2015.
4.2(d)***	Amendment No. 4 to the Original KuBand Lease Agreement by and between the Registrant and the Satellite Communication and Navigation Programme Office of the Department of Space, Government of India, dated April 15, 2015.
4.2(e)***	Amendment No. 5 to the Original KuBand Lease Agreement by and between the Registrant and the Satellite Communication and Navigation Programme Office of the Department of Space, Government of India, dated June 1, 2015.
4.2(f)	New KuBand Lease Agreement by and between the Registrant and the Satellite Communication and Navigation Programme Office of the Department of Space, Government of India, dated August 1, 2015.
4.2(g)	Additional KuBand Lease Agreement by and between the Company and Antrix Corporation, dated December 4, 2015.
4.3*	Trademark License Agreement dated September 11, 2009 between CE India Limited (previously Videocon India Limited) and the Registrant as amended on April 1, 2013 and October 15, 2014.
4.4*	Transfer Deed of Leasehold Rights for Industry dated April 25, 2008 between Videocon Industries Limited and the Registrant.
4.5*	Leave and License Agreement dated October 23, 2012 between VTechweb(India) Private Limited and the Registrant.
4.6*	Loan Agreement by and between Central Bank of India and the Registrant dated February 25, 2013 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.7*	Loan Agreement by and between IDBI Bank Limited and the Registrant dated January 7, 2014 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.8*	Loan Agreement by and between IDBI Bank Limited and the Registrant dated January 10, 2013 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.9*	Loan Agreement (in the form of a sanction letter) by and between Bank of Baroda and the Registrant dated March 5, 2013 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.10*	Loan Agreement (in the form of a sanction letter) by and between Canara Bank and the Registrant dated March 7, 2013 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.11*	Loan Agreement by and between Bank of India and the Registrant dated March 21, 2013 in relation to which certain of the Registrant’s shareholders are corporate guarantors.

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4.12*	Loan Agreement by and between Union Bank and the Registrant dated April 5, 2013 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.13*	Loan Agreement by and between United Bank of India and the Registrant dated May 14, 2013 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.14*	Loan Agreement by and between Bank of Maharashtra and the Registrant dated May 13, 2013 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.15*	Loan Agreement (in the form of a sanction letter) by and between Yes Bank Limited and the Registrant dated June 28, 2014 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.16*	Syndicate Term Loan Facility Agreement by and among ICICI Bank Limited (arranger), IDBI Trusteeship Services Limited (agent), Canara Bank, Karur Vysya Bank, Dena Bank, Jammu and Kashmir Bank, Syndicate Bank, and the Registrant dated December 20, 2010 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.17	Facility Agreement by and between ICICI Bank Limited and the Registrant dated June 26, 2015 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.18	Hypothecation cum Loan Agreement by and between the Bank of India and the Registrant’s shareholders dated October 21, 2015 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.19	Loan Agreement by and between Dena Bank and the Registrant dated September 18, 2015 in relation to which certain of the Registrant’s shareholders are corporate guarantors.
4.20†*	Purchase Agreement by and between the Registrant and Trend Electronics Limited, dated March 11, 2011.
4.21***	Agreement for Appointment of Whole-time Director by and between Shri. Saurabh P. Dhoot and Bharat Business Channel Limited dated December 20, 2012.
4.22***	Appointment Letter as Chief Executive Officer of Videocon d2h Limited by and between Anil Khera and Videocon d2h Limited.
4.23***	Appointment Letter as Deputy Chief Executive Officer of Videocon d2h Limited by and between Rohit Jain and Videocon d2h Limited.
4.24***	Appointment Letter as Chief Financial Officer of Videocon d2h Limited by and between Avanti Kumar Kanthaliya and Videocon d2h Limited.
8.1	We do not have any subsidiaries.
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 Principal 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 Principal 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.

* Incorporated by reference to exhibits filed as part of the Amendment No. 2 to Form F-4 on March 3, 2015.
** Incorporated by reference to exhibits filed as part of the Amendment No. 3 to Form F-4 on March 13, 2015.
*** Incorporated by reference to exhibits filed as part of Item 19 to Form 20-F on July 28, 2015.
† Confidential portions of these exhibits were redacted and filed separately with the Securities and Exchange Commission pursuant to requests for confidential treatment.

SIGNATURES

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

Videocon d2h Limited

(Registrant)

Date: July 25, 2016

By: /s/ Saurabh Pradipkumar Dhoot

(Signature)

Saurabh Pradipkumar Dhoot
Executive Chairman

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Videocon d2h Limited

Audited Financial Statements

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INDEPENDENT AUDITOR’S REPORT

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 2016 and the related income statement, statement of changes in equity and cash flows for the three year period ended March 31, 2016.

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 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 2016 and the related income statement, statement of changes in equity and cash flows for the three year period ended March 31, 2016 in conformity with IFRS.

Other matter

As discussed in Note 2 to the financial statement, the Company has incurred a loss of INR 922.05 million during the year ended March 31, 2016 and has accumulated losses amounting to INR 18,222.75 million as at March 31, 2016, 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 : May 24, 2016

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)
Income Statement

Particulars	Note	For the year ended		
		March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)	March 31, 2014 (₹ in Million)
INCOME				
Revenue from operations	7	28,558.62	23,377.08	17,644.10
		28,558.62	23,377.08	17,644.10
EXPENSE				
Operating expense	9	16,492.80	13,853.05	10,715.06
Employee benefits expense	10	1,207.31	1,023.28	864.28
Administration and other expenses	11	704.51	688.04	538.71
Selling and distribution expenses	12	2,258.84	1,856.32	1,605.56
Depreciation, amortization and impairment	16&17	6,088.42	5,286.82	4,211.89
Total Expenses		26,751.88	22,707.51	17,935.50
Profit / (Loss) from operations		1,806.74	669.57	(291.40)
Finance costs / Finance Income (Net)	13	(3,142.83)	(4,614.22)	(4,351.02)
Other Income	8	36.64	0.08	17.26
Profit / (loss) before tax		(1,299.45)	(3,944.57)	(4,625.16)
Income tax expense				
Current tax	14	—	—	—
Deferred tax	14	(377.40)	(1,217.93)	(1,429.68)
Profit / (Loss) after tax		(922.05)	(2,726.64)	(3,195.48)
Basic and Diluted earning per share in ₹	15	(2.21)	(10.26)	(12.04)

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Statement of Financial Position

Particulars	Note	As at	
		March 31,	March 31,
		2016 (₹ in Million)	2015 (₹ in Million)
Assets			
Non-current Assets			
Property, Plant and equipment & Capital Work-in-Progress	16	26,680.84	25,315.45
Intangible Assets	17	888.10	1,072.53
Other Financial Assets	20	2,054.56	752.40
Other Non-Financial Assets		107.25	108.92
Deferred Tax Assets (Net)		8,085.59	7,708.19
Total non-current assets		37,816.34	34,957.49
Current Assets			
Inventories	18	400.23	341.25
Trade Receivables	19	2.79	1.63
Other Financial Assets	20	5,547.82	3,151.58
Other Non-Financial Assets	20	1,481.61	924.69
Cash and cash equivalents	21	1,428.69	9,888.77
Total current assets		8,861.14	14,307.92
Total Assets		46,677.48	49,265.41
Equity			
Share Capital		4,163.60	3,930.00
Share Premium		21,147.28	21,380.88
Retained earnings		(18,222.75)	(17,300.70)
Other reserves		147.51	29.74
Total Equity		7,235.64	8,039.92
Liabilities			
Non-current Liabilities			
Long-term borrowings	22	5.37	23.13
Other Non-Financial Liabilities	23	2,739.59	2,869.14
Post employment benefits	24	53.04	44.99
Others employment benefits	25	31.45	26.10
Total non-current liabilities		2,829.45	2,963.36
Current Liabilities			
Short-term borrowings	22	—	—
Trade Payable		5,602.86	4,338.03
Other Non-Financial Liabilities	23	7,383.24	7,170.16
Other Financial Liabilities	23	23,621.79	26,747.99
Post employment benefits	24	0.80	2.53
Others employment benefits	25	3.70	3.42
Total current liabilities		36,612.39	38,262.13
Total Liabilities		39,441.84	41,225.49
Total equity and liabilities		46,677.48	49,265.41

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Statement of Cash flows

	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)	March 31, 2014 (₹ in Million)
Cash flows from operating activities			
Profit before Tax	(1,299.45)	(3,944.57)	(4,625.16)
Adjustments for:			
Depreciation, Amortization and Impairment	6,088.42	5,286.82	4,211.89
Finance Costs	3,867.31	4,716.75	4,447.98
Interest Income	(724.48)	(102.53)	(96.96)
Employee benefits expenses	11.96	24.16	6.38
Share based payment	117.77	29.74	—
Liabilities/ provisions no longer required written back	—	—	(15.41)
Operating cash flow before changes in assets and liabilities	8,061.53	6,010.37	3,928.72
Decrease/(increase) in inventories	(58.98)	(24.12)	(63.96)
Decrease/(increase) in trade receivables	(1.16)	2.61	14.50
Decrease/(increase) in other financial and non-financial assets	(4,219.82)	(244.64)	(1,635.12)
Increase/(decrease) in trade payable	1,264.83	2,134.17	227.06
Increase/(decrease) in other financial and non-financial liabilities	(285.07)	1,228.81	875.65
Cash generated from operations	4,761.33	9,107.20	3,346.85
Income tax paid	33.84	(0.67)	19.25
Net cash inflow from operating activities	4,727.49	9,107.87	3,327.60
Cash flows from investing activities			
Purchase of intangible assets	(41.83)	(55.10)	(63.02)
Property, Plant and equipment & Capital Work-in-Progress	(7,227.96)	(7,597.34)	(6,438.82)
Decrease in Capital Work-in-Progress & Disposal of Property, Plant and equipment	0.42	3.17	285.54
Interest Income	724.48	102.53	96.96
Net cash flow from investing activities	(6,544.89)	(7,546.74)	(6,119.34)
Cash flows from financing activities			
Increase in Equity Share Capital	233.60	1,510.00	—
Share Premium Received	(233.60)	15,540.88	—
Proceeds from borrowings	2,750.00	8,163.82	7,333.25
Repayment of borrowings	(5,525.37)	(12,355.20)	(5,697.30)
Interest & other borrowing costs paid	(3,867.31)	(4,716.75)	(4,447.98)
Net cash flow from financing activities	(6,642.68)	8,142.75	(2,812.03)
Net increase/(decrease) in cash and cash equivalents during the year	(8,460.08)	9,703.87	(5,603.77)
Cash and cash equivalents at beginning of the financial year	9,888.77	184.90	5,788.67
Cash and cash equivalents at end of the financial year	1,428.69	9,888.77	184.90

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)
Notes to Financial Statements for the year ended March 31, 2016

Statement of Changes in Equity

	Called up share capital	Share premium	Share Application Money	Retained earnings	Share based payment Reserve	Total
Balance as at March 31, 2014	2,420.00	5,840.00	—	(14,574.06)	—	(6,314.06)
ESOP 2014 plan	—	—	—	—	29.74	29.74
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)	29.74	8,039.92
Bonus shares issued during the year	233.60	(233.60)	—	—	—	—
Loss for the year	—	—	—	(922.05)	—	(922.05)
ESOP 2014 plan	—	—	—	—	117.77	117.77
Issued during the year to ESOP trust	37.05	148.20	—	—	—	185.25
Treasury shares	(37.05)	(148.20)	—	—	—	(185.25)
Balance as at March 31, 2016	4,163.60	21,147.28	—	(18,222.75)	147.51	7,235.64

Share Capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	No of Shares	Value	No of Shares	Value
	(in Nos)	(₹ in Million)	(in Nos)	(₹ in Million)
Authorized shares <i>(Equity Shares of ₹ 10/- each)</i>	500,000,000	5,000.00	500,000,000	5,000.00
Ordinary shares of ₹ 10 allotted, issued and fully paid	392,999,600	3,930.00	242,000,000	2,420.00
Allotted during the year	—	—	150,999,600	1,510.00
Bonus shares issued during the year	23,360,000	233.60	—	—
Issued during the year to ESOP trust	3,705,000	37.05	—	—
Ordinary shares of ₹ 10 allotted, issued	420,064,600	4,200.65	392,999,600	3,930.00
Treasury shares	(3,705,000)	(37.05)	—	—
Ordinary shares of ₹ 10 allotted, issued and fully paid	416,359,600	4,163.60	392,999,600	3,930.00

- 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 ₹ 50 per option. So far the company has granted an option of 3,705,000 equity shares and the grant is administered by an ESOP Trust named Videocon d2h Employee Welfare Trust. The company has allotted these number of shares to ESOP Trust pursuant to shareholders consent in Extra Ordinary General Meeting held on September 25, 2015. As per the scheme, Trust will issue the shares of the company to its eligible employees who has exercised the Stock Option and has successfully completed the vesting conditions as per ESOP Plan 2014. Pending allotment of shares by Trust to eligible employees, the same are reduced from the issued & fully paid up share capital and Securities Premium.
- b) In terms of Contribution agreement entered into between company and Silver Eagle Acquisition Corporation and pursuant to achievement of initial performance hurdle in terms of ADSs price target, the company has;
- (i) Obtained the consent of Shareholders by passing an ordinary resolution in Extra Ordinary General Meeting held on September 25, 2015 for issuance of 23,360,000 earn out shares by way of bonus issue to existing shareholders of the company as on December 31, 2014. The allotment of these bonus shares is completed by December 23, 2015.
- (ii) Obtained the consent of Shareholders by passing an ordinary resolution in Extra Ordinary General Meeting held on September 25, 2015 for issuance of 999,996 earn out ADSs equivalent to 3,999,984 equity shares by way of bonus issue to Deutsche Bank Trust Company Americas, the Depository for the benefit of Global Eagle Acquisition LLC, the Sponsor. The company has initiated the SEC related regulatory requirement for allotment of these shares.
- (iii) The company has also granted a stock option of 2,800,000 equity shares to its executive director, Mr Saurabh Dhoot and pursuant to achievement of initial performance hurdle, Mr Dhoot is eligible for 1,400,000 equity shares subject to regulatory approvals.

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

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, 2016. 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 922.05 mn during the year ended March 31, 2016 and has accumulated losses amounting to INR 18,222.75 mn as at March 31, 2016, 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.

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

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 31st March 2016.

<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 16 – Leases	1 January 2019

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.

IFRS 16 *Leases*

In January 2016, the IASB issued IFRS 16 - Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17 - Leases. IFRS 16, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leases assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019, with early adoption allowed only if IFRS 15 - Revenue from Contracts with Customers is also adopted.

Amendments:

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 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.

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

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

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

- 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.

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>
Land and Building	
Building	30 Years
Equipment & Machinery	
Plant and Machinery	13 – 15 years
Consumer Premises Equipment	7 Years
Computer hardware	3 – 6 years
Other assets (Furniture & Fixtures and Vehicle)	
Furniture & Fixtures	10 years
Vehicles	8 years

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

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 applicable taxes and any discount / rebate given.
- b) Activation revenue is recognized on the completion of activation services and is net of applicable taxes and any discount / rebate given.
- c) Revenue from installation is recognized on completion of the installation services and is net of applicable taxes.
- d) Revenue on account of sale of Set Top Box (STB), accessories and goods is recognized when the goods are dispatched and are net of Sales tax / VAT, discounts and rebates.
- e) In case of CPE given on operating lease, lease rentals are recognized as revenue as per the terms of contract 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 applicable taxes.
- 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.
- i) Service access fees are recognized as revenue over the estimated customer relationship period and are net of applicable taxes, discount and rebates.

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Notes to Financial Statements for the year ended March 31, 2016

4.5 Inventories

Inventories are 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.

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.

All foreign exchange gains and losses are presented in the income statement within 'Administration & Other expenses' (net).

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(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

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. For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the balance sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. 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.

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

Videocon d2h Limited – Financial Statements
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Notes to Financial Statements for the year ended March 31, 2016

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.

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.

Videocon d2h Limited – Financial Statements
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Notes to Financial Statements for the year ended March 31, 2016

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.

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. The weighted average number of equity shares outstanding during the year are adjusted for event of bonus issue.

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.

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Notes to Financial Statements for the year ended March 31, 2016

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.

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.

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Notes to Financial Statements for the year ended March 31, 2016

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.

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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Notes to Financial Statements for the year ended March 31, 2016

- g.

Property, plant and equipment

Property, plant and equipment also represent a significant proportion of the asset base of the Company being 69 % as at March 31 2016 (March 31, 2015: 61%) 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.

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Notes to Financial Statements for the year ended March 31, 2016

7 Revenue from operations

Particulars	For the years ended		
	March 31, 2016	March 31, 2015	March 31, 2014
	(₹ in Million)	(₹ in Million)	(₹ in Million)
Subscription and Activation Revenue	26,068.06	20,628.48	15,250.91
Other Operating Revenue	1,367.52	1,713.09	1,518.38
Lease Rentals	1,032.46	927.35	761.34
Sale of set top box and accessories	90.58	108.16	113.47
	<u>28,558.62</u>	<u>23,377.08</u>	<u>17,644.10</u>

8 Other Income

Particulars	For the years ended		
	March 31, 2016	March 31, 2015	March 31, 2014
	(₹ in Million)	(₹ in Million)	(₹ in Million)
Liabilities/ provisions no longer required written back	—	—	15.41
Other non-operating income	36.64	0.08	1.85
	<u>36.64</u>	<u>0.08</u>	<u>17.26</u>

9 Operating expenses

Particulars	For the years ended		
	March 31, 2016	March 31, 2015	March 31, 2014
	(₹ in Million)	(₹ in Million)	(₹ in Million)
Content and Programming costs	10,796.54	8,459.24	6,019.58
License fees and taxes	3,342.91	2,489.52	1,832.05
Space segment charges and fees	1,555.40	1,403.49	1,332.29
Installation and service expenses	273.42	938.36	1,028.68
IT support costs	346.57	330.01	283.60
Cost of material and components consumed	177.96	232.43	218.86
	<u>16,492.80</u>	<u>13,853.05</u>	<u>10,715.06</u>

10 Employee benefits expenses

Particulars	For the years ended		
	March 31, 2016	March 31, 2015	March 31, 2014
	(₹ in Million)	(₹ in Million)	(₹ in Million)
Salaries, bonus and allowances *	1,132.85	957.87	809.94
Contribution to Provident and other funds	43.42	37.77	33.76
Staff welfare expenses	31.04	27.64	20.58
	<u>1,207.31</u>	<u>1,023.28</u>	<u>864.28</u>

* Salaries, bonus and allowances include ₹ 117.77 Mn towards provision for ESOP Plan 2014.

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Notes to Financial Statements for the year ended March 31, 2016

11 Administration and other expenses

Particulars	For the years ended		
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)	March 31, 2014 (₹ in Million)
Travelling and Conveyance Expenses	159.92	154.46	131.45
Rent	117.83	108.18	89.78
Power and Fuel	88.06	77.31	68.98
Legal and Professional Charges	84.66	147.55	67.11
Office and General Expenses	89.89	84.16	63.48
Exchange Fluctuation Loss (Net)	42.40	18.87	48.17
Communication Expenses	29.37	28.20	24.88
Repairs and Maintenance	30.73	27.51	22.20
Printing and Stationery	15.54	15.96	10.84
Insurance Expenses	13.98	5.05	5.78
Rates and Taxes	25.99	7.86	4.51
Auditors' Remuneration	5.00	9.39	1.53
Loss on Sale of Fixed Assets	—	2.07	—
Bad Debts	1.04	1.05	—
Provision for Doubtful Debts	0.10	0.42	—
	704.51	688.04	538.71

12 Selling and distribution expenses

Particulars	For the years ended		
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)	March 31, 2014 (₹ in Million)
Advertisement and Marketing Expenses	1,106.42	899.32	893.68
Customer Support Services	1,131.71	871.77	627.16
Distribution Expenses	20.71	85.23	84.72
	2,258.84	1,856.32	1,605.56

13 Finance (costs) / Finance Income (Net)

Particulars	For the years ended		
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)	March 31, 2014 (₹ in Million)
Finance Costs:			
Bank Loan Interest	(3,406.48)	(4,223.47)	(4,235.14)
Other Interest	(348.19)	(368.82)	(112.08)
Bank Charges	(112.64)	(124.46)	(100.76)
	(3,867.31)	(4,716.75)	(4,447.98)
Finance Income:			
Interest Income	724.48	102.53	96.96
Finance (Costs)/ Finance Income (net)	(3,142.83)	(4,614.22)	(4,351.02)

14 Taxation

The major components of income tax expense for the years ended 31st March 2016, 31st March 2015 and 31st March 2014

Income Tax expense

Particulars	For the years ended		
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)	March 31, 2014 (₹ in Million)
Income tax expenses in respect of :			
Current year	—	—	—
Total income tax	—	—	—
Deferred tax on origination and reversal of temporary differences	(377.40)	(1,217.93)	(1,429.68)
Total deferred tax	(377.40)	(1,217.93)	(1,429.68)
Total income tax expenses	(377.40)	(1,217.93)	(1,429.68)

Deferred tax

Deferred tax relates to the following:

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Statement of Financial Position		
Provision for Gratuity	16.94	14.68
Disallowances in Tax	548.05	530.23
Deferment of Expenses – Discount on Long term recharge	(94.00)	(80.59)
Allowances under Section 35D	—	20.23
Depreciation/ amortization and impairment	605.32	137.34
Employee stock option Plan	—	9.19
Losses available for offsetting against future taxable income	7,009.28	7,077.11
Deferred Tax Assets	8,085.59	7,708.19
Deferred tax Assets at April 1	7,708.19	6,490.26
Deferred tax expense /(benefit)	(377.40)	(1,217.93)

Reconciliation in the Statement of Financial Position:

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Deferred tax asset	7,574.27	7,651.44
Deferred tax liability	511.32	56.75
Deferred tax assets or Deferred tax liabilities net	8,085.59	7,708.19

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, 2016 the gross amount and expiry dates of losses available for carry forward are as follows:

Particulars	For the years ended		
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)	March 31, 2014 (₹ in Million)
Expiring within 5 years			
Losses for which a deferred tax asset is recognized	7,782.51	5,579.33	1,124.18
Losses for which no deferred tax is recognized	—	—	—
Expiring within 6-10 years			
Losses for which a deferred tax asset is recognized	1,944.88	1,967.92	8,965.86
Losses for which no deferred tax is recognized	—	—	—
Unlimited			
Losses for which a deferred tax asset is recognized	12,956.35	15,356.02	11,217.34
Losses for which no deferred tax is recognized	—	—	—
Total			
Losses for which a deferred tax asset is recognized	22,683.74	22,903.27	21,307.38
Losses for which no deferred tax is recognized	—	—	—

Reconciliation of Effective Tax Rate

Particulars	For the years ended		
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)	March 31, 2014 (₹ in Million)
Income / (Loss) before income taxes	(1,299.45)	(3,944.57)	(4,625.16)
Enacted tax rates in India	30.9%	30.9%	30.9%
Computed expected tax expense / (benefit)	(401.53)	(1,218.87)	(1,429.17)
Tax effects due to permanent difference	24.13	0.94	(0.51)
Tax effects due to the temporary differences	(377.40)	(1,217.93)	(1,429.68)
Provision for Gratuity	(2.26)	(4.89)	(1.35)

Disallowances in Tax	(17.82)	(345.52)	(62.87)
Deferment of Expenses – Discount on Long term recharge	13.41	7.13	21.16
Allowances under Section 35D	20.23	(17.46)	1.47
Depreciation/ amortization and impairment	(467.98)	(354.87)	(203.97)
Employee stock option Plan	9.19	(9.19)	—
Losses available for offsetting against future taxable income	67.83	(493.13)	(1,184.12)
Income tax expenses	<u>(377.40)</u>	<u>(1,217.93)</u>	<u>(1,429.68)</u>

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Notes to Financial Statements for the year ended March 31, 2016

15 Earning Per Share

<u>Particulars</u>	<u>March 31, 2016</u> (₹ in Million)	<u>March 31, 2015</u> (₹ in Million)	<u>March 31, 2014</u> (₹ in Million)
Profit/(Loss) for the year	(922.05)	(2,726.64)	(3,195.48)
Weighted average number of shares for basic loss per share	416,359,600	265,773,698	265,360,000
Weighted average number of shares for diluted loss per share	416,359,600	265,773,698	265,360,000
Basic earning per Share	(2.21)	(10.26)	(12.04)
Diluted earning per Share	(2.21)	(10.26)	(12.04)

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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Notes to Financial Statements for the year ended March 31, 2016

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
As at March 31, 2014	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
As at March 31, 2015	32,704.35	3,488.44	655.45	243.86	203.02	59.36	37.00	15.22	2,544.20	39,950.90
Additions	7,889.87	94.97	51.58	0.12	4.57	8.22	3.04	5.01	(829.43)	7,227.95
Disposals / Adjustments	—	0.01	0.45	—	0.14	0.30	0.17	—	—	1.07
As at March 31, 2016	40,594.22	3,583.40	706.58	243.98	207.45	67.28	39.87	20.23	1,714.77	47,177.78

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
As at March 31, 2014	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
As at March 31, 2015	12,922.76	1,091.24	472.95	40.56	59.67	19.05	21.12	8.10	—	14,635.45
Depreciation for the period	5,218.48	284.56	97.20	8.15	27.32	7.70	6.15	2.57	—	5,652.13
Disposals / Adjustments	—	0.01	0.37	—	0.07	0.13	0.07	—	—	0.65
Impairment	210.01	—	—	—	—	—	—	—	—	210.01
As at March 31, 2016	18,351.25	1,375.79	569.78	48.71	86.92	26.62	27.20	10.67	—	20,496.94

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, 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
As at March 31, 2016	22,242.97	2,207.61	136.80	195.27	120.53	40.66	12.67	9.56	1,714.77	26,680.84

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

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)
Notes to Financial Statements for the year ended March 31, 2016

17 Intangible Assets

	(₹ in Million)				
<u>Costs</u>	<u>Trademark / Brand</u>	<u>Technical Know- how and Designs</u>	<u>Computer Software</u>	<u>License Fees</u>	<u>Total</u>
As at March 31, 2014	1,225.31	274.45	469.54	100.00	2,069.30
Additions	—	—	55.10	—	55.10
Disposals / Adjustments	—	—	—	—	—
As at March 31, 2015	1,225.31	274.45	524.64	100.00	2,124.40
Additions	—	0.43	41.41	—	41.84
Disposals / Adjustments	—	—	—	—	—
As at March 31, 2016	1,225.31	274.88	566.05	100.00	2,166.24
<u>Accumulated amortisation and impairment losses</u>	<u>Trademark / Brand</u>	<u>Technical Know- how and Designs</u>	<u>Computer Software</u>	<u>License Fees</u>	<u>Total</u>
As at March 31, 2014	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	—	—	—	—	—
As at March 31, 2015	453.62	145.05	393.94	59.26	1,051.87
Depreciation for the year	122.53	27.47	65.16	11.11	226.27
Disposals / Adjustments	—	—	—	—	—
As at March 31, 2016	576.15	172.52	459.10	70.37	1,278.14
<u>Net Book Value</u>	<u>Trademark / Brand</u>	<u>Technical Know- how and Designs</u>	<u>Computer Software</u>	<u>License Fees</u>	<u>Total</u>
As at March 31, 2015	771.69	129.40	130.70	40.74	1,072.53
As at March 31, 2016	649.16	102.36	106.95	29.63	888.10

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:

<u>Particulars</u>	<u>2016</u>	<u>2015</u>
Remaining amortization period	2 to 3 years	3 to 4 years

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

Videocon d2h Limited – Financial Statements
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18 Inventories

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Consumables and Spares (including Material-in-Transit) (As taken, valued and certified by the management)	400.23	341.25
	<u>400.23</u>	<u>341.25</u>

19 Trade Receivables

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Trade Receivables	3.94	2.68
Less: Provisions	(1.15)	(1.05)
	<u>2.79</u>	<u>1.63</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

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Included within non-current assets		
Financial assets:		
Capital Advance	1,570.05	661.52
Deposits	72.14	46.20
Term deposits with banks	412.37	44.68
	<u>2,054.56</u>	<u>752.40</u>
Non Financial assets:		
Prepaid Rent	107.25	108.92
	<u>107.25</u>	<u>108.92</u>
Total	<u>2,161.81</u>	<u>861.32</u>
Included within current assets		
Financial assets:		
Term deposits with banks	4,869.86	3,067.77
Interest Receivables	142.80	51.25
Other Assets	516.02	12.50
Deposits	19.14	20.06
	<u>5,547.82</u>	<u>3,151.58</u>
Non Financial assets:		
Balance with Central Excise/VAT Authority	1,067.42	646.05
Prepaid Expenses	312.93	211.21
Prepaid Rent	16.76	16.76
Advance Income Tax and Tax deducted at source	84.50	50.67
	<u>1,481.61</u>	<u>924.69</u>
Total	<u>7,029.43</u>	<u>4,076.27</u>

Term deposits with banks in financial assets includes Restricted Cash (March 31, 2016: ₹ 3,282.23 million, March 31, 2015: ₹3,110.71 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 million towards credit facility availed by a group entity from a bank. Other assets include an inter corporate deposit of ₹ 500 million as at March 31, 2016 (March 31, 2015 : Nil)

21 Cash and cash equivalents

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Balances with Banks in Current Accounts	174.94	8,287.05
Cash on hand	3.75	1.72
Term deposits with banks	1,250.00	1,600.00
Cash and cash equivalents as presented in the statement of cash flows	<u>1,428.69</u>	<u>9,888.77</u>

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.

Videocon d2h Limited – Financial Statements
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22 Borrowings

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Non Current (long-term)		
Long-term borrowings		
Term loans from banks	18,096.38	22,977.00
Less: Reclassified under current financial liabilities	(18,096.38)	(22,977.00)
		—
Finance Lease Obligation	5.37	23.13
included in current financial liability		
Long-term borrowings – Reclassified under current financial liabilities	18,096.38	22,977.00
Current Maturities of Term loans from banks	5,052.19	2,931.25
Total	23,148.56	25,908.25
Current Maturities of Finance Lease Obligation	17.77	15.69

- (1) Term Loans from banks are secured by:
- (a) First pari-passu charge by way of 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.

Name of the Guarantor	Term loan Sanctioned Amount as on March 31, 2016 (₹ in Million)	Term Loan Outstanding as on March 31, 2016 (₹ in Million)	Term Loan Sanctioned Amount as on March 31, 2015 (₹ in Million)	Term Loan Outstanding as on March 31, 2015 (₹ in Million)
Mr. Venugopal N. Dhoot				
Mr. Pradipkumar N. Dhoot	28,250.00	23,148.56	27,500.00	25,908.25

- (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) Part of the term loans from Banks are also secured / guaranteed by:
- (a) Pledge of 30% shares of the Company at the time of sanction.
- (b) Non-Disposal undertaking of 21% shares of the Company at the time of sanction.
- (c) Mortgage of various properties of group entities.
- (5) The Company was in compliance with its financial covenant requirements of our loan agreements during fiscal year 2016. However, there were defaults in prior periods. Since the Company has not obtained a specific waiver from the lenders 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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22 Borrowings

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

Name of Banks	As at March 31,	As at March 31,
	2016	2015
	Amount	Amount
	(₹ in Million)	(₹ in Million)
<u>Secured Loans</u>		
Central Bank of India	908.25	958.25
IDBI Bank Limited	4,965.00	5,140.63
Bank of Baroda	1,900.00	1,975.00
ICICI Bank Limited	1,800.00	2,550.00
Karur Vysa Bank Limited	300.00	425.00
Canara Bank	2,779.69	3,378.12
Jammu and Kashmir Bank Limited	850.00	975.00
Syndicate bank	700.00	900.00
Dena Bank	1,130.00	850.00
Oriental Bank of Commerce	600.00	850.00
Bank of India	3,425.00	1,925.00
Bank of Maharashtra	950.00	1,000.00
Union Bank of India	1,396.88	1,481.25
United Bank of India	1,443.75	1,500.00
IFCI Ltd	0.00	2,000.00
Total Term Loan from banks	23,148.56	25,908.25

(7) The floating rate of interest on loans from Banks and Financial Institutions ranges between 12.4 % and 14.5 % p.a

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Notes to Financial Statements for the year ended March 31, 2016

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

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Within one year	5,052.19	2,931.25
Between One and three year	7,636.25	9,681.88
Between three and five years	8,982.00	7,430.62
Over five years	1,478.13	5,864.50
Total	23,148.56	25,908.25

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

9) Periodic finance lease obligations are as below:

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Within one year	17.77	15.69
Between One and two year	5.37	17.77
Between two and three years	—	5.36
Total	23.13	38.82

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

Particulars	As at	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
Included within Non-current liabilities:		
Non-Financial liabilities:		
Income Received in Advance	2,739.59	2,869.14
Total	2,739.59	2,869.14
Included within current liabilities:		
Financial liabilities:		
Long-term borrowings – Reclassified under current financial liabilities	18,096.38	22,977.00
Current Maturities of Term loans from banks	5,052.19	2,931.25
Current Maturities of Finance Lease Obligation	17.77	15.69
Payable for capital expenditure	450.78	823.49
Interest Accrued but not due on Borrowings	4.68	0.56
	23,621.80	26,747.99
Trade Payable #	5,602.86	4,338.03
Non-Financial liabilities:		
Income Received in Advance	4,298.29	4,572.89
Others	3,084.95	2,597.27
	7,383.24	7,170.16

Includes Acceptance of ₹ 1,825.34 mn (Previous Year ₹ 1,261.17 Mn) for bill discounting facility.

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

24 Post employment benefits – Gratuity

Particulars	(₹ in Million)
As at March 31, 2014	31.68
Addition/ adjustments during the year	15.84
As at March 31, 2015	47.52
Addition/ adjustments during the period	6.33
As at March 31, 2016	53.85

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

Particulars	(₹ in Million)
As at March 31, 2016	
Current	0.80
Non-current	53.04
As at March 31, 2015	
Current	2.53
Non-current	44.99

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

Particulars	For the years ended	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
a. The amounts recognized in the Balance Sheet as at the end of the year		
1. Present Value of Defined Benefit Obligation	54.85	47.52
2. Fair value of plan assets	1.01	—
3. Funded Status – Surplus/ (Deficit)	(53.84)	(47.52)
4. Net Assets/(Liability)	(53.84)	(47.52)
b. The amounts recognized in the Statement of Profit and Loss for the year		
1. Current Service Cost	8.73	8.73
2. Interest Cost	3.71	2.47
3. Actuarial (Gains)/Losses	1.53	7.15
4. Past Service Cost	—	—
5. Total Expenses	13.97	18.35
c. The changes obligations during the year		
1. Present value of Defined Benefit Obligation at the beginning of the year	47.52	31.67
2. Current Service Cost	8.73	8.73
3. Interest Cost	3.71	2.47
4. Past Service Cost	—	—
5. Actuarial (Gain)/ Losses	1.53	7.15
6. Benefit Payments	(6.64)	(2.51)
7. Present value of Defined Benefit Obligation at the end of the year	54.85	47.52

Actuarial Assumptions: Gratuity

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2014
Discount Rate	7.80%	7.80%	9.31%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Salary Escalation	5%	5%	5%
Attrition Rate	2%	2%	2%

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Notes to Financial Statements for the year ended March 31, 2016

25 Others employment benefits

Particulars	(₹ in Million)
As at March 31, 2014	21.20
Addition/ adjustments during the year	8.32
As at March 31, 2015	29.52
Addition/ adjustments during the year	5.63
As at March 31, 2016	35.15

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

Particulars	(₹ in Million)
As at March 31, 2016	
Current	3.70
Non-current	31.45
As at March 31, 2015	
Current	3.42
Non-current	26.10

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. 43.42 million for Provident Fund contributions in the income statement for the year ended March 31, 2016 (March 31, 2015: Rs. 37.77 million). The contributions payable by the Company are in accordance with rules framed by the Government of India from time to time.

Defined benefit plans as per actuarial valuation – Leave Encashment

Particulars	For the years ended	
	March 31, 2016 (₹ in Million)	March 31, 2015 (₹ in Million)
a. The amounts recognized in the Balance Sheet as at the end of the year		
1. Present Value of Defined Benefit Obligation	35.15	29.52
2. Fair value of plan assets	—	—
3. Funded Status – Surplus/ (Deficit)	(35.15)	(29.52)
4. Net Assets/(Liability)	(35.15)	(29.52)
b. The amounts recognized in the Statement of Profit and Loss for the year		
1. Current Service Cost	13.63	7.05
2. Interest Cost	2.31	1.65
3. Actuarial (Gains)/Losses	3.25	8.99
4. Past Service Cost	—	—
5. Total Expenses	19.19	17.69
c. The changes obligations during the year		
1. Present value of Defined Benefit Obligation at the beginning of the year	29.52	21.20
2. Current Service Cost	13.63	7.05
3. Interest Cost	2.31	1.65
4. Past Service Cost	—	—
5. Actuarial (Gain)/ Losses	3.25	8.99
6. Benefit Payments	(13.56)	(9.38)
7. Present value of Defined Benefit Obligation at the end of the year	35.15	29.52

Actuarial Assumptions: Leave Encashment

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2014
Discount Rate	7.80%	7.80%	9.31%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Salary Escalation	5%	5%	5%
Attrition Rate	2%	2%	2%

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26 Commitments

Particulars	As at March 31, 2016 (₹ in Million)	As at March 31, 2015 (₹ in Million)	As at March 31, 2014 (₹ in Million)
Contracts for future capital expenditure not provided in the financial statements	301.27	163.64	160.67

27 Contingent liabilities

Particulars	As at March 31, 2016 (₹ in Million)	As at March 31, 2015 (₹ in Million)	As at March 31, 2014 (₹ in Million)
DTH license fees (Refer below Sub Note 1)	5,052.91	3,661.07	2,483.93
Counter guarantees given for guarantees given by the bankers	972.50	587.03	592.58
Entertainment tax (Refer below Sub Note 2)	683.22	127.14	80.47
Tax deducted at source (Refer below Sub Note 3)	72.77	74.36	74.36
Letters of credit opened by a bank	29.50	23.56	2.27
Service tax	1,610.23	1,086.24	—
Value Added Tax	74.74	—	0.50
	8,495.88	5,559.40	3,234.11

Sub notes

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 ₹ 1,582.89 million (including interest of ₹ 272.44 million) 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 to 2015-16 of ₹ 3470.02 million. Pending the matter for further hearing and final outcome, no provision is considered necessary by the management.
- 2 (a). 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 ₹ 74.50 million (Previous Year ₹ 127.14 million) in respect of one state (Previous year two states).
- 2(b). Further, the company has received show cause notice (SCN) dated 29 December, 2015 from the office of Commissioner of Entertainment Tax, Uttar Pradesh, asking the company to show cause as to why an additional demand of ₹ 422.95 million together with interest of ₹ 185.77 million upto 31st December, 2015 should not be raised on the company. The company has replied to the said SCN explaining the authority that amount in the notice is incorrect and the Company has paid the entertainment tax dues as per its working even though writ petition is pending. In the opinion of the management, no further liability is expected and no provision is considered necessary in this regard.
3. The Company had received demand notices for non-deduction of income tax at source from certain payments and interest thereon for Assessment Year 2010-11, 2011-12 and 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 Commissioner of Income Tax (Appeals) who has granted substantial relief. Based on the decisions of the first appellate authority, the Assessing officer has revised the demand at ₹ 12.70 million for the Assessment Year 2010-11, ₹ 12.31 million for the Assessment Year 2011-12 and ₹ 74.41 million for Assessment year 2012-13. The Company has preferred appeal before the Appellate Tribunal for Assessment Year 2010-11 & 2011-12. The Company has provided for ₹ 1.81 million for the Assessment Year 2010-11, ₹ 12.31 million for Assessment Year 2011-12 and ₹ 12.53 million for Assessment Year 2012-13 and no further provision is considered necessary by the management.

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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
- Value Industries Limited
- Videocon Industries Limited
- Videocon Telecommunications Limited
- Force Appliances Private Limited
- Jubilant Logistic Limited
- KAIL Limited
- Techno Kart India Limited (Formerly Next Retail India Limited)
- Techno Electronics Limited
- Topaki Media Private Limited
- Universal Digital Connect Limited
- Videocon Realty and Infrastructure Limited
- KBS Realtors Private Limited
- Nippon Investments and Finance Company Private Limited
- Kartouche Properties and Finvest Private Limited
- Joshua Properties and Finvest Private Limited
- Tecorno Properties and Finvest Private Limited

Details of transactions with related parties

Particulars	As at March 31, 2016 (₹ in Million)	As at March 31, 2015 (₹ in Million)	As at March 31, 2014 (₹ in Million)
Payment of salaries / remuneration / perquisites			
Key Management Personnel			
Mr. Anil Khera	20.29	10.46	10.11
Rent paid			
Relative of Key Management Personnel			
Mrs. Shelly Anil Khera (Inclusive of Service Tax)	1.44	1.28	1.15
Sitting Fees			
Key Management Personnel			
Mr. Pradeep Ramwilas Rathi	0.16	0.01	0.08
Mr. Nabankur Gupta	0.20	0.03	0.14
Mr. Shivratan Jeetmal Taparia	0.23	0.01	0.02
Mr. Karunchandra Srivastava	0.40	0.41	0.21
Brand royalty			
Others			
C E India Limited	0.77	0.70	0.51

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

Details of transactions with related parties ... Cont

Particulars	As at March 31, 2016 (₹ in Million)	As at March 31, 2015 (₹ in Million)	As at March 31, 2014 (₹ in Million)
IT Support Expenses			
Infodart Technologies India Limited	40.94	42.03	39.25
Call Centre Expenses			
Quadrant Televentures Limited	104.32	61.31	37.37
Videocon Telecommunications Limited	5.75	4.12	12.90
Business Support Expenses			
Videocon Industries Limited	5.69	7.23	125.87
Jubiant Logistic Limited	150.49	140.68	—
Schemes Expenses			
PE Electronics Limited	1.91	1.62	2.47
Techno Kart India Limited (Formerly Next Retail India Limited)	0.29	—	—
Tekcare India Private Limited	0.02	—	—
Universal Digital Connect Limited	0.13	0.70	0.39
Purchase of Assets			
Planet M Retail Limited	—	0.01	0.13
Trend Electronics Limited	4,769.53	5,913.18	5,832.31
KAIL Limited	—	—	52.94
Techno Kart India Limited (Formerly Next Retail India Limited)	0.03	0.02	0.02
Videocon Industries Limited	492.75	368.16	—
Value Industries Limited	—	4.88	—
Infodart Technologies India Limited	—	16.68	—
Purchase of Spares			
Tekcare India Private Limited	0.28	1.94	1.92
Videocon Industries Limited	—	—	7.56
Finance Cost			
Videocon Industries Limited	—	132.75	4.75
Marketing Expenses / Sales Promotion			
Topaki Media Private Limited	42.34	36.50	137.25
Techno Kart India Limited (Formerly Next Retail India Limited)	—	4.63	—
Sales and Revenue			
Tekcare India Private Limited	0.09	0.61	0.01
PE Electronics Limited	0.01	0.00	0.00
Universal Digital Connect Limited	14.38	17.22	18.97
Jubiant Logistic Limited	0.26	0.20	—
Techno Kart India Limited (Formerly Next Retail India Limited)	0.46	1.90	—
KAIL Limited	0.00	0.00	—
Topaki Media Private Limited	10.92	—	—
Value Industries Limited	0.00	0.39	—
Trend Electronics Limited	0.67	—	—
Videocon Industries Limited	64.11	9.99	—
Unsecured Loan and Advances			
Videocon Industries Limited	—	2,250.00	-241.04
Universal Digital Connect Limited	—	39.37	-34.75
Rent			
Videocon Industries Limited	0.81	0.21	—
Job work			
Force Appliance Pvt Ltd	8.11	5.15	—
Guarantees / Collateral			
Personal Guarantee given for Term Loans taken by the company			
Venugopal N. Dhoot	23,148.56	25,908.25	27,888.45
Pradipkumar N. Dhoot	23,148.56	25,908.25	27,888.45
Corporate Guarantee given for Term Loans taken by the company			
Videocon Industries Limited	5,830.00	8,675.00	13,602.50
Collateral security given for Term Loans taken by the company			
Nippon Investments and Finance Company Private Limited	—	250.00	—
KBS Realtors Private Limited	—	1,250.00	—
Collateral security jointly given for Term Loan taken by the company	2,000.00	—	—
Videocon Realty and Infrastructure Limited			
Kartouche Properties and Finvest Private Limited			
Joshua Properties and Finvest Private Limited			
Tecorno Properties and Finvest Private Limited			
Venugopal N. Dhoot			
Pradipkumar N. Dhoot			
Fixed deposit hypothicated against loan taken by group entity			
Videocon Industries Limited	—	2,000.00	—
Videocon Realty and Infrastructure Limited	2,000.00	—	—

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)
Notes to Financial Statements for the year ended March 31, 2016

Amount due to related parties –

<u>Particulars</u>	<u>As at March 31, 2016 (₹ in Million)</u>	<u>As at March 31, 2015 (₹ in Million)</u>
Rent payable to relative of Key Management Personnel	0.30	0.12
Others Payable		
C E India Limited	—	—
Infodart Technologies India Limited	12.22	5.18
Quadrant Televentures Limited	22.87	15.65
PE Electronics Limited	1.09	5.09
Tekcare India Private Limited	3.64	3.43
Trend Electronics Limited	—	—
Videocon Industries Limited	—	138.66
Videocon Telecommunications Limited	6.11	1.16
KAIL Limited	0.02	—
Techno Electronics Limited	0.04	0.34
Topaki Media Private Limited	—	118.22
Value Industries Limited	—	0.09
Techno Kart India Limited (Formerly Next Retail India Limited)	—	0.83
Force Appliance Pvt Ltd	—	0.49
Jubiant Logistic Limited	33.18	48.70
Others Receivable		
Planet M Retail Limited	—	—
Videocon Industries Limited	48.18	—
Trend Electronics Limited	1,555.35	637.90
Value Industries Limited	—	—
KAIL Limited	—	—
Topaki Media Private Limited	10.92	—
Techno Kart India Limited (Formerly Next Retail India Limited)	2.14	—
Universal Digital Connect Limited	21.82	7.50

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

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.

The gearing ratio at March 31, 2016 and March 31, 2015 were as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Total borrowings	23,171.70	25,931.38
Less: Cash and cash equivalents	(1,428.69)	(9,888.77)
Net Debt	21,743.01	16,042.61
Total Equity	7,235.64	8,039.92
Total Equity	7,235.64	8,039.92
Gearing ratio (Net debt/ Total capital)	3.00	2.00

Term deposits of ₹ 5,282.23 million as at March 31, 2016 and ₹ 3,112.45 million as at March 31, 2015 (including restricted cash as at March 31, 2016: ₹ 3,282.23 million and as at March 31, 2015: ₹ 3,110.71 million which are placed towards margin / reserves for term loans and bank guarantees) 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.

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

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, 2016 is INR 483 million (March 31, 2015 INR 742 million). The impact of foreign exchange sensitivity of 5% strengthening or weakening on the payables is INR 24 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.

(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:

Particulars	□ in Million	
	For the year ended	
	March 31, 2016	March 31, 2015
1% strengthening of rates	231.49	259.08
1% weakening in rates	231.49	259.08

The profile of Company’s borrowings as at March 31, 2016 and March 31, 2015 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 as on the reporting date.

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.

Videocon d2h Limited – Financial Statements
(All amounts are in INR Million, unless otherwise stated)

Notes to Financial Statements for the year ended March 31, 2016

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.

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	March 31, 2016 ₹ in million	March 31, 2015 ₹ in million
Opening	29.74	Nil
Charge to income statement	117.77	29.74
Closing	147.51	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 24, 2016

For and on behalf of the Board

SAURABH P. DHOOT
Executive Director

K.C. SRIVASTAVA
Director

Place: Mumbai
Date: May 24, 2016

Section 2: EX-4.2(F) (EX-4.2(F))

Agreement No: INSAT-ST2 / Ku / DTH / 01 / 2015

between

Videocon d2h Limited

and

**Satellite Communication and Navigation
Programme Office (SCNP)
Department of Space
Government of India
New BEL Road
Bangalore 560 231**

for

**Provision of Ku-band Space Segment Capacity
in INSAT-ST2 System**

Date: August 01, 2015



**AGREEMENT FOR THE PROVISION OF Ku-BAND SPACE SEGMENT
CAPACITY IN THE INSAT-ST2 SYSTEM**

This Agreement No: INSAT-ST2 / Ku / DTH / 01 / 2015 is entered into on this 1st day of August, 2015 by and between

THE PRESIDENT OF INDIA
acting through and represented by the
SECRETARY, DEPARTMENT OF SPACE, GOVERNMENT OF INDIA,
hereinafter referred to as "DOS" (which expression shall unless excluded by or repugnant to the context be deemed to include its successor and assigns) of the
ONE PART

and,

Videocon d2h Limited, erstwhile Bharat Business Channel Limited,
a company incorporated under the Companies Act 1956
having its registered office at
Auto Cars Compound, Adalat Road,
Aurangabad-431005, Maharashtra
India;

hereinafter referred to as "CUSTOMER" (which expression shall unless excluded by or repugnant to the context be deemed to include its successors in business and permitted assigns) of the OTHER PART;

WITNESSES AS FOLLOWS:

- I. WHEREAS, CUSTOMER has requested Satellite Communication and Navigation Programme Office (SCNP), under the Department of Space (DOS) for provision of Ku-band capacity for the purpose of meeting its DTH requirements;
- II. WHEREAS, SCNP / DOS has requested ANTRIX to explore the availability of such Ku band capacity in India from global vendors;
- III. WHEREAS, Antrix, vide its Public Tender Ref.: Antrix/PT/2012-13/01 dated 17-08-2012 had floated an RFP Ref.: Antx/Ku Band/64/2014-15 dated December 2014 to global vendors with the specific purpose of exploring and empaneling all probable transponder providers for a period of two years;



- IV. WHEREAS, Singtel, being one of the respondents to this RFP, had submitted the offer of Ku bandwidth on ST 2, at 88 deg E, for DTH services, with certain technical specifications;
- V. WHEREAS, the CUSTOMER, having sufficiently evaluated the technical specifications, has accepted the offer of Ku bandwidth on ST 2 at 88 deg E for its DTH services;
- VI. Accordingly, ANTRIX having procured such capacity from Singtel under an Agreement dated August 1, 2015 bearing No. INSAT(ST-2)-DTH-1B-2015 has provided such Ku band space segment to DOS, in order to provision the same to CUSTOMER;
- VII. WHEREAS, DOS, through ANTRIX having received the Ku band capacity in the ST2 satellite system from Singapore Telecommunications Limited, Singapore (herein after referred to as "Singtel") under an Agreement dated August 1, 2015 bearing No. INSAT(ST-2)-DTH-1B-2015, in order to provide the same to CUSTOMER, has agreed to the request of CUSTOMER and has decided to make available to CUSTOMER, on a back to back provision basis, its space segment capacity in the ST2 satellite system (henceforth, called as INSAT-ST2 Satellite system) for such purpose under appropriate terms and conditions contained herein;

WITNESSES AS FOLLOWS:

NOW, THEREFORE, in consideration of these promises and of the mutual promises and of the Parties contained herein, the Parties hereto agree to be bound unconditionally to the following terms and conditions:

ARTICLE 1. Definitions

As used in this Agreement:

"Antrix-Singtel Agreement" means the Agreement dated August 01, 2015 bearing No. INSAT(ST-2)-DTH-1B-2015 entered into between Antrix Corporation Ltd. and Singapore Telecommunications Limited, Singapore for lease of Ku-Band Space Segment Capacity.

"Capacity" means the 540MHz (10 x 54MHz) clean, interference free and bare Ku-band transponder bandwidth, with transponder frequency management and Power Equivalent Bandwidth, to be provided on the K5A, K5B, K6A, K6B, K7A, K7B, K8A, K8B K9A and K9B of ST-2 Transponders.



"Commencement Date of Service" subject to Article 2, in respect of the Capacity for ten (10) ST-2 Transponders; on the K6A, K7A, K8A, K9A, K8B and K9B, K6B, K7 B , K5 A and K5 B shall be from 01st August 2015.

"Early Termination Charges" means, in relation to Capacity that is cancelled (prior to the Commencement Date of Service) or terminated by the CUSTOMER prior to the end of the applicable Service Period(s), 100% of all fees and charges (monthly recurring or otherwise) for the balance of the Service Period(s).

"Payment Date" means the Due date specified in this Agreement for payment of any sum payable by the CUSTOMER to DOS under this Agreement.

"Power Equivalent Bandwidth" means the amount of total power used by the carriers, being represented as a bandwidth equivalent. In a single 54MHz transponder transmission, the total PEB refers to the saturation power of the transponder."

"Service Charges" means the recurring charges payable by the CUSTOMER in respect of the Capacity as per Exhibit B hereto.

"Service Period" means the period(s) for which the CUSTOMER must acquire Capacity on the respective Transponder, commencing from the Commencement Date of Service until 31st July 2018.

"Serving Satellite" means the satellite designated by Singtel to provide the Capacity, including the ST-2 Satellite or any satellite used in substitution or replacement of the same.

"ST-2 Satellite" means the communications spacecraft designated as ST-2 and operated by Singtel at the 88°E geostationary orbital location.

"ST-2 Transponders" means the Transponders of 54MHz on the ST-2 Satellite as further described in Exhibit A.

Singtel shall mean "Singapore Telecommunications Limited, Singapore, the satellite operator providing the transponder capacity on ST-2 satellite system.

"Transponder" means any 54MHz Ku-band radio frequency transmission channels on the Serving Satellite through which Singtel shall provide the Capacity.

"Successfully Operating Transponder" means a transponder which is operational and fully meets and satisfies the technical specifications as per Exhibit – A hereto.



"Transponder Failure" means, with respect to any Transponder, such Transponder fails to provide Capacity (or part thereof) that meets the technical specifications as per Exhibit A in any material respect for any period of three (3) consecutive days. For purposes of this definition, measurement of periods of failure shall commence when the signal has been vacated to permit verification of the existence of the failure by DOS/Singtel.

ARTICLE 2. Transponder Capacity

- a. In accordance with the terms and conditions of this Agreement, including all of its Exhibits (Exhibits A, B and C) which form part of this Agreement, DOS shall provide and the CUSTOMER shall take on lease the Capacity for the relevant Service Period for transmission purposes within India.
- b. CUSTOMER and DOS agree that the transponder capacity shall be utilized in accordance with this Agreement and its Exhibits.
- c. CUSTOMER and DOS agree that DOS make the Capacity available to CUSTOMER on a 24-hour, seven-day-per-week basis, for a period of three years (3) from the commencement date of Service during the entire Service Period i.e., until 31st July 2018.
- d. CUSTOMER agrees and understands that the lease of the transponder capacity under this Agreement, shall be subject to the terms and conditions of the Antrix-Singtel Agreement dated August 1, 2015 ("hereinafter referred to as **"Antrix-Singtel Agreement"**") and that DOS is leasing transponder capacity to the CUSTOMER after receiving the same from ANTRIX under the aforesaid Agreement. The CUSTOMER further agrees and understands that the obligations applicable to Antrix there under shall be applicable to the CUSTOMER herein mutatis mutandis, as the benefit under the Antrix-Singtel Agreement inures to the benefit of the CUSTOMER.

ARTICLE 3. Interruption in the Provision of Capacity

- a. For the purpose of this Article 3, an "interruption" means a loss in the availability of the Capacity (or any part thereof) as per the understanding given below.
- b. No allowances or credits will be made, for whatever reason, for any single interruption (including planned outages by DOS), in the availability of the Capacity, which is less than one (1) hour duration.



Any single interruption in the availability of the Capacity for reasons other than those mentioned in subparagraph d below which is one (1) hour duration or more and which is attributable to the Singtel segment, shall be credited to CUSTOMER calculated in an amount equal to the applicable annual charges (as reflected in Exhibit B) attributable to the affected channels of the Capacity, in one hour multiples for each hour or major fraction thereof, of interruption. The length of interruption shall be measured from the time that the CUSTOMER notifies DOS of the interruption, and CUSTOMER vacates its signal from the affected space segment to permit the verification of the existence of the interruption or failure and Singtel's confirms its occurrence until the time that DOS notifies the CUSTOMER that the Capacity has been restored. Credit allowances are applied against future payments. However, if the interruption occurs during the last month of service and there is no outstanding balance due, DOS will refund the amount of the credit allowance to CUSTOMER, subject to such allowance by Singtel.

- c. No allowances or credits will be made for any interruption
- (i) caused by an act or act of omission (including negligence) of CUSTOMER, its customers, contractors, lessees, agents, assignees or employees.
 - (ii) for which the CUSTOMER has been provided with substitute Capacity. Credits shall, however, be extended up to the date of provision of the substituted Capacity.
- d. No interruption shall be deemed to have occurred for the purpose of this Article 3, and no allowances or credits will be made if the interruption is the result of, or attributable in whole or in part to:-
- (i) failure or non-performance of CUSTOMER's earth station facilities irrespective of who is operating or controlling the facilities;
 - (ii) equipment operated by CUSTOMER disrupting the communication system on the Serving Satellite or causing interference with or harm to other Transponders on the Serving Satellite, such that - (a) the other Transponders cease to be successfully operating transponders; or (b) it causes the failure of the communication systems of other users;

whereupon DOS shall permit Singtel to, without liability to the CUSTOMER, immediately interrupt CUSTOMER's use of the Capacity, or CUSTOMER shall upon notice from DOS immediately



interrupt its transmissions and suspend its use of the Capacity to the extent necessary to eliminate the disruption, interference or harm specified in this subparagraph (c)(ii);

- (iii) sun outages; or
- (iv) a Force Majeure event; or
- (v) outages arising from Capacity Testing and Emergency Testing of the Serving Satellite; or
- (vi) other action taken by Singtel under the Antrix-Singtel Agreement.

ARTICLE 4. Redundancy

- a. The Serving Satellite incorporates spare travelling wave tube amplifiers (hereinafter, "TWTAs") as its redundancy on board. In the event of a Transponder Failure, the TWTAs may be activated to one or more of its customers, on a first failed first restored basis, by Singtel at its reasonable discretion, subject to any spare TWTAs that are then available (i.e., that are technically capable of restoring the affected Transponder and have not been previously deployed to restore a prior Transponder Failure).
- b. For the avoidance of doubt, any use of TWTAs to restore the affected Capacity/Transponder under this Agreement shall be without prejudice to and in accordance with Article 10(d)(i) below.

ARTICLE 5. Fees and Charges

- a. All sums payable by CUSTOMER must commence from Commencement date (vide Article 2) and shall be payable from the commencement of the Service Period whether or not the CUSTOMER activates the Capacity. Any delay(s) in the commencement of uplinking including delays in obtaining necessary clearances/approvals/licenses for uplinking shall not absolve the CUSTOMER'S liability to pay the provision charges from the Commencement Date.
- b. Subject to the provisions of this Agreement, Service Charges are to be paid monthly, by the fifteenth (15th) day of the month in question, for the provision of Capacity for that respective month ("Due date"). For the sake of clarity, it is clarified that the payment for the month of August 2015 shall be payable on or before August 15th, 2015 (Due Date).



- c. CUSTOMER shall be provided with an additional period of ten (10) days ('Grace Period') to remit the Service Charges after the Due date for payment. With the grace period, payment for the month of August 2015 shall be payable on or before August 25th, 2015.
- d. The Service Charges payable under this Agreement is as per Exhibit B to this Agreement. All charges are invoiced and payable in Indian Rupees. The charges invoiced and payable will be benchmarked against the then prevailing exchange rate of US Dollar and all fluctuations in the exchange rate up to 25 days from the date of receipt of payment at ANTRIX shall be borne by the CUSTOMER.
- e. A suitable adjustment in the billing would be done on a quarterly basis to take care of the foreign exchange rate variation and the exchange rate applicable on the day of transaction of payment by ANTRIX to Singtel would be used as the reference. Exchange variations as above, shall be calculated and sent to CUSTOMER through a debit/credit note vide an exchange variation invoice which shall be paid within fifteen (15) days from the date of receipt of such debit / credit notes. The remittance of exchange variation(s) shall be made, as per the Due date specified in the exchange variation invoice. Any late payment shall attract interest at the rate mentioned in Article 5(f). Any excess remittance shall be adjusted in the subsequent month's invoice.
- f. For payments of any sum payable by the CUSTOMER under this Agreement (whether of Service Charges, Early Termination Charges or otherwise) not received by the applicable Payment Due date including the Grace period as defined in clause 5 (c) hereinabove, DOS will assess until such time as payment in full is made, a late payment charge of One and *quarter* percent (1.25%) per month. For payments received beyond Due date and the Grace period, it is understood that the penal interest shall be charged from the Due date and up to and including the date of receipt of payment at ANTRIX.
- g. Non-receipt or late receipt of invoice shall not absolve CUSTOMER from its liabilities to pay. In case CUSTOMER does not receive the invoices in time, CUSTOMER shall pay, within the Due date including the Grace Period as defined in clause 5 (c) hereinabove, in accordance with the monthly amount mentioned in the invoice for the previous month or in Exhibit-B above. Appropriate adjustments shall be made in the subsequently monthly invoice, if required.
- h. At the time of signing this agreement, CUSTOMER shall submit an irrevocable bank guarantee from a nationalized bank or scheduled commercial bank of good national repute for a value of USD 61,27,500/-in



equivalent INR Rupees, (equivalent to 25% of annual provision charges at the prevailing exchange rate including service tax) for the block of 10x54 MHz Ku space segment capacity. Such a Bank Guarantee shall be valid for a term of entire agreement term with a claim period of an additional three months. For this purpose, SSC includes Space Segment charges, applicable taxes and interest, if any for delayed remittance of SSC. CUSTOMER shall appropriately revise the bank guarantee value proportionately in accordance with increases/decrease in bandwidth or increase/decrease in provisioning rates in future.

ARTICLE 6. Taxes and Duties

- a. All payments and charges payable by the CUSTOMER to DOS under the Agreement shall be subject to Tax Deduction at Source (TDS) as may be applicable as per the Indian Income Tax Act, as amended from time to time. CUSTOMER shall provide to ANTRIX, the Contract Manager of this Agreement, the original TDS certificate along with the payment. CUSTOMER shall mandatorily upload such TDS deductions in appropriate electronic format in the identified web portal as notified by the Income Tax Department from time to time before the earliest Due date prescribed by the Income Tax Department failing which, the TDS made shall be construed as not paid and shall be payable by the CUSTOMER with interest as provided in Article 5(f). The CUSTOMER's obligation shall end on CUSTOMER providing an authenticated copy of the TDS certificate.

For the above purposes, information pertaining to Antrix is provided as below:

PAN Number: AABCA4500B and
TAN Number: BLRA01098G

- b. Any commercial or service tax leviable for providing the provision capacity by any governmental authority shall be borne by the CUSTOMER. Antrix shall invoice the same along with the provision charges.
- c. Any direct or indirect taxes and duties, including revision(s) if any, to the existing tariffs, levied by any governmental authority towards provision of transponder capacity shall be borne by the CUSTOMER.

As per existing provisions of the Income Tax Act, 1961, DOS through Antrix is required to deduct and withhold tax on amounts payable to Singtel under its Agreement with Singtel, as aforesaid. As Singtel has not applied for and obtained a Permanent Account Number (PAN number) from the Income



Tax Authorities in India as per the Income Tax Act, 1961 as amended from time to time. DOS/Antrix is required by law, to deduct and withhold income tax at source on such payments to Singtel at the prevalent rates, (currently 20% of the transponder provisioning charges). The Parties unconditionally agree that the amount/quantum of income tax that is required to be deducted at source, by DOS/Antrix, shall be paid by the CUSTOMER to DOS/Antrix, over and above the full transponder provisioning charges and Antrix Contract Management Charges agreed between the Parties as per this Agreement. DOS/Antrix shall invoice the CUSTOMER on the full transponder provisioning cost, as applicable and the CUSTOMER shall be liable to pay the entire amounts under the Invoice to Antrix. For avoidance of any doubt, the CUSTOMER shall pay DOS/Antrix an Indian Rupee (INR) equivalent of US\$ 3318 per MHz per month, at the foreign exchange rate prevalent at the time of payment for the sub-provisioning of 10 x 54 MHz Transponder capacity on ST-2, which includes the full cost of the transponder capacity, reimbursement of Income Tax Withholding and Antrix Contract Management fees

- d. CUSTOMER shall indemnify ANTRIX and hold ANTRIX harmless at all times against all liabilities whatsoever incurred or suffered by ANTRIX in respect of any Taxes, imposts, duties, interests, penalties, charges or otherwise levied or imposed on ANTRIX by reason of performance of this Agreement (including all reasonable professional fees being incurred thereof), by payment of the appropriate amount to ANTRIX on its first demand with proof of the demand by the relevant Tax Authority.

ARTICLE 7. Termination

A. Mutual Termination:

Either Party may terminate this Agreement with immediate effect by giving written notice to the other upon the occurrence of any of the following events:

- (i) the retirement of the Serving Satellite from operation by Singtel as a result of end of operational life or any other technical reasons, including without limitation, a failure of a significant percentage of the transponders on the Satellite to operate successfully;
- (ii) the total destruction or loss of the Serving Satellite; or
- (iii) the other Party becomes insolvent, makes an assignment for the benefit of its creditors, ceases to function on a going concern basis,



or files or initiates proceedings (or has proceedings filed or initiated against it that have been admitted by a Court of law or other Competent Tribunal) seeking liquidation or such other relief (such as appointment of receiver, liquidator or any such official) under any bankruptcy or insolvency act/law.

B. Termination by CUSTOMER:

- (i) Except as expressly provided in Article 7(A), Article 7(B) and Article 10(d)(i) and otherwise in this Agreement, the CUSTOMER shall not terminate the Capacity and/or Agreement at any time after the date of this Agreement.
- (ii) CUSTOMER may terminate the Capacity (in part or in full) at any time after the Commencement Date of Service of this Agreement by giving at least nine (9) months prior notice to DOS. In the notice, CUSTOMER shall specify the Effective Date of Termination ("ETD"). In the event of such termination in full or in part, as the case may be, the CUSTOMER shall pay DOS the Early Termination Charges as liquidated damages for such default and not as a penalty, in respect of that Capacity terminated.
- (iii) Notwithstanding any of the provisions above, CUSTOMER agrees that such termination would be effective only upon acceptance by Singtel.

C. Termination by DOS

- a. DOS shall not terminate this Agreement either in whole or in part during the Service Period except for reasons in the paragraph below.
- b. CUSTOMER understands and accepts that timely payment is the essence of this Agreement. DOS may terminate the Capacity and/or the Agreement with immediate effect by giving written notice to CUSTOMER in the event that:
 - (i) CUSTOMER fails to pay any amount due hereunder for any one month and does not rectify the payment default despite being served with a written notice from Antrix, requesting the CUSTOMER to settle the dues, Antrix, as Contract Manager, shall encash the Bank Guarantee (BG).
 - (ii) CUSTOMER breaches a provision of this Agreement, fails to perform any obligation hereunder or makes a representation and



does not (in relation to a breach or failure that is reasonably capable of cure) cure such breach or failure within twenty (20) days after receipt of written notice from DOS.

- (iii) The decision of DOS to encash the Bank Guarantee and terminate the Agreement, under the above contingencies shall be final and binding on the CUSTOMER.
- (iv) In the event that the Agreement is terminated or provision of transponder capacity is blacked out for reasons attributed to Article 7Cb (i) and (ii) above DOS shall, in addition to termination of this Agreement, have the right to "Blacklist" and withhold further allocation of space segment capacity to the CUSTOMER or its Associate / Group / Sister Company(ies) if any, related to space segment capacity for a further period of three years till full payment is liquidated by CUSTOMER, to the satisfaction of DOS/ANTRIX. Further, DOS reserves its right to inform appropriate Regulatory Authorities including DOT/MIB/NOCC/WPC, as applicable for suitable action, including cancellation of CUSTOMER licenses already issued and deny permission for any fresh licenses.
- (v) Termination of the Agreement on the basis of the above shall not absolve CUSTOMER of its liabilities to pay under the Agreement.
- (vi) Further, in the event of such termination, in full or in part, as the case may be, the CUSTOMER shall pay DOS the Early Termination Charges as liquidated damages for such default and not as a penalty, in respect of that Capacity terminated.

In connection with a termination of this Agreement for the reasons set forth in paragraphs above, the CUSTOMER shall within fifteen (15) days of the termination date pay DOS Early Termination Charges.

D. CUSTOMER's Acknowledgment

CUSTOMER acknowledges and agrees that it accepts the Transponder Capacity with such pre-estimated liquidated damages related to cancellation and/or early termination in view of space segment, transponder and/or satellite used for the provision of the Capacity contemplated under the Agreement being a commodity in limited supply.



E. Vacation of Capacity upon Termination

Upon expiration of this Agreement or termination of the Capacity and/or this Agreement (in whole or in part) either by CUSTOMER or DOS, the use of the Capacity so terminated / expired shall revert to DOS unconditionally.

ARTICLE 8. Payment

- a. All invoices for payments due shall be sent to CUSTOMER at the following address:

Mr. Avanti Kanthaliya, CFO
Videocon d2h Limited
1st Floor, Tech Web Building
New Link Road
Oshiwara,
Mumbai, 400102, India
Fax No. - +9122 42555050
Mobile: +919987680055
Email: avanti.kanthaliya@d2h.com

- b. All sums payable to DOS under this Agreement shall be paid, on or before the Payment Date, through RTGS (as per details given below):

Name of Company	: ANTRIX Corporation Limited
Bank Name	: Canara Bank
Account Type	: Current Account
Branch address	: RMV Extension, Bangalore 560 080
Account No.	: 0888201000767
MICR Code	: 560015048
NEFT & RTGS IFS Code	: CNRB 0000888

The CUSTOMER shall inform Antrix about the fund transfer (via email or telephone call) immediately after the fund is transferred in bank account followed by letter by post to :

Sr. Head Accounts and IFA
ANTRIX Corporation, ISRO HQ, Department of Space
Antariksh Bhavan,
New BEL Road, Bangalore 560 231



- c.

Any installment of the Service Charges which remains unpaid at the relevant Due date and until the Grace Period of ten (10) days will bear interest equivalent to 1.25% per month (hereinafter, the "Interest Rate"). For payments received beyond the Due date and the Grace period, it is understood that the penal interest shall be charged from the Due date and up to and including the date of receipt of payment at ANTRIX.
- d.

All bank charges (for remittance) by CUSTOMER's bank shall be borne by CUSTOMER and the charges at the recipient bank shall be paid by ANTRIX.
- e.

CUSTOMER shall provide complete details and copies of certificates related to the 'Tax deducted at Source' at the time of making payment against ANTRIX invoices by e-mail & registered post.

ARTICLE 9. Force Majeure

- a.

Neither of the Parties hereto shall be liable for any failure or delay in the performance of its obligations hereunder if such failure or delay is due to Force Majeure as defined in this Article, provided that notice thereof is given to the other Party within fifteen (15) calendar days after such event has occurred.
- b.

The term "Force Majeure" as used in this article means an event beyond the reasonable control and without the fault or negligence of the party concerned, and includes without limitation, acts of God, meteorological/ atmospheric occurrences or disturbances (including sun outbursts, sun outages and electromagnetic storms) or other natural events; irreparable satellite component failure, regardless of the cause(s) of such failure; externally-caused interference; damage caused by space debris; acts of Government in its sovereign capacity, Governmental or regulatory authority (including any law, rule, order, regulation, or direction of any government or government instrumentality, or of any civil or military authority, or the failure to grant or continue, or any action to revoke or resulting in a materially adverse change to the terms of, the orbital slot and/or other licenses/authorizations/approvals required in respect of the Serving Satellite); national emergencies; insurrections riots; act of war; contractual obligations under the Antrix-Singtel Agreement, quarantine; restriction;; any Transponder Failure, (if applicable) and such other similar events.

In the event of failure or delay in the performance of this Agreement arising out of an event of Force Majeure, which cannot be resolved within fifteen (15) days after notification of the Force Majeure given pursuant to Article



9(a), then either Party shall be entitled to terminate this Agreement to the extent only of the Capacity failure. In case of such termination of this Agreement, whether in full or in part, by reason of a Force Majeure Event, then the CUSTOMER shall be liable to pay the Service Charges in respect of the terminated Capacity till the date of commencement of the Force Majeure and shall not be liable to pay any Early Termination Charges in respect of that Capacity.

ARTICLE 10. Liability for Damages and Limitation of Damages

- a. To the extent permitted by law, and other than the remedies expressly provided for in this Agreement, DOS shall not be liable in any way to the CUSTOMER, whether in contract, tort (including negligence), statute or otherwise, for any direct or indirect economic or financial loss or damage (including loss of revenue or profits) howsoever caused or arising, including but not limited to any such loss or damage caused or arising from: (a) any breach or failure to perform any obligations under this Agreement; (b) any externally caused transmission interference, satellite failure, delay in the commencement or provision of the Capacity, loss or degradation as a result of a migration of capacity or satellite migration or satellite malfunction; (c) loss or destruction of any CUSTOMER equipment regardless of the cause (including where caused or contributed by one or more negligent acts or omissions of DOS and/or Singtel).
- b. DOS shall not be liable to CUSTOMER for any loss or damage sustained by the CUSTOMER, its interconnecting carriers or its sub-customers, by reason of any failure in or breakdown of Singtel's communication facilities or those of the CUSTOMER, underlying carriers, or third parties associated with providing the Capacity, or for any interruption or degradation of the Capacity whatsoever the duration or the cause of such failure, breakdown, interruption or degradation.
- c. CUSTOMER understands and accepts that as the satellite operator, Singtel may, without liability, retire the Serving Satellite if: (i) fifty percent (50%) or more of the transponders on Serving Satellite have failed or are for any reason unusable; (ii) the Serving Satellite station-keeping fuel (required to meet ± 0.05 degrees) becomes depleted to a level sufficient only to ensure removal of Serving Satellite from its assigned orbital position; (iii) required to do so by any governmental authority with appropriate jurisdiction; (iv) Singtel reasonably determines that (ii) above can be delayed by moving the Serving Satellite into an inclined orbit; or (v) Singtel determines that special circumstances require the Serving Satellite's retirement and obtains



such governmental authority as it is required for such retirement. On the date of retirement of the Serving Satellite, all subsequent performance obligations of the Parties under this Agreement shall terminate. If Singtel decides to retire the Serving Satellite prior to the expiration of this Agreement, DOS, shall use all reasonable efforts to provide CUSTOMER with written notice of such decision as far in advance of the retirement date as circumstances allow.

- d. If there is a Transponder Failure, owing to
- (i) a fault not attributable to the CUSTOMER, DOS shall use its reasonable endeavors to restore (which may or may not involve the activation of TWTA per Article 4 above) or substitute the Capacity as soon as reasonably practicable. Substituted capacity provided shall have similar technical performance and other specifications as defined in Exhibit A. In the event DOS is unable to restore or substitute the capacity within twenty (20) days then the Service Charges shall be proportionately reduced from date of such Transponder Failure based on the affected Capacity (or Capacity, as the case may be) and such termination shall be its sole remedy against such failure and the CUSTOMER shall continue to utilize the remaining Capacity as per the terms of this Agreement. In such an event, the CUSTOMER'S liability to DOS for termination shall be to pay the monthly recurring charges and any other fees and charges due up to and including the effective date of termination of the affected Capacity (or Capacity, as the case may be), without any liability to pay Early Termination Charges;
 - (ii) a fault attributable to the CUSTOMER, DOS shall not be liable to the CUSTOMER for the resulting failure, disruption or degradation of Capacity and the CUSTOMER shall continue to be liable for all fees and charges payable by the CUSTOMER for the Capacity despite the failure, disruption or degradation of Capacity.
- d. CUSTOMER shall indemnify and hold DOS harmless from any loss, damage, liability or expense arising from:
- (i) Any commission or omission on the part of CUSTOMER, its users, contractors, agents, employees or persons claiming through the CUSTOMER in connection with libel, slander, invasion of privacy, or infringement of copyright or any other claims or actions arising from the use of the Capacity by the CUSTOMER or the content carried thereon;



- (ii) Infringement of patents arising from (a) combining with or using in connection with, the Capacity, apparatus and systems of CUSTOMER, its users, customers, contractors, lessees, agents or assignees; (b) use of the Capacity in a manner not contemplated by Singtel and over which Singtel exercises no control;
 - (iii) Violation of the laws of India or any other country or damage to any third party arising from the use of the Capacity by the CUSTOMER;
 - (iv) Failure on the part of the CUSTOMER to obtain and keep in force necessary permissions / licenses / clearances from any authority concerned.
 - (v) Non-compliance of any rules, terms and conditions laid down by TRAI, DOT, Ministry of Information and Broadcasting or any authority as may be applicable.
- e. The provisions in this Article shall survive the expiry or termination of this Agreement.
- f. No warranties, express, implied, or statutory, including any warranty of merchantability or fitness for a particular purpose, apply to the Capacity.
- g. To the extent that any of DOS's limitations of liability in Article 10 are not permitted by law, then DOS aggregate cumulative liability to the CUSTOMER whether in contract, tort (including negligence or breach of statutory duty) or otherwise for any and all losses, damages or liabilities caused or arising from any breach, failure or default of DOS to perform any of its obligations or duties to the CUSTOMER with respect to the Capacity shall not in aggregate exceed the amount equal to only those fees and charges in respect of the Capacity which are prescribed and imposed with reference to any time frame or interval (but not usage) for the period of one month immediately preceding such breach, failure or default on the part of Singtel has arisen.

Article 11. Operational Requirements

- a. CUSTOMER shall be responsible to ensure that all the requisite clearances for operating the earth stations and terrestrial facilities, which use the Capacity, are obtained. These earth stations shall be operated and maintained in accordance with all the applicable provisions, including Satellite User's Guide set out at Exhibit C, suggested by Singtel. The operations, procedures, technical standards and/or satellite access procedures are subject to change. DOS is not responsible to CUSTOMER if such a change affects or requires modification of any facility, CUSTOMER



equipment, or CUSTOMER communication systems in order to be used with the Capacity. If such change can be reasonably expected: (i) to materially affect the operating or transmission characteristics of the Capacity, or (ii) to render any CUSTOMER equipment or CUSTOMER communications system incompatible with the Capacity, DOS shall use reasonable efforts to provide adequate notice, in writing, to allow Customer an opportunity to maintain uninterrupted Capacity. DOS shall have no obligation to change or modify any of its components, operations or procedures to be compatible with those of Customer.

- b. Unless otherwise specified in the Agreement, DOS shall not provide any terrestrial facilities as part of the Capacity and CUSTOMER shall be solely responsible for the installation, licensing, and maintenance of any terrestrial facilities used to communicate with ST-2. CUSTOMER warrants to DOS that all licenses/approvals required to operate such terrestrial facilities, if any, have been obtained or shall be obtained prior to the start date of the Capacity. CUSTOMER shall indemnify DOS from and against any liabilities that Singtel may incur as a result of CUSTOMER's failure to obtain such licenses/approvals.
- c. For purposes of ensuring that the transmission by CUSTOMER is within the acceptable levels of operating parameters, DOS may monitor the transmission of the Capacity.
- d. CUSTOMER shall ensure that any transmission facility used to access the Serving Satellite is at all times capable of ceasing transmission immediately upon CUSTOMER'S telephone and/or fax notice. DOS may, but is not obligated to, inspect CUSTOMER-provided facilities to confirm compliance with this requirement.
- e. CUSTOMER shall not interfere with the use of or cause harm to: (i) the Serving Satellite, transponder, or space segment; or (ii) any backup satellite, transponder, or space segment to which CUSTOMER is given access pursuant to the Agreement. DOS shall enable Singtel with the right to take immediate action, including suspending or terminating the Capacity on the affected transponder and/or space segment, in order to protect the provisioned Capacity and/or interests. If Capacity is so terminated and the cause of which is attributable to the Customer, CUSTOMER shall pay for: (i) any improper illumination charges assessed; (ii) Capacity received through the time of termination; and (iii) any Early Termination Charges stated in Article 7B above,
- f. CUSTOMER's transmissions to the Serving Satellite shall in all material respects comply with all laws applicable to it regarding the operation of the Serving Satellite, Transponder, and/or space segment, as well as any backup satellite, transponder, or space segment(s) to which CUSTOMER



may be given access pursuant to the Agreement. DOS reserves the right to get the satellite frequency signals monitored to ensure that the technical standards required by Singtel are met.

- g. DOS may at any time perform Capacity testing on the Serving Satellite ("Capacity Testing") if DOS (i) provides CUSTOMER with a minimum of seven (07) hours prior notice, and (ii) makes reasonable efforts to coordinate such Capacity Testing with CUSTOMER to minimize disruption of CUSTOMER'S use of the Capacity. DOS will minimize Capacity Testing to the greatest extent practicable and will not perform such Capacity Testing unless necessary to: (i) maintain or initiate new Capacity on the Serving Satellite, and/or (ii) otherwise prudently manage its satellites.
- h. DOS may, at its sole discretion and at any time, perform testing on the Serving Satellite other than Capacity Testing ("Emergency Testing") in the following circumstances (i) for the purpose of restoring or determining the cause of an interruption to or failure of a component or subsystem on the Serving Satellite; (ii) in response to an order of any court, tribunal or other administration having appropriate jurisdiction; (iii) to determine the cause or source of any interference; (iv) to protect overall satellite performance; and/or (v) to properly coordinate with other satellite users or operators and, in such circumstances, DOS through Singtel will endeavor to provide CUSTOMER with as much notice of the Emergency Testing as practicable in the circumstances.
- i. If DOS detects any Improper Illumination (as defined hereinafter) of any Transponder and/or space segment provided under this Agreement, it shall notify CUSTOMER by calling the CUSTOMER provided telephone number(s) for notice of Improper Illumination ("Customer Notification Number") within five (5) minutes of such notification, CUSTOMER shall take immediate corrective action to stop the Improper Illumination. DOS reserves the right to suspend or terminate the Capacity on the affected Transponder and/or space segment for any Improper Illumination that continues beyond the five minute period but not exceeding forty five (45) minutes after notification or attempted notification if there is no answer at the Customer Notification number (it being understood and agreed that it is CUSTOMER's responsibility to provide DOS with a Customer Notification number at which DOS can contact CUSTOMER twenty-four hours per day, seven days a week, 365/366 days per year). In addition, DOS shall have the right to take immediate action, including suspending or terminating the Capacity on the affected Transponder and/or space segment, in order to protect DOS's services and/or interests. If Capacity is so terminated, CUSTOMER shall pay for Capacity received through the time of termination and any Early Termination Charges as stated in Article 7b.



- For the purposes of this Agreement, "Improper Illumination" means (i) transmissions other than as specified in the transmission parameters set out in the Satellite User Guide set out at Exhibit C, (ii) transmissions at an incorrect frequency, (iii) transmissions at excessive power levels, and/or (iv) any illumination that could cause harm or interference to any Transponder or space segment on the Serving Satellite or to any other satellite.
- i. The CUSTOMER shall comply strictly with the link budget i.e. the technical calculation specified by Singtel at Exhibit A.

ARTICLE 12: Governmental Regulations

- a. At all times during this agreement, the CUSTOMER agrees to comply and remain in compliance with all applicable laws, rules and regulations relating to or affecting the performance of its obligations hereunder and shall secure and maintain in full force and effect all licenses, permits and authorisations from all concerned Governmental agencies to the extent the same are required and necessary for the performance for the performance of its obligations to the satisfaction of DOS.
- b. This agreement shall always be subject to the terms of the various broadcast guidelines and policies in force and of licenses, permits and authorisations as may be required from time to time.
- c. CUSTOMER understands and agrees that DOS is under no obligation to grant migratory or other regulatory clearances, either for business expansion or for other purposes, including addition / new channels, under any Agreement with DOS or with any foreign satellite operators, if the CUSTOMER has outstanding dues to be paid to DOS under Agreement with DOS for provision of space segment / Transponder capacity.

ARTICLE 13. Use of Capacity

- a. CUSTOMER shall ensure that its utilisation of the Capacity is not and will not constitute a breach of any applicable laws, rules and regulations governing the CUSTOMER, and any order(s) and/or direction(s) imposed by the Indian Government and/or the concerned authorities in India, including those governing the content of programming of any television transmission that is transmitted by CUSTOMER.
- b. CUSTOMER shall further assure that it shall abide by the technical procedures laid down by DOS/Singtel for the usage of the Capacity, as



detailed in Exhibit C, hereto.

ARTICLE 14. Availing of Transponder Capacity

- a. CUSTOMER shall ensure that its utilization of the Capacity is not and will not constitute a breach of any applicable laws, rules and regulations imposed by any governmental and regulatory authorities either in India or in the countries where the obligation hereunder will be performed by CUSTOMER including those governing the content of programming of any television transmission that is transmitted by CUSTOMER.
- b. CUSTOMER shall ensure that the availing of the Capacity does not and will not constitute a breach of any applicable laws, rules and regulations imposed by any governmental and regulatory authorities in countries outside India including those governing the content of programming of any television transmission that is transmitted by CUSTOMER.
- c. CUSTOMER undertakes to utilize the capacity for the specific purposes for which the transponder capacity is provided. CUSTOMER understands and agrees that any use of transponder capacity for purposes other than that specified above shall constitute material breach of this Agreement and shall entail termination of this Agreement without any notice to the CUSTOMER. The decision of DOS shall be final and binding on the CUSTOMER.
- d. CUSTOMER can commence uplinking only after it has obtained all the necessary clearances including that from MI&B, WPC/SACFA and NOCC's type approval for the antennas. It is specifically understood that CUSTOMER assumes responsibility for obtaining the above clearances before the Revised Commencement Date.
- e. The CUSTOMER shall comply strictly with the carrier plan, link budget etc submitted for approvals. CUSTOMER shall further assure that it shall abide by the technical procedures laid down by DOS/SES WORLD SKIES for the usage of the Capacity.
- f. The CUSTOMER will offer full indemnity to DOS in this regard and keep DOS completely harmless against all costs, losses, injuries, damages, etc. that may arise on account of the CUSTOMER's breach of any/all terms and conditions of this Agreement.



ARTICLE 15. Antrix-Singtel Agreement – Acknowledgement of
CUSTOMER

- a. CUSTOMER hereby acknowledges and confirms that that ANTRIX has procured the Capacity i.e., the subject matter of this Agreement from Singtel under an Agreement dated August 01, 2015 bearing No. INSAT(ST-2)-DTH-1B-2015 only for the purpose of enabling DOS to provision this Capacity to the CUSTOMER for its DTH applications. CUSTOMER further acknowledges that it is the final beneficiary of capacity leased to DOS under the Antrix-Singtel Agreement. Further, CUSTOMER agrees and unconditionally accepts that DOS can provide this capacity if and only if such capacity is provided to DOS through Antrix by Singtel.
- b. The CUSTOMER having examined the Antrix-Singtel Agreement in detail confirms that it is aware of the legal and contractual terms and conditions of the Antrix-Singtel Agreement, including the strict nature thereof and unconditionally acknowledges that this Agreement has been executed on a back-to-back basis.
- c. The CUSTOMER hereby confirms and understands that terms and conditions placed upon it in this Agreement is a consequence of the terms and conditions placed upon Antrix under the Antrix-Singtel Agreement and for that reason, the CUSTOMER unequivocally agrees, confirms and acknowledges that any failure of or breach of any terms or conditions of this Agreement by the CUSTOMER, will as a consequence thereof, lead to a breach of the Antrix-Singtel Agreement. The CUSTOMER further acknowledges and confirms that in such an event, Singtel has certain rights and powers in respect of providing Capacity, including the stoppage of services and this situation may give rise to disputes between ANTRIX and Singtel.
- d. The CUSTOMER hereby agrees, confirms and declares that it shall perform and satisfactorily fulfill all its obligations under this Agreement and ensure that there is no breach whatsoever hereof and in case of breach hereof leading to a negative impact upon DOS under the Antrix-Singtel Agreement, the CUSTOMER hereby unconditionally agrees to completely indemnify DOS against all costs, losses, liquidated or other damages, consequences, legal and attorney's fees, penalties, etc. that may incur to DOS on account of action taken by Singtel under the Antrix-Singtel Agreement for breach thereof.
- e. The CUSTOMER is aware that the Agreement dated August 01, 2015 bearing No. INSAT(ST-2)-DTH-1B-2015 between ANTRIX and Singtel is governed by the laws of England & Wales and the Arbitration in case of



disputes, is to be conducted in London in accordance with UNCITRAL Arbitration Rules.

- f. Therefore the Parties hereby unconditionally agree that in the event, any dispute(s) arise which may or may not lead to Arbitration between ANTRIX and Singtel, on account of the CUSTOMER's default of any terms and/or conditions of this Agreement, the CUSTOMER shall keep and hold ANTRIX indemnified and harmless against all costs, injury, damages, losses, etc. that may incur upon ANTRIX, including costs of arbitration and dispute resolution, attorneys fees, other expenses, incidental or otherwise, whatsoever, related thereto. The CUSTOMER also unconditionally agrees that upon the request and instructions of DOS or ANTRIX it shall also participate and/or bear witness, produce documents, etc. in the said arbitration, whenever called upon, at its cost.

ARTICLE 16. Assignment

CUSTOMER shall not assign any of its rights or delegate any of its obligations hereunder.

ARTICLE 17: Sub-lease

CUSTOMER shall not sublease the transponder capacity. For the purposes of this clause, the channels turned around by the CUSTOMER, time slots allotted to third parties, etc. shall not be construed as sub-lease.

ARTICLE 18. Confidentiality

Each Party agrees that it will not disclose (by itself or through any employee or officer) this Agreement or the contents thereof to any person whatsoever, other than as may be required for the performance of obligations or enforcement of the provisions of this Agreement or as specified herein or as may be required in pursuance of any law, regulation, rule or order of any authority (legislative, executive or judicial.). This clause shall continue for the entire duration of this Agreement and for a period of one (1) year after the termination or expiry of this Agreement, including any extension thereof.

ARTICLE 19. Governing Law

This Agreement and the rights and responsibilities of the Parties hereunder, shall be subject to and construed in accordance with the laws of India.



ARTICLE 20. Arbitration

- a. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, shall be first attempted to be resolved by mutual negotiations between the Parties. In the event, the Parties are not able to arrive at an amicable resolution of their disputes within 30 days of receipt of a written notice of such dispute(s), then the dispute(s) shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996.
- b. The Arbitration shall be conducted by a Sole Arbitrator appointed mutually by the Parties. The place of arbitration shall be Bangalore and the Courts in Bangalore alone shall have jurisdiction in that regard. The language to be used in the arbitration proceedings shall be English. The considered decision or award of the arbitral tribunal shall be final and binding upon the Parties to the arbitration proceeding. The costs of the arbitration shall be equally shared by the Parties or as may be directed by the Arbitral Tribunal.

ARTICLE 21. Notices

Any communication concerning this Agreement by each party to the other shall, unless otherwise provided herein, be sufficiently made if sent by registered post acknowledgement due or by hand-delivery with due acknowledgement or by facsimile immediately followed by registered post to the address hereinafter specified, confirmed subsequently by registered post.

CUSTOMER : Videocon d2h Limited
To the Attn of Mr. Himanshu Patil – C.O.O.
1st Floor, Tech Web Building
New Link Road
Oshiwara,
Mumbai, 400102, India
Fax No. - +9122 42555050
Mobile No. – +9198202 21518
Email id – himanshu.patil@d2h.com

DOS : Director
Satellite Communication Navigation Programme Office,
Antariksh Bhavan, New BEL Road
Bangalore 560 231
Tel: +91 80 22172306
Email: sethu@isro.gov.in



ARTICLE 22. Full Agreement

This Agreement constitutes the full understanding and agreement of the Parties concerning the subject matter thereof, and any prior oral or written agreements and understandings of the Parties concerning the subject matter of this Agreement are hereby superseded and terminated except the Non-disclosure Agreement, which shall remain in force during the tenure of this agreement.

ARTICLE 23. Amendment

The terms and conditions of this Agreement shall not be varied except by mutual agreement of the Parties in writing.

In witness whereof the undersigned, duly authorised, have signed this Agreement.

For and On Behalf of
DEPARTMENT OF SPACE



Authorized signatory
Date: K. Sethuraman
Director, SCNP
Indian Space Research Organisation
भारत सरकार, अन्तरिक्ष विभाग
Govt. of India, Dept. of Space
अन्तरिक्ष भवन / Antariksh Bhavan
न्यू बी.एल. रोड / New BEL Road
बैंगलूर - 560 231, भारत / INDIA

For and On Behalf of
CUSTOMER



Authorized signatory
Date:



Exhibit – A

INSAT-ST2 at 88° E

SYSTEM CHARACTERISTICS

Ku band transponders (India coverage):

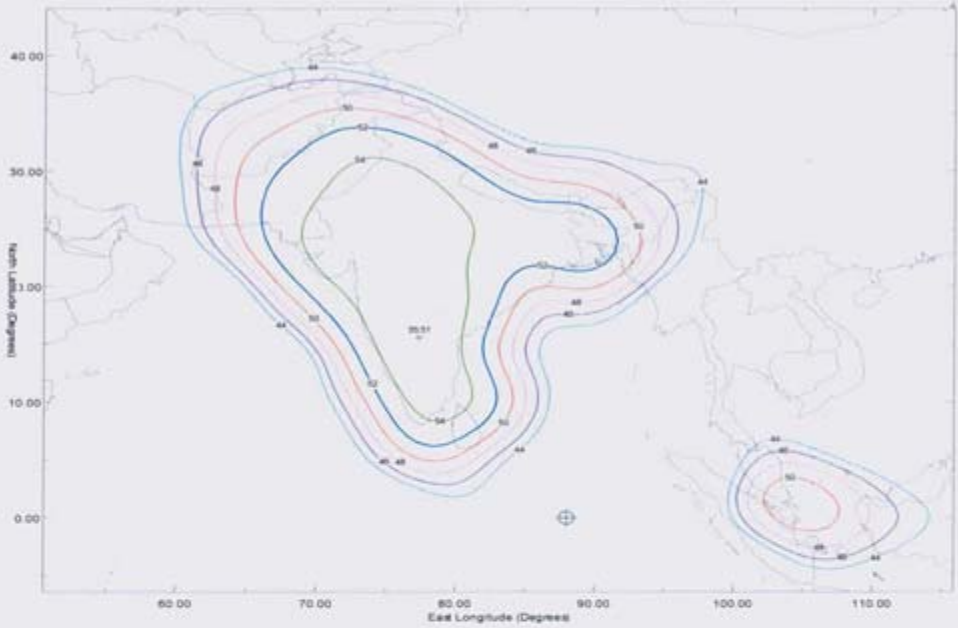
ST-2 Txps.	Uplink Freq (GHz)	Dnlink Freq (GHz)	Polarization Uplink/Downlink
K5A	13.939 – 13.993	11.137 – 11.191	H/V
K6A	14.001 – 14.055	11.456 – 11.510	H/V
K7A	14.064 – 14.118	11.519 – 11.573	H/V
K8A	14.127 – 14.181	11.582 – 11.636	H/V
K9A	14.190 – 14.244	11.645 – 11.699	H/V
K5B	13.939 – 13.993	11.137 – 11.191	V/H
K6B	14.001 – 14.055	11.456 – 11.510	V/H
K7B	14.064 – 14.118	11.519 – 11.573	V/H
K8B	14.127 – 14.181	11.582 – 11.636	V/H
K9B	14.190 – 14.244	11.645 – 11.699	V/H

- Polarization : Linear (Vertical / Horizontal)
- Each Transponder Bandwidth : 54 MHz (usable)
- Coverage Area : India main land
- Nominal EIRP : As per attached plots
- Output power : 150 watts (TWTA)
- Automatic Level Control : Yes
- Satellite Receive G/T : As per attached plots
- Saturation Flux Density : -75 dbW/m2 to -105 dbW/m2
- Polarisation Discrimination : 30 dB minimum

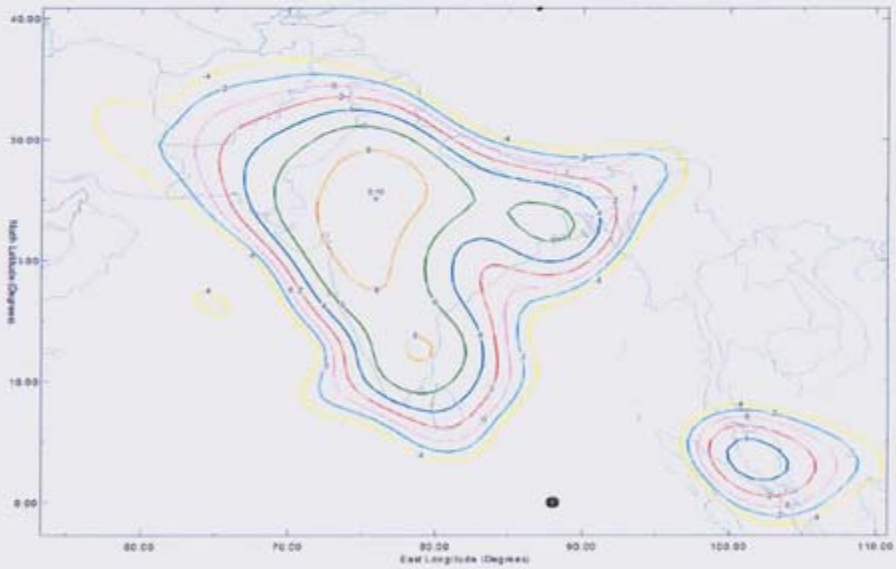
Exact frequencies, EIRP available in allocated bandwidth and other necessary technical details of space segment capacity including coverage area as mentioned in the Frequency Allocation Letter by SCNP.



INSAT ST-2 K2 EIRP footprint:



INSAT ST-2 K2 G/T:



INSAT- ST-2 K-2 Transponder Frequency details are as under:

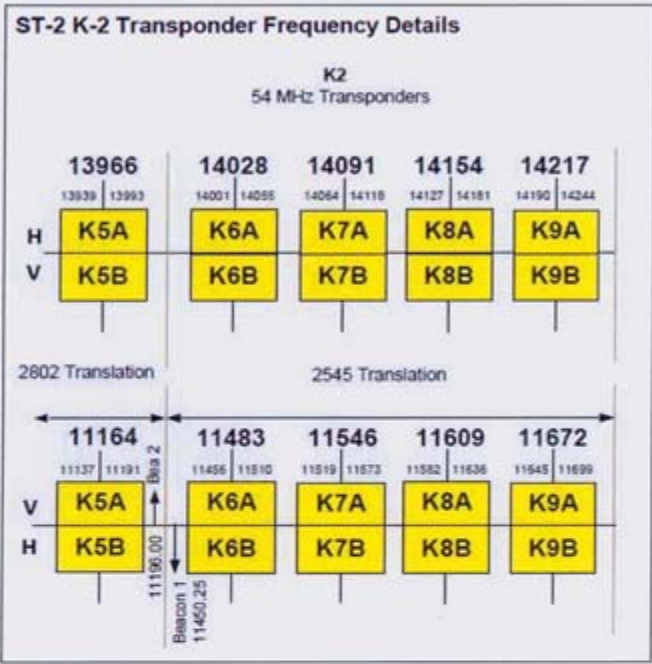


Exhibit –B
Payment Schedule

Use of capacity on INSAT- ST2 satellite system:

Bandwidth (MHz)	Service Term	Price / MHz / Month (USD)	Due date for Payment
10x54 MHz	August 01, 2015, to July 31, 2018	3318	In advance, by the fifteenth (15th) day of the month in question, for the provision of Capacity for that respective month

***Note: Payments to Antrix shall be made in INR, at the prevailing Customs notified FE rate, as per the details provided in the invoice.**

Terms:

1. Upon signing of the agreement, CUSTOMER shall submit an irrevocable bank guarantee from a nationalized bank or scheduled commercial bank of good national repute for a value of USD 61,27,500* in equivalent INR Rupees, (equivalent to 25% of annual provision charges) for 10X54 MHz capacity. Such a Bank Guarantee shall be valid for a term of entire agreement term with a claim period of an additional three months. For this purpose, SSC includes Space Segment charges, applicable taxes and interest, if any for delayed remittance of SSC. CUSTOMER shall appropriately revise the bank guarantee value proportionately in accordance with increases/decrease in bandwidth or increase/decrease in provisioning rates in future.
- *The Customer has already submitted a bank guarantee no. 0393BGFD000316 dated 05-05-2015 for the amount of Rs. 38,00,00,000/-, valid till 04-05-2018 and claim period till 03-11-2018, vide agreement no. INSAT-ST2 / Ku / DTH / 01 / 2012 dated April 19, 2012. The amendment to Bank guarantee for increasing the value, as above, shall be submitted by the Customer at the time of signing this agreement.*
2. ANTRIX shall use reasonable endeavours to deliver an invoice to CUSTOMER fifteen (15) Business Days prior to the payment Due date. The CUSTOMER shall make the payment as per Article 5b and 5c. Such invoices shall be sent to the attention of :



Mr. Avanti Kanthaliya, CFO
Videocon d2h Limited
1st Floor, Tech Web Building
New Link Road
Oshiwara,
Mumbai 400 102, India
Fax No. – 0 22 4255 5050
Mobile: 0 99876 80055
Email: avanti.kanthaliya@d2h.com

3. For the avoidance of doubt, the obligation of CUSTOMER to pay the Charges shall arise regardless of whether an invoice or other notice of such payment from ANTRIX has been given to CUSTOMER.
4. Above price is exclusive of service tax and educational cess. NOCC charges shall be remitted from customer directly to concerned authorities.
5. Above price includes Withholding tax at the currently applicable rate at 20%, that is payable by SINGTEL and Antrix management charges at 7.5%.
6. All payments and charges payable by the CUSTOMER to DOS under the Agreement shall be subject to Indian Income Tax withholding, deductible at source, as may be applicable. CUSTOMER shall provide to ANTRIX the original TDS certificate along with the payment, as outlined in Article 6a.
7. Any direct or indirect taxes and duties, (any Income Tax / TDS / Tax under DTAA / any duties / taxes / levies, etc) including revision(s) if any, to the existing tariffs, levied by any governmental authority towards provision of transponder capacity that becomes payable by Antrix to or on behalf of SINGTEL, by virtue of this Service with SINGTEL shall be fully reimbursable by CUSTOMER. ANTRIX shall invoice the same along with the lease charges.
8. Payments to Antrix shall commence from Service Commencement Date and shall be made in INR, at the prevailing Customs notified FE rate, as per the details provided in the invoice.
9. CUSTOMER shall be liable to pay the provision charges based on the Rupee/Dollar conversion rate applicable on date of invoicing to CUSTOMER. In the event of a variation between the Rupee/Dollar conversion rate at which ANTRIX has invoiced the CUSTOMER and the rate on the date of payment by ANTRIX to Singtel, such variations shall be adjusted on a quarterly basis and shall be payable by/reimbursed to CUSTOMER, as appropriate. The Due date for remittance of exchange variation shall be paid within fifteen (15) days from the receipt of the respective debit / credit notes as per relevant



exchange variation invoice. Any late payment shall attract interest at the rate mentioned in Article 5f. Any excess remittance shall be adjusted in the subsequent month's invoice.

10. The Rupee-Dollar conversion rate shall be the one prevailing on the date of payment by ANTRIX to SINGTEL. Any variations in the FE rate shall be consolidated (along with corresponding service tax variations, due to FE fluctuations) and invoiced to CUSTOMER for payments.
11. The CUSTOMER shall pay to DOS in accordance with Article 5, through RTGS (as per details given below):

Name of Company

Bank Name

Account Type

Branch address

Account No.

MICR Code

NEFT & RTGS IFS Code

: ANTRIX Corporation Limited

: Canara Bank

: Current Account

: RMV Extension, Bangalore 560 080

: 0888201000767

: 560015048

: CNRB 0000888

The CUSTOMER shall inform Antrix about the fund transfer (vide email or telephone call) immediately after the fund is transferred in bank account followed by letter by Post to:

Sr. Head Accounts & IFA
Antrix Corporation Ltd
Antariksh Bhavan
New BEL Road
Bangalore 560 231.

12. Antrix Corporation Limited, a 100% owned company of Department of Space, shall be the Contract Manager to administer the above said agreement in its entirety and is vested with all powers under this agreement including issue of legal notice and initiating other legal measures.



Exhibit C

Satellite User Guide

CUSTOMER shall observe the following operating procedures required to initialize an earth station and commence normal carrier operations on the space segment of the ST-2 Satellite.

- a. **Transmitted Carrier(s)** : - The transmitted carrier(s) shall be operated within accepted industry standards and shall be within allocated satellite bandwidth.
- b. **Transmit Power** : - DOS shall authorize a particular transmit power (EIRP) of the transmitting earth station. If the CUSTOMER calculates the particular transmit power, DOS shall review and approve the particular level before CUSTOMER commences access to the satellite.
- c. **Carrier Dispersal** : - CUSTOMER is required to provide enough modulation at all times such that the downlink power flux density at the surface of the earth from the ST-2 Satellite shall not exceed the limits set by the ITU Radio regulations.
- d. **Polarization Isolation (Transmitting earth station)** :- Isolation between orthogonal cross-polarized signals shall be at least 30dB. The polarization adjustment of the earth station antenna relative to the satellite shall be maintained to an accuracy of ± 1.0 Degree.
- e. **Carrier Line Up** : - A line up test with ST-2 Satellite must be performed for each uplink antenna and each carrier assigned. Once the line-up test for the given carrier and antenna is completed, the carrier may not need to be re-tested even though it is not operated continuously.

The line-up test includes two parts. The first part includes the normal cross polarization checks and adjustments of the uplink earth station antenna and the calibration of the carrier's uplink power level and frequency to assure the correct receive level (C+N/N) as specified in the transmission plan and/or link budget. The second part includes the normal coordination with the adjacent satellites to assure compliance with coordination agreements and to ensure no harmful interference to adjacent satellites is created by operation of the carrier on ST-2 Satellite.



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Section 3: EX-4.2(G) (EX-4.2(G))

Exhibit 4.2(g)

Agreement No: INSAT-ST2 / Ku / DTH / 02 / 2015

between

Videocon d2h Limited

and

**Satellite Communication and Navigation
Programme Office (SCNP)
Department of Space
Government of India
New BEL Road
Bangalore 560 231**

for

**Provision of Ku-band Space Segment Capacity
in INSAT-ST2 System**

Date: December 04, 2015



**AGREEMENT FOR THE PROVISION OF Ku-BAND SPACE SEGMENT
CAPACITY IN THE INSAT-ST2 SYSTEM**

This Agreement No: INSAT-ST2 / Ku / DTH / 02 / 2015 is entered into on this 04 day of December, 2015 by and between

THE PRESIDENT OF INDIA
acting through and represented by the
SECRETARY, DEPARTMENT OF SPACE, GOVERNMENT OF INDIA,
hereinafter referred to as "DOS" (which expression shall unless excluded by
or repugnant to the context be deemed to include its successor and assigns)
of the ONE PART

and,

Videocon d2h Limited, erstwhile Bharat Business Channel Limited,
a company incorporated under the Companies Act 1956
having its registered office at
Auto Cars Compound, Adalat Road,
Aurangabad-431005, Maharashtra
India;

hereinafter referred to as "CUSTOMER" (which expression shall unless
excluded by or repugnant to the context be deemed to include its successors
in business and permitted assigns) of the OTHER PART;

WITNESSES AS FOLLOWS:

- I. WHEREAS, CUSTOMER has requested Satellite Communication and Navigation Programme Office (SCNP), under the Department of Space (DOS) for provision of Ku-band capacity for the purpose of meeting its DTH requirements;
- II. WHEREAS, SCNP / DOS has requested ANTRIX to explore the availability of such Ku band capacity in India from global vendors;
- III. WHEREAS, Antrix, vide its Public Tender Ref.: Antrix/PT/2012-13/01 dated 17-08-2012 had floated an RFP Ref.: Antx/Ku Band/64/2014-15 dated December 2014 to global vendors with the specific purpose of exploring and empaneling all probable transponder providers for a period of two years;



- IV. WHEREAS, Singtel, being one of the respondents to this RFP, had submitted the offer of Ku bandwidth on ST 2, at 88 deg E, for DTH services, with certain technical specifications;
- V. WHEREAS, the CUSTOMER, having sufficiently evaluated the technical specifications, has accepted the offer of Ku bandwidth on ST 2 at 88 deg E for its DTH services;
- VI. Accordingly, ANTRIX having procured such capacity from Singtel under an Agreement dated December 04, 2015 bearing No. INSAT(ST-2)-DTH-1C-2015 has provided such Ku band space segment to DOS, in order to provision the same to CUSTOMER;
- VII. WHEREAS, DOS, through ANTRIX having received the Ku band capacity in the ST2 satellite system from Singapore Telecommunications Limited, Singapore (herein after referred to as "Singtel") under an Agreement dated December 04, 2015 bearing No. INSAT(ST-2)-DTH-1C-2015, in order to provide the same to CUSTOMER, has agreed to the request of CUSTOMER and has decided to make available to CUSTOMER, on a back to back provision basis, its space segment capacity in the ST2 satellite system (henceforth, called as INSAT-ST2 Satellite system) for such purpose under appropriate terms and conditions contained herein;

WITNESSES AS FOLLOWS:

NOW, THEREFORE, in consideration of these promises and of the mutual promises and of the Parties contained herein, the Parties hereto agree to be bound unconditionally to the following terms and conditions:

ARTICLE 1. Definitions

As used in this Agreement:

"Antrix-Singtel Agreement" means the Agreement dated December 04, 2015 bearing No. INSAT(ST-2)-DTH-1C-2015 entered into between Antrix Corporation Ltd. and Singapore Telecommunications Limited, Singapore for lease of Ku-Band Space Segment Capacity.

"Capacity" means the 72 MHz (2 x 36 MHz) clean, interference free and bare Ku-band transponder bandwidth, with transponder frequency management and Power Equivalent Bandwidth, to be provided on the K3A and K3B of ST-2 Transponders.



"Commencement Date of Service" subject to Article 2, in respect of the Capacity for two 36 MHz each ST-2 Transponders; on the K3A and K3B shall be the date of Allocation letter i.e. December 04, 2015.

"Early Termination Charges" means, in relation to Capacity that is cancelled (prior to the Commencement Date of Service) or terminated by the CUSTOMER prior to the end of the applicable Service Period(s), 100% of all fees and charges (monthly recurring or otherwise) for the balance of the Service Period(s).

"Payment Date" means the Due date specified in this Agreement for payment of any sum payable by the CUSTOMER to DOS under this Agreement.

"Power Equivalent Bandwidth" means the amount of total power used by the carriers, being represented as a bandwidth equivalent. In a single 36 MHz transponder transmission, the total PEB refers to the saturation power of the transponder."

"Service Charges" means the recurring charges payable by the CUSTOMER in respect of the Capacity as per Exhibit B hereto.

"Service Period" means the period(s) for which the CUSTOMER must acquire Capacity on the respective Transponder, commencing from the Commencement Date of Service until December 03, 2018.

"Serving Satellite" means the satellite designated by Singtel to provide the Capacity, including the ST-2 Satellite or any satellite used in substitution or replacement of the same.

"ST-2 Satellite" means the communications spacecraft designated as ST-2 and operated by Singtel at the 88°E geostationary orbital location.

"ST-2 Transponders" means the Transponders of 36 MHz on the ST-2 Satellite as further described in Exhibit A.

Singtel shall mean "Singapore Telecommunications Limited, Singapore, the satellite operator providing the transponder capacity on ST-2 satellite system.

"Transponder" means any 36 MHz Ku-band radio frequency transmission channels on the Serving Satellite through which Singtel shall provide the Capacity.



"Successfully Operating Transponder" means a transponder which is operational and fully meets and satisfies the technical specifications as per Exhibit – A hereto.

"Transponder Failure" means, with respect to any Transponder, such Transponder fails to provide Capacity (or part thereof) that meets the technical specifications as per Exhibit A in any material respect for any period of three (3) consecutive days. For purposes of this definition, measurement of periods of failure shall commence when the signal has been vacated to permit verification of the existence of the failure by DOS/Singtel.

ARTICLE 2. Transponder Capacity

- a. In accordance with the terms and conditions of this Agreement, including all of its Exhibits (Exhibits A, B and C) which form part of this Agreement, DOS shall provide and the CUSTOMER shall take on lease the Capacity for the relevant Service Period for transmission purposes within India.
- b. CUSTOMER and DOS agree that the transponder capacity shall be utilized in accordance with this Agreement and its Exhibits.
- c. CUSTOMER and DOS agree that DOS make the Capacity available to CUSTOMER on a 24-hour, seven-day-per-week basis, for a period of three years (3) from the commencement date of Service during the entire Service Period i.e., until December 03, 2018.
- d. CUSTOMER agrees and understands that the lease of the transponder capacity under this Agreement, shall be subject to the terms and conditions of the Antrix-Singtel Agreement dated December 04, 2015 ("hereinafter referred to as "Antrix-Singtel Agreement") and that DOS is leasing transponder capacity to the CUSTOMER after receiving the same from ANTRIX under the aforesaid Agreement. The CUSTOMER further agrees and understands that the obligations applicable to Antrix there under shall be applicable to the CUSTOMER herein mutatis mutandis, as the benefit under the Antrix-Singtel Agreement inures to the benefit of the CUSTOMER.

ARTICLE 3. Interruption in the Provision of Capacity

- a. For the purpose of this Article 3, an "interruption" means a loss in the availability of the Capacity (or any part thereof) as per the understanding given below.



- b. No allowances or credits will be made, for whatever reason, for any single interruption (including planned outages by DOS), in the availability of the Capacity, which is less than one (1) hour duration.

Any single interruption in the availability of the Capacity for reasons other than those mentioned in subparagraph d below which is one (1) hour duration or more and which is attributable to the Singtel segment, shall be credited to CUSTOMER calculated in an amount equal to the applicable annual charges (as reflected in Exhibit B) attributable to the affected channels of the Capacity, in one hour multiples for each hour or major fraction thereof, of interruption. The length of interruption shall be measured from the time that the CUSTOMER notifies DOS of the interruption, and CUSTOMER vacates its signal from the affected space segment to permit the verification of the existence of the interruption or failure and Singtel's confirms its occurrence until the time that DOS notifies the CUSTOMER that the Capacity has been restored. Credit allowances are applied against future payments. However, if the interruption occurs during the last month of service and there is no outstanding balance due, DOS will refund the amount of the credit allowance to CUSTOMER, subject to such allowance by Singtel.

- c. No allowances or credits will be made for any interruption
- i. caused by an act or act of omission (including negligence) of CUSTOMER, its customers, contractors, lessees, agents, assignees or employees.
 - ii. for which the CUSTOMER has been provided with substitute Capacity. Credits shall, however, be extended up to the date of provision of the substituted Capacity.
- d. No interruption shall be deemed to have occurred for the purpose of this Article 3, and no allowances or credits will be made if the interruption is the result of, or attributable in whole or in part to:-
- (i) failure or non-performance of CUSTOMER's earth station facilities irrespective of who is operating or controlling the facilities;
 - (ii) equipment operated by CUSTOMER disrupting the communication system on the Serving Satellite or causing interference with or harm to other Transponders on the Serving Satellite, such that - (a) the other Transponders cease to be successfully operating



transponders; or (b) it causes the failure of the communication systems of other users;

whereupon DOS shall permit Singtel to, without liability to the CUSTOMER, immediately interrupt CUSTOMER's use of the Capacity, or CUSTOMER shall upon notice from DOS immediately interrupt its transmissions and suspend its use of the Capacity to the extent necessary to eliminate the disruption, interference or harm specified in this subparagraph (c)(ii);

- (i) sun outages; or
- (ii) a Force Majeure event; or
- (iii) outages arising from Capacity Testing and Emergency Testing of the Serving Satellite; or
- (iv) other action taken by Singtel under the Antrix-Singtel Agreement.

ARTICLE 4. Redundancy

- a. The Serving Satellite incorporates spare travelling wave tube amplifiers (hereinafter, "TWTA") as its redundancy on board. In the event of a Transponder Failure, the TWTA may be activated to one or more of its customers, on a first failed first restored basis, by Singtel at its reasonable discretion, subject to any spare TWTAs that are then available (i.e., that are technically capable of restoring the affected Transponder and have not been previously deployed to restore a prior Transponder Failure).
- b. For the avoidance of doubt, any use of TWTA to restore the affected Capacity/Transponder under this Agreement shall be without prejudice to and in accordance with Article 10(d)(i) below.

ARTICLE 5. Fees and Charges

- a. All sums payable by CUSTOMER must commence from 15th December 2015 (eleven (11) calendar days after the Commencement Date (vide Article 2)) and shall be payable whether or not the CUSTOMER activates the Capacity. Any delay(s) in the commencement of uplinking including delays in obtaining necessary clearances/approvals/licenses for uplinking shall not absolve the CUSTOMER'S liability to pay the provision charges from the Commencement Date.



- b. Subject to the provisions of this Agreement, Service Charges are to be paid monthly, by the fifteenth (15th) day of the month in question, for the provision of Capacity for that respective month ("Due date"). For the sake of clarity, it is clarified that the payment for the month of August shall be payable on or before August 15th (Due Date).
- c. CUSTOMER shall be provided with an additional period of ten (10) days ("Grace Period") to remit the Service Charges after the Due date for payment. With the grace period, payment for the month of August shall be payable on or before August 25th.
- d. The Service Charges payable under this Agreement is as per Exhibit B to this Agreement. All charges are invoiced and payable in Indian Rupees. The charges invoiced and payable will be benchmarked against the then prevailing exchange rate of US Dollar and all fluctuations in the exchange rate up to 25 days from the date of receipt of payment at ANTRIX shall be borne by the CUSTOMER.
- e. A suitable adjustment in the billing would be done on a quarterly basis to take care of the foreign exchange rate variation and the exchange rate applicable on the day of transaction of payment by ANTRIX to Singtel would be used as the reference. Exchange variations as above, shall be calculated and sent to CUSTOMER through a debit/credit note vide an exchange variation invoice which shall be paid within fifteen (15) days from the date of receipt of such debit / credit notes. The remittance of exchange variation(s) shall be made, as per the Due date specified in the exchange variation invoice. Any late payment shall attract interest at the rate mentioned in Article 5(f). Any excess remittance shall be adjusted in the subsequent month's invoice.
- f. For payments of any sum payable by the CUSTOMER under this Agreement (whether of Service Charges, Early Termination Charges or otherwise) not received by the applicable Payment Due date including the Grace period as defined in clause 5 (c) hereinabove, DOS will assess until such time as payment in full is made, a late payment charge of One and quarter percent (1.25%) per month. For payments received beyond Due date and the Grace period, it is understood that the penal interest shall be charged from the Due date and up to and including the date of receipt of payment at ANTRIX.
- g. Non-receipt or late receipt of invoice shall not absolve CUSTOMER from its liabilities to pay. In case CUSTOMER does not receive the invoices in



time, CUSTOMER shall pay, within the Due date including the Grace Period as defined in clause 5 (c) hereinabove, in accordance with the monthly amount mentioned in the invoice for the previous month or in Exhibit-B above. Appropriate adjustments shall be made in the subsequently monthly invoice, if required.

- h. At the time of signing this agreement, CUSTOMER shall submit an irrevocable bank guarantee from a nationalized bank or scheduled commercial bank of good national repute for a value of USD 817,000 in equivalent INR Rupees, (equivalent to 25% of annual provision charges at the prevailing exchange rate including service tax) for the block of 2X36 MHz Ku space segment capacity. Such a Bank Guarantee shall be valid for a term of entire agreement term with a claim period of an additional three months. For this purpose, SSC includes Space Segment charges, applicable taxes and interest, if any for delayed remittance of SSC. CUSTOMER shall appropriately revise the bank guarantee value proportionately in accordance with increases/decrease in bandwidth or increase/decrease in provisioning rates in future.

ARTICLE 6. Taxes and Duties

- a. All payments and charges payable by the CUSTOMER to DOS under the Agreement shall be subject to Tax Deduction at Source (TDS) as may be applicable as per the Indian Income Tax Act, as amended from time to time. CUSTOMER shall provide to ANTRIX, the Contract Manager of this Agreement, the original TDS certificate along with the payment. CUSTOMER shall mandatorily upload such TDS deductions in appropriate electronic format in the identified web portal as notified by the Income Tax Department from time to time before the earliest Due date prescribed by the Income Tax Department failing which, the TDS made shall be construed as not paid and shall be payable by the CUSTOMER with interest as provided in Article 5(f). The CUSTOMER's obligation shall end on CUSTOMER providing an authenticated copy of the TDS certificate. For the above purposes, information pertaining to Antrix is provided as below:
PAN Number: AABCA4500B and
TAN Number: BLRA01098G
- b. Any commercial or service tax leviable for providing the provision capacity by any governmental authority shall be borne by the CUSTOMER. Antrix shall invoice the same along with the provision charges.



- c. Any direct or indirect taxes and duties, including revision(s) if any, to the existing tariffs, levied by any governmental authority towards provision of transponder capacity shall be borne by the CUSTOMER.
- d. As per existing provisions of the Income Tax Act, 1961, DOS through Antrix is required to deduct and withhold tax on amounts payable to Singtel under its Agreement with Singtel, as aforesaid. As Singtel has not applied for and obtained a Permanent Account Number (PAN number) from the Income Tax Authorities in India as per the Income Tax Act, 1961 as amended from time to time, DOS/Antrix is required by law, to deduct and withhold income tax at source on such payments to Singtel at the prevalent rates, (currently 20% of the transponder provisioning charges). The Parties unconditionally agree that the amount/quantum of income tax that is required to be deducted at source, by DOS/Antrix, shall be paid by the CUSTOMER to DOS/Antrix, over and above the full transponder provisioning charges and Antrix Contract Management Charges agreed between the Parties as per this Agreement. DOS/Antrix shall invoice the CUSTOMER on the full transponder provisioning cost, as applicable and the CUSTOMER shall be liable to pay the entire amounts under the Invoice to Antrix. For avoidance of any doubt, the CUSTOMER shall pay DOS/Antrix an Indian Rupee (INR) equivalent of US\$ 3318 per MHz per month, at the foreign exchange rate prevalent at the time of payment for the sub-provisioning of 2 x 36 MHz Transponder capacity on ST-2, which includes the full cost of the transponder capacity, reimbursement of Income Tax Withholding and Antrix Contract Management fees
- e. CUSTOMER shall indemnify ANTRIX and hold ANTRIX harmless at all times against all liabilities whatsoever incurred or suffered by ANTRIX in respect of any Taxes, imposts, duties, interests, penalties, charges or otherwise levied or imposed on ANTRIX by reason of performance of this Agreement (including all reasonable professional fees being incurred thereof), by payment of the appropriate amount to ANTRIX on its first demand with proof of the demand by the relevant Tax Authority.

ARTICLE 7. Termination

A. Mutual Termination:

Either Party may terminate this Agreement with immediate effect by giving written notice to the other upon the occurrence of any of the following events:

- (i) the retirement of the Serving Satellite from operation by Singtel as a



result of end of operational life or any other technical reasons, including without limitation, a failure of a significant percentage of the transponders on the Satellite to operate successfully;

- (ii) the total destruction or loss of the Serving Satellite; or
- (iii) the other Party becomes insolvent, makes an assignment for the benefit of its creditors, ceases to function on a going concern basis, or files or initiates proceedings (or has proceedings filed or initiated against it that have been admitted by a Court of law or other Competent Tribunal) seeking liquidation or such other relief (such as appointment of receiver, liquidator or any such official) under any bankruptcy or insolvency act/law.

B. Termination by CUSTOMER:

- (i) Except as expressly provided in Article 7(A), Article 7(B) and Article 10(d)(i) and otherwise in this Agreement, the CUSTOMER shall not terminate the Capacity and/or Agreement at any time after the date of this Agreement.
- (ii) CUSTOMER may terminate the Capacity (in part or in full) at any time after the Commencement Date of Service of this Agreement by giving at least nine (9) months prior notice to DOS. In the notice, CUSTOMER shall specify the Effective Date of Termination ("ETD"). In the event of such termination in full or in part, as the case may be, the CUSTOMER shall pay DOS the Early Termination Charges as liquidated damages for such default and not as a penalty, in respect of that Capacity terminated.
- (iii) Notwithstanding any of the provisions above, CUSTOMER agrees that such termination would be effective only upon acceptance by Singtel.

C. Termination by DOS

- a. DOS shall not terminate this Agreement either in whole or in part during the Service Period except for reasons in the paragraph below.
- b. CUSTOMER understands and accepts that timely payment is the essence of this Agreement. DOS may terminate the Capacity and/or the Agreement with immediate effect by giving written notice to



CUSTOMER in the event that:

- (i) CUSTOMER fails to pay any amount due hereunder for any one month and does not rectify the payment default despite being served with a written notice from Antrix, requesting the CUSTOMER to settle the dues, Antrix, as Contract Manager, shall encash the Bank Guarantee (BG).
- (ii) CUSTOMER breaches a provision of this Agreement, fails to perform any obligation hereunder or makes a representation and does not (in relation to a breach or failure that is reasonably capable of cure) cure such breach or failure within twenty (20) days after receipt of written notice from DOS.
- (iii) The decision of DOS to encash the Bank Guarantee and terminate the Agreement, under the above contingencies shall be final and binding on the CUSTOMER.
- (iv) In the event that the Agreement is terminated or provision of transponder capacity is blacked out for reasons attributed to Article 7Cb (i) and (ii) above DOS shall, in addition to termination of this Agreement, have the right to "Blacklist" and withhold further allocation of space segment capacity to the CUSTOMER or its Associate / Group / Sister Company(ies) if any, related to space segment capacity for a further period of three years till full payment is liquidated by CUSTOMER, to the satisfaction of DOS/ANTRIX. Further, DOS reserves its right to inform appropriate Regulatory Authorities including DOT/MIB/NOCC/WPC, as applicable for suitable action, including cancellation of CUSTOMER licenses already issued and deny permission for any fresh licenses.
- (v) Termination of the Agreement on the basis of the above shall not absolve CUSTOMER of its liabilities to pay under the Agreement.
- (vi) Further, in the event of such termination, in full or in part, as the case may be, the CUSTOMER shall pay DOS the Early Termination Charges as liquidated damages for such default and not as a penalty, in respect of that Capacity terminated.

In connection with a termination of this Agreement for the reasons set forth in paragraphs above, the CUSTOMER shall within fifteen (15) days,



of the termination date pay DOS Early Termination Charges.

D. CUSTOMER's Acknowledgment

CUSTOMER acknowledges and agrees that it accepts the Transponder Capacity with such pre-estimated liquidated damages related to cancellation and/or early termination in view of space segment, transponder and/or satellite used for the provision of the Capacity contemplated under the Agreement being a commodity in limited supply.

E. Vacation of Capacity upon Termination

Upon expiration of this Agreement or termination of the Capacity and/or this Agreement (in whole or in part) either by CUSTOMER or DOS, the use of the Capacity so terminated / expired shall revert to DOS unconditionally.

ARTICLE 8. Payment

- a. All invoices for payments due shall be sent to CUSTOMER at the following address:

Mr. Avanti Kanthaliya, CFO
Videocon d2h Limited
1st Floor, Tech Web Building
New Link Road
Oshiwara,
Mumbai, 400102, India
Fax No. - +9122 42555050
Mobile: +919987680055
Email: avanti.kanthaliya@d2h.com

- b. All sums payable to DOS under this Agreement shall be paid, on or before the Payment Date, through RTGS (as per details given below):

Name of Company	: ANTRIX Corporation Limited
Bank Name	: Canara Bank
Account Type	: Current Account
Branch address	: RMV Extension, Bangalore 560 080
Account No.	: 0888201000767
MICR Code	: 560015048
NEFT & RTGS IFS Code	: CNRB 0000888

The CUSTOMER shall inform Antrix about the fund transfer (via email or



telephone call) immediately after the fund is transferred in bank account followed by letter by post to :

Sr. Head Accounts and IFA
ANTRIX Corporation, ISRO HQ, Department of Space
Antariksh Bhavan,
New BEL Road, Bangalore 560 231

- c. Any installment of the Service Charges which remains unpaid at the relevant Due date and until the Grace Period of ten (10) days will bear interest equivalent to 1.25% per month (hereinafter, the "Interest Rate"). For payments received beyond the Due date and the Grace period, it is understood that the penal interest shall be charged from the Due date and up to and including the date of receipt of payment at ANTRIX.
- d. All bank charges (for remittance) by CUSTOMER's bank shall be borne by CUSTOMER and the charges at the recipient bank shall be paid by ANTRIX.
- e. CUSTOMER shall provide complete details and copies of certificates related to the 'Tax deducted at Source' at the time of making payment against ANTRIX invoices by e-mail & registered post.

ARTICLE 9. Force Majeure

- a. Neither of the Parties hereto shall be liable for any failure or delay in the performance of its obligations hereunder if such failure or delay is due to Force Majeure as defined in this Article, provided that notice thereof is given to the other Party within fifteen (15) calendar days after such event has occurred.
- b. The term "Force Majeure" as used in this article means an event beyond the reasonable control and without the fault or negligence of the party concerned, and includes without limitation, acts of God, meteorological/ atmospheric occurrences or disturbances (including sun outbursts, sun outages and electromagnetic storms) or other natural events; irreparable satellite component failure, regardless of the cause(s) of such failure; externally-caused interference; damage caused by space debris; acts of Government in its sovereign capacity, Governmental or regulatory authority (including any law, rule, order, regulation, or direction of any government or government instrumentality, or of any civil or military authority, or the failure to grant or continue, or any action to revoke or



resulting in a materially adverse change to the terms of, the orbital slot and/or other licenses/authorizations/approvals required in respect of the Serving Satellite); national emergencies; insurrections riots; act of war; contractual obligations under the Antrix-Singtel Agreement, quarantine; restriction; any Transponder Failure, (if applicable) and such other similar events.

In the event of failure or delay in the performance of this Agreement arising out of an event of Force Majeure, which cannot be resolved within fifteen (15) days after notification of the Force Majeure given pursuant to Article 9(a), then either Party shall be entitled to terminate this Agreement to the extent only of the Capacity failure. In case of such termination of this Agreement, whether in full or in part, by reason of a Force Majeure Event, then the CUSTOMER shall be liable to pay the Service Charges in respect of the terminated Capacity till the date of commencement of the Force Majeure and shall not be liable to pay any Early Termination Charges in respect of that Capacity.

ARTICLE 10. Liability for Damages and Limitation of Damages

- a. To the extent permitted by law, and other than the remedies expressly provided for in this Agreement, DOS shall not be liable in any way to the CUSTOMER, whether in contract, tort (including negligence), statute or otherwise, for any direct or indirect economic or financial loss or damage (including loss of revenue or profits) howsoever caused or arising, including but not limited to any such loss or damage caused or arising from: (a) any breach or failure to perform any obligations under this Agreement; (b) any externally caused transmission interference, satellite failure, delay in the commencement or provision of the Capacity, loss or degradation as a result of a migration of capacity or satellite migration or satellite malfunction; (c) loss or destruction of any CUSTOMER equipment regardless of the cause (including where caused or contributed by one or more negligent acts or omissions of DOS and/or Singtel).
- b. DOS shall not be liable to CUSTOMER for any loss or damage sustained by the CUSTOMER, its interconnecting carriers or its sub-customers, by reason of any failure in or breakdown of Singtel's communication facilities or those of the CUSTOMER, underlying carriers, or third parties associated with providing the Capacity, or for any interruption or degradation of the Capacity whatsoever the duration or the cause of such failure, breakdown, interruption or degradation.



- c. CUSTOMER understands and accepts that as the satellite operator, Singtel may, without liability, retire the Serving Satellite if: (i) fifty percent (50%) or more of the transponders on Serving Satellite have failed or are for any reason unusable; (ii) the Serving Satellite station-keeping fuel (required to meet ± 0.05 degrees) becomes depleted to a level sufficient only to ensure removal of Serving Satellite from its assigned orbital position; (iii) required to do so by any governmental authority with appropriate jurisdiction; (iv) Singtel reasonably determines that (ii) above can be delayed by moving the Serving Satellite into an inclined orbit; or (v) Singtel determines that special circumstances require the Serving Satellite's retirement and obtains such governmental authority as it is required for such retirement. On the date of retirement of the Serving Satellite, all subsequent performance obligations of the Parties under this Agreement shall terminate. If Singtel decides to retire the Serving Satellite prior to the expiration of this Agreement, DOS, shall use all reasonable efforts to provide CUSTOMER with written notice of such decision as far in advance of the retirement date as circumstances allow.
- d. If there is a Transponder Failure, owing to
- (i) a fault not attributable to the CUSTOMER, DOS shall use its reasonable endeavors to restore (which may or may not involve the activation of TWTA per Article 4 above) or substitute the Capacity as soon as reasonably practicable. Substituted capacity provided shall have similar technical performance and other specifications as defined in Exhibit A. In the event DOS is unable to restore or substitute the capacity within twenty (20) days then the Service Charges shall be proportionately reduced from date of such Transponder Failure based on the affected Capacity (or Capacity, as the case may be) and such termination shall be its sole remedy against such failure and the CUSTOMER shall continue to utilize the remaining Capacity as per the terms of this Agreement. In such an event, the CUSTOMER'S liability to DOS for termination shall be to pay the monthly recurring charges and any other fees and charges due up to and including the effective date of termination of the affected Capacity (or Capacity, as the case may be), without any liability to pay Early Termination Charges;
 - (ii) a fault attributable to the CUSTOMER, DOS shall not be liable to the CUSTOMER for the resulting failure, disruption or degradation



of Capacity and the CUSTOMER shall continue to be liable for all fees and charges payable by the CUSTOMER for the Capacity despite the failure, disruption or degradation of Capacity.

- e. CUSTOMER shall indemnify and hold DOS harmless from any loss, damage, liability or expense arising from:
- i. Any commission or omission on the part of CUSTOMER, its users, contractors, agents, employees or persons claiming through the CUSTOMER in connection with libel, slander, invasion of privacy, or infringement of copyright or any other claims or actions arising from the use of the Capacity by the CUSTOMER or the content carried thereon;
 - ii. Infringement of patents arising from (a) combining with or using in connection with, the Capacity, apparatus and systems of CUSTOMER, its users, customers, contractors, lessees, agents or assignees; (b) use of the Capacity in a manner not contemplated by Singtel and over which Singtel exercises no control;
 - iii. Violation of the laws of India or any other country or damage to any third party arising from the use of the Capacity by the CUSTOMER;
 - iv. Failure on the part of the CUSTOMER to obtain and keep in force necessary permissions / licenses / clearances from any authority concerned.
 - v. Non-compliance of any rules, terms and conditions laid down by TRAI, DOT, Ministry of Information and Broadcasting or any authority as may be applicable.
- f. The provisions in this Article shall survive the expiry or termination of this Agreement.
- g. No warranties, express, implied, or statutory, including any warranty of merchantability or fitness for a particular purpose, apply to the Capacity.
- h. To the extent that any of DOS's limitations of liability in Article 10 are not permitted by law, then DOS aggregate cumulative liability to the CUSTOMER whether in contract, tort (including negligence or breach of statutory duty) or otherwise for any and all losses, damages or liabilities caused or arising from any breach, failure or default of DOS to perform any of its obligations or duties to the CUSTOMER with respect to the Capacity shall not in aggregate exceed the amount equal to only those fees and



charges in respect of the Capacity which are prescribed and imposed with reference to any time frame or interval (but not usage) for the period of one month immediately preceding such breach, failure or default on the part of Singtel has arisen.

Article 11. Operational Requirements

- a. CUSTOMER shall be responsible to ensure that all the requisite clearances for operating the earth stations and terrestrial facilities, which use the Capacity, are obtained. These earth stations shall be operated and maintained in accordance with all the applicable provisions, including Satellite User's Guide set out at Exhibit C, suggested by Singtel. The operations, procedures, technical standards and/or satellite access procedures are subject to change. DOS is not responsible to CUSTOMER if such a change affects or requires modification of any facility, CUSTOMER equipment, or CUSTOMER communication systems in order to be used with the Capacity. If such change can be reasonably expected: (i) to materially affect the operating or transmission characteristics of the Capacity, or (ii) to render any CUSTOMER equipment or CUSTOMER communications system incompatible with the Capacity, DOS shall use reasonable efforts to provide adequate notice, in writing, to allow Customer an opportunity to maintain uninterrupted Capacity. DOS shall have no obligation to change or modify any of its components, operations or procedures to be compatible with those of Customer.
- b. Unless otherwise specified in the Agreement, DOS shall not provide any terrestrial facilities as part of the Capacity and CUSTOMER shall be solely responsible for the installation, licensing, and maintenance of any terrestrial facilities used to communicate with ST-2. CUSTOMER warrants to DOS that all licenses/approvals required to operate such terrestrial facilities, if any, have been obtained or shall be obtained prior to the start date of the Capacity. CUSTOMER shall indemnify DOS from and against any liabilities that Singtel may incur as a result of CUSTOMER's failure to obtain such licenses/approvals.
- c. For purposes of ensuring that the transmission by CUSTOMER is within the acceptable levels of operating parameters, DOS may monitor the transmission of the Capacity.
- d. CUSTOMER shall ensure that any transmission facility used to access the Serving Satellite is at all times capable of ceasing transmission immediately upon CUSTOMER'S telephone and/or fax notice. DOS may,



but is not obligated to, inspect CUSTOMER-provided facilities to confirm compliance with this requirement.

- e. CUSTOMER shall not interfere with the use of or cause harm to: (i) the Serving Satellite, transponder, or space segment; or (ii) any backup satellite, transponder, or space segment to which CUSTOMER is given access pursuant to the Agreement. DOS shall enable Singtel with the right to take immediate action, including suspending or terminating the Capacity on the affected transponder and/or space segment, in order to protect the provisioned Capacity and/or interests. If Capacity is so terminated and the cause of which is attributable to the Customer, CUSTOMER shall pay for: (i) any improper illumination charges assessed; (ii) Capacity received through the time of termination; and (iii) any Early Termination Charges stated in Article 7B above,
- f. CUSTOMER's transmissions to the Serving Satellite shall in all material respects comply with all laws applicable to it regarding the operation of the Serving Satellite, Transponder, and/or space segment, as well as any backup satellite, transponder, or space segment(s) to which CUSTOMER may be given access pursuant to the Agreement. DOS reserves the right to get the satellite frequency signals monitored to ensure that the technical standards required by Singtel are met.
- g. DOS may at any time perform Capacity testing on the Serving Satellite ("Capacity Testing") if DOS (i) provides CUSTOMER with a minimum of seven (07) hours prior notice, and (ii) makes reasonable efforts to coordinate such Capacity Testing with CUSTOMER to minimize disruption of CUSTOMER'S use of the Capacity. DOS will minimize Capacity Testing to the greatest extent practicable and will not perform such Capacity Testing unless necessary to: (i) maintain or initiate new Capacity on the Serving Satellite, and/or (ii) otherwise prudently manage its satellites.
- h. DOS may, at its sole discretion and at any time, perform testing on the Serving Satellite other than Capacity Testing ("Emergency Testing") in the following circumstances (i) for the purpose of restoring or determining the cause of an interruption to or failure of a component or subsystem on the Serving Satellite; (ii) in response to an order of any court, tribunal or other administration having appropriate jurisdiction; (iii) to determine the cause or source of any interference; (iv) to protect overall satellite performance; and/or (v) to properly coordinate with other satellite users or operators and, in such circumstances, DOS through Singtel will endeavor to provide CUSTOMER with as much notice of the Emergency Testing as practicable in the circumstances.



- i. If DOS detects any Improper Illumination (as defined hereinafter) of any Transponder and/or space segment provided under this Agreement, it shall notify CUSTOMER by calling the CUSTOMER provided telephone number(s) for notice of Improper Illumination ("Customer Notification Number") within five (5) minutes of such notification, CUSTOMER shall take immediate corrective action to stop the Improper Illumination. DOS reserves the right to suspend or terminate the Capacity on the affected Transponder and/or space segment for any Improper Illumination that continues beyond the five minute period but not exceeding forty five (45) minutes after notification or attempted notification if there is no answer at the Customer Notification number (it being understood and agreed that it is CUSTOMER's responsibility to provide DOS with a Customer Notification number at which DOS can contact CUSTOMER twenty-four hours per day, seven days a week, 365/366 days per year). In addition, DOS shall have the right to take immediate action, including suspending or terminating the Capacity on the affected Transponder and/or space segment, in order to protect DOS's services and/or interests. If Capacity is so terminated, CUSTOMER shall pay for Capacity received through the time of termination and any Early Termination Charges as stated in Article 7b.

For the purposes of this Agreement, "Improper Illumination" means (i) transmissions other than as specified in the transmission parameters set out in the Satellite User Guide set out at Exhibit C, (ii) transmissions at an incorrect frequency, (iii) transmissions at excessive power levels, and/or (iv) any illumination that could cause harm or interference to any Transponder or space segment on the Serving Satellite or to any other satellite.

- j. The CUSTOMER shall comply strictly with the link budget i.e. the technical calculation specified by Singtel at Exhibit A.

ARTICLE 12: Governmental Regulations

- a. At all times during this agreement, the CUSTOMER agrees to comply and remain in compliance with all applicable laws, rules and regulations relating to or affecting the performance of its obligations hereunder and shall secure and maintain in full force and effect all licenses, permits and authorisations from all concerned Governmental agencies to the extent the same are required and necessary for the performance for the performance of its obligations to the satisfaction of DOS.



- b. This agreement shall always be subject to the terms of the various broadcast guidelines and policies in force and of licenses, permits and authorisations as may be required from time to time.
- c. CUSTOMER understands and agrees that DOS is under no obligation to grant migratory or other regulatory clearances, either for business expansion or for other purposes, including addition / new channels, under any Agreement with DOS or with any foreign satellite operators, if the CUSTOMER has outstanding dues to be paid to DOS under Agreement with DOS for provision of space segment / Transponder capacity.

ARTICLE 13. Use of Capacity

- a. CUSTOMER shall ensure that its utilisation of the Capacity is not and will not constitute a breach of any applicable laws, rules and regulations governing the CUSTOMER, and any order(s) and/or direction(s) imposed by the Indian Government and/or the concerned authorities in India, including those governing the content of programming of any television transmission that is transmitted by CUSTOMER.
- b. CUSTOMER shall further assure that it shall abide by the technical procedures laid down by DOS/Singtel for the usage of the Capacity, as detailed in Exhibit C, hereto.

ARTICLE 14. Availing of Transponder Capacity

- a. CUSTOMER shall ensure that its utilization of the Capacity is not and will not constitute a breach of any applicable laws, rules and regulations imposed by any governmental and regulatory authorities either in India or in the countries where the obligation hereunder will be performed by CUSTOMER including those governing the content of programming of any television transmission that is transmitted by CUSTOMER.
- b. CUSTOMER shall ensure that the availing of the Capacity does not and will not constitute a breach of any applicable laws, rules and regulations imposed by any governmental and regulatory authorities in countries outside India including those governing the content of programming of any television transmission that is transmitted by CUSTOMER.
- c. CUSTOMER undertakes to utilize the capacity for the specific purposes for which the transponder capacity is provided. CUSTOMER understands and



agrees that any use of transponder capacity for purposes other than that specified above shall constitute material breach of this Agreement and shall entail termination of this Agreement without any notice to the CUSTOMER. The decision of DOS shall be final and binding on the CUSTOMER.

- d. CUSTOMER can commence uplinking only after it has obtained all the necessary clearances including that from MI&B, WPC/SACFA and NOCC's type approval for the antennas. It is specifically understood that CUSTOMER assumes responsibility for obtaining the above clearances before the Revised Commencement Date.
- e. The CUSTOMER shall comply strictly with the carrier plan, link budget etc submitted for approvals. CUSTOMER shall further assure that it shall abide by the technical procedures laid down by DOS/SINGTEL for the usage of the Capacity.
- f. The CUSTOMER will offer full indemnity to DOS in this regard and keep DOS completely harmless against all costs, losses, injuries, damages, etc. that may arise on account of the CUSTOMER's breach of any/all terms and conditions of this Agreement.

ARTICLE 15. Antrix-Singtel Agreement – Acknowledgement of CUSTOMER

- a. CUSTOMER hereby acknowledges and confirms that that ANTRIX has procured the Capacity i.e., the subject matter of this Agreement from Singtel under an Agreement dated December 04, 2015 bearing No. INSAT(ST-2)-DTH-1C-2015 only for the purpose of enabling DOS to provision this Capacity to the CUSTOMER for its DTH applications. CUSTOMER further acknowledges that it is the final beneficiary of capacity leased to DOS under the Antrix-Singtel Agreement. Further, CUSTOMER agrees and unconditionally accepts that DOS can provide this capacity if and only if such capacity is provided to DOS through Antrix by Singtel.
- b. The CUSTOMER having examined the Antrix-Singtel Agreement in detail confirms that it is aware of the legal and contractual terms and conditions of the Antrix-Singtel Agreement, including the strict nature thereof and unconditionally acknowledges that this Agreement has been executed on a back-to-back basis.



- c. The CUSTOMER hereby confirms and understands that terms and conditions placed upon it in this Agreement is a consequence of the terms and conditions placed upon Antrix under the Antrix-Singtel Agreement and for that reason, the CUSTOMER unequivocally agrees, confirms and acknowledges that any failure of or breach of any terms or conditions of this Agreement by the CUSTOMER, will as a consequence thereof, lead to a breach of the Antrix-Singtel Agreement. The CUSTOMER further acknowledges and confirms that in such an event, Singtel has certain rights and powers in respect of providing Capacity, including the stoppage of services and this situation may give rise to disputes between ANTRIX and Singtel.
- d. The CUSTOMER hereby agrees, confirms and declares that it shall perform and satisfactorily fulfill all its obligations under this Agreement and ensure that there is no breach whatsoever hereof and in case of breach hereof leading to a negative impact upon DOS under the Antrix-Singtel Agreement, the CUSTOMER hereby unconditionally agrees to completely indemnify DOS against all costs, losses, liquidated or other damages, consequences, legal and attorney's fees, penalties, etc. that may incur to DOS on account of action taken by Singtel under the Antrix-Singtel Agreement for breach thereof.
- e. The CUSTOMER is aware that the Agreement dated December 04, 2015 bearing No. INSAT(ST-2)-DTH-1C-2015 between ANTRIX and Singtel is governed by the laws of England & Wales and the Arbitration in case of disputes, is to be conducted in London in accordance with UNCITRAL Arbitration Rules.
- f. Therefore the Parties hereby unconditionally agree that in the event, any dispute(s) arise which may or may not lead to Arbitration between ANTRIX and Singtel, on account of the CUSTOMER's default of any terms and/or conditions of this Agreement, the CUSTOMER shall keep and hold ANTRIX indemnified and harmless against all costs, injury, damages, losses, etc. that may incur upon ANTRIX, including costs of arbitration and dispute resolution, attorneys fees, other expenses, incidental or otherwise, whatsoever, related thereto. The CUSTOMER also unconditionally agrees that upon the request and instructions of DOS or ANTRIX it shall also participate and/or bear witness, produce documents, etc. in the said arbitration, whenever called upon, at its cost.



ARTICLE 16. Assignment

CUSTOMER shall not assign any of its rights or delegate any of its obligations hereunder.

ARTICLE 17: Sub-lease

CUSTOMER shall not sublease the transponder capacity. For the purposes of this clause, the channels turned around by the CUSTOMER, time slots allotted to third parties, etc. shall not be construed as sub-lease.

ARTICLE 18. Confidentiality

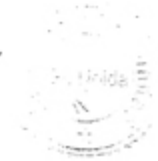
Each Party agrees that it will not disclose (by itself or through any employee or officer) this Agreement or the contents thereof to any person whatsoever, other than as may be required for the performance of obligations or enforcement of the provisions of this Agreement or as specified herein or as may be required in pursuance of any law, regulation, rule or order of any authority (legislative, executive or judicial.). This clause shall continue for the entire duration of this Agreement and for a period of one (1) year after the termination or expiry of this Agreement, including any extension thereof.

ARTICLE 19. Governing Law

This Agreement and the rights and responsibilities of the Parties hereunder, shall be subject to and construed in accordance with the laws of India.

ARTICLE 20. Arbitration

- a. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, shall be first attempted to be resolved by mutual negotiations between the Parties. In the event, the Parties are not able to arrive at an amicable resolution of their disputes within 30 days of receipt of a written notice of such dispute(s), then the dispute(s) shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996.
- b. The Arbitration shall be conducted by a Sole Arbitrator appointed mutually by the Parties. The place of arbitration shall be Bangalore and the Courts in Bangalore alone shall have jurisdiction in that regard. The language to be used in the arbitration proceedings shall be English. The considered decision or award of the arbitral tribunal shall be final and binding upon the



Parties to the arbitration proceeding. The costs of the arbitration shall be equally shared by the Parties or as may be directed by the Arbitral Tribunal.

ARTICLE 21. Notices

Any communication concerning this Agreement by each party to the other shall, unless otherwise provided herein, be sufficiently made if sent by registered post acknowledgement due or by hand-delivery with due acknowledgement or by facsimile immediately followed by registered post to the address hereinafter specified, confirmed subsequently by registered post.

CUSTOMER : Videocon d2h Limited
To the Attn of Mr. Himanshu Patil – C.O.O.
1st Floor, Tech Web Building
New Link Road
Oshiwara,
Mumbai, 400102, India
Fax No. - +9122 42555050
Mobile No. – +9198202 21518
Email id – himanshu.patil@d2h.com

DOS : Director
Satellite Communication Navigation Programme
Office,
Antariksh Bhavan, New BEL Road
Bangalore 560 231
Tel: +91 80 22172306
Email: sethu@isro.gov.in

ARTICLE 22. Full Agreement

This Agreement constitutes the full understanding and agreement of the Parties concerning the subject matter thereof, and any prior oral or written agreements and understandings of the Parties concerning the subject matter of this Agreement are hereby superseded and terminated except the Non-disclosure Agreement, which shall remain in force during the tenure of this agreement.



ARTICLE 23. Amendment

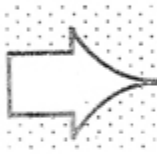
The terms and conditions of this Agreement shall not be varied except by mutual agreement of the Parties in writing.

In witness whereof the undersigned, duly authorised, have signed this Agreement.

For and On Behalf of
DEPARTMENT OF SPACE



Authorised signatory
Date: 31.05.2016



செ. செதுரமன் / K. Sethuraman
தலைவர், வி. வி. வி. / Director, V. V. V.
விண்வெளி ஆய்வுகள் சங்கம்
Indian Space Research Organisation

For and On Behalf of
CUSTOMER



HIMANSHU PATIL
Authorized signatory
Date: 4th December 2015



भारत सरकार
अन्तरिक्ष विभाग
उपग्रह संचार व नौवहन कार्यक्रम
अन्तरिक्ष भवन, न्यू वी. ई.एल.रोड,
बेंगलूर - 560 231, भारत
दूरभाष : +91-80-2341 5474
फैक्स : +91-80-2341 2141



Government of India
Department of Space
**SATELLITE COMMUNICATION AND
NAVIGATION PROGRAMME**
Antariksh Bhavan, New BEL Road,
Bangalore - 560 231, India
Telephone : +91-80-2341 5474
Fax : +91-80-2341 2141

ALLOTMENT LETTER

No. SCNP/ F. 631/13/2015

December 04, 2015

Dear Sir,

Sub: Allotment of 2x36 MHz of Ku-band Capacity on ST-2 to M/s Videocon d2h

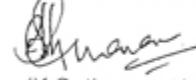
1. As requested by you vide your letter of even number dated October 27, 2015, 2x36 MHz capacity in Ku-band on ST-2 satellite is allocated to you for DTH application. The technical details for this capacity are given below:

1	Satellite / Orbital Location	ST-2 / 88°E
2	Transponder No. / Bandwidth	K3A & K3B / 36 MHz each
3	Uplink Start-Stop Frequency / Polarization	K3A 13834 - 13870 MHz / LH K3B 13834 - 13870 MHz / LV
4	Downlink Start-Stop Frequency / Polarization	K3A 11032 - 11068 MHz / LV K3B 11032 - 11068 MHz / LH
5	Satellite EIRP in 36 MHz (Under Single Carrier Saturation)	48 dBW over India Mainland except extreme NE
7	Automatic Level Control	Fixed / Variable Gain Mode
8	Satellite G/T (EoC)	0 dB/K over India Mainland except extreme NE & J&K
9	Operational SFD (EoC of India, at current OBA Setting) SFD Range	-85 dBW/m ² -75 dBW/m ² to -105 dBW/m ²
10	Polarization discrimination	30 dB
11	Input Back-off / Output Back-off	2 dB / 0.5 dB

2. The amendment to the existing contract document to be executed between M/s Videocon and Department of Space (DOS) will be forwarded to you by Antrix Corporation Limited.
3. With this allocation letter, you are requested to approach concerned regulatory authorities like NOCC/WPC/DOT for obtaining necessary revised clearances. Please note that uplinking should be started only after getting the necessary approvals.
4. Please note that the billing cycle for payment of the capacity will be governed by the commercial arrangement between Videocon & ANTRIX / DOS.

Thanking You,

Yours Sincerely,



(K Sethuraman)
Director, SCNP

To:
Shri Himanshu Patil
COO
Videocon d2h Limited
1st Floor, Techweb Center, New Link Road
Near Mega Mall, Oshiwara,
Mumbai-400 102
Fax 022 4255 5050

Cc:

1. Shri. A.K. Kalia, DDG, NOCC (Fax No: 011-23329470).
2. Shri. V.J. Christopher, DWA (Satellite Coordination), WPC, New Delhi (Fax: 011 23716111).
3. Shri. A.S. Mittal, DET, NOCC, Sikenderbad (Fax: 05735 244447).
4. Shri. D. P. Tripathy, Dy. Director, MI & B, Shastri Bhavan, New Delhi 110 001 (Fax: 011 2338 6762)
- 5. Smt. T.S. Shoba, Director, Technology and Services, Antrix.
6. Sr Head Accounts, IFA, Antrix.
7. Shri. K. Rathnakara, GD, TN, MCF, Hassan (Fax: 08172 273145).

Exhibit – A

INSAT-ST2 at 88° E

SYSTEM CHARACTERISTICS

Ku band transponders (India coverage):

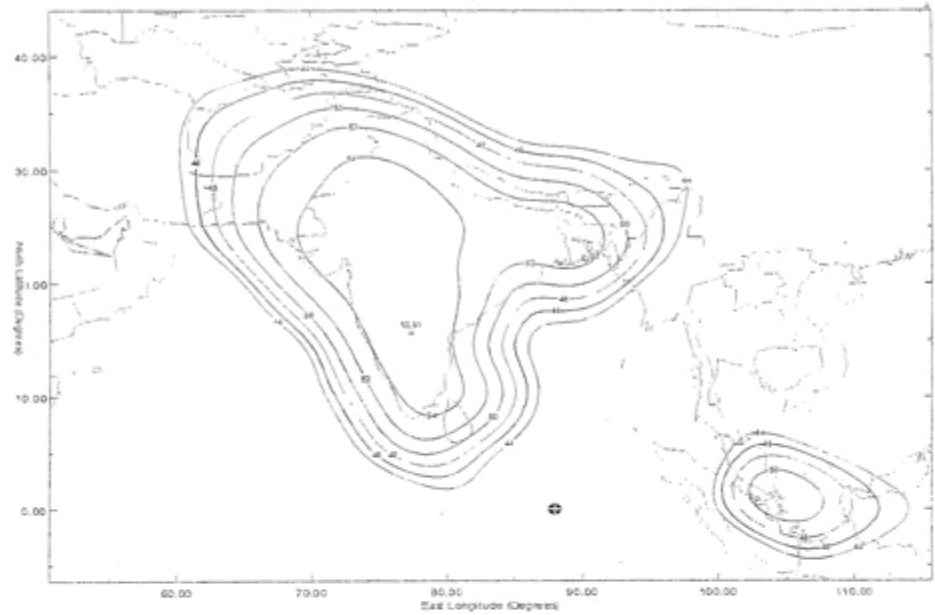
ST-2 Txps.	Uplink Freq (GHz)	Dnlink Freq (GHz)	Polarization Uplink/Downlink
K3A	13.834 – 13.870	11.032 – 11.068	Horizontal uplink, Vertical downlink
K3B	13.834 – 13.870	11.032 – 11.068	Vertical uplink, Horizontal downlink

- Polarization : Linear (Vertical / Horizontal)
- Each Transponder Bandwidth : 36 MHz (usable)
- Coverage Area : India main land
- Nominal EIRP : As per attached plots
- Output power : 150 watts (TWTA)
- Automatic Level Control : Yes
- Satellite Receive G/T : As per attached plots
- Saturation Flux Density : -75 dbW/m2 to -105 dbW/m2
- Polarisation Discrimination : 30 dB minimum

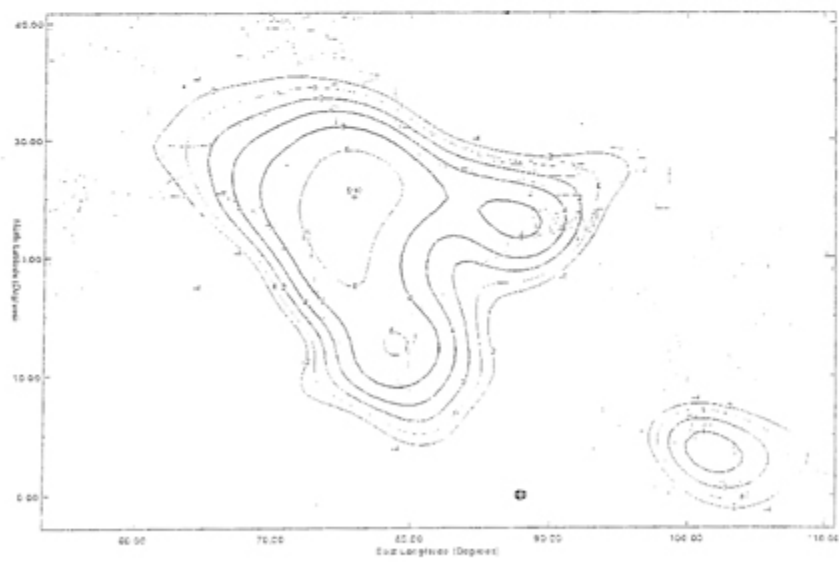
Exact frequencies, EIRP available in allocated bandwidth and other necessary technical details of space segment capacity including coverage area as mentioned in the Frequency Allocation Letter by SCNP ref. no. _____ dated December 04, 2015.



INSAT ST-2 K2 EIRP footprint:



ST-2 K2 G/T



ST-2 K-2 Transponder Frequency details

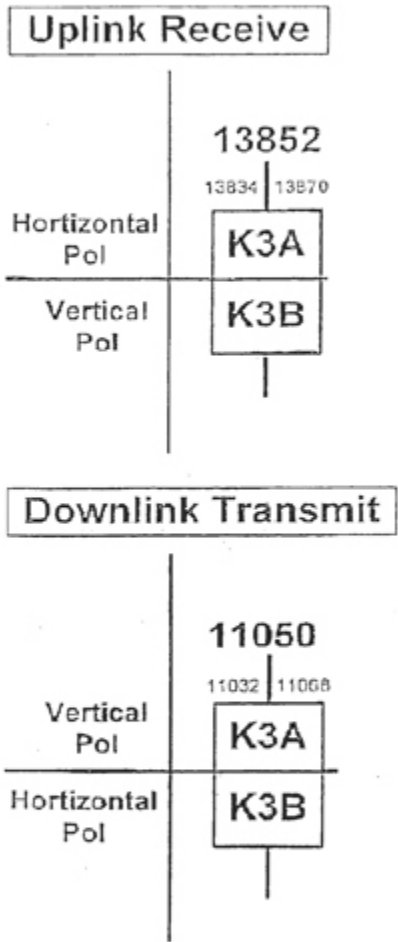


Exhibit –B
Payment Schedule

Use of capacity on INSAT- ST2 satellite system:

Bandwidth (MHz)	Service Term	Price / MHz / Month (USD)	Due date for Payment
2X36 MHz	December 04, 2015 To December 03, 2018	3318	In advance, by the fifteenth (15th) day of the month in question, for the provision of Capacity for that respective month

*Note: Payments to Antrix shall be made in INR, at the prevailing Customs notified FE rate, as per the details provided in the invoice.

Terms:

1. Upon signing of the agreement, CUSTOMER shall submit an irrevocable bank guarantee from a nationalized bank or scheduled commercial bank of good national repute for a value of USD 817,000 in equivalent INR Rupees, (equivalent to 25% of annual provision charges) for 2X36 MHz capacity. Such a Bank Guarantee shall be valid for a term of entire agreement term with a claim period of an additional three months. For this purpose, SSC includes Space Segment charges, applicable taxes and interest, if any for delayed remittance of SSC. CUSTOMER shall appropriately revise the bank guarantee value proportionately in accordance with increases/decrease in bandwidth or increase/decrease in provisioning rates in future.
2. ANTRIX shall use reasonable endeavours to deliver an invoice to CUSTOMER fifteen (15) Business Days prior to the payment Due date. The CUSTOMER shall make the payment as per Article 5b and 5c. Such invoices shall be sent to the attention of :

Mr. Avanti Kanthaliya, CFO
Videocon d2h Limited
1st Floor, Tech Web Building
New Link Road
Oshiwara,



Mumbai 400 102, India
Fax No. – 0 22 4255 5050
Mobile: 0 99876 80055
Email: avanti.kanthaliya@d2h.com

3. For the avoidance of doubt, the obligation of CUSTOMER to pay the Charges shall arise regardless of whether an invoice or other notice of such payment from ANTRIX has been given to CUSTOMER.
4. Above price is exclusive of service tax and educational cess. NOCC charges shall be remitted from customer directly to concerned authorities.
5. Above price includes Withholding tax at the currently applicable rate at 20%, that is payable by SINGTEL and Antrix management charges at 7.5%.
6. All payments and charges payable by the CUSTOMER to DOS under the Agreement shall be subject to Indian Income Tax withholding, deductible at source, as may be applicable. CUSTOMER shall provide to ANTRIX the original TDS certificate along with the payment, as outlined in Article 6a.
7. Any direct or indirect taxes and duties, (any Income Tax / TDS / Tax under DTAA / any duties / taxes / levies, etc) including revision(s) if any, to the existing tariffs, levied by any governmental authority towards provision of transponder capacity that becomes payable by Antrix to or on behalf of SINGTEL, by virtue of this Service with SINGTEL shall be fully reimbursable by CUSTOMER. ANTRIX shall invoice the same along with the lease charges.
8. Payments to Antrix shall commence from 15th December 2015 (eleven (11) calendar days after the Commencement Date) and shall be made in INR, at the prevailing Customs notified FE rate, as per the details provided in the invoice.
9. CUSTOMER shall be liable to pay the provision charges based on the Rupee/Dollar conversion rate applicable on date of invoicing to CUSTOMER. In the event of a variation between the Rupee/Dollar conversion rate at which ANTRIX has invoiced the CUSTOMER and the rate on the date of payment by ANTRIX to Singtel, such variations shall be adjusted on a quarterly basis and shall be payable by/reimbursed to CUSTOMER, as appropriate. The Due date for remittance of exchange variation shall be paid within fifteen (15) days from the receipt of the respective debit / credit notes as per relevant exchange variation invoice.



Any late payment shall attract interest at the rate mentioned in Article 5f.
Any excess remittance shall be adjusted in the subsequent month's invoice.

10. The Rupee-Dollar conversion rate shall be the one prevailing on the date of payment by ANTRIX to SINGTEL. Any variations in the FE rate shall be consolidated (along with corresponding service tax variations, due to FE fluctuations) and invoiced to CUSTOMER for payments.
11. The CUSTOMER shall pay to DOS in accordance with Article 5, through RTGS (as per details given below):

Name of Company	: ANTRIX Corporation Limited
Bank Name	: Canara Bank
Account Type	: Current Account
Branch address	: RMV Extension, Bangalore 560 080
Account No.	: 0888201000767
MICR Code	: 560015048
NEFT & RTGS IFS Code	: CNRB 0000888

The CUSTOMER shall inform Antrix about the fund transfer (vide email or telephone call) immediately after the fund is transferred in bank account followed by letter by Post to:

Sr. Head Accounts & IFA
Antrix Corporation Ltd
Antariksh Bhavan
New BEL Road
Bangalore 560 231.

12. Antrix Corporation Limited, a 100% owned company of Department of Space, shall be the Contract Manager to administer the above said agreement in its entirety and is vested with all powers under this agreement including issue of legal notice and initiating other legal measures.



Exhibit C

Satellite User Guide

- CUSTOMER shall observe the following operating procedures required to initialize an earth station and commence normal carrier operations on the space segment of the ST-2 Satellite.
- a. **Transmitted Carrier(s):** - The transmitted carrier(s) shall be operated within accepted industry standards and shall be within allocated satellite bandwidth.
 - b. **Transmit Power:** - DOS shall authorize a particular transmit power (EIRP) of the transmitting earth station. If the CUSTOMER calculates the particular transmit power, DOS shall review and approve the particular level before CUSTOMER commences access to the satellite.
 - c. **Carrier Dispersal:** - CUSTOMER is required to provide enough modulation at all times such that the downlink power flux density at the surface of the earth from the ST-2 Satellite shall not exceed the limits set by the ITU Radio regulations.
 - d. **Polarization Isolation (Transmitting earth station):**- Isolation between orthogonal cross-polarized signals shall be at least 30dB. The polarization adjustment of the earth station antenna relative to the satellite shall be maintained to an accuracy of ± 1.0 Degree.
 - e. **Carrier Line Up:** - A line up test with ST-2 Satellite must be performed for each uplink antenna and each carrier assigned. Once the line-up test for the given carrier and antenna is completed, the carrier may not need to be re-tested even though it is not operated continuously.

The line-up test includes two parts. The first part includes the normal cross polarization checks and adjustments of the uplink earth station antenna and the calibration of the carrier's uplink power level and frequency to assure the correct receive level (C+N/N) as specified in the transmission plan and/or link budget. The second part includes the normal coordination with the adjacent satellites to assure compliance with coordination agreements and to ensure no harmful interference to adjacent satellites is created by operation of the carrier on ST-2 Satellite.



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Section 4: EX-4.17 (EX-4.17)



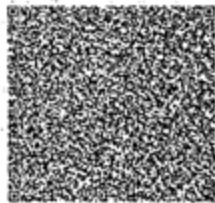
सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	: IN-DL20229670783252N
Certificate Issued Date	: 25-Jun-2015 05:59 PM
Account Reference	: IMPACC (IV) di752003/ DELHI/ DL-DLH
Unique Doc. Reference	: SUBIN-DL75200337534229466466N
Purchased by	: VIDEOCON D2H LIMITED
Description of Document	: Article Others
Property Description	: Not Applicable
Consideration Price (Rs.)	: 0 (Zero)
First Party	: VIDEOCON D2H LIMITED
Second Party	: Not Applicable
Stamp Duty Paid By	: VIDEOCON D2H LIMITED
Stamp Duty Amount(Rs.)	: 300 (Three Hundred only)



Please write or type below this line.

THIS FORMS AN INTEGRAL PART OF FACILITY AGREEMENT
EXECUTED ON JUNE 26, 2015



Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.sholestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

FACILITY AGREEMENT

THIS FACILITY AGREEMENT made on the day, month and year set out in Part A of the *Schedule* hereof between the Borrower, i.e. the person(s) named in Part A of the *Schedule* hereof, of the ONE PART

AND

ICICI BANK LIMITED, a company incorporated under the Companies Act, 1956 and a banking company within the meaning of the Banking Regulation Act, 1949 and having its Registered Office at Landmark, Race Course Circle, Vadodara 390 007 and corporate office at ICICI Towers, NBCC Palace, Bhism Pitamah Marg, Pragati Vihar, Delhi 110003 and amongst others, a branch / office at the place specified in the *Schedule* hereof (the "Bank", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the OTHER PART.



ARTICLE I
DEFINITIONS

1.1 In this Facility Agreement and the General Conditions, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings viz.:

"General Conditions" mean the General Conditions (WCF - 07 - V.I) applicable to the Facilities provided by the Bank and duly registered on January 11, 2007 with the sub-registrar assurance vii, New Delhi vide registration no.51 in book no.4, vol no.1, 321 from page 52 to 80. The Facilities hereby agreed to be provided by the Bank shall be subject to the Borrower complying with the terms and conditions set out herein and also in the General Conditions, a copy of which has been handed over to the Borrower and which is also available on the website of the Bank. The General Conditions shall be deemed to form part of this Facility Agreement and shall be read as if they are specifically incorporated herein. To the extent of any inconsistency or repugnancy, the contents of this Facility Agreement shall prevail to all intents and purposes.

All capitalised terms used but not defined in this Facility Agreement shall have the respective meanings assigned to them under the General Conditions.

ARTICLE II
TERMS OF THE FACILITIES

2.1 The Borrower agrees to avail from the Bank and the Bank agrees to grant / extend to the Borrower various working capital facilities upto overall limits (the "Overall Limits") in the aggregate not exceeding amounts specified in the Credit Arrangement Letter, subject to the terms and conditions contained in the Transaction Documents.

2.2 The aforesaid working capital facilities upto the amounts specified above are hereinafter referred to as the "Facility/ies", which expression shall, as the context may permit or require, mean any or each of such Facilities, or so much thereof as may be outstanding from time to time.

2.3 The amounts upto which the Borrower can draw under each of such Facilities shall not, at any one time, exceed sums / limits (the "Limits") specified against each of such respective Facilities. Provided, however, the aggregate amounts of all the Limits shall not at any point of time exceed the amount of the Overall Limits.

2.4 All outstanding amounts of interest, commission, discount, charges and other monies in respect of the respective Facilities, whether debited to the Account or not, shall also be included in determining the availability of the Overall Limits / respective Limits.

2.5 The Borrower shall pay to the Bank the Facilities, all interest, commission, discount, charges on the amounts outstanding from time to time under the Facilities and all other monies, at the rate(s), on the date(s) and in the manner specified in the CAL or at such other rate(s) as may be decided by the Bank from time to time, at its sole discretion. The Borrower shall also pay all fees and other monies in accordance with the terms of this Facility Agreement. Unless otherwise specified in the CAL, the Borrower shall repay the Facilities on demand to the Bank.



2.6 The Borrower confirms having received a copy of the General Conditions and read and understood the General Conditions referred to above and agrees to comply with the terms set out in this Facility Agreement, the CAL, the Schedule hereof, the General Conditions and the other Transaction Documents.

Provided however that in so far as Article X of the General Conditions, the Borrower will be required to comply with only Part B, of such Article.

2.7 This Facility Agreement shall become binding on the Borrower and the Bank on and from the date mentioned in the Schedule hereof. It shall be in force till all the monies due and payable the Transaction Documents are fully paid off by the Borrower to the Bank.

2.8 The Bank reserves the unconditional right to cancel the Limits advanced/ to be advanced under the credit arrangement letter ("CAL") and/ or Transaction Documents (either fully or partially) without giving any prior notice to the Borrower, on the occurrence of any one or more of the following:

- (i) in case the Limits/part of the Limits are not utilised by the Borrower; or
- (ii) in case of Deterioration in the Creditworthiness of the Borrower in any manner whatsoever; or
- (iii) in case of non-compliance of the terms and conditions of the Transaction Documents and/or CAL.

For the purpose of this clause, Deterioration in the Creditworthiness shall mean and include without limitation, the following events:

- (a) downgrade of the rating of the Borrower by a Credit Rating Agency;
- (b) inclusion of the Borrower and/or any of its Directors in the Reserve Bank of India's willful defaulters list;
- (c) closure of a significant portion of the Borrower's operating capacity;
- (d) decline in the profit after tax of the Borrower by more than fifteen percent;
- (e) any adverse comment from the Auditor; and
- (f) any other reason/ event in the opinion of the Bank constituting or which may constitute Deterioration in the Creditworthiness;

2.9 The Borrower, unconditionally agrees, undertakes to get itself rated by Credit Rating Agency/ies within a period of six months and/or at such intervals as may be decided by the Bank, failing which the Bank shall have the right to review the applicable interest rate and/or costs, charges and expenses, which shall be payable by the Borrower/Obligor/Security Provider and on such date/s or within such period as may be specified by the Bank."

"Credit Rating Agency" shall mean and refer to the domestic credit rating agencies such as Credit Analysis and Research Limited, CRISIL Limited, FITCH India and ICRA Limited and international credit rating agencies such as Fitch, Moodys and Standard & Poor's and such other credit rating agencies identified and/or recognized by the Reserve Bank of India from time to time.

2.10 (a) The Bank may at its sole discretion make disbursements out of the Facilities pending creation and/ or perfection of full and final security as specified in the CAL in favour of the Bank. In such event the Borrower does not create or procure



creation of such full and final security in favour of the Bank within a period of one (1) month or perfection thereof within a period of six (6) months from the date of the Facility Agreement or such other extended period as may be permitted specified by the Bank, at its sole discretion, the disbursement made by the Bank pending creation and/ or perfection of such full and final security shall carry further interest at rate of 1.00% per annum calculated from the date of disbursement of the Facilities till creation and/ or perfection of such security.

(b) The Bank may, at its sole discretion permit creation and/ or perfection of security as specified in the CAL hereof, in favour of the Bank, pending compliance of all such formalities as may be necessary or required for the said purpose. In such event:

- (i) the Borrower shall comply / ensure compliance with such formalities to the satisfaction of the Bank within a period of one month or six months, as the case may be, from the date of the Facility Agreement or such other period as the Bank may specify in its sole discretion; and
- (ii) the disbursements made by the Bank pending compliance of such formalities shall carry further interest at the rate of 1.00% per annum calculated from the date of disbursement of the Facility till such time all such formalities are complied with to the satisfaction of the Bank and documents in evidence thereof are delivered to the Bank.

(iii) The Bank may, at its sole discretion, charge interest on the Facilities at the weighted average rate of interest on the disbursements made out of the Facility. For the purpose of this clause "weighted average rate" means the weighted mean of the rates of interest applicable to the Facilities.

2.11 The Borrower hereby, in addition to the representations, declarations and warranties contained in the General Conditions, makes the representations, warranties and agreements as given below and confirms that the same will continue to remain, true, correct, valid and subsisting in every respect till the money remains payable to ICICI Bank under the Facility:

Neither the Borrower nor any other person benefiting in any capacity in connection with or from the Facility Agreement and/or any instruments and/or payments thereunder is a Specially Designated National (SDN) and/or otherwise sanctioned, under the sanctions promulgated by the United States (including its Office of Foreign Assets Control's (OFAC)), India, United States, United Nations, European Union, the jurisdiction of the Facility Office and/or any other country (collectively, the "Sanctions").

2.12 The Borrower hereby acknowledges, covenants and agrees that:

- (a) the Sanctions may become applicable with respect to the Facility and/or transactions thereunder, including to any documentary credits and/or guarantees issued and/or disbursements and/or payments made by the Bank pursuant to the Facility Agreement. Sanctions may pertain inter alia, to the purpose and/or end use of the Facility, goods manufactured in or originated from/through certain countries; shipment from/to/using certain countries; ports, vessels, liners and/or due to involvement of certain persons and entities (including correspondent banks and the Facility Office). Consequently,



disbursement, issuance, payment and/or processing under the Facility by the Bank may become subjected to the Sanctions and the Bank shall have the unconditional right to refuse to process any transactions that violate/may violate any Sanctions.

- (b) it shall ensure that the transactions entered into pursuant to the Transaction Documents do not violate any Sanctions and that no persons, entities or otherwise, currently subject to any Sanctions are involved in any transactions hereunder. The Borrower agrees that it shall not avail of the Facility or use the proceeds of the Facility in any transaction with, or for the purpose of financing the activities of, any person currently subject to any Sanctions as aforesaid.
- (c) it shall indemnify and hold harmless the Bank, to the fullest extent permitted by applicable law, for all losses and liabilities (including due to claims by a third party), incurred by the Bank as a result of any breach by it of its representations and undertakings contained herein pertaining to the Sanctions and/or due to any action taken by the Bank pursuant to the Sanctions. No action taken by the Bank pursuant to the Facility Agreement, including grant of the Facility, issuance of any financial instruments thereunder or processing of any payments or transactions, nor any action taken by the Borrower in relation thereto, shall be deemed to be a waiver of any of the Bank's rights under any provisions of the Transaction Documents related to the Sanctions nor shall they act to relieve the Borrower of its obligations or liabilities in relation thereto.

The Borrower hereby agrees and confirms that any breach of the terms and conditions stipulated hereinabove, shall constitute an Event of Default under the Facility Agreement.

2.13 CREATION OF SECURITY

The Bank may make disbursements out of the Facility pending,

- (a) creation and perfection (including completion of all formalities related thereto) of the following Security:

First pari passu charge on all the immovable fixed assets of the company, both present and future, including but not limited to:

- i. An office premises admeasuring about 263 sq. ft. of built-up area, being office premises No.201, on the 2nd Floor, in the building known as "Adeshwar Arcade", situated at Kurla-Andheri Road, Chakala, Andheri (E), Mumbai - 400 093, constructed on all those pieces and parcels of land admeasuring 1662.55 sq. mtrs., bearing Survey No.54-A, Hissa No. 3, 4 and Survey No. 118, Hissa No. 3, Survey No. 54F and now bearing CTS No.23, 23/1 to 23/15, lying, being and situated at Village Chakala, within the limits of Greater Bombay, in the registration Sub-District of Mumbai City and Mumbai Suburban District.
- ii. All that pieces and parcels of Industrial Plot bearing Plot No. 1D, admeasuring 48564.09 sq. mtrs. Or thereabout, Udyog Vihar Industrial Area, Greater Noida, Gautam Budh Nagar, Uttar Pradesh and bounded as follows that is to say:



North - East : Other Plot;
South - East : 24 mtr road;
North - West: Other Plot;
South - West : 24 mtr road

together with easements attached thereto and together with factory sheds and other buildings standing and to be constructed thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth, both present or future

(b) perfection (including completion of all formalities related thereto but excluding filing of form CHG-1) of the following Security:

- i. First pari passu charge on all the movable fixed assets of the company, both present and future.
- ii. First pari passu charge on current assets of the company, both present and future.

in favor of the Bank. In consideration of the Bank making any such disbursement as aforesaid, the Borrower hereby agrees and undertakes to the Bank as follows:

- (a) To make payment of additional interest at the rate and for the period as specified in the clause 2.10 above;
- (b) not to create any mortgage, hypothecation, pledge or any other charge or encumbrance on any of its properties in favor of any person whatsoever without prior written approval of the Bank;
- (c) To comply with all requisite formalities for creation and/ or perfection of the security as aforesaid, in a form and manner satisfactory to the Bank within such period as may be agreed to by the Bank;
- (d) Execute Power of Attorney in favor of the Bank for creation and perfection of Security in a form and manner satisfactory to the Bank, an original of which shall be supplied to the Bank as a condition precedent to disbursement;

Notwithstanding anything contained in this Facility Agreement, the Bank may, in its sole discretion, require the Borrower to comply with all requisite formalities as aforesaid and to create and/ or perfect the Security within such period as may stipulated by the Bank from to time.

The Borrower hereby agrees and covenants that any breach of the terms and conditions stipulated herein above shall constitute an Event of Default under this Facility Agreement. All Security, other than those in respect of which the Bank has agreed to consider disbursement pending creation and/or perfection, shall be created and all formalities thereof completed in a form and manner satisfactory to the Bank as a condition precedent to any disbursement under the Facility.

2.14 The Borrower covenants that the Borrower shall deliver to the Bank:

- (a) if the Bank so requires, a certificate to the effect that the Facility has been utilised for the Purpose, within such time and in a manner as may be acceptable to the Bank,





SCHEDULE

PART A

1. DATE OF EXECUTION OF THIS AGREEMENT

On the 26th day of JUNE, Two Thousand and FIFTEEN



2. CREDIT ARRANGEMENT LETTER

The Credit Arrangement Letter dated the 22nd day of June, 2015 issued by the Bank to the Borrower (copy of which is attached hereto).



3. DETAILS OF THE BORROWER

VIDEOCON d2h LIMITED (formerly Bharat Business Channel Limited), a company within the meaning of the Companies Act, 1956 and having its Registered Office at Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra and an office at 1st floor, C-152 Okhla Industrial Area, Phase I, New Delhi - 110020.

4. BORROWER'S PROFILE

The Borrower is carrying on the following activities :

Providing Direct to Home (DTH) TV Services

5.(a) DETAILS OF BANK BRANCH / OFFICE ADDRESS

ICICI Bank Limited
ICICI Tower,
NBCC Palace
Bhishm Pitamah Marg
Pragati Vihar
Delhi 110003

(b) NOTICES TO BE SENT TO

Bank:
ICICI Bank Limited
ICICI Bank Towers
Bandra Kurla Complex
Mumbai 400051



1



ICICI Bank Limited
ICICI Towers
NBCC Plaza
Bhishm Pitamah Marg
Pragati Vihar
New Delhi 110003

Attn : Prabhat Singh
Fax No. : 022-26531206

Borrower:

Videocon d2h Limited,
1st Floor, Techweb Centre,
New- Link Road, Oshiwara,
Jogeshwari – West
Mumbai – 400 102

Videocon d2h Limited
1st floor, C-152 Okhla Industrial Area,
Phase 1, New Delhi - 110020

Attn : Mr. Avanti Kanthaliya
Fax No. : 022 - 42555050

PART B

1. The General Conditions stand deleted / modified as follows:

- A) The clause 2.4 (vi) of the General Conditions is hereby deleted in its entirety and the following clause is substituted in its stead:-

"(vi) The Borrower shall bear all taxes, other imposts, costs, charges, fees and duties including stamp duty and relevant registration and filing charges in connection with the Transaction Documents (including any differential or additional duties and taxes which may be required pursuant to the provisions of the applicable laws from time to time), as may be levied from time to time by the Government or other authority including those incurred by the Bank, in accordance with the laws for the time being in force in respect of or in connection with the Facilities, and the Transaction Documents. In the event of the Borrower failing to pay the monies referred to above, the Bank shall be at liberty, but shall not be obliged to pay the same. The Borrower shall reimburse all sums paid by the Bank in accordance with the provisions



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contained herein."

- B) The clause 3.1 (viii) of the General Conditions is hereby deleted in its entirety and the following clause is substituted in its stead: -

(viii) Except to the extent disclosed to the Bank:

(a) all the Borrower's contracts or agreements with, or any commitments to, any affiliates or group companies (if applicable) are on arms' length basis;

(b) No director of the Bank is: a director, manager, managing agent, employee or guarantor of the Borrower, or of a subsidiary of the Borrower, or of the holding company of the Borrower, or holds substantial interest, in the Borrower or a subsidiary or the holding company of the Borrower and no directors of any other bank, including directors of Scheduled Cooperative Bank and directors of subsidiaries/trustees of mutual funds/venture capital funds, holds substantial interest or is interested as director or as a guarantor of the Borrower;

(c) No relative (as specified by RBI) of a Chairman / Managing Director or director of banking company, including directors of Scheduled Cooperative Bank and directors of subsidiaries/trustees of mutual funds/venture capital funds (including the Bank) or a relative of senior officer (as specified by RBI) of the Bank, hold substantial interest or is interested, as a director or as guarantor of Borrower.

PART C

1. The Borrower shall not recognise or register any transfer of shares in the Borrower's capital made or to be made by any person as may be specified by the Bank. The Borrower shall procure and furnish undertakings from such persons, in a form and manner required by the Bank, whereby such person shall agree, inter alia, not to dispose off their shareholdings in the Borrower to any person in any manner whatsoever. The Borrower shall join in such undertaking as a confirming party. The Borrower shall ensure that such person providing the undertaking referred to above deposits with the Bank, all original certificates pertaining to their shareholding in the Borrower.

2. The Borrower shall undertake and / or procure undertaking(s) from such persons as may be specified by the Bank in the form required by Bank, whereby it / he / she / they shall take the responsibility for making arrangements satisfactory to the Bank for meeting the shortfall, if any, in the resources of the Borrower for working capital requirement and / or any of its project. The Borrower shall join in such undertakings procured from such other persons as a confirming party. The funds brought in to meet the shortfall in the resources of the Borrower for working capital



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and / or for any of its project, shall be in such form and manner and on such terms as may be required by the Bank.

3. The Borrower shall ensure that its business with banks, including deferred payment facilities, foreign exchange, deposits and bill business will be shared with the Bank in such manner as may be decided by the Bank.

IN WITNESS WHEREOF the Borrower and the Bank have caused this Facility Agreement to be executed on the day, month and year first hereinabove written as hereinafter appearing.

For the Bank :
SIGNED AND DELIVERED by the within named Bank, ICICI BANK LIMITED, by the hand of Mr. / Ms. ANSHUL KUMAR its authorized official

For the Borrower:
The Common Seal of the within named Borrower, Videocon d2h Limited, has, pursuant to the resolution of its Board of Directors, passed in that behalf on the 24th day of JUNE, 2015, hereunto been affixed in the presence of MR. PRASUN KHAJASWALA

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Section 5: EX-4.18 (EX-4.18)

Exhibit 4.18



सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	: IN-DL60988549546092N
Certificate Issued Date	: 22-Sep-2015 09:04 AM
Account Reference	: IMPACC (IV)/ dl736003/ DELHI/ DL-DLH
Unique Doc. Reference	: SUBIN-DL73600319595732782634N
Purchased by	: VIDEOCON D2H LTD
Description of Document	: Article 5 General Agreement
Property Description	: Not Applicable
Consideration Price (Rs.)	: 0 (Zero)
First Party	: VIDEOCON D2H LTD
Second Party	: Not Applicable
Stamp Duty Paid By	: VIDEOCON D2H LTD
Stamp Duty Amount(Rs.)	: 100 (One Hundred only)



.....Please write or type below this line.....
This Stamp paper forms an integral part of
Hypothecation cum Loan Agreement dated 21st October 2015

For Videocon d2h Limited

Somani
Director/Authorised Signatory

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.sholestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.



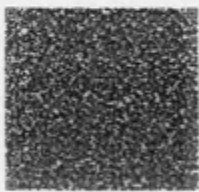
सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	: IN-DL60968942696351N
Certificate Issued Date	: 22-Sep-2015 09:07 AM
Account Reference	: IMPACC (IV)/ dl736003/ DELHI/ DL-DLH
Unique Doc. Reference	: SUBIN-DLDL73600319595688381240N
Purchased by	: VIDEOCON D2H LTD
Description of Document	: Article 5 General Agreement
Property Description	: Not Applicable
Consideration Price (Rs.)	: 0 (Zero)
First Party	: VIDEOCON D2H LTD
Second Party	: Not Applicable
Stamp Duty Paid By	: VIDEOCON D2H LTD
Stamp Duty Amount(Rs.)	: 100 (One Hundred only)

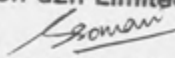


ORIGINAL COPY ORIGINAL
COPY COPY COPY COPY

.....Please write or type below this line.....

This stamp paper forms an integral part of Hypothecation
Cum Loan Agreement dated 21st October 2015.

For Videocon d2h Limited


Director/Authorised Signatory

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.sholestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

IFD - X

(To be stamped as an Agreement, Deed of
Hypothecation and Power of Attorney)

BANK OF INDIA
HYPOTHECATION CUM LOAN AGREEMENT
(PLANT AND MACHINERY, STOCKS AND BOOK DEBTS)

This Agreement is made at New Delhi on the 21st day of **October 2015** by M/s **VIDEOCON D2H LTD** (Borrower's name address and constitution), a public limited company registered under companies act 1956, having its registered office at Auto cars compound, Adalat Road, Aurangabad, Maharashtra-431 005, hereinafter referred to as "Borrower", which expression shall unless the same is repugnant to the context or meaning thereof shall mean and include, when the Borrower is :-

(a) A company, its successors, assigns and liquidators

in favour of Bank of India, a Body Corporate, instituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, having its Head Office at 'Star House' Plot No.C-5, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400051 and one of its branches at Pune large corporate branch-Pune, Maharashtra (hereinafter called "the Bank" which expression shall include its successors and assigns)

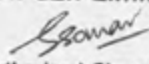
WHEREAS.

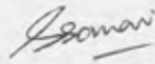
The Bank has at the request of the Borrower granted/agreed to grant to the borrower diverse Banking Facilities with an aggregate limit of Rs: **200,00,00,000/-** (Rupees Two Hundred Crores) or enhancement thereof repayable/ payable with interest/commission at the rate and in the manner set out in **SCHEDULE - I** hereunder written (hereinafter referred to as the 'said facilities') on the terms and conditions set out in the sanction letter/s issued by the Bank to the Borrower and inter alia on the security and other terms and conditions as set out hereinafter on the Borrower agreeing to maintain the stipulated margin and agreeing to pay the sale proceeds towards its outstanding dues due to the Bank under the said facilities.

NOW THESE REPRESENTS WITNESSETH AND IT IS HEREBY AGREED BY THE BORROWER HERETO as follows:-

1. The Bank at the request of the Borrower, by its letter/s of sanction: PLCB:GP:2015-16:215 dated 28.08.2015 and/or inter alia on the terms and conditions set out therein and hereinafter, has granted/agreed to grant or continue to grant to the Borrower the said facilities with an aggregate limit of Rs: **200,00,00,000/-** (Rupees Two Hundred Crores) repayable/payable with interest / payable with interest / commission at the rate and in the manner set out in the Schedule - I hereunder written and penal interest which would be payable on default.
2. The Bank shall have absolute and exclusive discretion without in any way incurring any consequential liability to determine what amounts within the limits sanctioned under the said facilities, it will advance and/or allow to be outstanding from time to time under the said facilities in respective accounts opened by it and the Bank shall be at liberty without in any way incurring any consequential liability to refuse to allow or cease to make any further drawings or advances thereon at any time without any previous notice to the Borrower and without assigning any reason whatsoever.

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3. The borrower hereby agrees that in the case of Cash Credit, Overdraft, demand loan or other such facilities the borrower shall on demand forthwith pay to the Bank the outstandings owing to the Bank in respect of the loans inclusive of interest, additional interest, penal interest, costs, charges and expenses. However, in case where for any reason any of the said facilities is permitted by the Bank at its absolute discretion to be repaid in instalments and on such terms as may be stipulated, when the conditions applicable to term loans herein shall apply to the said loan subject to such changes as may be stipulated by Bank. Such permission if and when issued by Bank to borrower at the request of borrower shall also form part of this agreement and shall be binding on the borrower as stated herein. The term loan in the said facilities shall be repayable in instalments on the respective dates and in the manner stated in Schedule I hereunder. The Borrower further agrees that the borrower shall repay/pay the amount outstanding under the said facilities in the manner set out in Schedule-I hereunder written and shall pay interest/commission at the rate and in the manner set out in the said Schedule-I provided that the Bank shall be entitled to change the rate/s of interest and/or commission in respect of the said facilities from time to time as per Bank Rules and the borrower shall be deemed to have notice whenever the said change in rate of interest are displayed in Notice Board of Bank or published in Newspapers or in the Website of the Bank or made through entry of interest charged in pass books/statement of accounts given to borrower in that regard and if any acknowledgement of debt with such amended rates are executed by the borrower shall also be an acceptance of the change in rate of interest if any in which case the repayment schedule shall stand amended accordingly. PROVIDED FURTHER that if default shall be committed by the Borrower in the payment of instalment/interest/ commission on due date, then the Borrower shall pay to the Bank the overdue instalment/ commission which had not been paid with further interest/commission thereon calculated at 2 % per annum over the agreed rate of interest or at such rates at the discretion of the Bank and in the manner as would be decided by Bank from the date on which the instalment/interest/commission has become due till payment, PROVIDED further that nothing herein contained shall prejudice the right and power of the Bank herein or under law for the time being and from time to time in force to enforce the payment of the overdue interest/commission or otherwise to enforce the security.
4. In case of Terms Loan in the said facilities, the Bank, in its sole discretion and on such terms as to pre-payment charges, etc., as it may prescribe, permit acceleration of equated monthly instalments or pre-payment at the request of the borrower, which prepayment charges shall not in any case be less than 2 % of the amount then due and payable over and above the agreed rate of interest or at such other rate.
5. In consideration of the Bank having agreed to grant or continue to grant to the Borrower the said facilities as set out in Schedule I hereunder written, the Borrower doth hereby hypothecate to and charge in favour of the Bank:-
 - a) All tangible movable machineries and plants (both present and future), whether installed or not and whether lying loose or at site or in transit or acquired subsequently, a short particulars of which are disclosed in Part-A of Schedule-II hereunder written or which may at any time during the continuance of this security being installed or lying loose or in cases or being in or being in or upon or about the Borrower's premises godowns at New Delhi, Mumbai, Pune, Aurangabad or wherever else the same may be or be held by any party anywhere to the order and disposition of the Borrower or in the course of transit to the Borrower (all of which are hereinafter called "the hypothecated machinery")

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- b) All tangible movable properties, assets and stocks, whatsoever nature of the Borrower (both present and future) including but WITHOUT PREJUDICE TO the generally of the foregoing all stocks of raw materials such as Set-top boxes, amplifiers, signal strengthening equipment, cable wiring, Antennae, satellite dishes, CPE hardware equipment, etc and semi finished goods, spare parts, components (including spare parts and stores relating to plant and machinery both present and future) and stocks in process of the Borrower wheresoever situate at New Delhi, Mumbai, Pune, Aurangabad, or anywhere else a short particulars whereof are described in Part B of Schedule – II hereunder written and/or in transit now belonging to or that may at any time during the continuance of its security belong to the Borrower or that may be held by any party to the Order and/or disposition of the Borrower (all of which are hereinafter referred to as “the hypothecated goods”); and
- c) All the present and future book-debts, outstandings, money receivables, claims, bills which are now due and owing or which may any time hereafter during the continuance of this security become due and owing to the Borrower in the course of his business by any person, firm, company or body corporate or by the Central Government or any State Government or any Government Department or office or any municipal or local or public or semi-governmental body or authority or any body corporate or undertaking or project whatsoever (all of which are hereinafter collectively referred to as “the said Debts”) and stated under Part C of Schedule II.

To the intent that the security and charge hereby created shall be a security by way of first charge on all the said hypothecated machinery, hypothecated goods and the said book debts (hereinafter for brevity's sake collectively referred to as “the hypothecated assets”) for the due payment as provided in this deed of all moneys, including the principal sums/instalments/ interest/ commission costs, charges and expenses and all other moneys, whatsoever due owing and payable by the Borrower to the Bank, under or in respect of or in connection with or in anywise concerning or relating to the said facilities agreed to be granted and/or granted by the Bank to the Borrower as aforesaid AND ALSO for due repayment of all present and future indebtedness and liabilities of the Borrower to the Bank of any kind in any manner whether solely or jointly, primary or collateral, accrued or accruing with all relative interest/commission, charges, costs (between Advocate and client) and expenses.

6. The Borrower confirms and declares that the Bank has agreed to disburse the money under the said facilities on the representation by the Borrower that the Borrower will utilise the said facilities only for the purposes for which the said facilities are granted or agreed to be granted by the Bank and not for any other purpose whatsoever. The Borrower is aware that if the Bank apprehends or has reason to believe that the Borrower has despite the said representations utilised the said facilities for any other purpose, the Borrower and all the persons responsible for such diversion of funds for any other purpose, that for which it was granted by the Bank, without taking prior specific sanction in writing, shall be personally liable for misrepresentation and the bank shall have notwithstanding anything contrary contained in these presents or any other Deed, documents or writings and without prejudice to its rights and remedies under these presents or in law for the time being in force/demand be entitled to the payment/repayment of all moneys, outstanding under the said facilities with interest / commission as set out in the Schedule I hereunder written and the Borrower shall be bound to pay forthwith all such moneys to the Bank.

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7. The Borrower further confirms having represented to and for the benefit of the Bank and hereby declares and warrants that:-

- i) it has the power and authority to own its assets and carry on business as it now being conducted and proposed to be conducted and further state it shall not change/vary the constitution, name, location of the unit, product line, technical process and machinery, godown without prior written permission of the Bank.
- ii) It has the necessary power to enter into this deed and to borrow and perform its obligation under this deed and has taken all necessary and other actions to authorize the execution delivery and performance of this Deed in accordance with the terms of the letters of sanction of Bank.
- iii) This Deed constitutes legally binding obligations of the Borrower enforceable in accordance with its terms,
- iv) The Borrower shall without fail retain/mention in all his/its/their contract/invoice a term to the effect that the payment or the invoice contract shall be made only by a cheque drawn in favour "Bank of India A/c _____" and not otherwise.
- v) The execution, delivery and performance of this Deed by the Borrower does not and will not exceed any power granted to the Borrower or violate any provision of –
 - a) Any law or regulation or any order or decree on any Governmental Body/authority/agency or Court to which the Borrower is subject; or
 - b) Any mortgage, charge, deed, contract or other undertaking or instrument to which the Borrower is a party or it binding upon it or any of its assets and will not result in the creation of imposition of any security, interest or any obligation to create or impose any mortgage, charge, pledge, lien or encumbrance of any nature whatsoever on any of its assets or revenues,
- vi) The said hypothecated plant & machineries and the said hypothecated goods are movable and constitute movable property.

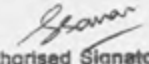
8. The Borrower hereby represents and assures the Bank that except for the purpose of sale or dealings in the ordinary course of its business the Borrower shall not, except with the prior specific approval in writing of the Bank and subject to the stipulated margin of security required by the Bank being fully maintained, remove or cause or permit any of the hypothecated assets or divert or dispose off or cause or permit any the hypothecated assets in transit to be disposed off or diverted or otherwise deal with any of the hypothecated assets and further represents and assures that the proceeds of sale of any of hypothecated assets as soon as received, shall be forthwith paid to the Bank in satisfaction of the balances, then due and owing on the said accounts under the said facilities but not to any other Bank or party, without prior specific written consent of the Bank and till then all sales, realization and insurance proceeds of the hypothecated assets shall be held by the Borrower in trust for the Bank as the Bank's exclusive property for appropriation of the amounts due under the said facilities provided further that the Borrower shall not make any sale of the hypothecated machinery or hypothecated goods, upon being prohibited in writing by the Bank from doing so.

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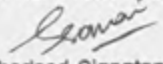
9. During the continuance of this security the Borrower will keep the hypothecated machinery and hypothecated goods in the premises these are at present lying or installed and all the machinery and equipment with its accessories and spare parts to be purchased by the Borrower shall be installed and/or stored in the Borrower's premises, as intimated to the Bank or at such premises as the Bank may allow in writing to the Borrower. The Borrower shall not remove or cause or permit to remove the hypothecated machinery or any part thereof from the said premises or cause or permit to divert the hypothecated machinery or any part in transit elsewhere.
10. The Borrower shall furnish to the Bank regularly every month and/or at any other time or times as the Bank may require a statement or statements of the hypothecated assets in the form required by the Bank and in addition furnish a full and correct statement of all the hypothecated assets stating quality quantity, description, the cost or the market value thereof the cost price or market value of unpaid stock whichever is lower, the other places where they are stores lying or installed for the time being, from and to what places they are in transit as provided for herein. The Borrower is aware that that the drawing power of the Borrower under the said facilities is depending on such statement and as such if wrong statements are given by him especially regarding the quality, quantity and the price of the stocks, misrepresenting the facts, it will amount to misrepresentation to the Bank; for inducing it to advance moneys under the said facilities and thus causing loss to it for which the Borrower will be criminally liable in addition to the other remedies hereunder the Law.
11. The Borrower shall furnish to the Bank such verified statements/reports/, documents and other particulars and information as required by the Bank and execute all such documents and do all such acts, things which the Bank may require to give effect to the securities created in its favour and if the Borrower shall fail to do so within a week of demand in writing the Bank shall be entitled to execute such documents and do all acts and things on behalf of the Borrower and shall also be entitled to charge penal interest at the rate as per the discretion of Bank which shall not in any way be less than the penal interest stated in sanction letter of Bank stated earlier in this deed unless otherwise agreed to by Bank.
12. The Bank or any person or persons appointed or nominated by it shall have the right at all times with or without notice to the Borrower to enter into all the premises, where the hypothecated assets including the premises where the books of accounts or other records documents etc., relating to the hypothecated assets are lying or left and to inspect value and take particulars of the same and/or to take abstracts from such books of account, etc., and the Borrower shall produce all such records, books, vouchers, evidences and other information as the Bank or persons/person appointed or nominated as aforesaid by the Bank may require.
13. It shall be lawful at any time and from time to time during the continuance of this security to appoint and employ at the instance of the Borrower in all respects either temporarily or for such period as the bank shall think fit a person or firm or Company to inspect and value on behalf of the Bank the hypothecated assets and the Borrower shall pay to the Bank on demand the fees or other remuneration, cost, charges and expenses payable to such person/firm/company and the costs, charges and expenses incidental to such valuation (the statement of such fees remuneration costs charges and expenses by the Bank being conclusive and binding on the Borrower) and in default the Bank shall be at liberty to debit any account of the Borrower with the Bank and the amount so debited shall form part the moneys hereby secured. Any such valuation shall be conclusive against and binding on the Borrower.

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14. The Borrower shall keep proper books of accounts of its business and carefully keep and preserve all the documents, papers, vouchers in connection with or relating to the hypothecated assets and will at any time when required produce such books, documents and vouchers for the inspection of the bank Officials or any of them and allow them access thereto and to make copies or extracts from the same.
15. The Borrower shall pay all rent, rates, taxes, cesses, payment and other outgoings in respect of any immovable property in or on which the hypothecated assets may for the time being lying and shall keep such property fully insured against loss or damage, fire, riot, earthquake or civil commotion and shall also insure the same against such other risks as the Bank shall require and shall produce the policies of company to the bank whenever required by it.
16. The Borrower shall also duly pay all the rents, rates, taxes, cesses, dues, duties etc., including Income-Tax, Sales Tax, Excise Duties, Customs Duties and duly perform and discharge all the obligations according to law and shall immediately upon any proceedings being initiated against the Borrower for violation or alleged violation of any law give notice of such action or proceedings to the banks if any, or of such action or proceedings which shall or is likely to affect their interest under this Deed. The Bank shall have a right to intervene in such actions or proceedings entirely at the cost of the Borrower and also a right (exercisable at the sole discretion of the Bank) to redeem the hypothecated assets or any of them from confiscation and/or forfeiture by payment of such rents, rates, taxes, cesses, dues or duties and fine or penalty etc., as may have been paid by it and the costs of any such action or proceedings including costs on full indemnity basis that may be incurred by the Bank and all such amounts due from the Borrower to the Bank with interest thereon as hereunder provided shall also be a charge upon the hypothecated assets as if all such moneys had been advanced by the Bank to the Borrower under and secured by these presents.
17. The Borrower shall on demand endorse all Bills of lading, railway/warehouse receipts, delivery order or other documents of title to the hypothecated goods and/or hypothecated machinery or any of them for payment thereof in favour of the Banks and hereby specifically appoints the Bank and the persons who shall from time to time be the manager or Principal Officer of the Bank to jointly and/or severally the attorney/attorneys of the Borrower to endorse any such Bill of lading, railway receipt, warehouse receipt or delivery or document of title and to do any act deed or thing and execute any document or insurance which the Borrower is bound hereunder to do or execute.
18. The Borrower shall if so required by the Bank and/or in default may cause a board or boards with the name of the Bank legibly and distinctly printed thereon stating that the assets are hypothecated to bank be placed and at all times maintained in a conspicuous position upon and within all godowns, jaithas or other places of storage into or upon which any of the machinery and or stocks for the time being hypothecated and charged as aforesaid to the Bank are or shall be brought or lying during the continuance of these presents.
19. The Borrower hereby expressly declares and assures that all sales, realisation insurance proceeds compensation amount and all other moneys received from, out of or in respect of the hypothecated assets shall be held by the Borrower for the benefit of and in trust for the Bank for the payment of the amounts due and payable by the Borrower to the Bank in respect of the said facilities under provision hereof.

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20. The Borrower shall at all times during the continuance of the security keep and maintain such margins of security in favour of the Bank (hereinafter called the said margins) as hereinafter mentioned.

- i) 43 % against raw material, finished goods;
- ii) 43 % against stores;
- iii) 43 % against goods in process;
- iv) % against book-debts outstanding of 2 or 3 months;
- v) % against book-debts outstanding for more than 3 months to less than 6 months.



The Borrower shall not at anytime operate or draw against the account so as to cause the debit balance in such account at any time to exceed such percentage or percentages as the Bank, may from time to time determine of the costs or market value (market value as found by the Bank) whichever is lower of the hypothecated assets or any class or category or portion of the hypothecated assets as specified by the Bank from time to time. It is hereby expressly agreed that the Bank shall be at liberty to fix different margins for different classes or categories or portions of the hypothecated assets as it may deem fit in its discretion and may at like discretion vary or increase such margins at any time and from time to time.

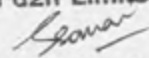
If and so often as the said margin shall fail to be maintained then the Borrower shall forthwith (according as the Bank may require) either hypothecate to the bank further assets or tangible movable property approved by the Bank and of sufficient value to make up the deficiency or shall reduce the amount for the time being due to the bank by cash payment so as to maintain the said margin.

- 21. The Borrower hereby declares and guarantees that the hypothecated assets are the absolute property of the Borrower and that the Borrower has good right and title to the same and to charge the same in favour of Bank.
- 22. The Borrower hereby declares that the said hypothecated assets shall always be its absolute property at its disposal and free from any prior charge or encumbrance (subject to the charge created hereunder) and further declares that nothing herein shall operate to prejudice the Bank's right or remedies in respect of any present or future security, guarantee obligations or decree for any indebtedness or liability of the Borrower to the Bank.
- 23. The Borrower agrees and undertakes to execute on demand by the Bank such further documents/instruments as may be required by it to vest the said hypothecated and charged assets or an of hem in favour of he bank or o render he same readily realizable or transferable by the bank at any time.

The borrower declares further that borrower does not have any banking account and/or borrowing arrangements or facilities elsewhere and will not open or operate such accounts with any Bank or any Institution without the prior permission of the Bank.

- 24. The Borrower will not receive, compound or realise any of the said Debts or do anything whereby recovery of the same may be delayed or prevented without the specific written consent of the Bank and will keep proper books of accounts of its business and carefully keep and preserve all the documents papers and vouchers in connection with or relating to or which

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prove or are likely to prove and said Debts or any part thereof and will at any time when required produce such books, documents, papers and vouchers for the inspection of the Bank and its officers, agents and allow them access thereto and to make copies or extract from the same Borrower further agrees to submit the statement of the said debts every 3 months from the date of execution of these presents and also at times when demanded by Bank and all such statements shall also be deemed to be part of this deed. The borrower declares that the said debts shall always be free from any prior charge or encumbrance and borrower shall execute on demand by Bank such further documents as may be required by Bank to vest the said debts or any of them in the Bank and to render the same readily realisable or transferable by Bank at any time subject as aforesaid, the borrower shall be at liberty to deal with the said debts in due course of business on the express understanding that the said debts and all proceeds and/or realisations thereof and documents of title relating thereto are always kept distinguishable and as exclusive property of the Bank and borrower shall not create or suffer any charge of any nature over the said debts.

25. The Borrower shall not without the previous specific consent of the Bank in writing create further charge by way of pledge, hypothecation, mortgage, charge, lien or other encumbrance upon or in respect of the hypothecated assets or any of them or any part thereof in any manner whatsoever and will not permit or suffer to be done any act or things which may adversely affect or prejudice the security of the Bank.
26. The Borrower shall at its own costs and expenses during the continuance of this security keep hypothecated assets in marketable and good condition and shall likewise at its own expenses insure and keep insured the same against loss or damage by fire, riot, theft and strikes and robbery and such other risks as may be required by the Bank or by law to be insured against for full market value thereof with an Insurance Company approved by the Bank. The Borrower shall ensure inclusion in or attachment to all such policies of the usual mortgage clause of the Bank. The Borrower shall punctually pay the premia due for all such insurance policies and shall produce receipt for payment of every such policy of insurance. The Borrower shall renew the policy two weeks before the maturity date and furnish the renewed policy to the Bank.
27. In default of maintenance of the hypothecated assets by the Borrower in good repair and marketable condition or in default of maintaining of insurance as aforesaid the Bank may (but shall not be bound to) keep the hypothecated assets in good repair and marketable condition and effect or renew such insurance. Any premium paid by the Bank and any cost charges and expenses incurred by the Bank shall be paid by the Borrower forthwith on demand and shall until repayment with interest at the rate aforesaid be treated as if the same were advanced by the Bank and be charged on the hypothecated assets.
28. The insurance policies shall be made out in the joint names of the bank as hypothecate and borrower as hypothecator and held by the Bank on behalf of it.
29. In the event of loss or destruction by fire or otherwise damage to the hypothecated assets or any part thereof, the Bank shall be entitled to recover and receive all moneys payable under the Insurance policy or policies. In the event of the Bank not receiving the amount payable under the insurance policies wholly or partially for any reason whatsoever or the sums of money realised from Insurance be insufficient to cover the moneys due to the Bank, the Bank shall be entitled to demand payment of and the Borrower shall be bound to pay forthwith the balance due to the Bank. It is the duty of the Borrower to ensure that monies payable under the Insurance Policy are received by the Bank.

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30. In any of the following events, that is to say:-
- a) if the Borrower fails to pay any amount by way of principal, interest, penal interest or otherwise due to the Bank hereunder on the date on which the same shall become due and payable or in the case of any sum expressed to be payable upon demand being made and on the borrower's failure to pay upon such demand forthwith.
 - b) If the Borrower commits any default in performing any of its obligation hereunder or commits breach of any of the covenants or conditions herein contained or in the letters of sanction given by the Bank in respect of the said facilities to the Borrower including submission of stock statements, book debts and such other statements as shall be required by Bank, or
 - c) Any installment of the term loan in the said facilities being unpaid upon the respective due date for payment thereof;
 - d) If any representation warranty, covenant or statement made by the Borrower is not complied with or proves to be false or has been violated in any material respect as of the date at which it is made or deemed to be made or any event occurs as a result of which is any such representation or warranty immediately thereafter would be untrue, incorrect or misleading in any manner or
 - e) If any present or future indebtedness of the Borrower is not discharged within any applicable grace period or becomes due and payable prior to its stated maturity; or
 - f) If the Borrower fails to pay when due or expressed to be due any amount payable or expressed to be payable under any present or future guarantee for any borrowed money; or,
 - g) If a distress or execution of other legal process is levied or enforced or sued upon or against any part of the property of the Borrower and is not discharged within seven day of having been so levied, enforced or sued out; or
 - h) If any creditor or other person or authority takes possession of or a receiver is appointed of the whole or part of any of the undertaking property or assets of the Borrower; or
 - i) If the Borrower becomes insolvent or is unable to pay its debts as they mature or takes any proceedings for a re-adjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or any arrangement or composition with or for the benefit of its creditors, or an order is made or an effective resolution is passed for winding up the Borrower or if the Borrower threatens to stop payment or ceases or threatens to cause to carry on its business; or
 - j) If any governmental or other license approval authorisation, consent or exception, required to enable the Borrower to perform any of its obligations under this Deed, is withdrawn or modified or if it becomes otherwise unlawful for the borrower to perform any of its obligations under this Deed; or
 - k) If the properties and assets offered as security to the Bank have not been insured and kept insured by the Borrower or depreciate in value to such an extent that, in the opinion of the Bank further security to the satisfaction of the Bank should be given and such security has not been given to the Bank despite request and demand in this behalf by the Bank; or
 - l) If without the prior approval of the bank any Land building, structures, plant and machinery of the Borrower are sold, disposed of and/or charged encumbered or alienated or the said buildings, structures, machinery plant and other equipments are removed, pulled down or demolished, or
 - m) If the financial institutions and/or Banks with whom the Borrower has entered into or shall be entering into agreements for financial assistance have refused to disburse the money or any part thereof or have recalled the same under their respective agreements with the Borrower, or

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- n) If such circumstance have occurred this in the opinion of the bank would make it improbable for the Borrower to fulfill its obligations under this Deed; or endanger or be likely to prejudice or endanger its securities;
- o) If the financial results of the Borrower show that the working of the Borrower is not sound or conducive to the interest of the Borrower or its creditors of the Bank has reasonable apprehension that the Borrower is unable to pay its debts or the Bank is of opinion that in order to protect the Bank's interest it is necessary to demand immediate payment of its dues;
- p) Any change in the management of the Borrower or of the management of the undertaking is taken over or is nationalised by the Central or State Government;

If any of the said event shall occur, then and without prejudice to its other rights and remedies.

- i) It shall be lawful for the Bank forthwith or at any time thereafter and with or without due notice through its Officers, agents, nominees and assignees to enter into or upon any place or premises and take possession of the hypothecated assets or any part thereof and for the purpose of such entry to do all acts deeds or things deemed necessary by the Bank including breaking open any lock on any place where the hypothecated assets and/or the books of accounts and other records are or maybe lying or kept and thereupon either forthwith or at any time and from time to time and without any notice either by public auction or tender or private contract to sell/realize/recover and dispose of all or any part of the hypothecated assets in such manner as the Bank shall think fit and receive consideration for the same and transfer and assign or otherwise dispose off or deal with all or any part of the hypothecated assets;
- ii) The Bank shall be entitled to deduct and appropriate from the proceeds realised as aforesaid all expenses in connection with the exercise of the aforesaid powers and to appropriate the net sale proceeds towards the outstandings under the said facilities;
- iii) The Bank shall also be at liberty to enforce realise settle compromise refer to arbitration and deal in any manner with any rights or claim which may be set up in respect of the hypothecated assets or any of them and to complete any engagements and carry on the business of the Borrower through agents, managers or otherwise without being bound to exercise those powers.
- iv) The Bank shall not be liable in the event of the exercise of any of the aforesaid powers for any involuntary losses which may occur in or arising from such exercise and such exercise shall be without prejudice to any other rights and remedies and notwithstanding any pending suit or other proceedings relating to the hypothecated assets;
- v) Notwithstanding that there may be any pending suit or other proceedings the Borrower hereby undertakes to transfer and deliver on demand to the Bank all relative contracts, securities and documents and papers relating to the hypothecated assets and the Borrower shall accept the Bank's account of sales and realisation as conclusive and shall forthwith pay to the Bank on demand any shortfall or deficiency thereby shown.
- vi) If the net sum realised by such sales and realisation shall be insufficient to pay the Borrowers' debt to the Bank in full, the Bank shall be at livery to apply any other money or moneys in the hands of the Bank standing to the credit of or belonging to the Borrower in or toward the payment of the balance due to the Bank, AND in the event of there still being a deficiency, the Borrower shall forthwith pay such deficiency provided

For Videocon d2h Limited


Director/Authorised Signatory

that nothing herein contained shall in
remedy of the Bank against the Borrower.

any manner prejudice or affect the

2

vii) The Borrower shall accept without question the Bank's account of such sale or sales or other transactions signed by any agent or other authorized officer of the Bank as sufficient proof of the amount realised or due by or under the sale or sales or transactions and the costs charges and expenses incurred in connection therewith.

viii) The Bank shall have all other powers incidental to and necessary for the realisation of their security under these presents.

Any delay in exercise or omission to exercise any right, power or remedy accruing to the Bank upon any default under the agreement or any other deeds or agreements executed by the borrower shall not impair or prejudice any such right power or remedy nor shall it be construed to be a waiver thereof or any acquiescence in such default or any such acquiescence in such default nor such inaction of the Bank in respect of any default affect or impair any right, power or remedy of the Bank in respect of any such default.

31. As and when the Bank seeks to enforce the security and take possession of the hypothecated assets or any part thereof the Borrower shall comply with all such directions as may be given by the Bank and afford every facility for placing and keeping the Bank in exclusive possession, custody and control of the hypothecated assets and in such manner that such possession, custody and control shall be apparent and indisputable. Pending seizure by Bank of the hypothecated assets and documents and any sale proceeds/realizations received by the Borrower on sale in ordinary course and any insurance moneys received shall be held as the Banks exclusive property specifically appropriated to this security and the Borrower will not make or suffer any mortgage or charge or encumbrance affecting the same or any part thereof nor do or allow anything which may prejudice the security.
32. If and when the Bank exercises its right to demand payment of the moneys to it or to take possession of the hypothecated assets or any of them as herein provided the Borrower shall be deemed to be in possession of the hypothecated assets as agent of the Bank. Even after the security hereby created shall have become enforceable or have been enforced and even after the Bank shall have taken possession of the hypothecated assets or any of them in enforcement of the security or appointed or caused to have appointed a Receiver or shall have taken any other action in exercise of the powers hereby conferred on the Bank, the Bank shall be entitled to store the hypothecated assets and other movable assets forming part of the security in the Borrowers' premises where they may be lying and the Borrower shall be liable to and shall bear and pay on demand the cost of storing and keeping the same for such premises including the rent or compensation payable for such premises and the salary and remuneration of watchman and other personnel that may be engaged for security preservation and handling of the same until the full and complete enforcement and realisation of the security;
33. The Borrower shall not until realisation of the security adversely deal with such premises belonging to or possessed by the Borrower nor its right thereto nor any other assets forming part of the hypothecates assets;
34. The Bank shall also be entitled to hire or require storage space in any other premises to store any or all the hypothecated assets and to engage watchman and other personnel as aforesaid as the watchman or other personnel of the Borrower and the Borrower shall pay the rent or

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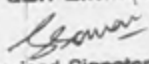
[Signature]
Director/Authorised Signatory

compensation payable for or in respect of such other premises and pay salary of watchman and other staff on demand and until repayment such rent or compensation and other moneys and interest thereon at the rate herein provided for shall be a charge upon the hypothecated assets.

All expenses incurred by the Bank for protection, preservation, storage etc., shall be a first charge on the net sale proceeds/realizations/recoveries.

35. Notwithstanding the Bank taking possession of the hypothecated assets, the Borrower shall be solely responsible in all respects and the Bank shall not in any way be responsible for or in respect of the quantity, quality, or state of repair or condition of the hypothecated assets or loss, destruction or deterioration thereof or damage thereto occasioned by theft, robbery, fire, riot strike, civil commotion or otherwise howsoever, whatever may be the circumstances under which such loss destruction deterioration or damage may arise.
36. The Borrower shall indemnify and keep indemnified the Bank against all losses, demands, damages, costs, charges and expenses in respect of the hypothecated assets sustained or made against the Bank.
37. On a sale by private contract or public auction under the provisions of sub-clause 30(i) hereof, the Bank shall be entitled to charge and retain as part of the costs charges and 43expenses incurred in connection therewith such commission as the Bank shall at its sole discretion fix and shall not be liable to account for the same to the Borrower. Such commission shall be in addition to any brokerage or outgoing payable in respect of any such sale. If the sale proceeds are not sufficient to pay the amount of such commission the Borrower shall pay the same forthwith to the Bank on demand;
38. The Bank shall be entitled from time to time to appoint remove and replace any person or persons as receiver of the hypothecated assets or part or parts thereof or as agent or manager and to empower him or them to exercise all or any of the powers vested in the Bank by this Deed in respect of the same and shall be entitled to recover and receive from the Borrower the remuneration and/or charges or fees of such receiver's agents managers or other persons. Such receivers, agents, managers or other persons shall be deemed to be the agents of the Borrower and the Bank shall not be liable for and shall be entitled to be indemnified and kept indemnified by the Borrower against and in respects of all involuntary acts, defaults, negligence and mistakes (whether arising in the usual course of business or otherwise) of any such Receivers Agents, Managers or other persons and all losses, damages, claims demands suits, proceedings, costs, charges and expenses sustained incurred or made in respect thereof;
39. In case of suit being filed or action being taken by the Bank to enforce the security created hereunder and to realise its dues, the Bank shall have right to get an ad-interim receiver appointed of the hypothecated assets with all powers under Order XL Rule I of the code of Civil Procedure 1908 or under any other provisions of law including powers to take possession of hypothecated assets and to sell the same by private treaty or public auction entirely at the risks and to costs and consequences of the Borrower.
40. This security shall be a continuing security for all moneys from time to time due and payable by the Borrower to the bank and the accounts in respect of the said facilities are not to be considered to be closed for the purpose of this security and the security is not to be considered exhausted either by reason of the said accounts or any of them showing nil balance or being

For Videocon d2h Limited


Director/Authorised Signatory

brought into credit at any time or from time to time or of its being drawn upon to the full extent, if afterwards reopened by a payment to credit or by realising of any demand for repayment being made by the Bank.

41. In addition to general lien or similar rights, to which the Bank as banker may be entitled by law, the Bank may at any time and without notice to the Borrower combine or consolidate all or any of its accounts with and liabilities to the Bank and set off or transfer any sum or sums of money standing to the credit of anyone or more of such accounts in or towards the satisfaction of any of its liabilities to the Bank or any other account or in any other respects whether such liabilities be actual or contingent, primary or collateral or several or joint.
42. The Borrower hereby authorises and irrevocably appoints the Bank and or its officers as its Attorneys and authorises the Bank to act for and in the name done by the Borrower hereunder and generally to use the name of the Borrower to do whatever the Borrower may be required to do under these presents and generally to use the name of the Borrower in exercise of all or any of the powers by these presents conferred on the Bank including to demand, recover, receive collect. Sue for any of book debts, money receivables, money outstanding, claims bills, supply bills of the Borrower and the Borrower shall bear the expenses that may be incurred in this regard and Bank shall be entitled as its agent attorney to exercise all or any such powers for recovery of any book debts without any further reference in this regard to the borrower and all such actions taken in pursuance to these presents as agent shall be fully binding on the borrower and shall not be challenged by borrower.
43. Nothing herein contained shall prejudice or affect any general or special lien to which the Bank is or may by law or otherwise be entitled or any rights or remedies of the Bank in respect of any present or future security, guarantee, obligations or decree for any other indebtedness or liabilities of the Borrower to the Bank nor shall anything herein contained prejudice the right of the Bank to enforce or have recourse to the security under this Agreement without enforcing or having recourse in the first instance to any other security held by the bank from the Borrower and the Bank shall be entitled to sue on anyone of such securities without being bound to sue on all such securities;
44. any delay in exercising or commission to exercise any rights power or remedy exercisable by the Bank under the security or under these presents or otherwise under any law or rules shall not impair any such right power or remedy or be construed to be a waiver thereof or be construed to be acquiescence in any default affect or impair any right power or remedy of the Bank in respect of any other or subsequent default.
45. Any demand or notice to be made or given or to any party hereto may be made or given by leaving the same at or posting the same by registered post or under certificate of positing in an envelope addressed in the case of the Borrower to its last known address on the records of the Bank or at its Registered Office or Branch Office with which the Borrower has dealing under this Agreement and ever such demand or notice shall when delivered by the bank to the post office be deemed to be duly received by the Borrower as the case may be at the time at which it would have been delivered in the ordinary course of post at the Office in question.
46. All payments made by the borrower and all recoveries received by the Bank either by sale of the hypothecated assets with or without the co-operation of the borrower and any insurance claim received from any Insurance Company and related to the hypothecated assets and all

For Videocon d2h Limited


Director/Authorised Signatory

recoveries received from the guarantor or any third party shall be appropriated to any of the loan accounts of the borrower with the Bank at its discretion in the following order:-

- i) Interest on costs, charges, expenses and other monies,
- ii) Costs, charges expenses and other monies,
- iii) Interest, including additional interest, penal interest and commitment charges,
- iv) Repayment of instalments of principal due and payable

And if any part of the money recovered/received remained after such adjustments, then the Bank shall be entitled to apply the same towards any other sum or sum of moneys which may be due and owing by borrower to the Bank on any other account whatsoever and if after settlement of all claims of Bank against the borrower any surplus remains, such surplus shall remain at the disposal of the borrowers.

47. The Bank shall have the right to disclose the names of the borrowers and the particulars of the facilities granted/to be granted to Reserve Bank of India, statutory authorities, government Authorities, Courts, Tribunal, other Banks and financial institutions and to the Credit Information Bureau (India) Ltd., if and when called for and the borrower duly agrees and consents to the absolute right of the Bank in this regard.
48. The Borrower further agrees that Bank shall have the right to assign and securities the debt/loan facilities granted and being enjoyed by borrower with its underlying securities to any Bank, Financial Institution, Asset Reconstruction Company, Securitisation Company or to such other Company at Bank's discretion and any such assignment of debt and/or securitisation of debt with or without its underlying securities shall bind the borrowers and the borrower agrees and consents to execute all such other deeds and documents whenever required by Bank to effectively complete the said assignment/securitisation to the satisfaction of the Bank.
49. The Borrower shall pay forthwith on demand to the bank the cost on full indemnity basis incurred by it in connection with the preparation engrossment and execution of this Deed and of the registration of the security with the Registrar of Companies and all other costs on full indemnity basis incurred by the Bank hereafter in connection herewith or with the enforcement of attempted enforcement of the security hereby created or the protection or defense or perfection thereof or for the recovery of any moneys hereby secured and of all suits and proceedings of whatsoever nature for the enforcement or realisation of the security hereby created or the recovery of such moneys or otherwise in connection herewith or in which the Bank may be joined as a party or otherwise involved by reason of the existence of the security hereby created or otherwise.
50. The terms and conditions laid down by the Bank and set out in the letters of sanction to the Borrower be deemed to be part and parcel of this Deed as between the Bank and the Borrower and binding as between them.
51. Any clause in this agreement that is or may become prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective only to the extent of such prohibition or unenforceability without invalidation the remaining provisions of this memorandum or affecting the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF the Borrower has executed this Agreement on the day of the year first hereinabove written.

For Videocon d2h Limited


Director/Authorised Signatory

SCHEDULE I

Facility amount/ Limit	Repayment Schedule/ Installment				Rate of interest/ commission	Rests whether Monthly/ Quarterly/ Half yearly
Term loan	24 graded quarterly instalments, commencing from October 2016 as under:				3.55% above BOI base rate presently 13.25%	Monthly
	Oct-16	Rs. 2.50 Cr	Oct- 19	Rs.10.00 Cr		
	Jan- 17	Rs. 2.50 Cr	Jan-2020	Rs.10.00 Cr		
	April-17	Rs. 2.50 Cr	April-20	Rs.10.00 Cr		
	July-17	Rs. 2.50 Cr	July-20	Rs.10.00 Cr		
	Oct-17	Rs. 3.75 Cr	Oct-20	Rs.12.50 Cr		
	Jan-18	Rs. 3.75 Cr	Jan-2021	Rs.12.50 Cr		
	April-18	Rs. 3.75 Cr	April-21	Rs.12.50 Cr		
	July-18	Rs. 3.75 Cr	July-21	Rs.12.50 Cr		
	Oct- 18	Rs. 7.50 Cr	Oct-21	Rs.13.75 Cr		
	Jan-19	Rs. 7.50 Cr	Jan-2022	Rs.13.75 Cr		
	April- 19	Rs. 7.50 Cr	April-22	Rs.13.75 Cr		
	July-19	Rs. 7.50 Cr	July-22	Rs.13.75 Cr		

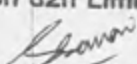
*A separate Annexure showing the details of instalments and amounts, duly signed by the Borrower has to be enclosed if space is not enough to include it here specifying the rate of interest on default on the defaulted instalments/interests.

** Subject to change as stated in Clause 3 of this agreement.

SCHEDULE II
PART A

Description of Machinery	No. of Machineries	Identification mark if any
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All tangible, movable assets and fixed machinery, immovable assets comprising of set-top boxes, Air conditioning Plant, Broadcasting Equipment - BASEBAND, Broadcasting Equipment - CAS, Broadcasting Equipment - COMPRESSION, Broadcasting Equipment - INSTALLATION, Encoder, Matrix - BASEBAND, PIRD, Radio Frequency - DOWN LINK, Radio Frequency - Test equipment, Radio Frequency - uplink, signal processor, Transmission equipment (sub system), Consumer Premises Equipments, signal strengthening equipment, cable wiring material, antennae, dishes, signal reflecting machines, Desk to desk signal processing and amplifying equipment, telecasting equipment, monitors and computer peripherals, office furniture and fixtures etc; where so ever situate or in transit belonging to the borrower

For Videocon d2h Limited

Director/Authorised Signatory

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PART B

Specify the stocks, raw materials etc.,

PART C

All the present and future book-debts, outstandings, money receivables, claims, bills which are now due and owing or which may any time hereafter during the continuance of this security become due and owing to the Borrower in the course of his business by any person, firm, company or body corporate or by the Central Government or any State Government or any Government Department or office or any municipal or local or public or semi-governmental body or authority or any body corporate or undertaking or project whatsoever.

And pari pasu charge on DTH license and charge on Escrow A/c maintained with ICICI bank and IDBI Bank.

For Videocon d2h Limited

The common seal of the company is affixed

Pursuant to the board resolution passed on
Date: 14/10/2015 in the presence of:

Mr. Siddharth Somani

Mr.

Authorised signatories

Director/Authorised Signatory

(Borrower)

NOTE: When a Company is executing the document, the authorised signatory of the Company must execute it with common Seal duly supported by Board Resolution.

Document
Checked
Date

[\(Back To Top\)](#)

Section 6: EX-4.19 (EX-4.19)

Exhibit 4.19



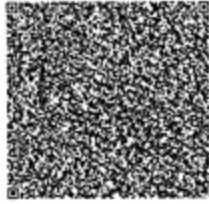
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INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	: IN-DL58671178799532N
Certificate Issued Date	: 17-Sep-2015 10:39 AM
Account Reference	: IMPACC (IV)/ dl736003/ DELHI/ DL-DLH
Unique Doc. Reference	: SUBIN-DL73600314993897833464N
Purchased by	: VIDEOCON D2H LTD
Description of Document	: Article 5 General Agreement
Property Description	: Not Applicable
Consideration Price (Rs.)	: 0 (Zero)
First Party	: VIDEOCON D2H LTD
Second Party	: Not Applicable
Stamp Duty Paid By	: VIDEOCON D2H LTD
Stamp Duty Amount(Rs.)	: 500 (Five Hundred only)



.....Please write or type below this line.....

This stamp paper form part of Loan Agreement.

For Videocon d2h Limited

P. Kumar
Director / Authorised Signatory



Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.shclstamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

LOAN AGREEMENT

BETWEEN
VIDEOCON d2h LIMITED
AS BORROWER

AND

DENA BANK
AS LENDER

LOAN AGREEMENT

THIS AGREEMENT made at New Delhi this 18th day of September Two thousand and Fifteen.



BETWEEN

M/s.Videocon d2h Limited (erstwhile Bharat Business Channel Limited) (CIN no : U92100MH2002PLC137947) a Company incorporated under the Companies Act, 1956 having its Registered office at Auto Cars Compound, Adalat Road, Aurangabad – 431005 (hereinafter referred to as “the Borrower” which expression shall, unless it be repugnant to the subject , meaning or context thereof, be deemed to mean and include its successors and permitted assigns);

AND

DENA BANK, a body corporate constituted under the Banking companies (Acquisition & transfer of undertaking) Act 1970 and having its Head office at **Dena Corporate Centre, C-10, G Block, Bandra- Kurla Complex, Mumbai- 400051** and among other places of business its branch at Industrial Finance Branch ,Dena Bank Building ,17 Horniman Circle Mumbai-400023 (hereinafter referred to as “the Lender” which expression shall, unless it be repugnant to the subject, meaning or context thereof, be deemed to mean and include its successors and assigns).

ARTICLE I

THE LOAN

1.1 Amount and terms of the Loan

The Borrower agrees to borrow from the Lender and the Lender agrees to lend and advance to the Borrower a loan of Rs 75,00,00,000/-crore (Rupees Seventy Five Crore only) (RTL) (hereinafter referred to as “the Loan”) for the purpose of meeting the funding requirement during the Business Plan period (i) Subscriber acquisition cost i.e. the cost of consumer premises equipments (CPE) (consisting of Set Top Box, Outdoor Unit and Smart Card) (ii) Cost of CPE inventory build-up and (iii) Other general capital expenditure and on the terms and conditions contained herein and in the Sanction Letter Ref No DB/IFBVD2HL/01/2015 dated 17-04-2015 And DB/IFB/CD2HL/26/2015-16 dated 24-08-2015 and the same shall be construed as forming integral part of this Agreement and is annexed hereto.

For Videocon d2h Limited

Director / Authorised Signatory

1.2 Interest

(i) The Borrower shall pay to the Lender interest on the principal amount of the Loan outstanding from time to time and all other monies from the date of disbursement of the Loan which shall accrue under the provisions of this Agreement commencing from the first day of succeeding month of first disbursement of the Loan and thereafter on first of every month at the rate of Bank's Base Rate (BBR) plus 2.75% bps [Spread], fully floating i.e. the interest rate would automatically change with every change in Dena Bank's BBR [The present effective rate is 10.00 % p.a., with prevailing BBR of 10.25 %].

The interest as above, shall be payable by the Borrower in arrears, on the 1st of each month (each an Interest Payment Date). Such interest shall become payable from the first Interest Payment Date falling immediately after the date of first disbursement of the RTL by the Lender.

(hereinafter also referred to as the Applicable Interest Rate). The interest on the Loan will accrue from the date of disbursement.

(ii) Interest and all other charges shall accrue from day to day and shall be computed on the basis of 365 days' a year in the case of RTL and 360 days' a year in the case of FCL and the actual number of days elapsed.

(iii) Disbursements made pending creation of final security as stipulated in Article II hereof shall carry further interest at the rate of 1% per annum till creation of such security (hereinafter referred to as "additional interest")

Provided that if final security is created as stipulated in Article II hereof, no additional interest will be charged for any disbursement made during this period.

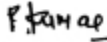
Provided further that if the final security is not created within the above period, then the Borrower shall pay the additional interest from the date of first disbursement.

1.3 Upfront Fee

The Borrower shall pay to the Lender non –refundable Upfront fee @ 1 % plus applicable taxes on the sanctioned amount subject to maximum of Rs. 75.00 lacs.

1.4 Last Date Of Drawal

Unless the Lender otherwise agrees, the right to make drawls from the Loan shall cease on 2 and ½ years from date of First disbursement

For Videocon d2h Limited

Director / Authorised Signatory

1.5 Repayment

- (i) The Borrower undertakes to repay the principal amount of the Loan in accordance with the Amortization Schedule as set forth in Schedule or as advised and pay the interest, additional interest, further interest, liquidated damages, fees and other charges as stipulated in this Agreement.
- (ii) The Lender may, wherever warranted, revise, vary or postpone the repayment of the principal amounts of the Loan or the balance outstanding for the time being or any installment(s) of the said principal amounts of the Loan or any part thereof by giving prior notice to the Borrower on such terms and conditions as may be decided by it and the Borrower shall be deemed to have consented to the same.
- (iii) In the event of any default in the payment of instalments of principal, any interest and liquidated damages, postponement, if any, allowed by the Lender shall be at the rate of interest as may be stipulated by the Lender at the time of postponement and the Borrower shall be deemed to have consented to the same.
- (iv) If, for any reason, the amount finally disbursed by the Lender out of the Loan is less than the amount of the Loan, the number of instalment(s) of repayment of the Loan shall stand reduced accordingly and be payable as per the revised Amortisation Schedule advised by the Lender and the Borrower shall be deemed to have consented to the same.

1.4 Appropriation of payments

Unless otherwise agreed to by the Lender, any payments due and payable under this Agreement and made by the Borrower shall be appropriated towards such dues in the following order, viz.:

- i) Interest on costs, charges, expenses and other monies;
- ii) Costs, charges, expenses and other monies;
- iii) Further interest and liquidated damages on defaulted amounts;
- iv) Interest including additional interest, payable in terms of this Agreement;
- v) Premium on prepayment
- vi) Repayment of principal/ instalments of principal due and payable under this Agreement.

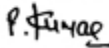
1.5 Place and mode of payment by the Borrower

All the monies payable by the Borrower to the Lender shall be paid at any of the branch offices of the Lender. Credit for payment will be given on realization of the amount by the Lender or the relative due date, whichever is later.

1.6 Premature repayment

Any prepayment of the term loan will be subject to payment of prepayment premium @2 % p.a. of the pre-paid principal. Provided that no pre-payment premium would be payable to the Lender, if

For Videocon d2h Limited



Director / Authorised Signatory

- the interest spread is increased on interest reset dates and the same is not acceptable to the Borrower, the Borrower shall have the option to prepay the outstanding debt within 90 days of receipt of interest reset advice from the Lender.
- the prepayment is at the instance of the Lender.
- The prepayment penalty can be waived if prepayment may be made from IPO/ADR proceeds

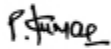
1.7 Due date of payment

If the due date in respect of any installment of principal, interest and liquidated damages and all other monies payable under this Agreement falls on a day which is a bank holiday at the place where the payment is to be made, the immediately preceding working day shall be the due date for such payment.

1.8 Terms of disbursement

The obligation of the Lender to make disbursements under this Agreement shall be subject to the Borrower performing all its obligations and undertakings under this Agreement besides compliance by the Borrower with the disbursement procedure stipulated by the Lender, including submission of necessary information, documents, margin/matching contribution, tenure of Loan etc. to the satisfaction of the Lender.

For **Videocon d2h Limited**



Director / Authorised Signatory

ARTICLE II
SECURITY

- 2.1 **Security for the Loan**
The Loan together with all interest, costs, expenses and other monies whatsoever stipulated in this Agreement shall be secured by way of: -
- (i) a first mortgage and charge on all the Borrower's immovable properties, both present and future;
 - (ii) a first charge on all the Borrower's moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, current assets and all other movable assets, both present and future;
 - (iii) a first charge on the Escrow Account along with all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited thereto
 - (iv) a first charge on the Debt Service Reserve Account to be maintained by the Borrower in the form and manner acceptable to the Lender along with all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited thereto
 - (v) first charge/ assignment by way of security of the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under the DTH license; subject to approval from Ministry of Information and Broadcasting
 - (vi) an irrevocable and unconditional joint & several personal guarantee of S/Shri V.N. Dhoot and P.N. Dhoot in favour of the Lender. No guarantee commission shall be payable by the Borrower to the guarantors.
 - (vii) an irrevocable and unconditional corporate guarantee of Solitaire Appliances Private Limited, Platinum Appliances Private Limited and Greenfield Appliances Private Limited in favour of the Lender. No guarantee commission shall be payable by the Borrower to the guarantors.

Provided that the charges/ security interest referred to in point (i) to (v) above shall in all respects rank pari passu with the following existing term lenders:

Term Lenders	SANCTIONED
1. IDBI Bank	175
	300
2. Central Bank of India	100
3. Bank of Baroda	200
4. ICICI Bank	300
5. Canara Bank	200
	175
6. Jammu & Kashmir	100
7. Dena Bank	100
8. Syndicate Bank	100
9. Karur Vysya Bank	50
10. Oriental Bank of India	100

For Videocon d2h Limited

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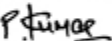
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11. Bank of India	50
	150
12.Union Bank of India	150
13. United Bank of India	150
14. Bank of Maharashtra	100
15. IFCI Limited	200

Provided further that the Borrower shall create and perfect the security mentioned at (i) and (v) above within a period of 6 months from the date of disbursement.

- 2.2
- The Borrower shall make out a good and marketable title to its properties to the satisfaction of the Lender and comply with all such formalities as may be necessary or required for the said purpose including obtaining consents from the existing charge holders.
- 2.3
- So long as any monies remain due and outstanding to the Lender, the Borrower undertakes to notify the Lender in writing of all its acquisitions of immovable properties.
- 2.4
- If, at any time during the subsistence of this Agreement, the Lender is of the opinion that the security provided by the Borrower has become inadequate to cover the balance of the Loan then outstanding, then, on the Lender advising the Borrower to that effect, the Borrower shall provide and furnish to the Lender, to its satisfaction such additional security as may be acceptable to the Lender to cover such deficiency.
- 2.5
- The Borrower shall not, without prior consent of the Lender, during the currency of this Agreement, create in favour of any other person any charge(s) on the assets, which are charged/agreed to be charged in favour of the Lender pursuant to Section 2.1 hereof.

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ARTICLE III

BORROWER'S WARRANTIES AND COVENANTS

3.1 Except to the extent already disclosed in writing by the Borrower to the Lender, the Borrower shall be deemed to have assured, confirmed and undertaken as follows:

(a) Conflict with Constitutional documents

Nothing in this Agreement conflicts with any provisions of the Borrower's constitutional documents

(b) No director who is on the board of the Borrower declared as a willful defaulter and/or as non-cooperative borrower

No director is on its Board who is also a director on the board of a willful defaulter or a non cooperative borrower

(c) Right to disclose the names and particulars of the Borrower and the credit facilities availed of / to be availed, by the Borrower.

- i. The Lender shall have the right to disclose the information relating to the Borrower to Credit Information Bureau (India) Limited (CIBIL), Central Repository of Information on Large Credits (CRILC) or any other similar agency, which in turn shall have the right to use the information as authorised in this behalf by RBI.
- ii. The Lender shall have the right to disclose the information and data relating to the Borrower to other agencies in the business of credit.
- iii. The Borrower hereby declares that the information and data furnished by the Borrower to the Lender are true and correct.

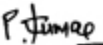
(d) Valid and Subsisting Licenses

- (i) The Borrower duly owns or holds valid and subsisting licenses in respect of all trade names, trade marks, patents, designs and other intellectual property used or intended to be used by the Borrower in the course of its business and the same are duly registered in the name of the Borrower and have not become voidable.
- (ii) The Borrower duly owns or holds all other material consents, licenses, franchises, permits and authorisations necessary for the lawful conduct, ownership and operation, of its business, and the same are valid and subsisting and have not become voidable.

(e) No Claims and liabilities other than those disclosed

The Borrower does not have any claims or liabilities including, without limitations, provident fund or labour dues, income /corporate or other taxes, duties, levies or cesses, royalties, license fees, lease rentals, interest costs, penal levies, default rates, damages, claims, penalties etc.(whether present, future or contingent) which are not expressly disclosed either :

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- (i) in the Borrower's last audited balance sheet furnished to the Lender; or
- (ii) otherwise to the Lender in writing as "off –balance sheet liabilities"; or
- (iii) in any other written communication to the Lender.

(f) Non-existence of event of default

The Borrower shall satisfy the Lender that no event of default as defined in Article V hereof and no event which, with the lapse of time or giving of notice and lapse of time as specified in Article V, would become an event of default, has happened and been continuing.

(g) Project

The Borrower shall,

- (i) **Project changes**
Promptly notify the Lender of any proposed change in the nature or scope of the project and of any event or condition, which might materially and adversely affect or delay completion of the project or result in substantial overrun in the original estimate of costs. Any proposed change in the nature or scope of the project shall not be implemented or funds committed therefore without the prior approval of the Lender;
- (ii) **Contract change**
Obtain concurrence of the Lender to any material modification or cancellation of the Borrower's agreements with its machinery suppliers, collaborators, technical consultants and suppliers of raw materials;
- (iii) **Delay in completing the project**
Promptly inform the Lender of the circumstances and conditions, which are likely to disable the Borrower from implementing the project, or which are likely to delay its completion or compel the Borrower to abandon the same.

(h) Current account

The Borrower shall open a current account with the Lender and all disbursement of the Loan shall ordinarily be routed through the said account

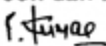
(i) Utilisation of the Loan

The Borrower shall furnish to the Lender:

- (a) (i) at the end of each month following the month in which the Loan is disbursed, a statement duly certified by statutory auditor/ Chartered Accountant, certifying the manner in which the said monies have been utilised.

(ii) information and statements relating to its business, utilisation of the Loan its assets and other information relating to the group/ subsidiaries as may be required from time to time, including duly audited annual account.
- (b) The Loan shall not be utilised for any purpose other than for which it is sanctioned and, in particular (including but not limited to), it shall not be utilised for any of the following purposes:
 - i) subscription to or purchase of shares/debentures and investment in real estate;

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- ii) repayment of dues of promoters/associate concerns/inter-corporate deposits, etc;
- iii) for extending loans/facilities to subsidiary or associate companies or for making any inter-corporate deposits, and
- iv) for any speculative purposes.

3.2 General covenants

A) Unless otherwise agreed to by the Lender, the Borrower shall,

(I) Notice of winding up or other legal process

Promptly inform the Lender regarding any litigation against the Borrower, any of its properties or business or undertaking or if a Receiver is appointed of any of its properties or business or undertaking;

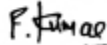
(II) Adverse changes in profits and production

Promptly inform the Lender of the happening of any labour strikes, lockouts, shutdowns, fires or any event likely to have a substantial effect on the Borrower's profits or business and of any material changes in the rate of production or sales of the Borrower with an explanation of the reasons therefor;

(III) Insurance

- (a) keep all its assets adequately insured at all time and such of its other properties as are of an insurable nature against fire, theft, lightning, explosion, earthquake, riot, strike, civil commotion, storm, tempest, flood, marine risks, erection risks, war risks, and such other risks as may be specified by the Lender and shall duly pay all premia and other sums payable for that purpose. The insurance in respect of the properties charged/to be charged to the Lender shall be taken in the joint names of the Borrower and the Lender and any other person or institution having an insurable interest in the properties of the Borrower and acceptable to the Lender. The Borrower shall keep deposited with the Lender the insurance policies and renewals thereof;
- (b) agree that, in the event of failure on the part of the Borrower to insure the assets or to pay the insurance premia or other sums referred to above, the Lender may get the assets insured or pay the insurance premia and other sums referred to above, as the case may be,
- (c) agree that the Lender shall have sole discretion to appropriate the proceeds, if any received from the insurance company in satisfaction of the Loan / the Facility,
- (d) agree that it shall furnish certificate from an auditor, acceptable to the Lender, certifying the adequacy of insurance taken by it,
- (e) agree that it shall inform the Lender of the happening of any of the events specified in sub clause (a) above and the loss or damage which the Borrower may suffer due to any of the aforesaid events for which the assets are insured.

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(iv) Imposts, costs , charges and expenses

During the currency of the Loan bear all such impost, duties and taxes (including interest and other taxes, if any) as may be levied from time to time by the Government or other authority with the sanction of law pertaining to or in respect of the Loan,

- (a) pay all other costs, charges and expenses in any way incurred by the Lenders (including costs of investigation of title and protection of Lender's interest) and such additional stamp duty, other duties, taxes, charges and other penalties if and when the Borrower is required to pay according to the laws for the time being in force in the State in which its properties are situated or otherwise;
- (b) agree that in the event of the Borrower failing to pay the monies referred to in sub-clause (a) the Lender will be at liberty (but shall not be obliged) to pay the same. The Borrower shall reimburse all sums paid by the Lender in accordance with the provisions contained in this Agreement.
- (c) (i) The Borrower shall reimburse all sums paid by the Lender under the provisions of this Agreement within 30 days from the date of notice of demand from the Lender. All such sums shall be debited to the Borrower's Loan Account and shall carry interest from the date of payment till such reimbursement at the maximum Applicable Lending Rate (in the case of rupee loans). In the case of foreign currency loans such interest shall be paid at 3.5% above the then prevailing Bank's Prime Lending Rate.
(ii) In case of default in making such reimbursement within 30 days from the date of notice of demand, the Borrower shall also pay on the defaulted amounts, liquidated damages at the rate of% per annum from the expiry of 30 days from the date of notice of demand till reimbursement.
(iii) The Borrower hereby authorise the Lender to debit its current account with the Lender to the extent of expenditure incurred under this Agreement.

(v) Annual accounts

Submit to the Lender its duly audited annual accounts within six months from the close of its accounting year. In case statutory audit (if required) is not likely to be completed during this period, the Borrower shall get its accounts audited by an independent firm of Chartered Accountants and furnish the same to the Lender;

(vi) Memorandum and Articles of Association

Carry out such alterations to its Memorandum and Articles of Association as may be deemed necessary in the opinion of the Lender to safeguard the interests of the Lender arising out of this Agreement;

B) Without the prior written approval of the Lender, the Borrower shall not,

(i) New project

Undertake any new project, diversification, modernisation or substantial expansion of the project described in this Agreement. The word "substantial" shall have the same meaning as under the Industries (Development and Regulation) Act, 1951.

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(ii) Loans, debentures and charges

Issue any debentures, raise any loans, accept deposits from public, issue equity or preference capital, change its capital structure or create any charge on its assets or give any guarantees. This provision shall not apply to normal trade guarantees or temporary loans and advances granted to staff or contractors or suppliers in the ordinary course of business or raising of unsecured loans, overdrafts, cash credit or other facilities from banks in the ordinary course of business.

(iii) Premature Repayment

Prepay any loan availed by it from any other party for the project without prior written approval of the Lender, which may be granted subject to such conditions as may be stipulated by the Lender.

(iv) Commission

Pay any commission to its promoters, directors, managers, or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained for or by the Borrower or in connection with any other obligation undertaken for or by the Borrower for the purpose of the project.

(v) Subsidiaries

Create any subsidiary or permit any company to become its subsidiary.

(vi) Merger, Consolidation, Etc,

Undertake or permit any merger, consolidation, re-organisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

(vii) Dividend

Declare or pay dividend to its shareholders so long as the Borrower is in default to the Lender under this Agreement and is not in compliance with stipulated financial covenants.

(viii) Investments by Borrower

Make any investments by way of deposits, loans or in share capital of any other concerns (including subsidiaries) beyond projected and accepted level by the Lender so long as any money remains due to the Lender; the Borrower will however be free to deposit funds by way of security with third party in the normal course of business or if required for the business.

(ix) Revaluation of assets

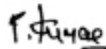
Revalue its assets at any time during the currency of the Loan.

3.3 Management

a.The Borrower shall, as and when required by the Lender, appoint and change to the satisfaction of the Lender, the managing director, whole time director, suitable technical, financial and executive staff of proper qualifications and experience for the key posts. The terms of such appointments, including any changes therein, shall be subject to prior approval of the Lender.

b.(i) Lender shall have the right to appoint, whenever they consider necessary, any person, firm, company or association of persons engaged in technical, management or any other consultancy business to inspect and examine the working of the Borrower and its factory and to report to the Lender. The Lender shall have the right to appoint, whenever they consider necessary, any Chartered Accountants/Cost Accountants as auditors for carrying out any specific assignment(s) or to examine the financial or cost accounting system and procedures adopted by the Borrower for its working or as concurrent or for conducting a special audit of

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the Borrower. The costs, charges and expenses including professional fees and travelling and other expenses of such consultants or auditors shall be payable by the Borrower.

(ii) The Borrower shall constitute such committees of the Board with such composition and functions as may be required by the Lender for close monitoring of different aspects of its working.

3.4 Nominee Director

(i) The Lender shall have the right to appoint and remove from time to time, a Director Board of Directors of the Borrower (such director is hereinafter referred to as 'Nominee Director').

(ii) The Nominee Director shall not be required to hold qualification shares and not be liable to retire by rotation.

(iii) The Nominee Director shall be entitled to all the rights and privileges of other directors including the sitting fees and expenses as payable to other directors but if any other fees, commission, monies or remuneration in any form is payable to the directors, the fees, commission, monies and remuneration in relation to such Nominee Director shall accrue to the Lender and the same shall accordingly be paid by the Borrower directly to the Lender.

Provided that if any such Nominee Director is an officer of the Lender, the sitting fees in relation to such Nominee Director shall also accrue to the Lender and the same shall accordingly be paid by the Borrower directly to the Lender.

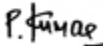
Any expenditure incurred by the Lender or the Nominee Director in connection with his appointment or directorship shall be borne by the Borrower.

(iv)The Nominee Director shall be appointed a Member of the Management Committee or other committees of the Board, if so desired by the Lender.

(v) The Nominee Director shall be entitled to receive all notices, agenda and minutes, etc. and to attend all General Meetings and Board Meetings and meetings of any committees of the Board of which he is a member.

(vi) If, at any time, the Nominee Director is not able to attend a meeting of the Board of Directors or any of its committees, of which he is a member, the Lender may depute an observer to attend the meeting. The expenses incurred by the Lender in this connection shall be borne by the Borrower.

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ARTICLE IV
REPORTS AND INSPECTION

4.1 Auditor's certificate

- (i) At the request of the Lender, caused an investigation conducted by its statutory auditors to ascertain whether there had been any diversion / siphoning of funds by the Borrower. The cost of the investigation shall be borne by the Borrower.
- (ii) Notwithstanding anything contained in hereinabove, the Borrower agrees that the Lender may give instructions to its statutory auditors to carry out the investigation as to whether there was any incidence of diversion / siphoning of funds by the Borrower. The cost of the investigation to be borne by the Borrower.

4.2 Reports

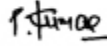
- (i) The Borrower shall furnish to the Lender project completion certificate from the statutory auditor/ Lender's' engineer and such other reports as may be required by them.
- (ii) The Borrower shall maintain fixed assets register as required by law from time to time and shall furnish to the Lender the extract of the fixed asset register within one month after implementation of the project and thereafter as on March 31st of each year during the currency of the Loan.

4.3 Expenditure records: Inspection

The Borrower shall,

- i) Maintain records showing expenditure incurred, utilisation of the disbursements out of the Loan the operations and financial condition of the Borrower and such records shall be open to examination by the Lender, and their authorised representatives.
- ii) Allow the authorised representatives or nominees of the Lender including any auditor or technically qualified person to inspect the assets purchased out of the Loan and will give all facilities to enable such persons to report thereon.
- iii) The cost of inspection, including travelling and all other expenses, shall be payable by the Borrower to the Lender in this behalf.

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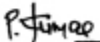
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ARTICLE V

EVENTS OF DEFAULTS AND CONSEQUENCES

- 5.1 If one or more of the events specified in this section (hereinafter called "events of default") happen(s), the Lender may by a notice in writing to the Borrower, declare the principal of and all accrued interest on the Loan to be due and payable forthwith and the security created in terms of this Agreement shall become enforceable.
- (a) Default in payment of principal sum of the Loan**
Default has occurred in the payment of principal sum of the Loan on the due dates.
- (b) Default in payment of interest**
Default has been committed by the Borrower in payment of any instalment of interest on the Loan and such default has continued for a period of thirty days.
- (c) Default in performance of covenants and conditions**
Default has occurred in the performance of any representation, warranty, other covenant condition or agreement on the part of the Borrower under this Agreement or any other agreement and such default has continued for a period of thirty days after notice in writing thereof has been given to the Borrower by the Lender.
- (d) Inability to pay debts**
The Borrower is unable to pay its debts or proceedings for taking it into liquidation, either voluntarily or compulsorily, may be or have been commenced.
- (e) Attachment or distraint on charged assets**
If an attachment or distraint has been levied on the assets or any part thereof hypothecated/mortgaged to the Lender or certificate proceedings have been taken or commenced for recovery of any dues from the Borrower.
- (f) Appointment of receiver or liquidator**
A receiver or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Borrower.
- (g) Sale, disposal and removal of assets**
If, without the prior approval of the Lenders, any land, buildings, structures or plant and machinery of the Borrower are sold, disposed of, charged, encumbered or alienated or the said buildings, structures, machinery, plant or other equipment are removed, pulled down or demolished.
- (h) Submission of misleading information**
Any information given by the Borrower in its application for Loan, in the reports and other information furnished by the Borrower in accordance with the Reporting System and the warranties given / deemed to have been given by the Borrower to the Lender is misleading or incorrect in any material respect.

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(h) Cross defaults and cross acceleration

(i) The Borrower's failure to pay any amount or meet with any obligation when due to any person other than the Lender or an event of default being constituted in relation to any of the Borrower's credit, borrowing or any other arrangement with any person other than the Lender.

(i) Any person other than the Lender accelerating repayment (i.e demanding repayment ahead of the previously agreed repayment schedule) due from the Borrower to such other person under the Borrower's credit, borrowing or any other arrangement with that person.

5.2 If an event of default has taken place then the Lender shall have the right to publish the information in the manner it may consider appropriate.

5.3 Notice to the Lender on the happening of an event of default

If any event of default or any event which, after the notice, or lapse of time, or both, would constitute an event of default has happened, the Borrower shall, forthwith give notice thereof to the Lender in writing specifying the nature of such event of default, or of such event.

5.4 Expenses of preservation of assets of Borrower and of collection

All expenses incurred by the Lender after an event of default has occurred in connection with -

- (a) preservation and protection of the Borrower's assets (whether then or thereafter existing); and
- (b) collection of amounts due under this Agreement; shall be payable by the Borrower.

5.4 (a) Right to appoint whole time director / nominee director

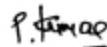
Upon the occurrence of an event of default the Lender has the right to appoint and remove from time to time Whole -time Director(s) /Nominee Director (s) on the Board of Directors of the Borrower. Such Whole -time Director(s) /Nominee Director (s) shall exercise such powers and duties as may be approved by the Lender and have such rights as are usually exercised by or are available to a Whole -time Director/Nominee Director (s) in the management of the affairs of the Borrower. Such Whole -time Director (s) /Nominee Director (s) shall not be required to hold qualification shares nor liable to retire by rotation and shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lender. Such Whole -time Director(s) /Nominee Director (s) shall have the right to receive notices of and attend all general meetings and board meetings or any committee of the Borrower of which they are members.

Any expenses that may be incurred by the Lenders or such Whole -time Director(s)/ Nominee Director (s) in connection with their appointment or directorship shall be paid or reimbursed by the Borrower to the Lender or as the case may be, to such Whole -time Director(s) /Nominee Director(s).

(b) Conversion right (Applicable to RTL)

If the Borrower continues to be in default for a period of thirty (30) days or more from due date of instalments of principal amounts of the Loan or interest thereon or any combination thereof, then, the Lender shall have the right to convert (which right is hereinafter referred to as "the conversion right") at their option the whole or part of the outstanding amount of the Loan into fully paid-up equity shares of the Borrower, at par in the manner specified in a notice in writing to be given by the Lender to the Borrower (which notice is hereinafter referred to as the "notice of conversion") prior to the date on which the

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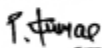
conversion is to take effect, which date shall be specified in the said notice (hereinafter referred to as the "date of conversion").

- (i) On receipt of notice of conversion, the Borrower shall allot and issue the requisite number of fully paid-up equity shares to the Lender as from the date of conversion and the Lender shall accept the same in satisfaction of the principal amount of the Loan to the extent so converted. The part of the Loan so converted shall cease to carry interest as from the date of conversion and the Loan shall stand correspondingly reduced. Upon such conversion, the instalments of the Loan payable after the date of conversion as per the Amortization Schedule in this Agreement shall stand reduced proportionately by the amounts of the Loan so converted. The equity shares so allotted and issued to the Lender shall carry, from the date of conversion, the right to receive proportionately the dividends and other distributions declared or to be declared in respect of the equity capital of the Borrower. Save as aforesaid, the said shares shall rank pari passu with the existing equity shares of the Borrower in all respects. The Borrower shall, at all times, maintain sufficient unissued equity shares for the above purpose.
- ii) The conversion right reserved as aforesaid may be exercised by the Lender on one or more occasions during the currency of the Loan.
- iii) The Borrower assures and undertakes that in the event of the Lender exercising the right of conversion as aforesaid, the Borrower shall get the equity shares which will be issued to the Lender as a result of the conversion, listed with the Stock Exchange(s) at Mumbai and such other places as may be notified by the Lender to the Borrower.

For the purposes of this clause it shall not be construed as a default, if the Borrower approaches the Lender well in advance for postponement of principal or interest, as the case may be, and the Lender agree to the same.

Explanation: the term "outstanding" shall mean the principal amount of the Loan, interest and other monies payable thereon as at the time when the amounts are sought to be converted into equity shares of the Borrower.

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ARTICLE VI

MISCELLANEOUS.

- 6.1

Cancellation by notice to the Borrower

The Lender may, by notice in writing to the Borrower, cancel the Loan or any part thereof, which the Borrower has not withdrawn prior to the giving of such notice.
- 6.2

Suspension

Further access by the Borrower to the use of the Loan may be suspended or terminated by the Lender:

i)

Upon failure by the Borrower to carry out all or any of the terms of this Agreement or on the happening of any event of default as provided in this Agreement.

ii)

If any extra-ordinary situation makes it improbable that the Borrower would be able to perform its obligations under this Agreement.

iii)

If any change in the Borrower's set-up has taken place which, in the opinion of the Lender (which shall be final and binding on the Borrower), would adversely affect the conduct of the Borrower's business or the financial position or the efficiency of the Borrower's management or personnel or carrying on its activities.
- 6.3

Suspension to continue till default remedied

The right of the Borrower to make withdrawals from the Loan shall continue to be suspended until the Lender has notified the Borrower that the right to make withdrawals has been restored.
- 6.4

Termination

If any of the events described above and elsewhere in this Agreement has been continuing or if the right of the Borrower to make withdrawals from the Loan shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days or if the Borrower has not withdrawn the Loan by the date referred to herein or such later date as may be agreed to by the Lender then, in such event, the Lender may by notice in writing to the Borrower, terminate the right of the Borrower to make withdrawals. Upon such notice, the undrawn amount of the Loan/the Facility shall stand cancelled. Notwithstanding any cancellation, suspension or termination pursuant to the aforesaid provisions, all the provisions of this Agreement shall continue to be in full force and effect as herein specifically provided.
- 6.5

Provisions relating to waiver

No delay in exercising or omission to exercise any right, power or remedy accruing to the Lender upon any default under this Agreement, security documents or any other agreement or document shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the Lender in respect of any default or any acquiescence by the Lender in any default, affect or impair any of its right, power or remedy in respect of any other default.
- 6.6

Evidence and calculations

(a) Accounts

For Videocon d2h Limited

T. Kumar

Director / Authorised Signatory

In any legal action or proceedings arising out of or in connection with this Agreement, the entries made in the accounts maintained by the Lender shall be conclusive evidence of the existence and amount of obligations of the Borrower as therein recorded.

(b) Statement of accounts

Any certification or determination by the Lender of a rate of interest or amount under this Agreement is conclusive evidence of the matters to which it relates.

6.6 Effective date of Agreement

This Agreement shall become binding on the Borrower and the Lender on and from the date first above written. It shall be in force till all monies due and payable and disbursed from time to time under this Agreement are fully paid off.

6.8 Assignments etc.

(a) The Borrower shall have no right of assignment under this Agreement without the prior approval of the Lender.

(b) The Lender may securitise, assign, transfer or novate any of its rights and obligations under this Agreement, and or under the loan/security documents and the Borrower shall take such action as may be necessary to perfect such transaction.

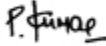
6.9 Service of notice

Any notice or request to be given or made to the Lender or to the Borrower or to any other party shall be in writing. Such notice or request shall be deemed to have been given or made when it is delivered by hand or despatched by mail, e-mail, or fax, or overnight courier to the party to which it is required to be given or made at such party's designated address.

6.10 Supremacy

If there is any inconsistency between these presents and the Sanction Letter, the Sanction Letter shall prevail.

For Videocon d2h Limited

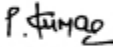


Director / Authorised Signatory

SCHEDULE I
(AMORTISATION SCHEDULE)

The Borrower shall repay the principal amount of the RTL in 24 unequal quarterly installments commencing from October 2017 (After a moratorium of about 2 years from the date of disbursement) in line with the repayment schedule of the existing term loans as under :

Year	Amt. out of total loan to be repaid during the year	No. of quarterly installments
1	5.00%	4
2	7.50%	4
3	15.00%	4
4	20.00%	4
5	25.00%	4
6	27.50%	4
Total	100.00%	24

For Videocon d2h Limited

Director / Authorised Signatory

IN WITNESS WHEREOF the Borrower has caused its Common Seal to be affixed hereto on the day, month and year first hereinabove written and the Lender has caused the same to be executed by the hand of Shri. Pinul Desai, authorised official of the Lender as hereinafter appearing.

For Videocon d2h Limited
P. Kumar
Director / Authorised Signatory

THE COMMON SEAL OF VIDEOCON d2h LTD has pursuant to the Resolution of Finance and General Affairs Committee of its Board of Directors passed in that behalf on the 21st day of August 2015 hereunto been affixed in the presence of Shri Prabuddh Khanderkar Director and Shri P. Kumar Authorized Person who have signed these presents in token thereof.

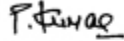
SIGNED AND DELIVERED BY the withinnamed Lender by the hand of Shri Pinul Desai, an authorised official of the Lender.

कृते देना बैंक / FOR DENA BANK
[Signature]
प्रबंधक / Manager
औद्योगिक वित्त शाखा
Industrial Finance Branch

Annexure

Sanction letter Ref. No. DB/IFB/VD2H/2015 dated 17th April 2015 and modified letter Ref No. DB/IFB/ZVD2H/261/2015-16 dated 24th August 2015

For Videocon d2h Limited



Director / Authorised Signatory

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Section 7: 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:

1. I have reviewed this annual report on Form 20-F 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: July 25, 2016

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

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Section 8: 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:

- I have reviewed this annual report on Form 20-F 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;
 - 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
 - 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.
- 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):
 - 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
 - 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: July 25, 2016

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

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Section 9: 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:

- the accompanying annual report on Form 20-F of the Company for the year ended March 31, 2016 (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
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 25, 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 10: 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 of the Company for the year ended March 31, 2016 (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: July 25, 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. ([Back To Top](#))