



BHARAT BUSINESS CHANNEL LIMITED

Our Company was incorporated on November 22, 2002 in Mumbai, Maharashtra under the Companies Act, 1956, as amended ("Companies Act") as a public limited company with the Registrar of Companies, Maharashtra ("RoC").

Registered Office: Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India; **Tel:** (+91 240) 232 0750; **Fax:** (+91 240) 233 5755. For change in the registered office of our Company, see "History and Current Corporate Matters" on page 91.

Corporate Office: 1st Floor, Techweb Centre, New Link Road, Oshiwara Jogeshwari (West), Mumbai 400 102, Maharashtra, India **Tel:** (+91 22) 4255 5000; **Fax:** (+91 22) 4255 5050

Contact Person and Compliance Officer: Ms. Amruta Karkare, Company Secretary; **Tel:** (+91 22) 42 555 062; **Fax:** (+91 22) 42 555 050; **Email:** ipo@d2h.com; **Website:** www.videocond2h.com

Promoters of our Company: Mr. Saurabh Pradipkumar Dhoot, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited and Platinum Appliances Private Limited
INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF BHARAT BUSINESS CHANNEL LIMITED ("BBCL" OR "OUR COMPANY" OR "THE COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE "ISSUE PRICE") AGGREGATING UP TO ₹ 7,000 MILLION (THE "ISSUE"). THE ISSUE SHALL CONSTITUTE [●]% OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

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

Our Company is considering a Pre-IPO Placement of up to 10,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 25% of the post-Issue paid-up Equity Share capital of our Company.

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

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

Pursuant to Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process and pursuant to Regulation 26(2) of the SEBI ICDR Regulations, where not less than 75% of the Issue will be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. For details, see "Issue Procedure" on page 250. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If not less than 75% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, not more than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Retail Individual Bidders may participate in the Issue through the ASBA process by providing the details of the ASBA Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. QIB Bidders (except Anchor Investors) and Non-Institutional Bidders shall compulsorily participate in the Issue through the ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details in this regard, specific attention is invited to "Issue Procedure" on page 250.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the securities of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 and the Floor Price and Cap Price are [●] times and [●] times the face value of the Equity Shares, respectively. The Issue Price (as determined and justified by our Company in consultation with the JGCBRMLs and the BRLMs and as stated in "Basis for Issue Price" on page 45) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

IPO GRADING

The Issue has been graded by [●] as [●], indicating [●]. The IPO grade is assigned on a five-point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For more information on IPO Grading, see "General Information" and "Annexure I" on page 21 and page [●], respectively.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

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

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

JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

ENAM

Enam Securities Private Limited[†]
 1st Floor, Axis House
 C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai 400025, India
 Tel: (+91 22) 4325 3101, Fax: (+91 22) 4325 3000
 Email: bbcl@axiscap.in
 Investor Grievance Email: complaints@enam.com, complaints@axiscap.in
 Website: www.enam.com
 SEBI Registration No.: INM000006856
 Contact Person: Mr. Sonal Sinha



UBS Securities India Private Limited
 2/F, 2 North Avenue, Maker Maxity Bandra Kurla Complex, Bandra (East),
 Mumbai 400 051, India
 Tel: (+91 22) 6155 6000, Fax: (+91 22) 6155 6300
 Email: ol-purpleskypo@ubs.com
 Investor Grievance Email: customercare@ubs.com
 Website: www.ubs.com
 SEBI Registration No.: INM000010809
 Contact Person: Mr. Ankur Aggarwal

REGISTRAR TO THE ISSUE



Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound
 L.B.S. Marg, Bhandup (West), Mumbai 400 078, India
 Tel: (+91 22) 2596 7878, Fax: (+91 22) 2596 0329
 Email: bbcl.ipo@linkintime.co.in
 Website: www.linkintime.co.in
 SEBI Registration Number: INR000004058
 Contact Person: Mr. Sanjog Sud

BOOK RUNNING LEAD MANAGERS



IDBI Capital Market Services Limited
 3rd Floor, Mafatlal Centre
 Nariman Point, Mumbai 400 021, India
 Tel: (+91 22) 4322 1212, Fax: (+91 22) 2285 0785
 Email: bbcl.ipo@idbicapital.com
 Investor Grievance Email: redressal@idbicapital.com
 Website: www.idbicapital.com
 SEBI Registration Number: INM000010866
 Contact Person: Mr. Jitendra Agarwal



SBI Capital Markets Limited
 202, Maker Tower 'E', Cuffe Parade
 Mumbai 400 005, India
 Tel: (+91 22) 2217 8300, Fax: (+91 22) 2218 8332
 E-mail: bbcl.ipo@sbicaps.com
 Investor Grievance E-mail: investor.relations@sbicaps.com
 Website: www.sbicaps.com
 SEBI Registration Number: INM000003531
 Contact Person: Ms. Rajalakshmi V/Mr. Arvind Ganeshan



YES Bank Limited
 27th Floor, Tower II, Indiabulls Finance Centre
 Senapati Bapat Marg, Elphinstone (W)
 Mumbai 400 013, Maharashtra, India
 Tel: (+91 22) 3347 9613, Fax: (+91 22) 2421 4508
 Email: dlbbclipo@yesbank.in
 Investor Grievance Email: merchantbanking@yesbank.in
 Website: www.yesbank.in
 SEBI Registration Number: INM000010874
 Contact Person: Mr. Sameer Kakkar

BID/ISSUE PERIOD*

BID/ISSUE OPENS ON

[●]

BID/ISSUE CLOSES ON (FOR QIB BIDDERS)**

[●]

BID/ISSUE CLOSES ON (FOR NON-QIB BIDDERS)

[●]

[†] The merchant banking business of Enam Securities Private Limited, a JGCBRML, has vested with Axis Capital Limited, which is in the process of completing the formalities of SEBI registration, under the SEBI (Merchant Bankers) Regulations, 1992, as amended.

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

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

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

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

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

Company Related Terms

Term	Description
Articles of Association or AoA	The articles of association of our Company, as amended
Auditors	The joint statutory auditors of our Company, Khandelwal Jain & Co., Chartered Accountants and Kadam & Co., Chartered Accountants
Board of Directors or Board	The board of directors of our Company or a duly constituted committee thereof
Corporate Office	The corporate office of our Company situated at 1 st Floor, Techweb Centre, New Link Road, Oshiwara Jogeshwari (West), Mumbai 400 102, Maharashtra, India
Corporate Promoters	Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited and Platinum Appliances Private Limited, collectively
Director(s)	The director(s) on the Board of Directors of our Company
DTH Guidelines	Guidelines for Obtaining License for Providing Direct-To-Home (DTH) Broadcasting Service in India issued by the Ministry of Information and Broadcasting, Government of India on March 15, 2001, as amended from time to time
DTH License Agreement	License Agreement dated December 28, 2007, executed between our Company and the President of India acting through the Director, Broadcasting, Policy & Legislation, Ministry of Information and Broadcasting, Government of India
ESOP 2012	The employee stock option scheme established by our Company, as described under “ <i>Capital Structure</i> ” on page 30
GNIDA	Greater Noida Industrial Development Authority
Greenfield	Greenfield Appliances Private Limited
Group Entities	The companies, firms and ventures disclosed in “ <i>Our Promoters and Group Entities</i> ” on page 106, promoted by our Promoters, irrespective of whether such entities are covered under section 370 (1B) of the Companies Act
K _u -Band Lease Agreement	The K _u -band lease agreement dated April 19, 2012 between our Company and the Department of Space, Government of India.
Memorandum of Association or MoA	The memorandum of association of our Company, as amended
Platinum Promoters	Platinum Appliances Private Limited Mr. Saurabh Pradipkumar Dhoot, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited and Platinum Appliances Private Limited
Promoter Group	The persons and entities constituting our promoter group pursuant to regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company situated at Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India
SingTel	Singtel Telecommunications Limited
Solitaire	Solitaire Appliances Private Limited
Synergy	Synergy Appliances Private Limited
TEL	Trend Electronics Limited, a Videocon Group entity
Value Industries	Value Industries Limited
Videocon Group	Videocon Group includes entities ultimately promoted or controlled by Mr. Venugopal Nandlal Dhoot, Mr. Rajkumar Nandlal Dhoot and/or Mr. Pradipkumar Nandlal Dhoot
Videocon Industries or VIL	Videocon Industries Limited
VTL	Videocon Telecommunications Limited, a Videocon Group entity

Issue Related Terms

Term	Description
Allotted/Allotment/Allot	The issue and allotment of Equity Shares to successful Bidders pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof
Alternative Investment Funds or AIFs	Alternative Investment Funds, as defined in and registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Anchor Investor	A Qualified Institutional Buyer, who applies under the Anchor Investor Portion with a minimum Bid of ₹ 100 million
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Issue Opening Date on which Bids by Anchor Investors shall open and allocation to Anchor Investors shall be completed. Anchor Investors are not permitted to withdraw their bids after the Anchor Investor Bidding Date
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors under the Anchor Investor Portion in terms of the Red Herring Prospectus and the Prospectus, which price will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the JGCBRLMs and the BRLMs
Anchor Investor Portion	Up to 30% of the QIB Portion, consisting of up to [●] Equity Shares, which may be allocated to Anchor Investors by our Company in consultation with the JGCBRLMs and the BRLMs, on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by an ASBA Bidder to make a Bid authorizing the relevant SCSB to block the Bid Amount in the ASBA Account
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bidder	Any Bidder (other than Anchor Investors) who intends to Bid through the ASBA process
Bankers to the Issue/ Escrow Collection Banks	The bank(s) which is/are clearing member(s) and registered with the SEBI as Bankers to the Issue, with whom the Escrow Account(s) in relation to the Issue will be opened, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in “ Issue Procedure – Basis of Allotment ” on page 279
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder (including an ASBA Bidder), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid-cum-Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permitted under the SEBI ICDR Regulations
Bid Amount	The highest value of the optional Bids as indicated in the Bid-cum-Application Form
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe for Equity Shares and which shall be considered as the application for the issue of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form, including an ASBA Bidder and Anchor Investor
Bid/Issue Closing Date	Except in relation to Anchor Investors, [●]. Our Company, in consultation with the JGCBRLMs and the BRLMs, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, subject to the SEBI ICDR Regulations
Bid/Issue Opening Date	Except in relation to Anchor Investors, [●]
Bid/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Issue, in this case being IDBI Capital Market Services Limited, YES Bank Limited and SBI Capital Markets Limited
Cap Price	The higher end of the Price Band above which the Issue Price and Anchor Investor Issue Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Client ID	Client identification number of the Bidder’s beneficiary account

Term	Description
Controlling Branches	Such branches of the SCSBs which coordinate Bids under the Issue by the ASBA Bidders with the JGCBRLMs and the BRLMs, the Registrar to the Issue and the Stock Exchange, a list of which is available at the website of the SEBI (www.sebi.gov.in) and updated from time to time
Cut-off Price	The Issue Price, finalized by our Company in consultation with the JGCBRLMs and the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders such as their address, occupation and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the Bid-cum-Application Form used by ASBA Bidders, a list of which is available at the website of the SEBI (www.sebi.gov.in) and updated from time to time
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Accounts to the Public Issue Account(s) or the Refund Account(s), as appropriate, and the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s) in terms of the Red Herring Prospectus
Designated Stock Exchange	BSE Limited
DP ID	The Depository Participant's identity
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated December 14, 2012, filed with the SEBI and issued in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares are offered
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Eligible QFI	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants
Enam	Enam Securities Private Limited
Equity Listing Agreement	The equity listing agreement to be entered into by our Company with the Stock Exchange
Equity Shares	The Equity Shares of our Company with a face value of ₹ 10 each
Escrow Account	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidders (excluding ASBA Bidders) will issue cheques or demand drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	The agreement to be entered into among our Company, the Registrar to the Issue, the JGCBRLMs and the BRLMs, the Syndicate Members, the Refund Bank(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts and remitting refunds, if any, to the Bidders (excluding ASBA Bidders), on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or the Revision Form
Floor Price	The lower end of the Price Band, and any revisions thereof, below which the Issue Price will not be finalized, below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Gross Proceeds	Gross proceeds of the Issue
IDBI Capital	IDBI Capital Market Services Limited
Issue	Public issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ 7,000 million. Our Company is considering a Pre-IPO Placement of up to 10,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 25% of the post-Issue paid-up Equity Share capital of our Company
Issue Agreement	The agreement entered into on December 12, 2012, among our Company and the JGCBRLMs and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue

Term	Description
Issue Price	The final price at which Equity Shares will be issued and Allotted to the Bidders (except Anchor Investors), as determined in accordance with the Book Building Process on the Pricing Date
Joint Global Coordinators and Book Running Lead Managers or JGCBRLMs	The joint global coordinators and book running lead managers to the Issue, in this case being Enam Securities Private Limited and UBS Securities India Private Limited
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, on a proportionate basis
Mutual Funds	Mutual funds registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Issue that will be available to our Company, which exclude the Issue-related expenses
Non-Institutional Bidders	All Bidders, including sub-accounts which are foreign corporate or foreign individuals, that are not QIBs (including Anchor Investors) or Retail Individual Bidders, who have Bid for Equity Shares for an amount exceeding ₹ 200,000
Non-Institutional Portion	The portion of the Issue, being not more than [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Bidders subject to valid Bids received at or above the Issue Price
Pre-IPO Placement	The preferential issue of up to 10,000,000 Equity Shares, aggregating up to ₹ 500 million with certain investors, which is being considered by our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including revisions thereof. The Price Band and the minimum Bid lot for the Issue will be decided by our Company in consultation with the JGCBRLMs and the BRLMs and advertised in [●] edition of [●] (a widely circulated English national newspaper), [●] edition of [●] (a widely circulated Hindi national newspaper) and [●] edition of [●] (a widely circulated Marathi newspaper), at least five Working Days prior to the Bid/Issue Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchange for the purpose of upload on its website.
Pricing Date	The date on which our Company, in consultation with the JGCBRLMs and the BRLMs, finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC pursuant to Section 60 of the Companies Act and the SEBI ICDR Regulations, containing, among other things, the Issue Price as discovered at the end of the Book Building Process on the Pricing Date, including any addenda or corrigenda thereto
Public Issue Account(s)	The account(s) to be opened with the Banker(s) to the Issue to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date
QIB Portion	The portion of the Issue, being not less than [●] Equity Shares, or not less than 75% of the Issue available for allocation to QIBs on a proportionate basis, subject to valid Bids being received at or above the Issue Price, including the Anchor Investor Portion. Allocation to Anchor Investors, if any, will be made by our Company in consultation with the JGCBRLMs and the BRLMs, on a discretionary basis
Qualified Foreign Investors or QFIs	<p>Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI.</p> <p>Provided that such non-resident investor shall not be resident in a country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; and (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.</p>
Qualified Institutional Buyers or QIBs	As defined in the SEBI ICDR Regulations and includes public financial institutions specified in Section 4A of the Companies Act, FIIs (and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, mutual funds registered with the SEBI, venture capital funds registered with SEBI, FVCIs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial

Term	Description
	development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be issued and which shall be filed with the RoC at least three days before the Bid/Issue Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	Account(s) opened with Escrow Collection Bank(s) from which refunds if any, of the whole or part of the Bid Amount shall be made to the Bidders (excluding ASBA Bidders)
Refund Bank(s)	One or more Escrow Collection Bank(s) with whom Refund Account(s) will be opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being, [●]
Registrar Agreement	The agreement dated December 13, 2012, entered into between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar to the Issue	Link Intime India Private Limited
Retail Individual Bidders	Bidders (including HUFs and NRIs), whose Bid Amount for Equity Shares in the Issue is less than or equal to ₹ 200,000
Retail Portion	The portion of the Issue, being not more than [●] Equity Shares, available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid-cum-Application Forms or any previous Revision Form(s)
SBICAP	SBI Capital Markets Limited
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI ICDR Regulations and a list of which is available at the website of the SEBI (www.sebi.gov.in) and updated from time to time. A list of the branches of the SCSBs where Bid-cum-Application Forms will be forwarded by such members of the Syndicate is also available at the website of the SEBI (www.sebi.gov.in) and updated from time to time.
Stock Exchange	BSE Limited
Syndicate Agreement	The agreement to be entered into among the members of the Syndicate, our Company and the Registrar to the Issue in relation to the collection of Bids in the Issue (other than Bids directly submitted to the SCSBs under the ASBA process)
Syndicate ASBA Bidding Locations	Bidding centres at Mumbai, Chennai, Kolkata, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the Syndicate shall accept Bid-cum-Application Forms in terms of the SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being [●]
Syndicate or members of the Syndicate	Collectively, the JGCBRLMs and the BRLMs and the Syndicate Members
Syndicate SCSB Branches	In relation to ASBA Bids submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Bidding Locations named by the SCSBs to receive deposits of Bid-cum-Application Forms from the members of the Syndicate, and a list of which is available at the website of the SEBI (www.sebi.gov.in) and updated from time to time
Transaction Registration Slip or TRS	The slip or document issued by a member of the Syndicate or an SCSB, as the case may be to a Bidder generated at each price and demand option as proof of registration of the Bid
UBS	UBS Securities India Private Limited
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement among our Company and the Underwriters to be entered into on or after the Pricing Date
U.S. QIBs	Qualified institutional buyers, as defined under Rule 144A under the U.S. Securities

Term	Description
	Act
Working Day(s)	All days, excluding Sundays and public holidays, on which commercial banks in Mumbai are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in Mumbai
YES Bank	YES Bank Limited

Technical and Industry Related Terms

Term	Description
ARPU	Average Revenue Per User
DAS	Digital Addressable System
DVD	Digital Video Disc
HD	High Definition
IPTV	Internet Protocol Television
LCO	Local Cable Operator
MHz	Megahertz
SD	Standard Definition
STT	Securities Transaction Tax
Gross subscribers	Total registered subscribers
Net subscribers	Subscribers authorized to receive the DTH broadcasting services on account of payment of subscription charges or any entry offer at the time of initial connection. It also includes subscribers who are temporarily disconnected due to non payment of subscription charges for a period not exceeding 120 days

Conventional/General Terms, Abbreviations and References to Business Entities

Term	Description
Air Act	Air (Prevention and Control of Pollution) Act, 1981
BP&L	Broadcasting, Policy and Legislation
BPLR	Base Prime Lending Rate
Bps	Basis points
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
CST	Central Sales Tax
Companies Act	The Companies Act, 1956
Consolidated FDI Policy or FDI Policy	The current consolidated FDI Policy, effective from April 10, 2012, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CPC	Code of Civil Procedure, 1908
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIN	Director's Identification Number
DoT	Department of Telecommunications, Ministry of Communication and Technology, Government of India
DTH	Direct-to-Home
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting of the shareholders of a company
EPS	Earnings per share, i.e., profit after tax for a financial year divided by the weighted average number of equity shares during the financial year
Euro or €	Euro, the currency of European Union's member states
FCNR Account	Foreign Currency Non-Resident Account established in accordance with the FEMA
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FEMA 20	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign Institutional Investors (as defined under the Foreign Exchange

Term	Description
	Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000), registered with the SEBI under applicable laws in India
Financial Year, financial year or FY	Financial year of the Company, i.e. a period of 12 months ended March 31 of that particular year
Fiscal or fiscal	The relevant financial year of a Corporate Promoter or Group Entity, as applicable to such company
FTDRA 1992	Foreign Trade (Development and Regulation) Act, 1992
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GIR number	General Index Registration number
GoI	The Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Insurance Regulatory and Development Authority/ IRDA	Statutory body constituted under the Insurance Regulatory and Development Authority Act, 1999
ISP	Internet Service Provider
MCA	Ministry of Corporate Affairs, GoI
MIB	Ministry of Information and Broadcasting, GoI
MICR	Magnetic Ink Character Recognition
MIT	Ministry of Communications and Information Technology
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
Non-Resident or NR	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
Non-Resident Indian or NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRE Account	Non-Resident External Account established in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
p.a.	Per annum
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PIS	Portfolio Investment Scheme as stipulated under Regulation 5 (2) of FEMA 20 subject to terms and conditions specified under Schedule 2 of the FEMA 20
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoC or Registrar of Companies	The Registrar of Companies, Maharashtra, Mumbai
RTGS	Real Time Gross Settlement.
Rupee or Rs. or ₹	Indian Rupee
SACFA	Standing Advisory Committee of Radio Frequency Allocation
SAT	Securities Appellate Tribunal
SCRA	Securities Contract (Regulations) Act, 1956
SCRR	The Securities Contract (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEZ	Special Economic Zone
Sub- account	Sub-accounts of FIIs registered with the SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995

Term	Description
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TDSAT	Telecom Disputes Settlement Appellate Tribunal
TNPCC	Tamil Nadu Progressive Consumer Centre
Trade Marks Act	The Trade Marks Act, 1999
TRAI	Telecom Regulatory Authority of India
TRAI Act	Telecom Regulatory Authority of India Act, 1997
US\$ or USD or U.S. Dollar	United States Dollar
USA or U.S.	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VAT	Value Added Tax
Venture Capital Funds or VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI
Water Act	Water (Prevention and Control of Pollution) Act, 1974
WPC	Wireless Planning and Coordination Wing

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

Notwithstanding the foregoing, terms in “*Main Provisions of Articles of Association of our Company*”, “*Statement of Tax Benefits*”, “*Regulations and Policies in India*” and “*Financial Statements*” on pages 285, 48, 87 and 124, respectively, shall have the meanings given to such terms in these respective sections.

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

Certain Conventions

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

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements as of and for the six months ended September 30, 2012 and the financial years 2012, 2011, 2010, 2009, and 2008 prepared in accordance with the Generally Accepted Accounting Principles in India (“**Indian GAAP**”) and the Companies Act, and restated in accordance with the SEBI ICDR Regulations.

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

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

Currency and Units of Presentation

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

Industry and Market Data

Industry and market data used throughout this Draft Red Herring Prospectus has been obtained from various industry publications such as the (i) Article reprinted from FICCI Frames FICCI-KPMG Indian Media and Entertainment Industry Report 2012, Copyright: KPMG®2012, KPMG India Private Limited, an Indian registered private limited company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“**KPMG International**”), a Swiss entity. All rights reserved (hereinafter referred to as the “**FICCI and KPMG Report**”); (ii) PWC, India Entertainment and Media Outlook 2011, July 2011; and (iii) Media Partners Asia, India DTH Market Overview – Key Dynamics and Future Outlook, September 2012 report. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the JGCBRLMs or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

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

In accordance with the SEBI ICDR Regulations, we have included in the section titled “**Basis for the Issue Price**” on page 45, information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the JGCBRLMs or the BRLMs have independently verified such information.

Exchange Rates

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

The exchange rates of the respective foreign currencies as on October 1, 2012, March 31, 2012 and March 31, 2011 are provided below.

Currency	Exchange rate into ₹ as on October 1, 2012	Exchange rate into ₹ as on March 31, 2012	Exchange rate into ₹ as on March 31, 2011
US\$	52.7845	51.1565	44.65

* Source: Reserve Bank of India (“RBI”) Reference Rates (www.rbi.org.in)

Rounding off of figures

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

FORWARD-LOOKING STATEMENTS

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

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

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

For a further discussion of factors that could cause our actual results to differ, see “**Risk Factors**”, “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages xii, 75 and 184, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, nor the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company will ensure that investors in India are informed of material developments until such time as the Allotment of the Equity Shares pursuant to the Issue.

SECTION II - RISK FACTORS

RISK FACTORS

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

Unless otherwise stated, the financial information used in this section is derived from our restated audited financial statements prepared under Indian GAAP. See “Financial Statements” on page 124.

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

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

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

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

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

- 2. We have overdue payments under some of our financing arrangements and our inability to remedy such defaults could have an adverse effect on our business, financial condition and results of operations.***

We had aggregate overdue payments of principal of ₹ 259.70 million and interest of ₹ 184.71 million, as of September 30, 2012 under certain loan agreements aggregating to ₹ 444.41 million. Though we have not yet received any notice declaring an event of default from these financial institutions and banks, our inability to make timely payments to our lenders constitutes an event of default under these financing arrangements. In the event that our lenders elect to accelerate all amounts outstanding under the relevant financing arrangements and declare such amounts immediately due and payable together with accrued and unpaid interest, it could have an adverse effect on our business and financial condition and results of operation.

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

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

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

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

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

Intesa has also served Videocon Industries with a legal notice dated July 3, 2012 demanding that payment be made amounting to € 36.7 million plus all agency fees and ancillary costs subject to a maximum of € 38.0 million under the loan agreement and the Patronage Letters and reserved its right to initiate winding up proceedings against Videocon Industries in the event that such payment was not made within three weeks of the receipt of the notice. Videocon Industries has sent a response to the legal notice dated July 28, 2012 denying Intesa’s claim. See “***Our Litigation – Litigation involving our Group Entities***” on page 205.

However, 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 documents, including a cross-default under the terms and conditions of the unsecured US\$ 200,000,000, 6.75% convertible bonds due 2015 (the “**Bonds**”) issued by Videocon Industries. Any default or declaration of an event of default under the Bonds could have an adverse effect on Videocon Industries’ and the Videocon Group’s financial condition, business and reputation.

Videocon Industries is the flagship entity of the Videocon Group, a group that we have a strong relationship with. One of the benefits that we enjoy as a result of our relationship with the Videocon Group is that all of our secured loans, which, as of October 31, 2012, amounted to ₹ 16,626.90 million, were either guaranteed or supported through undertakings by Videocon Industries. Under the terms of these facilities, we may be in default if one of our guarantors (including Videocon Industries), fails to comply with its own debt obligations, defaults under one or more of its loan facilities or if any of such entities’ indebtedness, becomes due and payable prior to maturity on account of an event of default. For example, if Videocon Industries were to default under a loan facility or if any of its indebtedness becomes due and payable prior to maturity on amount of an event of default, such event could trigger a series of defaults or cross-defaults under its or our loan facilities and all outstanding amounts under our loan facilities could become due and payable immediately, together with accrued interest, which could adversely affect our financial condition, business, results of operations and reputation.

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

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

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

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

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

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

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

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

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

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

Under the terms of the Guidelines for Obtaining License for Providing Direct-To-Home Broadcasting Service in India issued by the MIB on March 15, 2001, as amended from time to time (the “**DTH Guidelines**”) and the licence agreement dated December 28, 2007 between our Company and the President of India acting through the Director, Broadcasting, Policy and Legislation, Ministry of Information and Broadcasting, Government of India (the “**DTH License Agreement**”), we are required to obtain the prior written permission of the MIB for effecting any change in the equity structure of our Company. We intend to seek such approval of the MIB for the issue of Equity Shares pursuant to this Issue, prior to filing the Red Herring Prospectus with the RoC. In the event that the MIB does not grant such approval, we will be unable to carry out the Issue.

Additionally, we are subject to various regulatory requirements, which may restrict our ability to conduct our business. Under the provisions of India’s current Consolidated FDI Policy, effective from April 10, 2012, as amended by Press Note 7 of 2012 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”), foreign investment in our Company is permitted up to 49.0% of our paid-up Equity Share capital under the automatic route, and up to 74.0%, with prior approval of the Government of India for foreign investment between 49.0% and 74.0%, subject to, among others, the following conditions, which we will be required to fulfil, in the event of any foreign investment being brought into our Company:

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

60 days in a year by way of appointment, contract, consultancy or any other capacity for providing any services to our Company. Such security clearance is required to be renewed every two years.

For details, see “**Regulations and Policies**” on page 87.

We intend to obtain necessary approvals in connection with this Issue from the MIB, prior to the filing of the Red Herring Prospectus with the RoC. However, we cannot assure you that we will be granted the necessary approvals by the MIB in a timely manner, or at all, or that we will be able to comply with any further conditions imposed by the MIB while granting such permissions.

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

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

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

The DTH License is valid until December 12, 2018 (10 years from the date of the issue of the wireless operational license from the WPC), unless terminated earlier for default, insolvency or transfer of the DTH License. The DTH License may be terminated by the Licensor without compensation to us in the event of breach of any of the terms and conditions of the license (after allowing us an opportunity to address the breach), including, among other things, if we become bankrupt or otherwise insolvent or apply for being adjudicated as insolvent or bankrupt. Any change in the equity structure of our Company is required to be carried out in consultation and with the prior approval of the Licensor. If the DTH License Agreement is terminated or is not renewed, we would lose the ability to provide DTH services in India and our business, financial condition and results of operations would be adversely affected.

8. ***We may be required to pay additional amounts towards our DTH license fees for our prior years of operation, which may have an adverse effect on our business, financial condition and results of operations.***

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

operators and held that the license fee payable by such pay DTH operators is required to be calculated only on the basis of revenue earned from their licensed activities.

These orders relied on earlier orders passed by the TDSAT in 2006 and 2007 in a similar dispute between the telecom service providers and the Union of India (*Association of Unified Telecom Service Providers of India v. Union of India*) (the “**Telecom Case**”), where the telecom operators claimed that the license fees was payable on the adjusted gross revenue earned from operation of the license alone, which claim was accepted by the TDSAT.

However, in a subsequent appeal filed by the Government of India against the order passed by the TDSAT in the Telecom Case, the Supreme Court reversed the order passed by the TDSAT and held that the TDSAT had no jurisdiction to determine the validity of the terms and conditions contained in the telecom license agreement, including the definition of the term “adjusted gross revenue”, since the Government of India’s exclusive privilege to license telecommunication activities in consideration of such terms it so determines.

In connection with pay DTH operators, the Government of India has filed appeals against the TDSAT’s orders passed in 2008, which are currently pending adjudication. If the Supreme Court takes a similar view in respect of the TDSAT’s jurisdiction to adjudicate on the validity of the definition of gross revenue as it did in the Telecom Case, the appeals filed by the Government of India in the Supreme Court may be disposed of in favor of the Government of India.

Our Company has since the commencement of our DTH operations paid license fees to the MIB, calculated on adjusted gross revenue earned by us pursuant to our licensed DTH operations only. Pursuant to our letter dated February 23, 2011 to the MIB in relation to the submission of statement of adjusted gross revenue for the year ended March 31, 2010 and payment towards our license fee, the MIB issued a letter to us on April 18, 2011 acknowledging the receipt of the license fee, but stated that such acknowledgement was without prejudice to the rights and contentions raised in the appeals filed by the Government of India against the TDSAT’s orders passed in 2008 and other special leave petitions pending before the Supreme Court of India and that such acknowledgement was subject to verification of our Company’s final audited accounts. The MIB further noted that the acknowledgement would not constitute the final settlement of the license fees and that the Government of India reserves its rights to raise further claims and to call for additional information in order to confirm that the license fee has been paid in full. The Government of India reserved its right to take any other action as it may deem fit to recover such amounts.

If the Supreme Court rules in favor of the Government of India, and we are required to pay additional DTH license fees, we may incur additional liability of ₹ 1,369.35 million, and our business, financial condition and results of operations may be adversely affected. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingent Liabilities*” on page 199.

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

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

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

10. *We have a limited operating history, which may make it difficult for you to evaluate our past performance and prospects. Further, we have incurred losses and have had negative cash flow from operating activities in recent financial years, and have a negative net worth.*

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

We incurred losses for the six months ended September 30, 2012 and the financial years 2012, 2011 and 2010 of ₹ 2,701.26 million, ₹ 4,820.06 million, ₹ 5,285.15 million and ₹ 1,318.80 million, respectively. For the financial years 2011 and 2010, we had negative cash flows from operating activities of ₹ 1,181.87 million and ₹ 504.26 million, respectively. As of September 30, 2012, we had a negative net worth of ₹ 5,898.77 million. We cannot assure you that we will not incur losses, have negative cash flows from operating activities or that we will not have a negative net worth in the future, which may adversely affect our ability to carry out our business. Our Auditors have noted that despite the erosion of our net worth and the fact that our accumulated losses exceeded the paid-up share capital of our Company, they have prepared our financial statements on a going concern basis. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 184.

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

Since the commencement of our operations, our subscriber base and total revenue have grown rapidly. Our gross DTH subscriber base has increased from approximately 0.44 million as of March 31, 2010 to 6.62 million as of September 30, 2012. (Source: Media Partners Asia, “India DTH Market Overview – Key Dynamics & Future Outlook, September 2012 (hereinafter referred to as the “MPA Report”)”) Our total revenue has increased from ₹ 142.07 million for the financial year 2010 to ₹ 1,859.34 million for the financial year 2011 to ₹ 7,005.46 million for the financial year 2012. In order to manage our continued growth effectively, we must continue to acquire programming offerings, manage the selection of programming we offer, including the structuring of subscriber packages, introduce new models of set-top boxes and additional service features, develop and improve our operational, financial and other controls, effectively withstand pricing and other competitive pressures, effectively manage a growing labor force and hire, train and retain skilled personnel for our management and technical teams. In addition, the future growth of our business may involve the expansion of our business into new geographic markets and into new areas of business. If we are unable to manage our growth effectively, our business, financial condition and results of operations may be adversely affected.

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

As of October 31, 2012 we had outstanding secured indebtedness of ₹ 16,626.90 million from scheduled banks and indebtedness of ₹ 2,250.00 million from Videocon Industries. While we intend to repay certain loans from scheduled banks aggregating to ₹ 695.85 million from the proceeds of the Issue, we may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

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

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

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

Accordingly, pursuant to the terms of our financing documents, we are required to obtain consents from our lenders to undertake the Issue. We have applied for such consents in September 2012 and have informed the lenders of our intention to undertake the Issue. While we intend to obtain consents from all our lenders prior to filing the Red Herring Prospectus with the RoC, undertaking the Issue without obtaining such lender consents may constitute a breach of the terms of the relevant financing documents. Various remedies available to our lenders, as a consequence, include, among others, termination of our credit facilities, acceleration of all amounts due under such facilities, the appointment of nominee directors on our Board, conversion of outstanding debt into equity, enforcement of any security provided. Any acceleration of amounts due under such facilities may trigger cross-default provisions under certain of our other financing agreements. Any of the aforesaid actions by our lenders may adversely affect our business, financial condition and results of operations.

Under certain of our indebtedness agreements, certain of our Promoters and members of our Promoter Group have pledged 27% of their shareholding in our Company as security for the loans. If any of these entities are required to forfeit such portion of their shareholding in our Company as a result of breach of the terms under any of the relevant indebtedness agreements, the lender(s) would acquire significant shareholding in our Company, which may adversely affect our ability to carry out our business operations and as a result, adversely affect our business, financial condition and results of operations.

As of October 31, 2012, all of our indebtedness consisted of floating rate indebtedness. An increase in prevailing interest rates would increase borrowing costs with respect to existing floating rate obligations or new loans, which may adversely affect our financial condition and results of operations.

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

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

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

We operate in a highly capital-intensive sector. The acquisition of new subscribers is capital intensive due to, among other things, our provision of consumer premises equipment at subsidized rates. Returns on capital investment typically lag significantly in time to the related outlays. Our return on capital investment depends upon, among other things, competition, subscriber acquisition cost, demand, Government of India

policies, interest rates and general economic conditions. If our return on capital investment does not meet our expectations, our financial condition may be adversely affected.

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

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

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

Significant agreements that we have entered into with content providers for the provision of programming include those entered into with Media Pro Enterprises India Private Limited, MSM Discovery Private Limited and IndiaCast Media Distribution Private Limited. Our programming agreements generally have terms ranging from one to five years and contain various renewal and termination provisions. We may be unable to renew these agreements on favorable terms, in a timely manner, or at all, or these agreements may be terminated prior to the expiration of their original terms. If we are unable to renew any of these agreements or if a counterparty terminates any of these agreements, we may be unable to obtain appropriate substitute programming at comparable cost, in a timely manner, or at all.

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

Content procurement by DTH operators in India, including us, generally takes place through channel distributors or owners. Under Indian interconnection regulations, all broadcasters and distributors are required to offer their content to all platforms and operators. We enter into agreements with channel distributors and owners to license channels for viewing by our subscribers. The major channel distributors and owners, from whom we license channels or to whom we pay content and programming costs, provide us with access to over 400 channels and services as of September 30, 2012. Any change in Indian interconnection regulations that would permit broadcasters and distributors to refuse to provide such programming to us or to impose discriminatory terms or conditions may adversely affect our ability to acquire programming on a cost-effective basis, or at all, which would adversely affect our business, financial condition and results of operations.

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

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

The ST-2 satellite is located at a particular orbital slot. The satellite dishes we currently install at our subscribers' premises can only receive signals from an additional satellite if such satellite is located within

five degrees of the orbital slot of the ST-2 satellite. In order for the satellite dishes to receive signals from a satellite located outside of five degrees of the orbital slot of the ST-2 satellite, we would be required to install additional equipment to the subscribers' dishes. In addition, existing subscribers would be required to reposition their satellite dishes, which would require our personnel to travel to subscribers' residences or locations where the consumer premises equipment is installed, which would be time consuming and expensive. The installation of this equipment would require additional costs, part or all of which we would be required to bear if we wish to encourage subscribers to subscribe to our additional programming offerings, which would increase our costs of operations.

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

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

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

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

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

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

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

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

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

A significant portion of our operations are located in a single digital broadcast center in Noida. As a result, we are vulnerable to the effects of a natural disaster, such as an earthquake, flood or fire, or other calamity or event, such as technological failure, that would disrupt our ability to conduct our business or that would cause significant damage to this facility. In the event of a significant disruptive event affecting this facility, we may face disruptions in the delivery of programming or degradation in the audio-visual quality of such programming.

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

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

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

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

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

We have entered into a trademark license agreement dated September 11, 2009 with CE India Limited (previously Videocon India Limited), a Group Entity, for the use of the “Videocon” and “V” trademarks. Further, our Company has obtained registrations in its name under the Trade Marks Act for the trademarks “d2h”, “D2H” and “DIRECT HAI CORRECT HAI”, pursuant to the authorisation granted by Mr. Saurabh Pradipkumar Dhoot (our Promoter and whole-time Director) to our Company, under the terms of an agreement dated July 21, 2008 executed between Mr. Saurabh Pradipkumar Dhoot and our Company, to have these trademarks registered in the name of our Company. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of these trademarks in the event that we are unable to renew the trademark license agreements. We may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection. Additionally, we may be required to litigate to protect our brands, which may adversely affect our business. Loss of the rights to use these trademarks may adversely affect our business, financial condition and results of operations.

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

We benefit from our relationship with a Videocon Group entity, Trend Electronics Limited (“TEL”). TEL is an Indian contract electronics manufacturer and our sole supplier of set-top boxes. In addition, TEL supplies us with a substantial majority of our other consumer premises equipment. For the six months ended September 30, 2012 and the financial years 2012, 2011 and 2010, the purchase of set-top boxes and other consumer premises equipment from TEL totaled ₹ 3,172.54 million, ₹ 6,335.95 million, ₹ 6,787.56 million and ₹ 1,187.10 million, respectively. We cannot assure you that we will continue to benefit from our relationship with TEL. In the event that TEL ceases to be a Videocon Group entity, we may be unable to derive the benefits from sourcing set-top boxes and other consumer premises equipment from TEL, such as reducing time-to-market for new set-top boxes and not being required to pay customs or import duties. If TEL is unable, for any reason, to provide us with a sufficient quantity of set-top boxes or other consumer premises equipment, our ability to add additional subscribers would be impaired, which would adversely affect our results of operations. We cannot assure you in such event that we would be able to obtain set-top boxes or other consumer premises equipment from another supplier on terms favorable to us.

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

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

Our Company

			(₹ in millions)
Nature of Proceeding	Number of Cases	Amount involved	
Litigation against our Company			
Tax proceedings	4	Not ascertainable	
Consumer cases	9	1.02	
Civil proceedings	1	Not ascertainable	
Litigation by our Company			
Octroi	1	0.25	
Civil cases	13	For the amounts involved in connection with the cases relating to entertainment tax filed by our Company against various state governments, see <i>Financial Statements – Contingent Liabilities</i> on page 169.	

In addition, there are a number of material outstanding legal proceedings involving some of our Group Entities. For details, see “*Outstanding Litigation and Other Material Developments*” on page 202.

24. Videocon Industries Limited has been sanctioned by the World Bank under its fraud and corruption policy.

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

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

Certain of our customer support functions are conducted through franchisees and third parties. As of September 30, 2012, we had over 850 service franchisees and direct sales and service dealers, over 950

residential service engineers, over 1,850 distributors and direct dealers and over 74,000 sub-dealers. In addition, we outsource our subscriber call centre operations to third parties.

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

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

We maintain insurance coverage on our Noida digital broadcast center infrastructure assets, and on consumer premises equipment up to the point where we deliver them to our distributors, for a variety of risks, including, among others, risks relating to fire, burglary, earthquake and certain other losses and damages. However, any claim under the insurance policies maintained by us may be subject to certain exceptions, may not be honored fully, in part, in a timely manner, or at all, and we may not have purchased sufficient insurance to cover all losses that we may incur. We are not insured for certain risks and losses, such as loss of business or business interruption, environmental liabilities and other natural disasters. If our insurance coverage does not adequately protect us against any operational risks or claims, our business, financial condition and results of operations may be adversely affected. Additionally, in the future, insurance coverage may not be available to us on commercially acceptable terms, or at all.

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

Our functional currency is the Indian Rupee. However, under the terms of the K_u-Band Lease Agreement through which we lease eight satellite transponders on the ST-2 satellite, we are required to pay the Indian rupee equivalent of an amount in U.S. Dollars, calculated at the exchange rate prevalent at the time of payment, as a monthly fee to Antrix Corporation. Consequently, if the Indian rupee declines against the U.S. Dollar, we will be required to make larger payments in Indian rupees, which may adversely affect our financial condition and results of operations. While less than 12.0% of our expenses (including costs of hardware equipment) for the financial year 2012 were denominated in U.S. Dollars, the percentage of our expenses denominated in U.S. Dollars may increase in the future. The exchange rate between the U.S. Dollar and the Indian Rupee has fluctuated significantly in recent years and may continue to fluctuate significantly in the future.

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

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

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

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

which we operate our business, terminate such authorizations, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

Auto Cars, a Promoter Group entity, has authorized us to use the premises where our Registered Office is located through a letter dated August 1, 2012. We are licensed to use the premises where our Corporate Office is located, pursuant to a leave and license agreement dated October 23, 2012 executed with V-Techweb (India) Private Limited, which is valid until September 30, 2017. We cannot assure you that these entities will permit us to continue the use of these premises on terms favorable to us, or at all. If we are unable to continue to utilize these premises for any reason, our business, financial condition and results of operations may be adversely affected. See “*Our Business – Property*” on page 85.

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

As of September 30, 2012 we had contingent liabilities that have not been provided for, in the following amounts, as disclosed in our restated audited financial statements:

(₹ in millions)	
As of September 30, 2012	
Counter guarantees given for guarantees given by the bankers	548.89
Letters of credit opened by the bank	-
Entertainment tax	76.25
DTH License Fees	1,369.35
Total	1,994.49

See “*Financial Statements – Annexure XV – Statement of Contingent Liabilities*” on page 169.

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

We have in the course of our business entered into transactions with related parties, such as our Promoter. While we believe that all such transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. See “*Financial Statements – Annexure XX – Restated Statement of Related Party Transactions*” on page 176.

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

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

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

Our ability to pay dividends in the future will depend upon a variety of factors, including our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements. As a result, we cannot assure you that we will make dividends of any particular amount, with any particular frequency or at all. In addition, under Section 205 of the

Companies Act, a company is permitted to declare or pay dividends in any year out of profits for that year only after providing for depreciation for such year (and any previous years where depreciation was not provided for), and if it transfers a specified percentage of profits for that year to the reserves of the company, as prescribed by the Companies Act and applicable rules thereunder. In addition, if the company has incurred any loss in any previous financial year(s), then such amount of loss or an amount which is equal to the depreciation provided for such year(s), whichever is less, is required to be set-off against the profits of the company for the year for which the dividend is proposed to be declared or paid, and/or against the profits in any previous financial year(s), arrived at in both cases, after providing for depreciation in accordance with the requirements of the Companies Act. We had a loss for the financial year 2012 of ₹ 4,820.06 million. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we will have distributable funds in future periods nor can we assure you that we will be able to be profitable and eliminate our accumulated loss in the future so as to enable us to pay dividends under the Companies Act.

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

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

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

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

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

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

The objects of the Issue include the utilization of the Net Proceeds towards acquisition of set-top boxes and outdoor units amounting to ₹ 4,882.18 million. We have entered into an agreement dated March 11, 2011 with TEL, a Videocon Group entity, for procurement of set-top boxes. Additionally, we typically also purchase outdoor units and accessories thereof, from TEL. Accordingly, based on our business requirements and the quotations received from TEL, we intend to acquire two million set-top boxes and outdoor units from TEL in the financial year 2014 for ₹ 4,882.18 million. This amount will be paid to TEL from the Net Proceeds of the Issue. For details of acquisition of set-top boxes and outdoor units, see “**Objects of the Issue**” on page 40.

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

Our Company intends to utilize up to ₹ 695.85 million from the Net Proceeds towards repayment of certain outstanding term loans in the financial year 2014, in accordance with the repayment schedules under our facilities. In addition, after the completion of the Issue, our Company intends to engage with certain of our lenders for the repayment or the prepayment of some of our outstanding indebtedness. Certain of our loan facilities contain prepayment penalty clauses that we may be required to comply with and as a result, we may be required to pay an additional prepayment premium to our lenders. For details, see “*Objects of the Issue*” on page 40.

38. The objects of the Issue include the utilization of the Issue Proceeds to repay a term loan facility from IDBI Bank Limited, the holding company of IDBI Capital, which is one of the BRLMs to this Issue.

The objects of this Issue include the utilization of the Net Proceeds of the Issue to repay or prepay certain existing loans, including a term loan facility from IDBI Bank Limited, an associate of IDBI Capital, one of the BRLMs. We entered into a term loan agreement dated July 31, 2009 with IDBI Bank Limited, for a term loan facility of ₹ 3,600.00 million, to be utilized towards part financing the cost of setting up of our DTH business. As on October 31, 2012, an amount of ₹ 2,820.00 million was outstanding under this term loan facility. We intend to utilize a part of the Net Proceeds amounting to ₹ 300.00 million towards repayment or prepayment of the term loan facility due to IDBI Bank Limited during the financial year 2014. We do not believe that this constitutes a conflict of interest under the SEBI (Merchant Bankers) Regulations, 1992, as amended, or any other applicable SEBI rules or regulations. However, the amount of Net Proceeds utilized towards such repayment/prepayment to IDBI Bank Limited will not be available for use in our business for any other purposes. For details, see “*Objects of the Issue*” and “*Financial Indebtedness*” on page 40 and 179, respectively.

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

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

(in ₹ unless otherwise specified)

S.No.	Name of the Group Entity	Loss in the last financial year
1.	CE India Limited	1,044,459
2.	Chhattisgarh Power Ventures Private Limited	24,770
3.	Comet Power Private Limited	27,877,605
4.	Flair Energy Private Limited	16,200
5.	Galaxy Power Private Limited	4,113,160
6.	Goldcrest Electronics Private Limited	70,415
7.	Liberty Videocon General Insurance Company Limited	47,841,569
8.	Madhya Pradesh Power Ventures Limited	5,000
9.	Orchid Energy Private Limited	3,317,246
10.	Panorama Logistic Solutions Limited	6,166
11.	Pipavav Energy Private Limited	5,279,664
12.	Planet ‘M’ Online Limited	14,045
13.	Prosperous Energy Private Limited	16,645
14.	Quadrant Energy Private Limited	7,234
15.	Quadrant Enterprises Private Limited	27,482
16.	Quadrant Televentures Limited	1,791,601,978
17.	Titan Realty Private Limited	11,094
18.	Triumph Energy Private Limited	12,818
19.	Unity Appliances Limited	721,823

20.	Uttaranchal Appliances Limited	22,725
21.	Velogis-Net India Limited	7,784
22.	Veronica Properties Private Limited	21,254
23.	Viable Energy Private Limited	11,348
24.	Videocon Display Limited	16,379
25.	Videocon Energy Limited	47,132
26.	Videocon Infotel Limited	12,339
27.	Videocon International Electronics Limited	460,002,793
28.	Videocon Oil Services Limited	10,579
29.	Videocon Oil Ventures Limited	25,211,417
30.	Videocon Power Ventures Limited	13,454
31.	Videocon Realty Private Limited	11,479
32.	Videocon Sez Infrastructures (Pune) Private Limited	247,022
33.	Videocon Sez Infrastructures Private Limited	25,124
Entities incorporated in foreign jurisdiction		
34.	Eagle ECorp Limited	\$ 1,250
35.	Middle East Appliances LLC	Omani Rial 514,439
36.	Videocon Energy Ventures Limited	\$ 175,320
37.	Videocon Global Limited	\$ 36,708,906
38.	Videocon Hydrocarbon Holdings Limited	\$ 5,810,537

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

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

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

41. *We have issued Equity Shares during the last one year at a price that may be below the Issue Price.*

We have in the last twelve months prior to filing this Draft Red Herring Prospectus, issued equity shares at a price that could be lower than the Issue Price. The price at which the equity shares have been issued in the last one year is not indicative of the price at which they will be issued or traded. For further details regarding such issuances of equity shares, see “*Capital Structure*” on page 30.

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

Our Company’s Board and shareholders have adopted, subject to the approval of the MIB, an employees’ stock option plan, i.e., the BBCL Employees Stock Option Scheme 2012 (“**ESOP 2012**”), effective from December 1, 2012. The scheme will be administered by the Remuneration and Compensation Committee of our Board and the BBCL Employees Welfare Trust, set up for the purpose of implementation of ESOP 2012, in accordance with the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended. Upon receipt of the approval of the MIB, our Company expects to complete allotment of 4,000,000 Equity Shares to the BBCL Employees Welfare Trust, in accordance with ESOP 2012, prior to the date of the Red Herring Prospectus.

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

External Risks

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

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

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

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

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

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

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

The restated financial statements included in this Draft Red Herring Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with the Companies Act, Indian GAAP and restated in accordance with the SEBI Regulations, and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as IFRS. Significant differences exist between Indian GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the

Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

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

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, Government of India (the “MCA”) in January 2010. The convergence of certain Indian Accounting Standards with IFRS was notified by the MCA on February 25, 2011. The date of implementing such converged Indian Accounting Standards has not yet been determined.

Our financial condition, results of operations, cash flows or changes in shareholders’ equity may appear significantly different under IFRS than under Indian GAAP. This may have an adverse effect on the amount of revenue recognized during a particular period as compared to the amount of revenue recognized during a corresponding period in the past. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

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

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

India’s sovereign foreign currency long-term debt is currently rated (i) “BBB-” (negative) by Standard & Poor’s, (ii) “BBB-” (stable) by Fitch and (iii) “Baa3” (stable) by Moody’s. These ratings reflect an assessment of the Government of India’s overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

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

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

According to a report released by RBI, India’s foreign exchange reserves totaled approximately US\$ 294.4 billion as of March 31, 2012. India’s foreign exchange reserves have declined recently and may have negatively affected the valuation of the Rupee. Further declines in foreign exchange reserves could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial condition and the market price of the Equity Shares.

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

We have not independently verified data from Government of India and industry publications contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India, its economy or the pay television herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

These facts and other statistics include the facts and statistics included in “*Summary of Industry*” and “*Industry Overview*” on pages 1 and 58, respectively. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

Risks Related to the Equity Shares

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. See "*Statement of Tax Benefits*" on page 48.

Prominent Notes

- Initial public offering of [●] Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ 7,000 million. The Issue shall constitute [●]% of the post Issue paid-up Equity Share capital of our Company. Our Company is considering a Pre-IPO Placement of up to 10,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 25% of the post-Issue paid-up Equity Share capital of our Company.
- The net worth of our Company as of September 30, 2012 and March 31, 2012, as per our restated financial statements included in this Draft Red Herring Prospectus was ₹ (5,898.76) million and ₹ (6,197.51) million, respectively. See "*Financial Statements*" on page 124.
- The net asset value per Equity Share as on September 30, 2012 and March 31, 2012, as per our restated financial statements included in this Draft Red Herring Prospectus was ₹ (24.38) and ₹ (34.05), respectively.
- Our Promoter, Mr. Saurabh Pradipkumar Dhoot, does not directly hold any Equity Shares. The average cost of acquisition per Equity Share by our Corporate Promoters who hold Equity Shares as on date of this Draft Red Herring Prospectus is:

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

As certified by our Auditors by their certificate dated October 23, 2012.

- Set forth below are the details of transactions by our Company with our Promoter, Group Entities, Promoter Group entities and Videocon Group entities during the last financial year, including the nature and cumulative value of the transactions.

(₹ in million)

Nature of Transaction	Type of Company	Transaction Amount
Advances received against lease rental and subscription	Promoter Group entity	21.24
	Group Entity	22.98
Unsecured loan taken	Group Entity	2,681.04
Purchase of fixed assets – set-top boxes, outdoor unit and its accessories	Videocon Group Entity	4,115.03
Revenue from operations – activation revenue (net)	Promoter Group entity	6.63
	Group Entity	0.78
Materials consumed	Group Entity	12.61
IT support expenses	Promoter Group entity	26.02
Selling and distribution expenses	Promoter Group entity	90.45
Rent paid	Promoter Group entity	0.22
Royalty paid	Group Entity	0.52
	Promoter	0.05
Finance cost	Group Entity	5.80

For further details, see “*Financial Statements*” on page 124.

- There has been no financing arrangement whereby the Promoter Group, our Directors, or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in the ordinary course of the business of the financing entity during the six months preceding the date of this Draft Red Herring Prospectus.
- No Group Entities have any business or other interest in our Company, except as stated in “*Financial Statements*” on page 124, and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
- Investors may contact any of the JGCBRLMs and the BRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.

SECTION III - INTRODUCTION

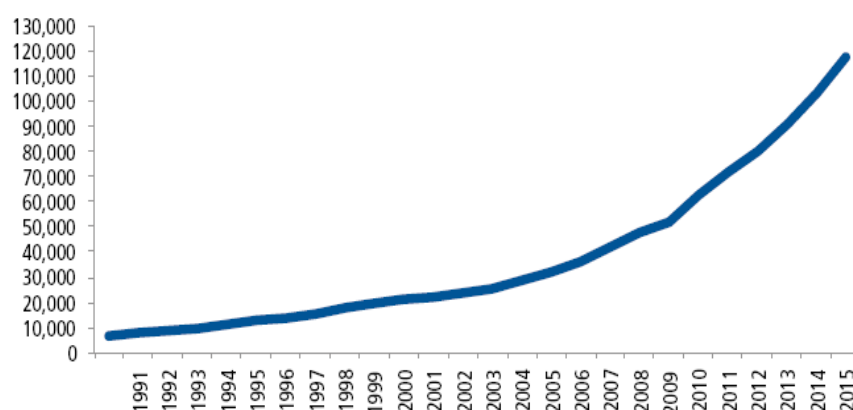
SUMMARY OF INDUSTRY

Overview of the Indian Economy

India is the world's largest democracy by population size and one of the fastest growing economies in the world. India had an estimated GDP of approximately US\$1.798 trillion in 2011, making it the fourth largest economy in the world after the European Union, the United States and China. (Source: CIA World Factbook)

The Indian economy is expected to grow over the next few years. However, such growth may be less than previously anticipated. The Central Statistical Organization's advance estimates predicted a 6.9% real GDP growth rate for the financial year 2012. This is lower than the actual growth of 8.4% in the financial year 2011 and significantly lower than the 9.0% growth rate for the financial year 2012 projected by the Finance Minister of India in February 2011. (Source: FICCI and KPMG, *Digital Dawn: The Metamorphosis Begins*, FICCI-KPMG Indian Media and Entertainment Industry Report 2012 (hereinafter referred to as the "**FICCI and KPMG Report**"). Real GDP growth is expected to reach 6.0% in 2013. (Source: www.imf.org)

India's economic growth, reflected in increasing per capita incomes and a growing middle class population with greater disposable incomes, is helping pay television services grow. The chart below illustrates India's Gross Domestic Product ("GDP") per capita in Indian Rupees:



(Source: Media Partners Asia, *India DTH Market Overview – Key Dynamics and Future Outlook*, September 2012 Report (hereinafter referred to as the "**MPA Report**"))

The Media and Entertainment Industry in India

The Indian media and entertainment industry increased from ₹ 652 billion in 2010 to ₹ 728 billion in 2011, registering overall growth of 12.0%. In 2012, the media and entertainment industry is expected to grow by 13.0% to ₹ 823 billion. This is due to high consumption in Tier 2 and Tier 3 cities, the continuing growth of regional media and the increasing number of new media businesses. The industry is expected to grow at a compound annual growth rate ("CAGR") of 14.9% to reach ₹ 1,457 billion by 2016. The table below illustrates the overall media and entertainment industry size between the calendar year 2007 and the calendar year 2016:

Overall Industry Size (₹ Billion)	2007	2008	2009	2010	2011	Growth in 2011 over 2010	2012P	2013P	2014P	2015P	2016P	CAGR (2011-2016)
Television	211.0	241.0	257.0	297.0	329.0	10.8%	380.0	435.0	514.0	618.0	735.0	17%
Print	160.0	172.0	175.2	192.9	208.8	8.3%	226.0	246.8	270.0	294.9	323.4	9%
Film	92.7	104.4	89.3	83.3	92.9	11.5%	100.0	109.7	121.1	134.5	150.3	10%
Radio	7.4	8.4	8.3	10.0	11.5	15.0%	13.0	16.0	20.0	24.0	29.5	21%
Music	7.4	7.4	7.8	8.6	9.0	4.7%	10.0	11.3	13.1	15.4	18.2	15%
Out Of Home	14.0	16.1	13.7	16.5	17.8	7.6%	19.5	21.5	23.6	26.0	29.0	10%
Media Animation and Visual	14.0	17.5	20.1	23.6	31.0	31.2%	36.3	43.0	51.1	61.0	69.0	17%

Overall Industry Size (₹ Billion)	2007	2008	2009	2010	2011	Growth in 2011 over 2010	2012P	2013P	2014P	2015P	2016P	CAGR (2011-2016)
Effects												
Gaming	4.0	7.0	8.0	10.0	13.0	30.0%	18.0	23.0	29.0	37.0	46.0	29%
Digital Advertising	4.0	6.0	8.0	10.0	15.4	54.0%	19.9	25.8	33.5	43.7	57.0	30%
Total	514	580	587	652	728	11.7%	823	932	1076	1254	1457	14.9%

*P=Projected

(Source: FICCI and KPMG Report)

The Television Industry in India

The television industry in India includes revenues derived from television distribution, content and advertising. (Source: PWC, *India Entertainment and Media Outlook 2011, July 2011*) Television is the largest medium for media delivery in India. As of the date of the FICCI and KPMG Report, in terms of revenue, television represented approximately 45.0% of India's total media industry. The television industry has potential for growth as television penetration in India was estimated at approximately 61.0% of total households as of 2012. (Source: FICCI and KPMG Report)

As of the date of the FICCI and KPMG Report, India was the third largest television market in the world after the United States and China, with 146 million television households. Cable and satellite penetration of television households was approximately 81.0% with DTH constituting a significant part of the growth in 2011. With the digitization of all analog cable subscribers imminent, the penetration level of digital households is expected to increase significantly in the future. (Source: FICCI and KPMG Report)

During 2011, the total number of television channels in India increased to 623 and more channels are currently awaiting approval to be broadcast. There has been a significant increase in demand for satellite bandwidth, with the introduction of high definition ("HD") channels, DTH expansion and new channel launches. These developments increase the options available to consumers who are prepared to pay more for content in the medium to long term. (Source: FICCI and KPMG Report)

The overall television industry in India was valued at approximately ₹ 329.00 billion in 2011. The Indian television industry is expected to grow at a CAGR of 17.0% between 2011 and 2016 to ₹ 735.00 billion in 2016. Subscription charges as a portion of total industry revenue are expected to increase from 65.0% in 2011 to 69.0% in 2016. (Source: FICCI and KPMG Report)

Indian Television Distribution Sector

The Indian television distribution sector consists of subscription revenue from pay television households in India. The Indian television distribution sector is highly fragmented with approximately 50,000 LCOs, 7,000 multi-system operators and six pay DTH operators as of July 2011, with the top five multi-system operators accounting for less than 30.0% of the revenue in this sector. The Indian television distribution sector is characterized by high underreporting, of approximately 85.0% of the subscribers, and low average revenue per user ("ARPU"). (Source: PWC, *India Entertainment and Media Outlook 2011, July 2011*)

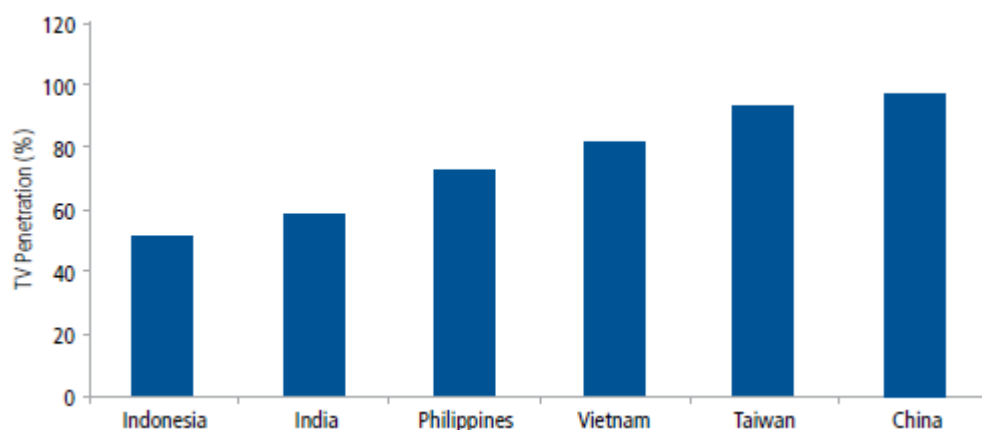
The Indian television distribution sector grew at a CAGR of 13.2% between 2006 and 2010. The sector grew from approximately ₹ 165.00 billion in 2009 to ₹ 192.00 billion in 2010. Growth in the Indian television distribution sector is expected to continue to increase. (Source: PWC, *India Entertainment and Media Outlook 2011, July 2011*)

The growth catalysts for the Indian television distribution industry are as follows:

Increasing Television Penetration Levels

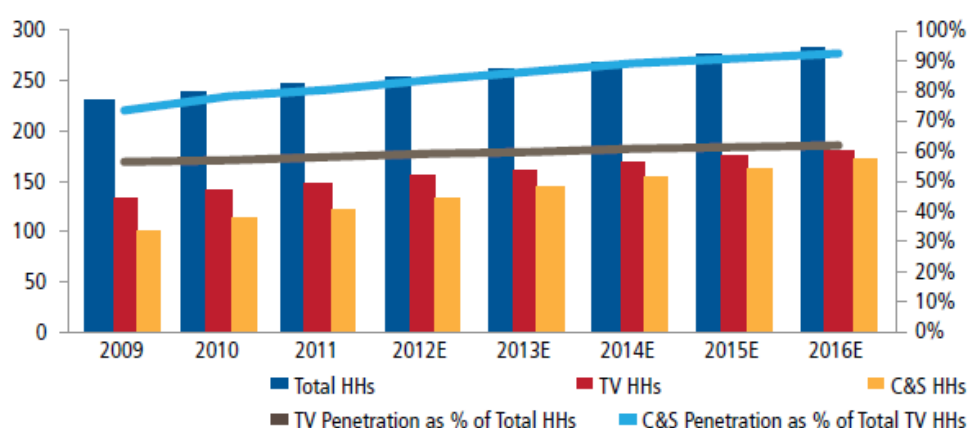
In 2011, there were approximately 146 million television households in India, which constituted a television penetration level of approximately 61.0%. Television penetration is expected to increase to 70.0% in 2016.

(Source: FICCI and KPMG Report) The chart below illustrates the household television penetration in certain countries:



(Source: MPA Report)

The chart below illustrates the expected increase in cable and satellite and Indian television penetration between 2009 and 2016:



(Source: MPA Report)

While India has added between 12 million and 16 million television sets every year since 2005, television penetration has increased by approximately six to eight million every year. Therefore, approximately 50.0% of television sales each year reflect increased television penetration. The balance of television sales includes replacement of old television sets or multiple television sets entering a household. While a single analog cable connection could be used to provide content to all the television sets in one household, multiple set-top boxes would be required for multiple connections in a digitized environment. (Source: FICCI and KPMG Report)

Growth of ARPU

As of July 2011, while India was the second largest cable and satellite market in the world, second only to China, the cable and satellite industry in India earned ₹ 192.00 billion per year from subscription revenue. This is significantly less than the revenue earned in other countries. This is largely due to the fact that the ARPU in India was estimated, as of 2010, at approximately ₹ 160.00 per month (approximately US\$ 3.00) as opposed to approximately US\$ 45.00 to US\$ 60.00 per month in the United States and the United Kingdom, respectively. (Source: PWC, India Entertainment and Media Outlook 2011, July 2011)

The two primary determinants of total pay television revenues are ARPU and the number of pay television subscriptions. As of July 2011, India's pay television ARPU was approximately ₹ 160.00 per month across pay

television homes in India (both DTH and cable). While cable has the problem of underreporting, both in the number of subscribers as well as the fees paid by each subscriber, DTH ARPU is limited by competition, subsidization of set-top boxes and lack of exclusive content. This has led pay television ARPU to be among the lowest as compared to global counterparts. (Source: PWC, *India Entertainment and Media Outlook 2011, July 2011*)

The table below illustrates the approximate ARPU and expected ARPU in India between 2011 and 2016:

ARPU (₹ per month)	2011	2012	2013	2014	2015	2016
Analog	160	165	170	170	171	171
Digital	160	170	180	201	226	253
DTH	160	170	180	201	226	253
Internet Protocol Television ("IPTV")	160	170	180	201	226	253

(Source: FICCI and KPMG Report)

Digitization

The cable television industry in India is poised for one of the most significant developments in the industry in the last decade, a transition to the Digital Addressable System ("DAS") for television distribution. Cable operators in a DAS regime would be legally bound to transmit only digital signals. Subscribed channels can be received at the consumer's premises only through a set-top box equipped with a conditional access card and a subscriber management system. Each user in the network would be uniquely identifiable to the service provider. (Source: FICCI and KPMG Report)

Background to Digitization

The MIB has notified a four-phase digitization process for cable television in India with a sunset date of December 31, 2014. As a result, the cable television industry in India will be transitioned to the Digital Addressable System ("DAS") for television distribution and all cable operators will be legally bound to transmit only digital signals. (Source: FICCI and KPMG Report)

The table below outlines the sunset dates for analog cable:

Phase	Geographies Covered	Sunset Date for Analog Cable	Number of Cities	Number of Households Likely to be Digitized (in millions)
I	Delhi, Mumbai, Kolkata and Chennai	October 31, 2012	4	8
II	All Cities With Population of More Than One Million	March 31, 2013	38	20
III	All Urban Areas	September 30, 2014	n/a	61
IV	Rest of India	December 31, 2014	n/a	n/a

(Source: MPA Report)

The Cable Digitization Process

The Telecom Regulatory Authority of India recommended a four-phase digitization process for cable television in India and originally set a final sunset date of December 31, 2013 for complete switchover to digital cable across all of India. These timelines have since been amended and notified by the MIB. The final sunset date is now December 31, 2014. Implementation of this process is to be carried out in four phases. (Source: PWC, *India Entertainment and Media Outlook 2011, July 2011*) Phase I focuses on the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai and was originally scheduled to be completed by June 30, 2012. However, this was

delayed and was implemented on October 31, 2012. Phase II will target all cities with a population of over one million by March 31, 2013. Phase III will target all other urban areas across India and is scheduled to be completed by September 30, 2014. Lastly, Phase IV will transition the rest of India to digital cable television by December 31, 2014. (Source: MPA Report)

It is expected that the DAS will be more successful than the earlier conditional access system. The new DAS has the support of key stakeholders including the Government of India, broadcasters and multi-system operators. Indian consumers also seem to be ready for the introduction of digital television, as illustrated by the high number of DTH users among cable and satellite subscribers. (Source: FICCI and KPMG Report)

The Indian DTH Market

According to the MPA Report, the Indian DTH market in 2011 had 44.40 million gross subscribers. (Source: MPA Report)

The digital television market in India is able to accommodate both digital cable and DTH service providers and both platforms are expected to coexist in the Indian market. (Source: FICCI and KPMG Report)

Digital Television: A Positive Development for the DTH Market

If key issues on capacity and after sales services are addressed, the Government of India's mandatory digitization could be a significant catalyst for DTH to acquire customers and increase reach in larger television audience markets. Multi-system operators predict an increase of approximately 15.0% to 20.0% in cable subscribers to DTH. Some operators expect this to increase by up to 30.0% in the early stages of Phase I. There is also a need to improve after sales services by DTH companies, as the lead time to address a given complaint ranges from three to five days and is highly subject to the minimum number of enquiries received and the number of on-the-ground engineers. (Source: MPA Report, DTH to Benefit From Digitalization, Issue 117, February 17, 2012)

The conversion of analog cable subscribers to digital cable is expected to affect DTH operators. The current mandate provides opportunities for DTH operators and multi-system operators. However, these operators may experience challenges and practical difficulties in implementation, and adhering to the prescribed timelines for digitization. (Source: FICCI and KPMG Report)

Advantages of the DTH market

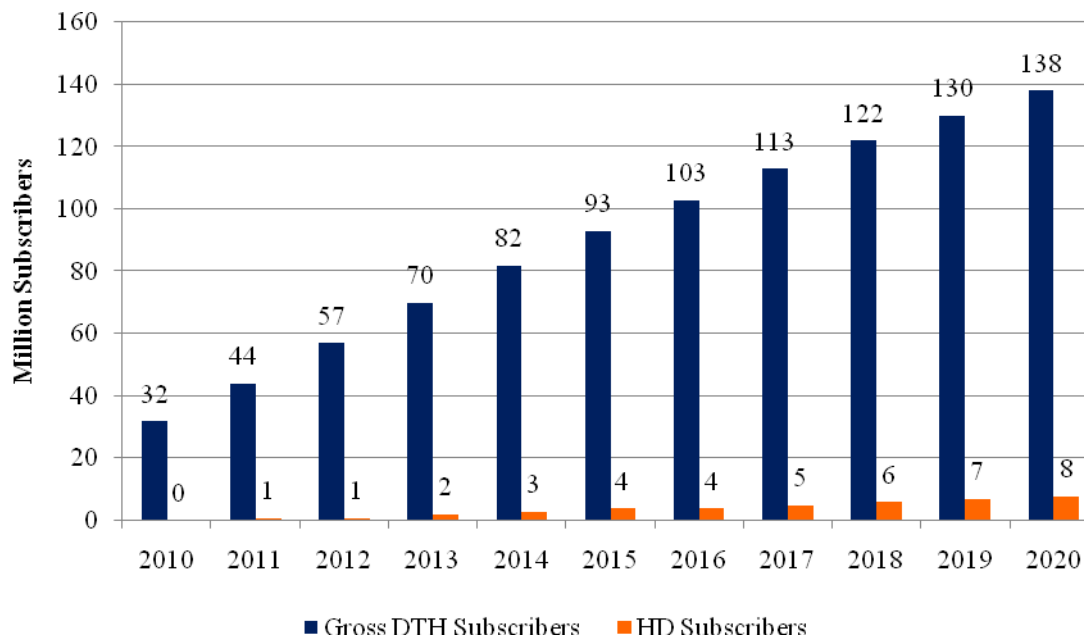
The advantages of the DTH market in India are as follows:

- It is digital and addressable unlike the analog cable industry;
- As of July 2011, though it represented between 15.0% and 20.0% of the total pay television market, it contributed 50.0% of the broadcaster's subscription revenues;
- It is capable of carrying additional channels, unlike the present capability of analog cable;
- Most of the bigger companies have invested heavily in marketing and advertising to gain higher customer recall;
- DTH remains the key way to access rural audiences, due to the geographic reach of the satellite medium; and
- DTH is capable of providing interactive and HD content, similar to "pay-per-view", leading to more diverse revenue streams. (Source: PWC, India Entertainment and Media Outlook 2011, July 2011)

As the market prepares for Phase I digitization in the four key metropolitan areas, DTH is likely to benefit in terms of volume growth and yields. Key developments in the DTH market include the following:

DTH Subscriptions

The chart below illustrates the actual and projected numbers of subscribers to DTH services for the years 2010 through 2020:



(Source: MPA Report)

Future Trends

Subscriber Quality to Improve

In the future, it is expected that gross subscriber additions will gain momentum as mandatory cable digitization is implemented in phases. The quality of subscriber additions is expected to be superior, as the switch-off of analog signals will allow DTH to further develop within urban areas and target high-ARPU subscribers, while at the same time managing churn rates.

The HD Growth Curve

It is expected that HD penetration will increase in the future. In the United Kingdom, 30.0% of British Sky Broadcasting's subscriber base has adopted HD. Malaysia's Astro Television Network Systems Sdn. Bhd. has also experienced improved rates with 20.0% penetration at present on its DTH platform.

In India, following a number of major cricket events in the first half of 2011, the introduction of major Hindi general entertainment channels in HD has helped maintain HD growth. At the end of 2011, the industry had 0.50 million HD subscribers and is currently adding between 40,000 and 50,000 new HD subscribers every month. Currently, 30 true HD (not upscaled) channels are available. Operators expect 20 more to be added in 2012. Videocon d2h leads in the provision of the most number of true HD channels.

Broadcasters and DTH players have expanded their HD offerings in 2012. With increasing sales of affordable HD televisions, consumers may be prepared to pay a premium for better viewing experiences on these television sets.

Currently, HD penetration amongst existing subscribers is low, but this is expected to increase significantly in the future. Between 7.0% and 8.0% of new DTH subscribers are expected to purchase HD subscription packages.

The demand for HD channels among consumers has expanded. Approximately 30 channels are available in HD apart from sports and movie channels. The increasing subscriptions for HD channels may help increase ARPU and provide a subscription revenue boost to distributors and broadcasters. (*Source: FICCI and KPMG Report*)

SUMMARY OF BUSINESS

Overview

We are the fastest growing DTH service provider in India and operate under the “Videocon d2h” brand. (*Source: MPA Report*) We distribute multiple television channels and allied video and audio services to subscribers as part of our DTH services. We bring to our subscribers digital quality television viewing and, as of September 30, 2012, carried over 400 national and international channels and services, including 22 HD channels and 41 audio and video Active Music Channel Services. We commenced our DTH operations in July 2009 and, as of September 30, 2012, had 6.62 million gross subscribers with a market share of 13.0% of the gross DTH subscriber base across India (*Source: MPA Report*). Our total income for the six months ended September 30, 2012 and the financial year 2012 was ₹ 4,955.75 million and ₹ 7,005.46 million, respectively. We have a presence across India and we believe we are ideally positioned to capitalize on the growth opportunities in the Indian DTH market.

Our distribution of multiple television channels and services is enabled through consumer premises equipment installed at the end consumers’ premises which allows a subscriber to directly receive programming from our leased satellite through a mini-dish which is then de-coded by a digital receiver called a set-top box. We use state-of-the-art MPEG-4 technology, which permits high compression for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We have leased K_u-Band space capacity on the ST-2 satellite of SingTel, which was launched on May 21, 2011 and has an estimated useful life through 2026. We currently lease eight 54 Mhz transponders on the satellite. This technology and access to these eight transponders allows us to transmit over 400 channels and services.

We benefit from our relationship with the Videocon Group. The Videocon Group has diversified interests in consumer electronics, oil and gas, power, retail and insurance, among others. The Videocon Group’s flagship entity is Videocon Industries, a company listed on the BSE and the NSE and with a market capitalization, according to the NSE, of ₹ 80,002.16 million as of November 30, 2012. Videocon Industries believes it has one of the largest distribution networks of consumer electronics and home appliances in India. We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players including television sets and DVD players with built-in set-top boxes. We believe that the cross selling of our services through the Videocon Group’s television business increases our marketing opportunities.

We believe that the “Videocon” brand is well recognized in India. Videocon Industries was named as one of the Boston Consultancy Group’s 100 “Rapidly Developing Economy Emerging Global Challengers” in May 2006 and the “Videocon” brand was named one of the top 20 most trusted brands in India by the Economic Times – Brand Equity in May 2007. Our Company was also ranked one of the most successful launches in 2009 (the year we commenced offering our services) by the Brand Derby survey, undertaken by the Business Standard.

The MIB has notified a four-phase digitization process for cable television in India with a sunset date of December 31, 2014. As a result, the cable television industry in India will be transitioned to the DAS for television distribution and all cable operators will be legally bound to transmit only digital signals. We believe that this is a key growth opportunity for us as we believe that a significant portion of current analog cable television subscribers will switch to DTH services, such as ours.

As of September 30, 2012, in addition to providing our subscribers with the enabling hardware for our channels and services, we offer our subscribers “12 Picture-in-Picture Mosaic”, a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the “Electronic Program Guide”, a graphical user interface to browse channels and program schedules; “Movie Channel Services”, where we offer four movie channel services; “HD 3D Active Channel service”; and “tickers”, which include tickers at the bottom of the screen displaying sports scores, stock market data, news updates, Active Music Channel Services and content-recording features.

Our Growth

We commenced our DTH operations in July 2009. We have grown our subscriber base from 0.44 million gross subscribers as of March 31, 2010, representing approximately 2.0% of the total DTH subscriber base in India to 2.86 million gross subscribers as of March 31, 2011, representing approximately 8.0% of the total DTH subscriber base in India, and have increased our subscriber base to 5.48 million gross subscribers as of March 31, 2012, representing approximately 11.8% of the total DTH subscriber base in India. As of September 30, 2012, we had 6.62 million gross subscribers, which represented approximately 13.0% of the total DTH subscriber base in India. (Source: MPA Report) For the six months ended September 30, 2012 and the financial years 2012, 2011 and 2010, we had approximately 24.9%, 24.4%, 18.3% and 4.7%, respectively, of the incremental market share of the DTH subscriber base in India. (Source: MPA Report)

Our Strengths

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

Established brand name and relationship with the Videocon Group

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

We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players, including television sets and DVD players with built-in set-top boxes. Videocon Industries, the flagship company of the Videocon Group, believes it has one of the largest distribution networks of consumer electronics and home appliances in India. As of September 30, 2012, the Videocon Group had over 220 owned and operated retail outlets, and over 650 franchisee-owned distribution outlets. We believe that the cross selling of our services through the Videocon Group's television business increases our marketing opportunities. Our relationship with the Videocon Group allows us to reduce our marketing spend, which is a significant expense in the industry we operate in. In addition, we believe this relationship also positively affects our growth.

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

Distribution capabilities

We have a pan-India presence with a wide distribution network and a presence across urban, semi-urban and rural parts of India. We believe that we have an extensive distribution network that enables us to reach out to our customers. As of September 30, 2012, we had over 1,850 distributors and direct dealers, and over 74,000 sub-dealers and, we had a team of 384 sales executives working in 25 offices that seeks to sign up new distributors and dealers to expand our network. We appoint distributors based on certain key criteria, such as location, potential for expansion, technological competence and business type. We also provide discounts to the members of our distribution network to augment our sales. We believe that this enables us to have a more effective distribution network.

Superior technology

We use state-of-the-art MPEG-4 technology, which permits high compressions for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We lease eight 54 Mhz transponders with Ku-Band space capacity on the ST-2 satellite of SingTel. This technology and access to these eight transponders allows us to transmit over 400 channels and services.

Wide range of packages and services in India

We provide our subscribers with a range of subscription packages, value-added services and customer support services. As of September 30, 2012, our subscribers had access to over 400 international, national and regional digital channels and services, including 22 HD channels and 41 audio and video Active Music Channel Services through several subscription packages, as well as the option of choosing add-ons and à la carte channels.

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

In order to provide a differentiated customer user experience, we offer our customers value-added services such as “12 Picture-in-Picture Mosaic”, a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the “Electronic Program Guide”, a graphical user interface to browse channels and program schedules; “Movie Channel Services”, where we offer movie channel services to our subscribers; “Active Music Channel Service”; “HD 3D Active Channel Service”; and “tickers”, which appear at the bottom of the screen displaying sports scores, stock market data and news updates. For further details on our subscription packages, hardware products and services, see “— *DTH Subscription Television Services*” on page 79.

Strong focus on subscriber management and customer service

We have a dedicated subscriber management team that focuses on converting inactive customers to active customers. Our subscriber management team undertakes one-on-one interactions with customers and offers attractive incentives to inactive customers, thereby allowing us to control subscriber churn and reduce customer suspension. As of September 30, 2012, we had 6.62 million gross subscribers and 5.70 million net subscribers.

We believe that after-sales service is also key to our growth and success and as of September 30, 2012, we had 59 direct service centers, over 850 service franchisees and direct sales and service dealers and over 950 residential service engineers. Our direct service centers are operated by us and we are present in 49 of India’s major cities where a large portion of our subscriber base is located. This allows us to ensure that we provide our customers with timely and quality customer care, which encourages customer loyalty. Our service centers serve as one-point resolution centers for our customers.

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

Experienced management team

Our management team is experienced in the television and media industry and in the application of technology and marketing and distribution initiatives in this sector. The average years of experience of our key management personnel is over 15 years. See “*Our Management – Key Managerial Personnel*” on page 103, for further details about our management.

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

Our Strategies

The following are the key elements of our business strategies:

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

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

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

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

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

At the end of 2011, the DTH industry had 0.50 million HD subscribers and is currently adding between 40,000 to 50,000 new HD subscribers every month. Currently, HD penetration amongst existing DTH subscribers is low, this is expected to increase significantly in the future and between 7.0% and 8.0% of new DTH subscribers are expected to purchase HD subscription packages. (Source: MPA Report)

With increasing sales of affordable HD televisions, consumers may be prepared to pay a premium for better viewing experiences on these television sets. (Source: FICCI and KPMG Report) Currently, 30 true HD (not upscaled) channels are available and operators expect 20 more to be added in 2012. The increasing subscriptions for HD channels may help increase ARPU and provide increased subscription revenue to distributors and broadcasters. (Source: MPA Report)

We currently have the highest number of true HD channels among the DTH providers in India with 22 HD channels as of September 30, 2012. (Source: MPA Report) We will continue to increase the number of HD channels we can offer our subscribers as we believe this will be a significant growth area in the industry

Focus on reducing costs and improving margins

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

Additionally, we reduce our costs by providing DTH services to multi-dwelling units through a single mini-dish. This provides a more cost-efficient and simple option to societies or buildings where one mini-dish may be used for all the units in the building or the society. We currently offer such services in Metro cities and select Tier-1 cities such as Bengaluru and Hyderabad and plan to offer them in other Tier-I cities. We will continue to optimize our marketing spend per new subscriber acquired.

We believe that the above steps will help improve our margins and we will continue to focus on new initiatives towards this extent. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on page 184.

Continue to enhance our subscriber base through marketing and retention initiatives

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

We also continue to undertake a number of initiatives focused on customer retention. We have a dedicated team of customer retention executives, a dedicated outbound call center and we believe we were one of the first service providers to launch a quarterly subscription recharge program, which we believe has now become the industry norm. We conduct extensive visits to subscriber premises to gather valuable market feedback and through our dedicated revenue and retention teams, ensure timely and convenient recharge of subscriptions, which we believe strengthens our relationships with our customers. In order to provide higher quality service, we operate 59 direct service centers across India. We also have a large team of residential service engineers and revenue and retention teams located throughout India to help ensure high quality and timely customer service. We intend to expand our customer retention initiatives by introducing a customer loyalty program that we believe will help us reduce churn and retain our existing customer base. Additionally, we intend to enhance our portfolio of channels to cater to the needs of our customers, thereby increasing customer retention.

Continue to focus on technological innovation

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

We also focus on technological innovation by providing a high quality viewing experience to our subscribers through the offering of a large selection of HD channels, which was the largest selection of HD channels offered by DTH companies in India as of September 30, 2012. (*Source: MPA Report*) In addition, we offer an HD 3D Active Channel Service, which allows our subscribers to experience 3D content in their own homes. We believe that providing a wide selection of HD and HD 3D content is key to our focus on technological innovation.

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

The cable television industry in India will be transitioned to the DAS for television distribution. As a result, all cable operators are legally bound to transmit only digital signals after December 31, 2014. Subscribed channels can be received at the customer’s premises only through a set-top box equipped with a conditional access card and a subscriber management system.

The MIB has notified a four-phase digitization process for cable television in India with the sunset date for India becoming completely digitized by December 31, 2014. The implementation of this process will be carried out in four phases. Phase I, which affects the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai, was digitized on October 31, 2012. Phase II, which affects all cities with a population of over one million, is scheduled to be digitized by March 31, 2013. Phase III, which affects all other urban areas across India, is scheduled to be completed by September 30, 2014. And lastly, Phase IV, which affects the rest of India, is scheduled to be completed by December 31, 2014. We believe that our pan-India presence, along with our widespread distribution

network, wide selection of channels and service offerings and content positions us ideally to leverage the implementation of the new DAS and maximize subscriber additions. As we have had significant growth in our subscriber base and market share during the voluntary phase of digitization, we expect that our growth will continue as the Government of India proceeds with the mandatory digitization phases.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial statements derived from our restated financial statements as of and for the six months ended September 30, 2012 and the financial years 2012, 2011, 2010, 2009 and 2008. These restated financial statements have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations and are presented in “*Financial Statements*” on page 124. The summary financial statements presented below should be read in conjunction with our restated financial statements, the notes and annexures thereto and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 184.

Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

	Particulars	As on					
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
1	Non-Current Assets						
	<i>Fixed Assets</i>						
	(i) Tangible Assets	15,980.26	14,373.47	9,797.94	4,159.62	142.50	1.32
	(ii) Intangible Assets	1,267.50	1,165.83	980.71	736.64	1.90	-
	(iii) Capital Work-in-Progress	2,642.66	2,239.09	1,983.18	3,790.55	2,239.90	372.78
	Non – Current Investments	-	-	-	-	-	-
	Deferred Tax Assets	-	-	-	-	6.24	2.64
	Long-Term Loans and Advances	150.55	324.02	1,956.22	3,207.13	2,490.57	0.14
	Other Non-Current Assets						
	Other Bank Balances						
	In Fixed Deposits (maturity of more than 1 year)	54.04	0.20	-	10.40	-	-
	Total Non - Current Assets – 1	20,095.01	18,102.61	14,718.05	11,904.34	4,881.11	376.88
2	Current Assets						
	Current Investments	-	-	-	-	-	1,000.00
	Inventories	214.09	188.87	216.46	149.58	4.81	0.15
	Trade Receivables	1.24	13.15	21.44	0.91	-	-
	Cash and Bank Balances:						
	Cash and Cash Equivalents:						
	Cash on Hand	3.59	2.20	1.19	1.03	2.10	0.04
	Balance with Banks:						
	In Current Accounts	115.35	39.63	197.75	47.68	213.63	24.97
	In Fixed Deposits (maturity of less than 3 months)	138.09	105.14	17.46	-	-	-
	Other Bank Balances						
	In Fixed Deposits (maturity of more than 3 months but not more than 1 year)	317.03	257.09	130.08	45.34	-	-
	Short-Term Loans and Advances	1,981.82	1,891.98	1,600.84	495.59	174.93	12.82
	Other Current Assets	-	-	-	-	-	-
	Total Current Assets – 2	2,771.21	2,498.06	2,185.22	740.13	395.47	1,037.98
3	Non-Current Liabilities						
	Long-Term Borrowings	14,026.10	13,917.80	9,722.34	6,911.14	2,200.00	-
	Other Long Term Liabilities						
	Advance Against Lease Rental and Subscription	2,089.53	1,849.35	1,558.01	250.30	-	-
	Long-Term Provisions						
	Provision for Leave Encashment	11.55	11.55	7.85	4.66	1.29	-
	Provision for Gratuity	17.03	17.03	11.56	7.55	4.26	-
	Deferred Tax Liabilities (Net)	-	-	-	-	-	-
	Total Non - Current Liabilities – 3	16,144.21	15,795.73	11,299.76	7,173.65	2,205.55	-
4	Current Liabilities						
	Short-Term Borrowings	2,250.00	250.00	3,231.67	360.00	1,319.00	-
	Trade Payables	3,029.63	2,172.17	1,373.25	792.01	336.19	1,321.69
	Other Current Liabilities	7,331.93	5,576.94	2,375.49	408.34	46.62	6.02
	Short-Term Provisions	9.22	3.34	0.55	2.77	2.72	1.66
	Total Current Liabilities – 4	12,620.78	8,002.45	6,980.96	1,563.12	1,704.53	1,329.37
5	Share Application Money Pending for Allotment	-	3,000.00	-	-	1,300.00	-
	Net Worth - 1 + 2 - 3 - 4 - 5	(5,898.77)	(6,197.51)	(1,377.45)	3,907.70	66.50	85.49

BHARAT BUSINESS CHANNEL LIMITED

	Particulars	As on					
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
6	Shareholders' Funds						
	(A) Share Capital						
	Equity Share Capital	2,420.00	1,820.00	1,820.00	1,820.00	100.00	100.00
	(B) Reserves and Surplus						
	Securities Premium Account	5,840.00	3,440.00	3,440.00	3,440.00	-	-
	Debit Balance of Statement of Profit and Loss	(14,158.77)	(11,457.51)	(6,637.45)	(1,352.30)	(33.50)	(14.51)
	Net Worth	(5,898.77)	(6,197.51)	(1,377.45)	3,907.70	66.50	85.49

Restated Summary Statement of Profits and Losses

(₹ in Millions)

	Particulars	For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
I.	Revenue From Operations						
	Subscription Revenue (Net)	4,019.89	5,134.24	1,071.34	37.22	-	-
	Installation and Other Operating Income	394.20	793.35	646.64	93.63	0.06	-
	Activation Revenue (Net)	230.56	579.17	-	-	-	-
	Lease Rental	271.39	423.59	131.02	7.91	-	-
	Sales of STB and Other Accessories	19.95	44.80	3.78	2.30	-	-
	Sub - Total	4,935.99	6,975.15	1,852.78	141.06	0.06	-
II.	Other Income	19.76	30.31	6.56	1.01	0.81	4.26
III.	Total Revenue (I + II)	4,955.75	7,005.46	1,859.34	142.07	0.87	4.26
IV.	Expenses:						
	Cost of Materials Consumed	50.02	91.15	34.97	49.31	0.06	-
	<u>Employee Benefits Expense:</u>						
	Salaries and Wages	356.02	600.30	449.32	168.58	14.79	6.99
	Contribution to Provident and Other Funds	15.56	26.56	20.99	7.38	0.79	-
	Staff Welfare Expenses	7.65	20.97	15.58	4.30	0.33	0.01
	<u>Other Expenses</u>						
	Foreign Currency (Gain) / Loss (other than considered as finance cost)	30.32	72.06	(11.97)	(4.39)	-	-
	Operating Expenses	3,793.52	5,692.17	3,754.05	723.91	-	-
	Selling and Distribution Expenses	491.08	900.16	617.99	111.25	2.80	-
	Administrative and Other Expenses	200.39	395.02	289.49	85.58	2.40	5.84
	Total (a)	4,944.56	7,798.39	5,170.42	1,145.92	21.17	12.84
V	Earnings before Interest, tax, depreciation and amortization (EBITDA) (III - IV)	11.19	(792.93)	(3,311.08)	(1,003.85)	(20.30)	(8.58)
VI	<u>Finance Costs:(b)</u>						
	Interest Expense	1,298.16	1,904.28	935.96	142.79	-	0.11
	Other Borrowing Costs	40.20	108.67	142.82	8.12	0.30	0.01
VII	Depreciation, Amortization and Impairment Expenses (c)	1,374.09	2,014.18	895.29	157.80	0.61	-
VIII	Total Expenses (a+b+c)	7,657.01	11,825.52	7,144.49	1,454.63	22.08	12.96
IX	Loss Before Exceptional And Extraordinary Items And Tax (V - VI - VII)	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)
X	Exceptional Items	-	-	-	-	-	-
XI	Loss Before Extraordinary Items and Tax (IX - X)	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)
XII	Extraordinary Items	-	-	-	-	-	-
XIII	Loss Before Tax (XI - XII)	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)

	Particulars	For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
XIV	Tax Expense:						
	(1) Current Tax	-	-	-	-	-	1.47
	(2) Fringe Benefit Tax	-	-	-	-	1.38	0.19
	(3) Deferred Tax	-	-	-	6.24	(3.60)	(2.64)
XV	Loss for the Year (XIII - XIV)	(2,701.26)	(4,820.06)	(5,285.15)	(1,318.80)	(18.99)	(7.72)
XVI	Earnings Per Equity Share:						
	(1) Basic	(14.76)	(26.48)	(29.04)	(54.20)	(1.90)	(0.87)
	(2) Diluted	(14.76)	(26.48)	(29.04)	(54.20)	(1.90)	(0.87)

Restated Summary Statement of Cash Flow Statement

(₹ in Millions)

	Particulars	For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A	Cash flow from operating activities						
	Net profit / (loss) before tax	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)
	Adjustments for :						
	Depreciation and amortization	1,374.09	2,014.18	895.29	157.80	0.61	-
	Provision for Leave Encashment	2.10	5.35	2.25	3.42	2.51	-
	Provision for Gratuity	3.78	6.57	4.13	3.29	4.26	-
	Provision for Doubtful Debts	(8.94)	11.44	1.18	0.35	-	-
	Interest and Finance charges	1,338.36	2,012.95	1,078.78	150.91	0.30	0.12
	Prior Period Expense	-	-	-	-	-	-
	Profit on Sale of Investment	-	-	-	-	(0.75)	(4.26)
	Interest Income	(19.18)	(28.63)	(6.11)	(0.85)	(0.06)	-
	Operating profit / (loss) before working capital changes	(11.05)	(798.20)	(3,309.63)	(997.64)	(14.34)	(12.84)
	Adjustments for -						
	Decrease / (Increase) in inventories	(25.22)	27.59	(66.88)	(144.77)	(4.66)	(0.15)
	Decrease / (Increase) in Trade and Other receivables	(77.90)	(290.10)	(1,126.79)	(372.06)	(167.45)	(12.96)
	(Decrease) / Increase in liabilities and provisions	2,225.39	2,905.11	3,323.79	1,011.36	(944.90)	1,322.38
	Cash generated from / (used in) operations	2,111.22	1,844.40	(1,179.51)	(503.11)	(1,131.35)	1,296.43
	Direct taxes (paid)/ Refund Received (Net)	(5.08)	(9.89)	(2.36)	(1.15)	(1.56)	(1.50)
	Net cash from / (used in) operating activities	2,106.14	1,834.51	(1,181.87)	(504.26)	(1,132.91)	1,294.93
B	Cash flow from investing activities						
	(Purchase) of Fixed Assets	(3,082.56)	(6,774.85)	(6,777.67)	(4,909.66)	(143.70)	(1.32)
	(Increase)/Decrease in Capital Work in Progress	(403.57)	(255.91)	1,807.37	(1,550.65)	(1,867.12)	(372.78)
	(Increase)/Decrease in Capital Advance	187.47	1,637.94	1,251.70	(665.27)	(2,485.06)	-
	(Increase)/Decrease Term deposit having remaining maturity of more than 3	(113.78)	(127.21)	(74.34)	(55.74)	-	-
	Purchase of investments	-	-	-	-	-	(1,000.00)
	Sale of Investment	-	-	-	-	1,000.00	-
	Profit on Sale of Investment	-	-	-	-	0.75	4.26
	Interest received	19.18	28.63	6.11	0.85	0.06	-
	Dividend received	-	-	-	-	-	-
	Net cash used in investing activities	(3,393.26)	(5,491.40)	(3,786.83)	(7,180.47)	(3,495.07)	(1,369.84)

	Particulars	For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
C	Cash flow from financing activities						
	Proceeds from issue of shares including securities premium	-	-	-	1,720.00	-	99.50
	Share application money received/(paid)	-	3,000.00	-	-	1,300.00	-
	Share Application Money/Premium (Net)	-	-	-	2,140.00	-	-
	Proceeds from long term borrowings	3,496.09	6,094.63	6,265.17	4,767.62	3,519.00	-
	Repayment of long term borrowings	(760.55)	(3,494.22)	(50.00)	(959.00)	-	-
	Finance charges paid	(1,338.36)	(2,012.95)	(1,078.78)	(150.91)	(0.30)	(0.12)
	Net cash provided by financing activities	1,397.18	3,587.46	5,136.39	7,517.71	4,818.70	99.38
	Net increase / (decrease) in cash and cash equivalents	110.06	(69.43)	167.69	(167.02)	190.72	24.47
	Cash and cash equivalents at the beginning of the year/period	146.97	216.40	48.71	215.73	25.01	0.54
	Cash and cash equivalents at the end of the year/ period	257.03	146.97	216.40	48.71	215.73	25.01
	Components of cash and cash equivalents						
	Cash in hand	3.59	2.20	1.19	1.03	2.10	0.04
	Balance with scheduled banks						
	- on Current account	115.35	39.63	197.75	47.68	213.63	24.97
	- on Fixed deposit account	138.09	105.14	17.46	-	-	-
	Total	257.03	146.97	216.40	48.71	215.73	25.01

THE ISSUE

Issue ^{**}	[●] Equity Shares
<i>Of which</i>	
A) QIB Portion ^{**}	Not less than [●] Equity Shares
<i>Of which</i>	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not more than [●] Equity Shares
C) Retail Portion	Not more than [●] Equity Shares
Equity Shares outstanding prior to the Issue [#]	242,000,000 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue Proceeds	See “ Objects of the Issue ” on page 40

* The Issue has been authorized by our Board pursuant to their resolution dated October 8, 2012, and by the shareholders of our Company pursuant to a resolution passed at the extraordinary general meeting held on October 11, 2012.

Our Company is considering a Pre-IPO Placement of up to 10,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors. If the Pre-IPO Placement is completed prior to filing of the Red Herring Prospectus with the RoC, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 25% of the post-Issue paid-up Equity Share capital of our Company. Additionally, our Company’s Board of Directors and shareholders have approved, subject to the approval of the MIB, ESOP 2012 for the benefit of the eligible employees of the Company. Upon receipt of the approval of the MIB, our Company expects to complete allotment of 4,000,000 Equity Shares to the BBCL Employees Welfare Trust, in accordance with ESOP 2012, prior to the date of the Red Herring Prospectus

** Our Company, in consultation with the JGCBRLMs and the BRLMs, may allocate up to 30% of the QIB Portion, consisting of [●] Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In case of under subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Portion. For more information, see “**Issue Procedure**” on page 250.

Notes:

1. The Issue shall constitute [●]% of our post-Issue equity share capital.
2. Allocation to all categories, except the Anchor Investor Portion, if any, and the Retail Portion shall be made on a proportionate basis. For details, see “**Issue Procedure – Basis of Allotment**” on page 279.
3. If not less than 75% of the Issue cannot be Allotted to QIBs, the entire application money will be refunded. In the event aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the JGCBRLMs and the BRLMs and the Designated Stock Exchange.

For details of the terms of the Issue, see “**Terms of the Issue**” on page 247.

GENERAL INFORMATION

Our Company was incorporated on November 22, 2002 as a public limited company under the Companies Act. We received a certificate for commencement of business on June 17, 2003. For further details, see “*History and Certain Corporate Matters*” on page 91.

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

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

Registered Office of our Company

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

Corporate Office of our Company

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

Registrar of Companies

Our Company is registered at the office of:

Registrar of Companies, Maharashtra

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

The Board of Directors

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

Name and Designation	Age	Address	DIN
Mr. Saurabh Pradipkumar Dhoot Designation: Whole-time Director	28	Dhoot Bungalow, Station Road, Aurangabad 431 001, Maharashtra, India	00970362
Mr. Shivratn Jeetmal Taparia Designation: Independent Director	67	71, Girikunj, 6 th Road, Marine Lines, Mumbai 400 020, Maharashtra, India	00112513
Mr. Pradeep Ramvilas Rathi Designation: Independent Director	59	2, Boat Club Road, Pune 411 001, Maharashtra, India	00018577

Mr. Nabankur Gupta	64	11, Jayshree, 75 Worli Sea Face, Worli, Mumbai 400 025, Maharashtra, India	00020125
Designation: Independent Director			
Mr. Karunchandra Srivastava	68	306, Shalaka, Maharshi Karve Marg, Mumbai 400 021, Maharashtra, India	00314951
Designation: Independent Director			

For further details of the Directors, see “*Our Management*” on page 95.

Company Secretary and Compliance Officer

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

Ms. Amruta Karkare

1st Floor, Techweb Centre, New Link Road
Oshiwara, Jogeshwari (West)
Mumbai 400 102, Maharashtra, India
Tel.: (+91 22) 42 555 062
Fax: (+91 22) 42 555 050
Email: ipo@d2h.com

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

Joint Global Coordinators and Book Running Lead Managers

Enam Securities Private Limited

1st Floor, Axis House
C-2, Wadia International Centre
P.B. Marg, Worli, Mumbai 400025, India
Tel: (+ 91 22) 4325 3101
Fax: (+91 22) 4325 3000
Email: bbcl@axiscap.in
Investor Grievance Email: complaints@enam.com, complaints@axiscap.in
Website: www.enam.com
Contact Person: Mr. Sonal Sinha
SEBI Registration No.: INM000006856

UBS Securities India Private Limited

2/F, 2 North Avenue, Maker Maxity
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051, India
Tel: (+91 22) 6155 6000
Fax: (+91 22) 6155 6300
Email: ol-purpleskyipo@ubs.com
Investor Grievance Email: customercare@ubs.com
Website: www.ubs.com
Contact Person: Mr. Ankur Aggarwal
SEBI Registration No.: INM000010809

Book Running Lead Managers

IDBI Capital Market Services Limited

3rd Floor, Mafatlal Centre
Nariman Point, Mumbai 400 021, India
Tel: (+91 22) 4322 1212
Fax: (+91 22) 2285 0785

Email: bbcl.ipo@idbicapital.com
Investor Grievance E-mail: redressal@idbicapital.com
Website: www.idbicapital.com
Contact Person: Mr. Jitendra Agarwal
SEBI Registration Number: INM000010866

SBI Capital Markets Limited

202, Maker Tower 'E', Cuffe Parade
Mumbai 400 005, India
Tel: (+91 22) 2217 8300
Fax: (+91 22) 2218 8332
E-mail: bbcl.ipo@sbicaps.com
Investor Grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Ms. Rajalakshmi V/Mr. Arvind Ganeshan
SEBI Registration Number: INM000003531

YES Bank Limited

27th Floor, Tower II, Indiabulls Finance Centre
Senapati Bapat Marg, Elphinstone (W)
Mumbai 400 0 13, Maharashtra, India
Tel: (+91 22) 3347 9613
Fax: (+91 22) 2421 4508
Email: dlbbclipo@yesbank.in
Investor Grievance Email: merchantbanking@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Sameer Kakkar
SEBI Registration Number: INM000010874

Syndicate Members

[•]

Domestic Legal Counsel to the Company

Sterling Associates

606, Winsway Complex,
6th Floor, Near Metropolitan Magistrates Court,
Andheri (E), Mumbai 400 069, India
Tel: (+91 22) 2292 5534
Fax: (+91 22) 2683 9866

Domestic Legal Counsel to the JGCBRLMs and the BRLMs

Amarchand & Mangaldas & Suresh A. Shroff & Co.

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

International Legal Counsel to the JGCBRLMs and the BRLMs

Jones Day

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

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078, India
Tel: (+91 22) 2596 7878
Fax: (+91 22) 2596 0329
Email: bbcl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sanjog Sud
SEBI Registration Number: INR000004058

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

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

Bankers to the Issue/Escrow Collection Banks

[•]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI (www.sebi.gov.in) and updated from time to time. For details on designated branches of SCSBs collecting the ASBA Bid-cum-Application Form, refer to the website of the SEBI.

Syndicate SCSB Branches

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

Refund Bank

[•]

Bankers to our Company

Central Bank of India

Capital Market Services Branch
Ground Floor, Central Bank Building
MG Road, Fort, Mumbai 400 023, India
Tel: (+91 22) 2262 3149
Fax: (+91 22) 2262 3150
Email: agmmum4082@centralbank.co.in
Contact Person: Mr. Vinod Pophale
Website: www.centralbankofindia.co.in

ICICI Bank Limited

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

IDBI Bank Limited

IDBI Tower, WTC Complex
Cuffe Parade, Mumbai 400 005, India
Tel: (+91 22) 6655 2282
Fax: (+91 22) 2218 4699
Email: ak.nanda@idbi.co.in
Contact Person: Mr. Amit Kumar Nanda
Website: www.idbi.com

Statutory Auditors of our Company**Khandelwal Jain & Co.**

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

Kadam & Co.

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

Credit Rating

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

IPO Grading

The Company will be seeking an IPO grading from a credit rating agency registered with SEBI. Such rating and the rationale furnished by the IPO grading agency for its grading will be disclosed in the Red Herring Prospectus to be filed with the RoC. A copy of the IPO grading of this Issue will be annexed to the Red Herring Prospectus as ‘*Annexure I*’.

Monitoring Agency

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

Trustees

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

Experts

Except for the report to be provided by the IPO grading agency (a copy of which report will be annexed to the Red Herring Prospectus as *Annexure I*), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange and except for the reports of the Auditors of our Company on the restated financial statements and the ‘*Statement of Tax Benefits*’, included in this Draft Red Herring Prospectus, we have not obtained any other expert opinions.

Appraisal Entity

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

Statement of Inter-se Allocation of Responsibilities of the JGCBRLMs and BRLMs

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

Activity	Responsibility	Co-ordination
Capital structuring with the relative components and formalities such as type of instruments, etc.	Enam, UBS, IDBI Capital, SBICAP and YES Bank	Enam
Due diligence of the Company's operations/management/ business plans/legal, etc. Drafting and design of offer documents and of statutory advertisement including memorandum containing salient features of the Prospectus. The Joint Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of the Prospectus and filing with the RoC.	Enam, UBS, IDBI Capital, SBICAP and YES Bank	Enam
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	Enam, UBS, IDBI Capital, SBICAP and YES Bank	IDBI Capital
Appointment of Registrar, grading and monitoring agencies to the Issue and Bankers to the Issue	Enam, UBS, IDBI Capital, SBICAP and YES Bank	IDBI Capital
Appointment of Printers and Advertising Agency	Enam, UBS, IDBI Capital, SBICAP and YES Bank	UBS
Marketing of the issue which will cover, inter alia: – Formulating international institutional marketing strategy; – Finalising road show marketing presentation; and – Finalising the list and division of investors for one-on-one meetings, institutional allocation	Enam, UBS, IDBI Capital, SBICAP and YES Bank	UBS
Domestic institutional marketing of the Issue	Enam, UBS, IDBI Capital, SBICAP and YES Bank	Enam
Retail / Non-Institutional marketing strategy which will cover, inter alia: – Formulating marketing strategies, preparation of publicity budget; Finalising media, marketing and public relations strategy including list of frequently asked questions at road shows; – Finalising centers for holding conferences for brokers, etc.; – Finalising collection centers and arranging for selection of underwriters and underwriting agreement; and – Follow-up on distribution of publicity and issue material including form, Prospectus and deciding on the quantum of the issue material	Enam, UBS, IDBI Capital, SBICAP and YES Bank	Enam
Coordination with stock exchanges for Book Building software	Enam, UBS, IDBI Capital, SBICAP and YES Bank	Enam
Finalizing of Pricing and Allocation	Enam, UBS, IDBI Capital, SBICAP and YES Bank	UBS
Post bidding activities including management of Escrow Accounts, coordinate non-institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Bidders, etc. The post issue activities of the issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business. The Joint Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company.	Enam, UBS, IDBI Capital, SBICAP and YES Bank	IDBI Capital

Book Building Process

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

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

Pursuant to Rule 19(2)(b)(i) of the SCRR, the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process where not less than 75% of the Issue will be available for allocation to QIBs on a proportionate basis, provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price, on a discretionary basis, of which at least one-third will be available for allocation to domestic Mutual Funds. If not less than 75% of the Issue cannot be Allotted to QIBs, the entire application money will be refunded. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not more than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Subject to allotment of not less than 75% of the Issue to QIBs, under subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the JGCBRLMs, the BRLMs and the Designated Stock Exchange.

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

In accordance with the SEBI ICDR Regulations, QIBs (including QIBs bidding in the Anchor Investor Portion) and Non-Institutional Investors are not allowed to withdraw or lower the size of their Bids at any stage. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see “*Issue Structure*” on page 243.

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

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

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

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription(%)
500	24	500	16.67

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

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

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details, see “*Issue Procedure - Who Can Bid*” on page 251).
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form, as applicable.
3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid-cum-Application Form. Based on these parameters, the Registrar will obtain the Demographic Details of the Bidders from the Depositories.
4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid-cum-Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depository Participant’s verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.
5. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form.
6. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs or to the members of the Syndicate at the Syndicate ASBA Bidding Locations. Ensure that the SCSB where the ASBA Account (as specified in the Bid-cum-Application Form) is maintained has named at least one branch at that location for the members of the Syndicate to deposit Bid-cum-Application Forms (a list of such branches is available at the website of the SEBI at www.sebi.gov.in).
7. Bids by ASBA Bidders may be submitted in the physical mode to the Syndicate at the Syndicate ASBA Bidding Locations and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission to the SCSB to ensure that the Bid-cum-Application Form is not rejected.
8. Bids by QIBs (other than Anchor Investors) and Non-Institutional Bidders must be submitted through the ASBA process only.

Underwriting Agreement

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

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

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

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

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

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

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

CAPITAL STRUCTURE

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

(in ₹)

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

* The Issue has been authorized by our Board at its meeting held on October 8, 2012 and our shareholders at their meeting held on October 11, 2012. Our Company is considering a Pre-IPO Placement of up to 10,000,000 Equity Shares aggregating up to ₹500 million with certain investors. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 25% of the post-Issue paid-up Equity Share capital of our Company.

Additionally, our Company's Board of Directors and shareholders have approved, subject to the approval of the MIB, the ESOP 2012 for the benefit of the eligible employees of the Company. Upon receipt of the approval of the MIB, our Company expects to complete allotment of 4,000,000 Equity Shares to the BBCL Employees Welfare Trust, in accordance with ESOP 2012, prior to the date of the Red Herring Prospectus.

Our Company, in consultation with the JGCBRLMs and the BRLMs, may allocate up to 30% of the QIB Portion, consisting of [●] Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In case of under-subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Portion. For more information, see "Issue Procedure" on page 250.

Notes to Capital Structure

1. Share Capital History of our Company

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

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

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

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

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

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

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

2. Issue of Equity Shares for Consideration other than Cash

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

3. Issue of Equity Shares in the last one year

Our Company has issued the following Equity Shares in the last one year:

Date of issue/allotment	No. of equity shares	Face value (₹)	Issue price (₹)	Consideration in Cash/other than Cash	Nature of allotment
September 28, 2012	60,000,000	10	50	Cash	Rights issue

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

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

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

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

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

Name of Promoter	Date of issue/allotment	Consideration in Cash/other than Cash	Nature of allotment	No. of Equity Shares	Face value (₹)	Consideration per Equity Share (₹)
	September 28, 2012	Cash	Rights issue	11,400,000	10	50
TOTAL (C)				45,980,000²		
Platinum Appliances Private Limited	May 14, 2007	Cash	Preferential allotment	450,000	10	10
	March 1, 2010	Cash	Rights issue	8,600,000	10	30
	September 28, 2012	Cash	Rights issue	3,000,000	10	50
TOTAL (D)				12,050,000		
TOTAL (A+B+C+D)				149,990,000		

1. Out of the total Equity Shares held by Synergy, 20,020,000 Equity Shares, i.e. 43.54%, are subject to pledge.

2. Out of the total Equity Shares held by Greenfield, 34,580,000 Equity Shares, i.e. 75.21%, are subject to pledge.

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

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

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

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

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

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

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

- The Equity Shares offered for minimum Promoters' contribution have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or have resulted from an issuance of Equity Shares pursuant to a bonus issue out of revaluation reserves or unrealized profits of our Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- Our Company has not been formed by the conversion of a partnership firm into a company and thus no Equity Shares have been issued to the Promoters upon conversion of a partnership firm;
- The Equity Shares held by our Promoters and offered for minimum Promoter's contribution are not subject to any pledge; and

- e) All the Equity Shares of our Company held by the Promoters and the Promoter Group shall be held in dematerialized form prior to the filing of the Red Herring Prospectus with the RoC.

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

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

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

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

(v) *Other requirements in respect of lock-in*

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

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

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

5. Shareholding Pattern of our Company

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

Category code	Category of shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered*	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of the total number of shares
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	2	50,000	50,000	0.02	0.02	0	0
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	6	241,950,000	241,950,000	99.98	99.98	140,000,000	57.85
(d)	Financial Institutions/ banks	-	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	8	242,000,000	242,000,000	100	100	140,000,000	57.85

Category code	Category of shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered*	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of the total number of shares
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign non Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	8	242,000,000	242,000,000	100	100	140,000,000	57.85
(B)	Public shareholding	-	-	-	-	-	-	-
(1)	Institutions	-	-	-	-	-	-	-
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institution Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-
(i)	Any Other (specify) - Foreign company	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-
(2)	Non-institutions	-	-	-	-	-	-	-
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals -	-	-	-	-	-	-	-
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	-	-	-	-	-	-	-
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	-	-	-	-
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-
(d)	Any Others (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-
	Total public shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-

Category code	Category of shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered*	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of the total number of shares
	TOTAL (A)+(B)	8	242,000,000	242,000,000	100	100	140,000,000	57.85
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	8	242,000,000	242,000,000	100	100	140,000,000	57.85

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

Shareholding of our Promoters and our Promoter Group

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

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

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

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

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

- (b) Our top shareholders two years prior to filing of this Draft Red Herring Prospectus, i.e. on December 12, 2010, were as follows:

S. No.	Name of Shareholder	No. of Equity Shares	Percentage shareholding
1.	Synergy Appliances Private Limited	34,580,000	19.00
2.	Solitaire Appliances Private Limited	34,580,000	19.00
3.	Shree Dhoot Trading And Agencies Limited	34,580,000	19.00
4.	Greenfield Appliances Private Limited	34,580,000	19.00
5.	Dome-Bell Electronics India Private Limited	34,580,000	19.00
6.	Platinum Appliances Private Limited	9,050,000	4.97
7.	Mr. Anirudha V. Dhoot	39,950	0.03
8.	Mr. Venugopal Nandlal Dhoot	10,000	Negligible
9.	Mr. Suresh M. Hegde	10	Negligible
10.	Mr. Atul A. Galande	10	Negligible
11.	Mr. Vinod Kumar Bohra	10	Negligible
12.	Mr. Vasant S. Kakade	10	Negligible
13.	Mr. Sunil R. Samriya	10	Negligible
	Total	182,000,000	100

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

S. No.	Name of Shareholder	Promoter/Director/ Promoter Group	Number of Equity Shares Acquired	Number of Equity Shares Sold
1.	Synergy Appliances Private Limited	Promoter	44,080,000	-
2.	Solitaire Appliances Private Limited	Promoter	44,080,000	-
3.	Greenfield Appliances Private Limited	Promoter	44,080,000	-
4.	Platinum Appliances Private Limited	Promoter	11,600,000	-
5.	Shree Dhoot Trading And Agencies Limited	Promoter Group	44,080,000	-
6.	Dome-Bell Electronics India Private Limited	Promoter Group	44,080,000	-
7.	Mr. Anirudha V. Dhoot	Promoter Group	50	-

10. Subject to allotment of not less than 75% of the Issue to QIBs, under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the JGCBRLMs and the BRLMs and the Designated Stock Exchange.
11. As on the date of this Draft Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act.
12. There are no partly paid-up Equity Shares in our Company. All the Equity Shares offered through the Issue will be fully paid-up at the time of Allotment.
13. Our Company, pursuant to resolutions passed our Board and our shareholders on October 8, 2012 and

October 11, 2012, respectively, and subject to approval of the MIB, has adopted an employees' stock option plan, i.e., the BBCL Employees Stock Option Scheme 2012 ("ESOP 2012"), effective from December 1, 2012. Pursuant to ESOP 2012, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2012) including permanent employees and any whole-time directors, except any employee who is a promoter of our Company or belongs to the Promoter Group; or a director, who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of our Company. The ESOP 2012 is administered by the Remuneration and Compensation Committee of our Board and shall be implemented by the BBCL Employees Welfare Trust. Kadam & Co, Chartered Accountants, have provided a certificate dated December 12, 2012, confirming that the ESOP 2012 is in compliance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.

As on the date of filing of this Draft Red Herring Prospectus, our Company has not granted any options to any eligible employees under the ESOP 2012. As per the ESOP 2012, a maximum of 4,000,000 options may be granted to eligible employees. Further, a single eligible employee cannot be granted options in excess of 1.00% of the issued capital of our Company. Each option granted pursuant to the ESOP 2012 will entitle the grantee to apply for one Equity Share. The terms and conditions of ESOP 2012 are detailed below:

Particulars	Details						
Options granted	Nil. No options have been granted as on the date of this Draft Red Herring Prospectus, pursuant to ESOP 2012.						
Pricing formula	The exercise price will be intimated to the employees at the time of grant of options to them and shall be the lower of ₹ 40 or a price equivalent to 50% of the Issue Price determined pursuant to the IPO.						
Vesting period	Level	Roles	Vesting Period				
			18 months	24 months	30 months	36 months	48 months
	CEO	Top Management	20 %	10 %	30 %	25 %	15 %
	M5	Top Management	30 %	25 %	25 %	20 %	
	M3 / M4	Head of Departments	40 %	30 %	30 %		
	M2	Circle/ Sales Heads	50 %	50 %			
	M1	Junior Management	100 %				
	F	Officer Cadre	100 %				
Options vested	Nil						
Options exercised	Nil						
The total number of Equity Shares arising as a result of exercise of options	Nil						
Options lapsed	Nil						
Variation of terms of options	Nil						
Money realized by exercise of options	Nil						
Total number of options in force	Nil						
Employee-wise detail of options granted to							
(i) Senior managerial personnel	Nil						
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil						
(iii) Identified employees who were granted options during any one year equal	Nil						

Particulars	Details
to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	
Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard	N.A.
Lock-in	To be determined by the Remuneration and Compensation Committee at the time of grant of options
Impact on profit and EPS of the last three years	Nil
Difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	N.A.
Impact on the profits of the Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	N.A.
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.
Method and significant assumptions used to estimate the fair value of options granted during the year	N.A.
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	N.A.
Intention to sell Equity Shares arising out of the ESOP 2012 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of ESOP 2012 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N.A.

14. Except 50 Equity Shares purchased by Mr. Anirudha V. Dhoot on August 21, 2012 from certain initial subscribers to our Memorandum of Association, neither the members of our Promoter Group, nor our Promoters, nor our Directors and their relatives have purchased or sold, or financed the purchase of Equity Shares by any other person, other than in the normal course of business of the financing entity

during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

15. As of the date of the filing of this Draft Red Herring Prospectus, our Company has eight shareholders.
16. Over-subscription to the extent of 10% of the Issue to the public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalising the basis of Allotment.
17. Our Promoters, members of our Promoter Group, our Company, our Directors, the JGCBRLMs and the BRLMs have not entered into any buy-back or standby arrangements for purchase of Equity Shares from any person.
18. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into our Equity Shares as on date of this Draft Red Herring Prospectus. Our Company has adopted an employee stock option plan, i.e., ESOP 2012. However, as on date of this Draft Red Herring Prospectus no employee stock options have been granted pursuant to ESOP 2012.
19. Our Company has not raised any bridge loans against the Net Proceeds.
20. Except as disclosed above under '*Shareholding of our Promoters and our Promoter Group*', none of the Equity Shares held by our Promoters or any member of our Promoter Group is subject to any pledge.
21. Except to the extent of the allotment of Equity Shares, if any, to the BBCL Employees Welfare Trust, pursuant to the terms of ESOP 2012, and any issuance of Equity Shares pursuant to the Pre-IPO Placement, we currently do not intend or propose any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchange or all application moneys have been refunded on account of failure of the Issue.
22. We currently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or, except to the extent of allotment of Equity Shares to the BBCL Employees Welfare Trust, pursuant to the terms of ESOP 2012 and any issuance of Equity Shares pursuant to the Pre-IPO Placement, further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus issue or on a rights basis or by way of further public issue of Equity Shares or qualified institutional placements or otherwise. However, if we enter into any acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use the Equity Shares as currency for acquisition or participation in such joint ventures.
23. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. Our Promoters, members of our Promoter Group and Group Entities will not participate in the Issue.
25. We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group, if any, between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date are reported to the Stock Exchange within 24 hours of such transactions being completed.

OBJECTS OF THE ISSUE

The objects of the Net Proceeds of the Issue are:

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

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

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

Issue Proceeds

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

(₹ in million)		
S. No.	Particulars	Amount
(a)	Gross Proceeds of the Issue	7,000
(b)	Issue Expenses*	[●]
(c)	Net Proceeds of the Issue (Gross proceeds of the Issue less Issue Expenses, or “ Net Proceeds ”)	[●]

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

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

We intend to utilize the Net Proceeds of ₹ [●] million in the financial year 2014 towards the objects, in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. As of the date of this Draft Red Herring Prospectus, our Company has not deployed any funds towards the objects of the Issue.

(₹ in million)		
S. No.	Expenditure Items	Amount proposed to be financed from the Net Proceeds in the financial year 2014
1.	Fund expenditure towards acquisition of set-top boxes, outdoor units and accessories thereof	4,882.18
2.	Repayment/prepayment of certain indebtedness	695.85
3.	General corporate purposes*	[●]
	Total	[●]

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

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

The fund requirements and deployment, as discussed below, are based on internal management estimates in light of the current requirements of our business and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan and estimates from time to time and consequently our funding requirements and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds, subject to compliance with applicable law.

In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently our capital and operational expenditure requirements may also change. Our Company's historical capital and operational expenditure may not be reflective of our future expenditure plans. We may have to revise our estimated costs, fund allocation and fund requirements owing to factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management. See, "**Risk Factors – Our management will have flexibility in utilizing the Net Proceeds of the Issue, which could affect our profitability and cause the price of our Equity Shares to decline**" on page xxvi.

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

Details of the Objects

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

The transmission of programming to our consumers is carried out through satellite broadcasting, which allows a consumer to directly receive and decode the programming signal from the satellite, through the equipment installed at the premises of the consumer, which includes the set-top box, smart card, outdoor unit and accessories thereof. The outdoor unit primarily consists of (i) a satellite dish, (ii) a low-noise block (an antenna mounted on the satellite dish) and (iii) coaxial cable (to connect the satellite dish to the set-top box). To enable us to enlarge our subscriber base, we intend to utilize ₹ 4,882.18 million out of the Net Proceeds, towards acquisition of set-top boxes, outdoor units and accessories thereof.

We have entered into an agreement dated March 11, 2011 with TEL, a Videocon Group entity, for procurement of set-top boxes. For details, see "**Our Business – Set-Top Boxes Supplied by TEL**" on page 84. Additionally, we typically also purchase the outdoor units and accessories thereof from TEL.

Our Company has obtained a quotation dated November 23, 2012 from TEL for the purchase of set-top boxes, outdoor units and accessories thereof, out of the Net Proceeds in the financial year 2014. Set forth below is a break-down of the estimated expenditure towards acquisition of various components, along with quotations obtained from TEL:

Particulars of Equipment	Number of units		Basic Cost per unit (in ₹)	Amount [#] (₹ in million)
	In Maharashtra	Rest of India		
Set-top Boxes				
Standard Definition	320,000	1,280,000	1,400.00	
High Definition	80,000	320,000	1,700.00	4,882.18
Outdoor Units and Accessories	400,000	1,600,000	627.00	
Total				4,882.18

* Excluding excise duty and value added tax/central sales tax and assuming an exchange rate of ₹ 53.00 per US\$ 1.00

Inclusive of excise duty at 12.36% and value added tax at 12.50% (in the case of Maharashtra)/central sales tax at 2% (in the case of rest of India)

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

2. Repayment/Prepayment of certain indebtedness

Our Company has entered into various financing arrangements with banks and other lenders. We intend to utilize up to ₹ 695.85 million from the Net Proceeds towards repayment/prepayment of certain of our outstanding term loans in the financial year 2014, in accordance with the repayment schedules agreed under the terms of such financing.

As on the date of filing of this Draft Red Herring Prospectus, the details of the term loan facilities intended to be repaid/prepaid from the Net Proceeds in the financial year 2014 are provided below:

(₹ in million)					
Lenders	Sanctioned Amount	Rate of interest as on October 31, 2012 (%)	Repayment Schedule^	Amount outstanding as on October 31, 2012*	Amount proposed to be repaid from the Net Proceeds in the financial year 2014
Central Bank	3,500	15.00%	- FY 2011: ₹ 12.50 million per quarter; - FY 2012: ₹ 50 million per quarter; - FY 2013: ₹ 200 million per quarter; - FY 2014: ₹ 312.50 million per quarter; and - FY 2015: ₹ 300 million per quarter.	2,950.00	312.50
IDBI Bank Limited	3,600	14.75%	- FY 2012: ₹ 75 million per quarter; - FY 2013: ₹ 215 million per quarter; - FY 2014: ₹ 300 million per quarter; and - FY 2015: ₹ 310 million per quarter	2,820.00	300.00
Bank of Baroda	1,000	14.75%	- FY 2012: ₹ 20.85 million per quarter; - FY 2013: ₹ 59.70 million per quarter; - FY 2014: ₹ 83.35 million per quarter; and - FY 2015: ₹ 86.10 million per quarter.	856.90	83.35
Total					695.85

* As per certificate issued by our Auditors, dated November 23, 2012. Amount outstanding is exclusive of interest.

^ The repayment schedule is based on the total sanctioned amount for each of the financing arrangements.

As per the certificate issued by our Auditors dated November 23, 2012, the amounts drawn down under abovementioned loans have been utilized towards purposes for which such loans have been sanctioned. For further details on the terms and conditions of these financing arrangements, see “**Financial Indebtedness**” on page 179.

Our Company will approach the lenders after completion of this Issue for repayment/prepayment of some of the above high-cost loans. In the event that we choose to prepay our loans, we may be required to pay an additional prepayment premium to our lenders. See, “**Risk Factors – A portion of the Net Proceeds of the Issue is proposed to be utilized towards repayment or prepayment of certain loans**” on page xxvii.

4. Fund expenditure for general corporate purposes

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

- (i) Funding short-term working capital requirements;
- (ii) Repayment of short-term debt, if any;
- (iii) Strengthening marketing capabilities and brand building exercises; and
- (iv) Meeting exigencies which our Company may face in the course of its business.

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

Bridge Financing Facilities

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

Issue Expenses

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

Activity	Estimated Expenses* (₹ in million)	Percentage of Total Estimated Issue Expenses	Percentage of Issue Size
Fees payable to the JGCBRLMs and the BRLMs	[●]	[●]	[●]
Issue-related advertising and marketing expenses	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Processing fee to the SCSBs for processing Bid-cum-Application	[●]	[●]	[●]
Forms procured by members of the Syndicate and submitted to SCSBs under the Syndicate ASBA process			
Fees payable to the Registrar to the Issue	[●]	[●]	[●]
IPO Grading expenses	[●]	[●]	[●]
Fees to the Legal Advisors	[●]	[●]	[●]
Fees to the Bankers to the Issue	[●]	[●]	[●]
Other Expenses (filing and listing fees, printing and stationery, distribution and postage)	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

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

Appraisal of the Objects

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

Interim Use of Funds

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

Monitoring of Utilization of the Net Proceeds

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

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

Other Confirmations

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

BASIS FOR ISSUE PRICE

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

Qualitative Factors

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

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

For a detailed discussion on the qualitative factors, which form the basis for computing the price, see “*Our Business – Our Strengths*” and “*Risk Factors*” on pages 76 and xii, respectively.

Quantitative factors

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

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

Financial Period	Basic EPS (₹)	Diluted EPS (₹)	Weight Standalone
Financial Year 2010	(54.20)	(54.20)	1
Financial Year 2011	(29.04)	(29.04)	2
Financial Year 2012	(26.48)	(26.48)	3
Weighted average	(31.95)	(31.95)	
Six months period ended September 30, 2012*	(14.76)	(14.76)	

*Not annulized

Notes:

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

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

S. No.	Particulars	P/E
1.	P/E ratio on the Basic EPS for the year ended March 31, 2012 at the Floor Price	[●]
2.	P/E ratio on the Diluted EPS for the year ended March 31, 2012 at the Floor Price	[●]
3.	P/E ratio on the Basic EPS for the year ended March 31, 2012 at the Cap Price	[●]
4.	P/E ratio on the Diluted EPS for the year ended March 31, 2012 at the Cap Price	[●]

Peer Group P/ E*

P/ E Ratio
Highest (53.79)

Lowest	(53.79)
Average	(53.79)

* Source: P/E based on Financial Year 2012 EPS for the industry peer mentioned below.-

3. Return on Net Worth (RONW)*

Financial Period	Standalone (%)	Weight Standalone
Financial Year 2010	(33.75)	1
Financial Year 2011	N.A. [#]	N.A. [#]
Financial Year 2012	N.A. [#]	N.A. [#]
Weighted average	N.A. [#]	
Six months ended September 30, 2012	N.A. [#]	

*Restated PAT/Net Worth, as restated

#Not ascertainable due to negative networth and loss

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

(a) Based on Basic EPS:

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

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

(b) Based on Diluted EPS

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

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

5. Net Asset Value per Equity Share

Period	(₹)
Financial Year 2010	21.47
Financial Year 2011	(7.57)
Financial Year 2012	(34.05)
NAV after the Issue	[●]
Issue Price*	[●]

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

6. Comparison of Accounting Ratios with Industry Peer*

S. No.	Name of the company	Standalone/ Consolidated	Face Value (₹ per Share)	EPS (₹)	P/ E Ratio [#]	RoNW (%)	Book value per share (₹)
1.	Bharat Business Channel Limited	Standalone ^{**}	10.00	(26.48)	[●]	N.A. ^{##}	(34.05)
Peer Group*							
2.	Dish TV India Limited	Standalone	1.00	(1.49)	(53.79)	N.A.	(0.88)

* Source: Respective annual report of the company, as available, for the Financial Year 2012. Information on industry peer is on a standalone basis.

** Based on restated financial statements of the Company for Financial Year 2012.

Based on closing market price as on October 10, 2012 on BSE and EPS for the year ended March 31, 2012, extracted from the respective annual report of the company, as available.

Not ascertainable due to negative networth and loss.

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

For further details and to have a more informed view, please review the entire Draft Red Herring Prospectus including in particular the sections titled “**Risk Factors**”, “**Our Business**” and “**Financial Statements**” on pages xii, 75 and 124, respectively. The face value of the Equity Shares is ₹ 10 each and the Issue price will be [●] times the face value of Equity Shares. The Issue Price of ₹ [●] has been determined by us, in consultation with the JGCBRLMs and the BRLMs on the basis of the demand from investors for the Equity Shares through the

Book Building Process and is justified in view of the above qualitative and quantitative factors.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Auto Cars Compound
Adalat Road, Aurangabad 431 005
Maharashtra, India

Dear Sirs,

We hereby confirm that the enclosed annexure, prepared by M/s. Bharat Business Channel Limited ('the Company') states the possible tax benefits available to the Company and the shareholders of the Company under the Income – Tax Act, 1961 ('Act'), the Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India in connection with the initial Public offer of Equity Shares of the Company ("the Issue"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the respective tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfill.

The Direct Tax Code (which consolidates the prevalent direct tax laws) is proposed to come into effect from April 1, 2013. However, it may undergo a few more changes by the time it is actually introduced and hence, at the moment, it is unclear what effect the proposed Direct Tax Code would have on the Company and the investors.

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

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

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

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

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

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105049W

For Kadam & Co.
Chartered Accountants
Firm Registration Number: 104524W

Partner
Membership No.: 103490

Partner
Membership No.: 125886

Place: Mumbai
Date: October 23, 2012

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO BHARAT BUSINESS CHANNEL LIMITED AND ITS SHAREHOLDERS

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the Financial Year 2012-2013.

A. Benefits to the Company under the Income Tax Act, 1961 (“the Act”).

1. Special tax benefits

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

2. General tax benefits

(a) Business income

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. Business losses, if any, for an assessment year can be carried forward and set off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.

(b) MAT credit

- As per the provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax (‘MAT’) paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years.
- MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid on the book profit as computed under Section 115JB of the Act for that assessment year. Such MAT credit is available for set-off up to 10 assessment years succeeding the assessment year in which the MAT credit arises.

(c) Capital gains

(i) Computation and taxability of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on their nature and the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as long – term capital gains (‘LTCG’). In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.
- Short Term Capital Gains (‘STCG’) means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less. In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) of the Act is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction of sale of such shares or units is chargeable to securities transaction tax (STT) and subject to conditions specified in that section. However such LTCG shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.

- As per provisions of Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of Acquisition/ improvement('COA/I') and expenses incurred (other than STT paid) in connection with the transfer of a capital asset, from the sale consideration to arrive at the amounts of capital Gains. However in respect of LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, it offers a benefit by permitting substitution of COA/I with the indexed cost of acquisition / improvement computed by applying the cost inflation index as prescribed from time to time, .
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% of the Income-tax where the taxable income of a domestic company exceeds ₹ 10,000,000. Further, education cess and secondary and higher education cess at the rate of 2% and 1% respectively of the Income-tax is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains from income – tax

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

- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

(d) Securities Transaction Tax ('STT')

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

(e) Dividends

- As per provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.
- Further, if the company being a holding company, has received any dividend from its subsidiary during the financial year on which such dividend distribution tax has been paid by such subsidiary, then company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.
- As per provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) is exempt from tax.
- As per provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfilment of the conditions specified in that section.
- As per the provisions of Section 115BBD of the Act, dividend received by Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess).

B. Benefits to the Resident members / shareholders of the Company under the Act

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

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.

(b) Capital gains

(i) Computation and taxability of capital gains

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

- STCG means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less. In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% of the Income-Tax where the taxable income of a domestic company exceeds ₹ 10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively of the Income-Tax is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains arising from income – tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:
- Where a part of the long term capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed ₹ 5,000,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as long term capital gains in the year of transfer / conversion.

- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a resident shareholder being an individual or Hindu Undivided Family ('HUF').
- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.

C. Benefits to the Non-resident shareholders of the Company under the Act

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

- As per provisions of Section 10(34), dividend (both interim and final), if any, received by non-resident shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.

(b) Capital gains

(i) Computation and Taxability of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on their nature and the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.
- STCG means capital gain arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less. In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.
- As per first proviso to Section 48 of the Act, the capital gains arising on transfer of shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% of the Income-tax where the taxable income of a domestic company exceeds ₹ 10,000,000. Further, education cess and secondary and higher education cess at the rate of 2% and 1% respectively of the Income-tax is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains arising from income – tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed ₹ 5,000,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a non-resident shareholder being an individual or HUF.
- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an

amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.

(c) Tax Treaty benefits

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

(d) Non-resident taxation

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

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

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

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.

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

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

(c) Capital gains

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

- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities is taxable as follows:

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

- For corporate FIIs, the tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income exceeds ₹ 10,000,000. Further, education cess and secondary and higher education cess at the rate of 2% and 1% respectively on the Income-tax is payable by all categories of FIIs.
- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FIIs.

(d) Securities Transaction Tax

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

(e) Tax Treaty benefits

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

E. Benefits available to Mutual Funds under the Act

As per provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector

banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, is exempt from income-tax, subject to the prescribed conditions.

However, the mutual funds are liable to pay tax on income distributed to unit holders of non-equity oriented mutual funds under Section 115R of the Act.

F. Benefits available to Venture Capital Companies/Funds

As per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies ('VCC') / Funds ('VCF') from investment in a Venture Capital Undertaking. "Venture Capital Undertaking" means a venture capital undertaking referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);.

However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

G. Wealth Tax Act, 1957

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

H. Gift Tax Act, 1958

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

Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
- There are no special tax benefits available to the shareholders of the Company.
- The above Statement of Possible Direct tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase ownership and disposal of shares.

SECTION IV- ABOUT US

INDUSTRY OVERVIEW

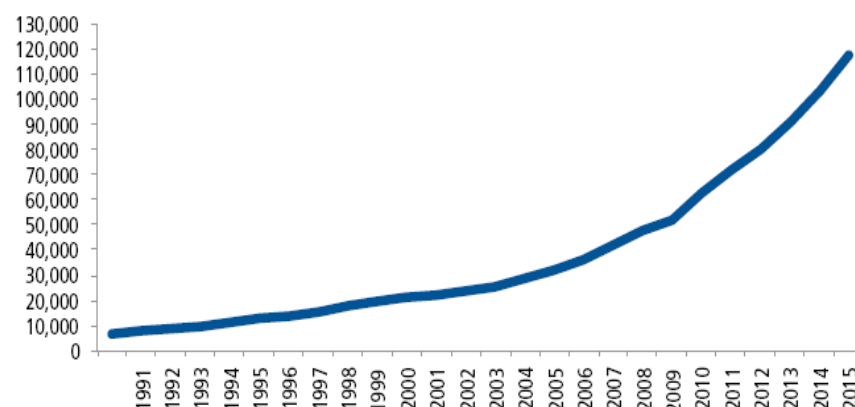
The information contained in this section is derived from various Government of India's publications and industry sources. Neither we nor any other person connected with the Issue has verified this information. Industry sources and publications generally state that the information contained therein has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

Overview of the Indian Economy

India is the world's largest democracy by population size and one of the fastest growing economies in the world. India had an estimated GDP of approximately US\$1.798 trillion in 2011, making it the fourth largest economy in the world after the European Union, the United States and China. (Source: CIA World Factbook)

The Indian economy is expected to grow over the next few years. However, such growth may be less than previously anticipated. The Central Statistical Organization's advance estimates predicted a 6.9% real GDP growth rate for the financial year 2012. This is lower than the actual growth of 8.4% in the financial year 2011 and significantly lower than the 9.0% growth rate for the financial year 2012 projected by the Finance Minister of India in February 2011. (Source: FICCI and KPMG, *Digital Dawn: The Metamorphosis Begins, FICCI-KPMG Indian Media and Entertainment Industry Report 2012* (hereinafter referred to as the "**FICCI and KPMG Report**"). Real GDP growth is expected to reach 6.0% in 2013. (Source: www.imf.org)

India's economic growth, reflected in increasing per capita incomes and a growing middle class population with greater disposable incomes, is helping pay television services grow. The chart below illustrates India's Gross Domestic Product ("GDP") per capita in Indian Rupees:



(Source: Media Partners Asia, *India DTH Market Overview – Key Dynamics and Future Outlook, September 2012 Report* (hereinafter referred to as the "**MPA Report**"))

The Media and Entertainment Industry in India

The Indian media and entertainment industry increased from ₹ 652 billion in 2010 to ₹ 728 billion in 2011, registering overall growth of 12.0%. In 2012, the media and entertainment industry is expected to grow by 13.0% to ₹ 823 billion. This is due to high consumption in Tier 2 and Tier 3 cities, the continuing growth of regional media and the increasing number of new media businesses. The industry is expected to grow at a compound annual growth rate ("CAGR") of 14.9% to reach ₹ 1,457 billion by 2016. The table below illustrates the overall media and entertainment industry size between the calendar year 2007 and the calendar year 2016:

Overall Industry Size (₹ Billion)	2007	2008	2009	2010	2011	Growth in 2011 over 2010	2012P	2013P	2014P	2015P	2016P	CAGR (2011-2016)
Television	211.0	241.0	257.0	297.0	329.0	10.8%	380.0	435.0	514.0	618.0	735.0	17%

Overall Industry Size (₹ Billion)	2007	2008	2009	2010	2011	Growth in 2011 over 2010	2012P	2013P	2014P	2015P	2016P	CAGR (2011-2016)
Print	160.0	172.0	175.2	192.9	208.8	8.3%	226.0	246.8	270.0	294.9	323.4	9%
Film	92.7	104.4	89.3	83.3	92.9	11.5%	100.0	109.7	121.1	134.5	150.3	10%
Radio	7.4	8.4	8.3	10.0	11.5	15.0%	13.0	16.0	20.0	24.0	29.5	21%
Music	7.4	7.4	7.8	8.6	9.0	4.7%	10.0	11.3	13.1	15.4	18.2	15%
Out Of Home	14.0	16.1	13.7	16.5	17.8	7.6%	19.5	21.5	23.6	26.0	29.0	10%
Media												
Animation and Visual Effects	14.0	17.5	20.1	23.6	31.0	31.2%	36.3	43.0	51.1	61.0	69.0	17%
Gaming	4.0	7.0	8.0	10.0	13.0	30.0%	18.0	23.0	29.0	37.0	46.0	29%
Digital	4.0	6.0	8.0	10.0	15.4	54.0%	19.9	25.8	33.5	43.7	57.0	30%
Advertising												
Total	514	580	587	652	728	11.7%	823	932	1076	1254	1457	14.9%

*P=Projected

(Source: FICCI and KPMG Report)

The Television Industry in India

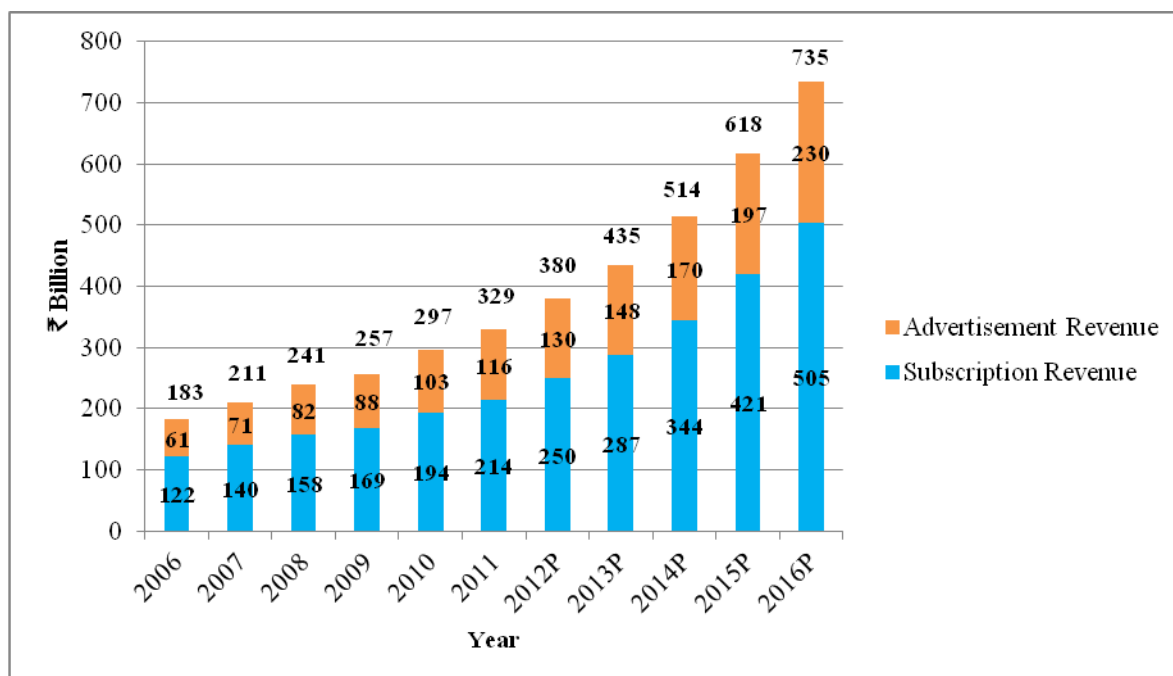
The television industry in India includes revenues derived from television distribution, content and advertising. (Source: PWC, *India Entertainment and Media Outlook 2011, July 2011*) Television is the largest medium for media delivery in India. As of the date of the FICCI and KPMG Report, in terms of revenue, television represented approximately 45.0% of India's total media industry. The television industry has potential for growth as television penetration in India was estimated at approximately 61.0% of total households as of 2012. (Source: FICCI and KPMG Report)

As of the date of the FICCI and KPMG Report, India was the third largest television market in the world after the United States and China, with 146 million television households. Cable and satellite penetration of television households was approximately 81.0% with DTH constituting a significant part of the growth in 2011. With the digitization of all analog cable subscribers imminent, the penetration level of digital households is expected to increase significantly in the future. (Source: FICCI and KPMG Report)

During 2011, the total number of television channels in India increased to 623 and more channels are currently awaiting approval to be broadcast. There has been a significant increase in demand for satellite bandwidth, with the introduction of high definition ("HD") channels, DTH expansion and new channel launches. These developments increase the options available to consumers who are prepared to pay more for content in the medium to long term. (Source: FICCI and KPMG Report)

The overall television industry in India was valued at approximately ₹ 329.00 billion in 2011. The Indian television industry is expected to grow at a CAGR of 17.0% between 2011 and 2016 to ₹ 735.00 billion in 2016. Subscription charges as a portion of total industry revenue are expected to increase from 65.0% in 2011 to 69.0% in 2016. (Source: FICCI and KPMG Report)

The chart below illustrates the size and the projected size of the television industry in India between 2006 and 2016:



(Source: FICCI and KPMG Report)

Overview of the Television Industry Value Chain

The television industry value chain consists of content production, broadcasting and distribution.

Content Production

The content production industry functions on a cost-plus basis, along with further incentives if a program is successful. Revenues and costs are usually linked to inflation levels. The digitization of cable television is expected to increase the focus on quality of content, as the end consumer has greater choice and channels. As a result, the key challenge for content producers is expected to be to consistently deliver a variety of quality content at reasonable prices. (Source: FICCI and KPMG Report)

Broadcasting

The broadcasting industry is expected to experience an increase in advertising and subscription revenues. In 2011, the broadcasting industry experienced lower than expected advertising revenue growth. However, the long term outlook remains positive. The digitization of cable is expected to significantly benefit the subscription revenue stream of the broadcasting community, while simultaneously rationalizing carriage. Increasing fragmentation remains a challenge for broadcasters, with competition not only from the growing number of television channels, but also from new media sources. (Source: FICCI and KPMG Report)

Distribution

With India's television penetration at 61.0% as of 2012, there is still potential for growth. The digitization of cable television, driven by recent Government of India legislation, is expected to alter the distribution system. Broadcasters, multi-system operators and DTH operators are expected to benefit the most from digitization, while the bargaining power of local cable operators ("LCOs") is expected to decline substantially. (Source: FICCI and KPMG Report)

Indian Television Distribution Sector

The Indian television distribution sector consists of subscription revenue from pay television households in India. The Indian television distribution sector is highly fragmented with approximately 50,000 LCOs, 7,000 multi-system operators and six pay DTH operators as of July 2011, with the top five multi-system operators accounting for less than 30.0% of the revenue in this sector. The Indian television distribution sector is

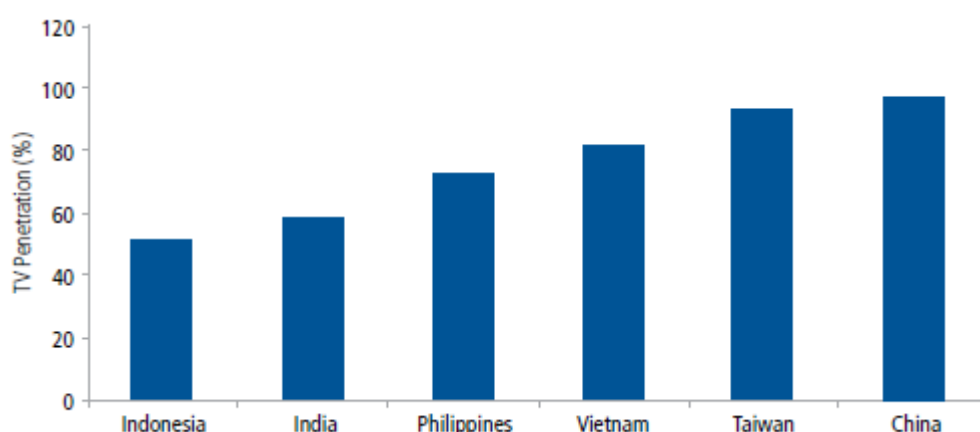
characterized by high underreporting, of approximately 85.0% of the subscribers, and low average revenue per user (“ARPU”). (Source: PWC, India Entertainment and Media Outlook 2011, July 2011)

The Indian television distribution sector grew at a CAGR of 13.2% between 2006 and 2010. The sector grew from approximately ₹ 165.00 billion in 2009 to ₹ 192.00 billion in 2010. Growth in the Indian television distribution sector is expected to continue to increase. (Source: PWC, India Entertainment and Media Outlook 2011, July 2011)

The growth catalysts for the Indian television distribution industry are as follows:

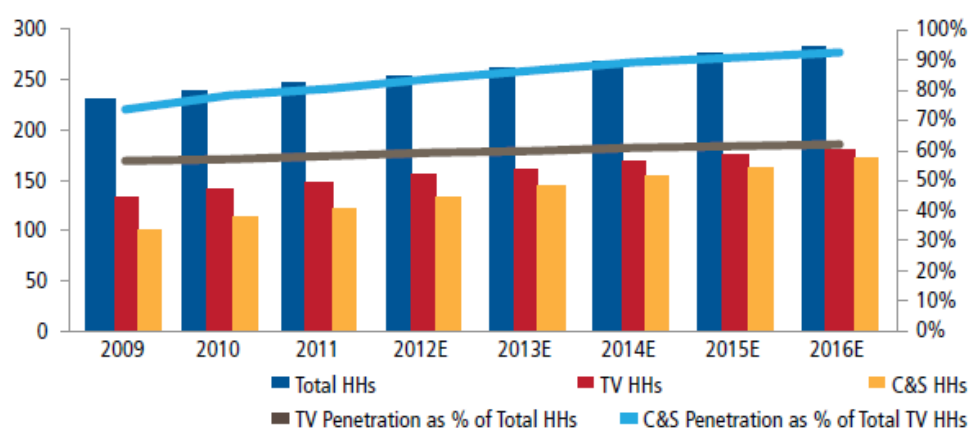
Increasing Television Penetration Levels

In 2011, there were approximately 146 million television households in India, which constituted a television penetration level of approximately 61.0%. Television penetration is expected to increase to 70.0% in 2016. (Source: FICCI and KPMG Report) The chart below illustrates the household television penetration in certain countries:



(Source: MPA Report)

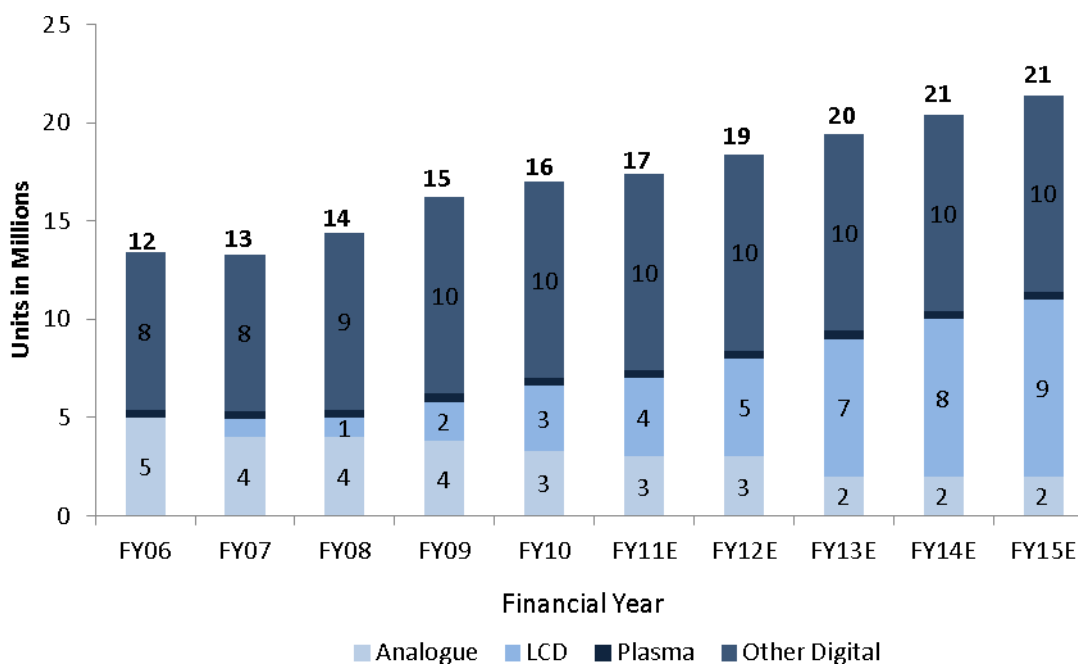
The chart below illustrates the expected increase in cable and satellite and Indian television penetration between 2009 and 2016:



(Source: MPA Report)

While India has added between 12 million and 16 million television sets every year since 2005, television penetration has increased by approximately six to eight million every year. Therefore, approximately 50.0% of television sales each year reflect increased television penetration. The balance of television sales includes replacement of old television sets or multiple television sets entering a household. While a single analog cable connection could be used to provide content to all the television sets in one household, multiple set-top boxes would be required for multiple connections in a digitized environment. (Source: FICCI and KPMG Report)

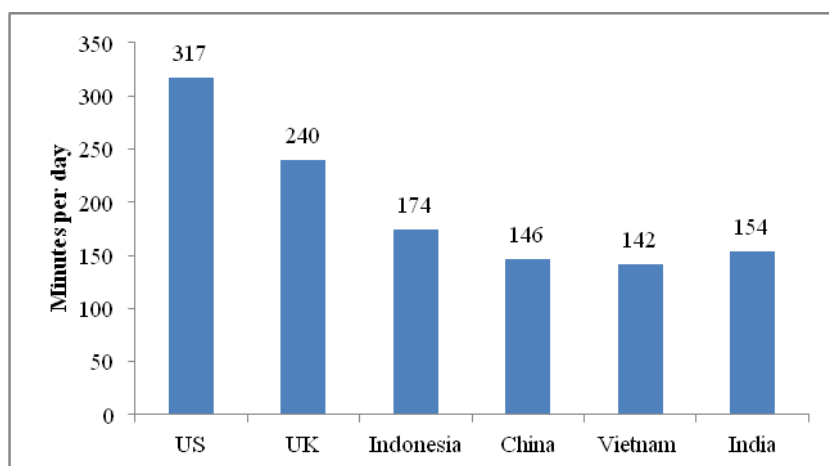
The chart below illustrates television sales and expected television sales in India between 2006 and 2015:



(Source: FICCI and KPMG Report)

Television Viewing Time in India

The average television viewing time in India remains low in comparison to developed economies. There is potential for growth not only in terms of penetration and reach but also viewing time. The chart below provides television viewing times in certain countries for 2011:



(Source: FICCI and KPMG Report)

Increasing Cable and Satellite Television Levels

The number of cable and satellite television households increased to 119 million households during 2011. The penetration of cable and satellite television increased from 78.0% of total television households in 2010 to 81.0% in 2011. As homes with television increase in the future, the consumer demand for content beyond free-to-air channels combined with the relatively low ARPU are expected to drive the demand for cable and satellite television in India. The number of cable and satellite households is estimated to reach approximately 176

million by 2016, of which there are expected to be 168 million paid cable and satellite households, representing 89.0% of total television households. (Source: FICCI and KPMG Report)

Growth of ARPU

As of July 2011, while India was the second largest cable and satellite market in the world, second only to China, the cable and satellite industry in India earned ₹ 192.00 billion per year from subscription revenue. This is significantly less than the revenue earned in other countries. This is largely due to the fact that the ARPU in India was estimated, as of 2010, at approximately ₹ 160.00 per month (approximately US\$ 3.00) as opposed to approximately US\$ 45.00 to US\$ 60.00 per month in the United States and the United Kingdom, respectively. (Source: PWC, India Entertainment and Media Outlook 2011, July 2011)

The two primary determinants of total pay television revenues are ARPU and the number of pay television subscriptions. As of July 2011, India's pay television ARPU was approximately ₹ 160.00 per month across pay television homes in India (both DTH and cable). While cable has the problem of underreporting, both in the number of subscribers as well as the fees paid by each subscriber, DTH ARPU is limited by competition, subsidization of set-top boxes and lack of exclusive content. This has led pay television ARPU to be among the lowest as compared to global counterparts. (Source: PWC, India Entertainment and Media Outlook 2011, July 2011)

The table below provides a comparison of ARPU per month in the United States, the United Kingdom and China:

Global ARPU (per month) Comparison		
Country	ARPU – 2009 (US\$)	ARPU – 2010 (US\$)
United States	55.73	56.86
United Kingdom	44.31	45.40
China	2.70	3.14

(Source: PWC, India Entertainment and Media Outlook 2011, July 2011)

In 2009, there was little pay television ARPU growth due to issues concerning addressable digitization. The table below illustrates the change in the approximate ARPU of pay television households in India for the periods indicated:

ARPU of Pay Television Households in India					
₹	2006	2007	2008	2009	2010
Pay TV ARPU	139.0	155.0	156.0	160.0	160.0
% Change	6.9	11.5	1.0	3.0	0.0

Between Periods

(Source: PWC, India Entertainment and Media Outlook 2011, July 2011)

ARPU growth may remain low in the short to medium term due to significant competition. Currently, ARPU is being affected by the presence of analog cable and competition due to the fragmentation of the industry. During the implementation of digitization, ARPU may continue to be affected, as multi-system operators and DTH operators target the same subscriber base. (Source: FICCI and KPMG Report)

However, digitization will also provide the opportunity to grow ARPU and introduce new and niche channels. Further, ARPU is expected to grow at a faster pace as digitization progresses across the various phases. (Source: FICCI and KPMG Report)

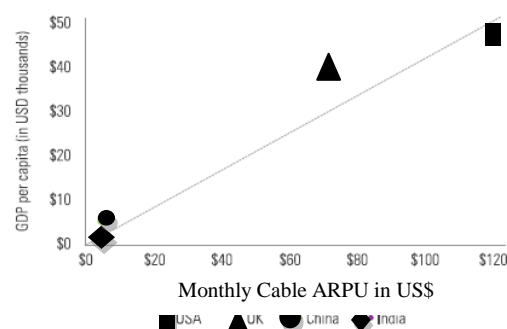
The table below illustrates the approximate ARPU and expected ARPU in India between 2011 and 2016:

ARPU (₹ per month)	2011	2012	2013	2014	2015	2016
Analog	160	165	170	170	171	171
Digital	160	170	180	201	226	253
DTH	160	170	180	201	226	253
Internet Protocol Television ("IPTV")	160	170	180	201	226	253

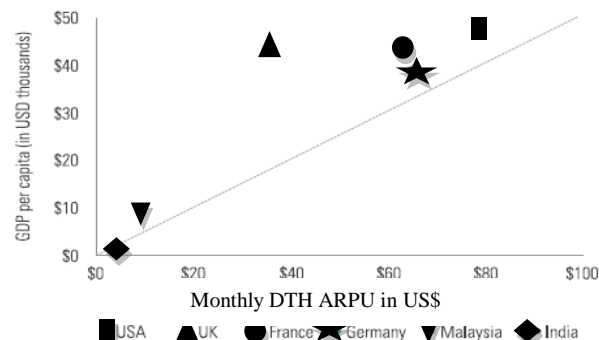
(Source: FICCI and KPMG Report)

The comparison given below of cable and DTH ARPU in India and other countries demonstrates that as GDP per capita increases, there is potential for ARPU to increase:

Global Cable ARPU



Global DTH ARPU



(Source: FICCI and KPMG Report)

Digitization

The cable television industry in India is poised for one of the most significant developments in the industry in the last decade, a transition to the Digital Addressable System (“DAS”) for television distribution. Cable operators in a DAS regime would be legally bound to transmit only digital signals. Subscribed channels can be received at the consumer’s premises only through a set-top box equipped with a conditional access card and a subscriber management system. Each user in the network would be uniquely identifiable to the service provider. (Source: FICCI and KPMG Report)

Background to Digitization

The MIB has notified a four-phase digitization process for cable television in India with a sunset date of December 31, 2014. As a result, the cable television industry in India will be transitioned to the Digital Addressable System (“DAS”) for television distribution and all cable operators will be legally bound to transmit only digital signals. (Source: FICCI and KPMG Report)

The table below outlines the sunset dates for analog cable:

Phase	Geographies Covered	Sunset Date for Analog Cable	Number of Cities	Number of Households Likely to be Digitized (in millions)
I	Delhi, Mumbai, Kolkata and Chennai	October 31, 2012	4	8
II	All Cities With Population of More Than One Million	March 31, 2013	38	20
III	All Urban Areas	September 30, 2014	n/a	61
IV	Rest of India	December 31, 2014	n/a	n/a

(Source: MPA Report)

The Cable Digitization Process

The Telecom Regulatory Authority of India recommended a four-phase digitization process for cable television in India and originally set a final sunset date of December 31, 2013 for complete switchover to digital cable across all of India. These timelines have since been amended and notified by the MIB. The final sunset date is now December 31, 2014. Implementation of this process is to be carried out in four phases. (Source: PWC, India Entertainment and Media Outlook 2011, July 2011) Phase I focuses on the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai and was originally scheduled to be completed by June 30, 2012. However, this was delayed and was implemented on October 31, 2012. Phase II will target all cities with a population of over one million by March 31, 2013. Phase III will target all other urban areas across India and is scheduled to

be completed by September 30, 2014. Lastly, Phase IV will transition the rest of India to digital cable television by December 31, 2014. (Source: MPA Report)

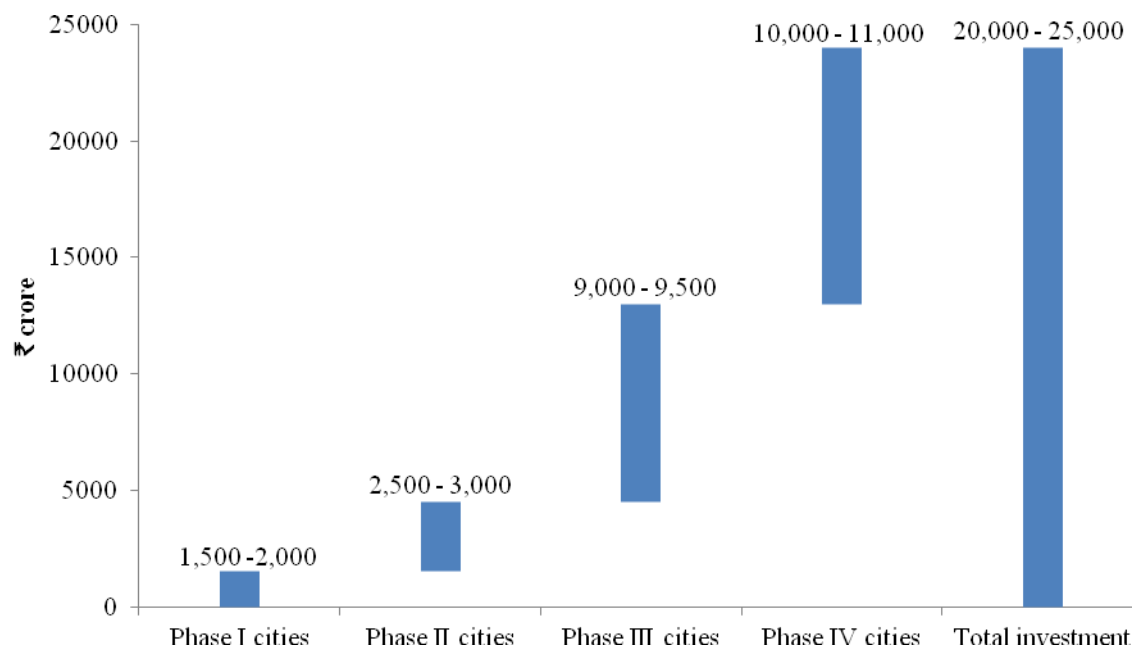
It is expected that the DAS will be more successful than the earlier conditional access system. The new DAS has the support of key stakeholders including the Government of India, broadcasters and multi-system operators. Indian consumers also seem to be ready for the introduction of digital television, as illustrated by the high number of DTH users among cable and satellite subscribers. (Source: FICCI and KPMG Report)

The table below provides a comparison of the conditional access system (CAS) and DAS:

	Conditional Access System (CAS)	Digital Addressable System (DAS)
Market Dynamics	<ul style="list-style-type: none"> Limited consumer demand for digital television No competitive threat from the DTH platform <ul style="list-style-type: none"> DTH penetration was less than 1% in 2003 and only 5% in 2007 	<ul style="list-style-type: none"> Increasing consumer preference for digital television illustrated by: <ul style="list-style-type: none"> High penetration of DTH platform (30.0% of cable and satellite subscribers in 2011) significantly threatening the cable market Sale of digital television sets (80.0% of all television sets sold in 2011)
Applicability	<ul style="list-style-type: none"> Applicable to only notified metropolitan areas Free to air channels receivable without a set-top box 	<ul style="list-style-type: none"> Applies to all cable and satellite subscribers across India All channels including free to air to be made available only through the set-top box
Consensus and the Roadmap	<ul style="list-style-type: none"> Lack of consensus among industry, consumer groups and political class Mandated installation of addressable cable boxes for all subscribers within a year 	<ul style="list-style-type: none"> Road map developed in consultation with all the key stakeholders More realistic deadlines, with implementation across four phases over three years from the time of announcement
Pricing	<ul style="list-style-type: none"> Price cap of ₹ 5 per channel Regulated revenue sharing across the value chain 	<ul style="list-style-type: none"> TRAI to provide an opinion on retail pricing of channels and revenue sharing mechanism, based on comprehensive discussions with key stakeholders
Scale of Operations and Availability of Capital	<ul style="list-style-type: none"> Limited multi-system operator access to capital before the Hathaway initial public offering in 2010 and private equity investments in other multi-system operators 	<ul style="list-style-type: none"> The five large multi-system operators have achieved significant scale and account for approximately 40.0% to 45.0% of the total subscriber base in terms of reach Funds for implementation of Phase I estimated to be in place for large multi-system operators 25.0% to 50.0% annual decline in the cost of digital equipments like head-ends and set-top boxes

(Source: FICCI and KPMG Report)

The chart below provides preliminary estimates for phase wise capital expenditure for digital cable service providers. This includes the cost for set-top box installation, infrastructure upgrade required to digitize existing analogue as well as new cable and satellite subscriber additions between 2012 and 2016.



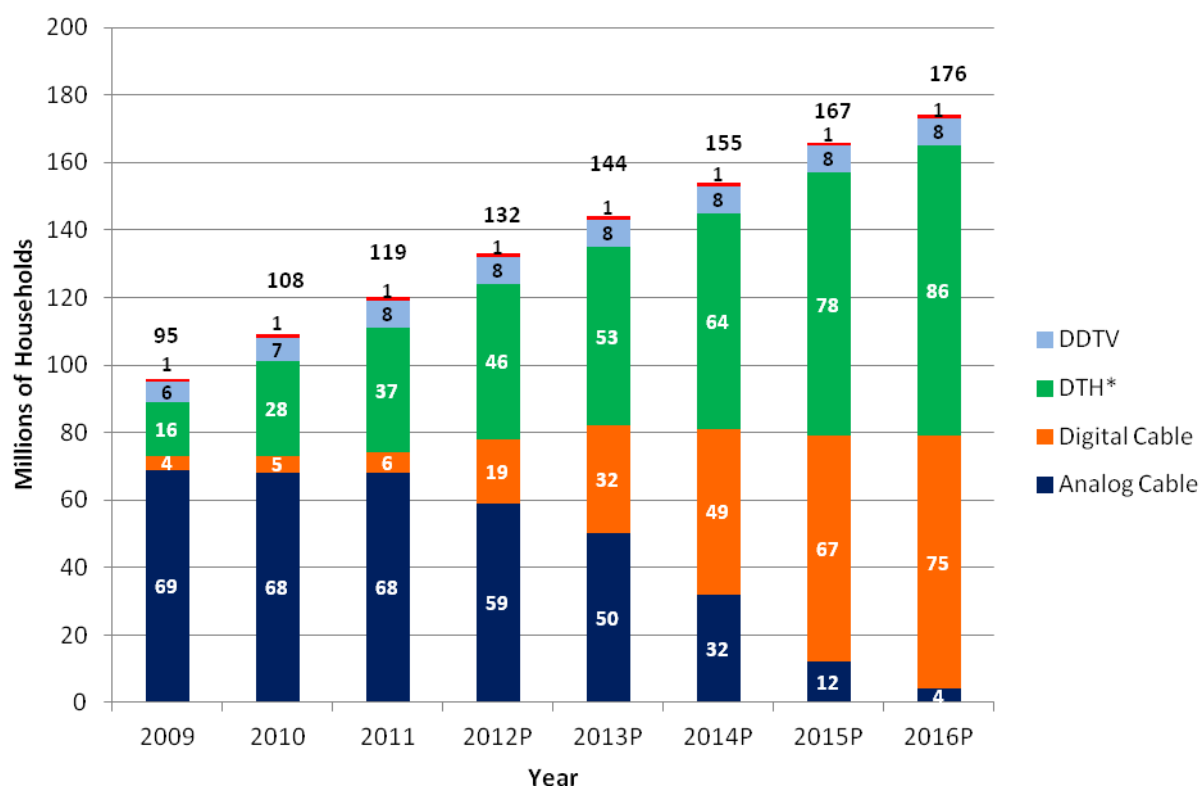
(Source: FICCI and KPMG Report)

The Indian DTH Market

According to the MPA Report, the Indian DTH market, at the end of calendar year 2011 had 44.40 million gross subscribers. (Source: MPA Report)

The digital television market in India is able to accommodate both digital cable and DTH service providers and both platforms are expected to coexist in the Indian market. (Source: FICCI and KPMG Report)

The chart below illustrates the number of subscribers and the expected number of subscribers in India for the years 2009 through 2016:



*DTH subscriber data is net of churn.
P=Predicted
(Source: FICCI and KPMG Report)

Digital Television: A Positive Development for the DTH Market

If key issues on capacity and after sales services are addressed, the Government of India's mandatory digitization could be a significant catalyst for DTH to acquire customers and increase reach in larger television audience markets. Multi-system operators predict an increase of approximately 15.0% to 20.0% in cable subscribers to DTH. Some operators expect this to increase by up to 30.0% in the early stages of Phase I. There is also a need to improve after sales services by DTH companies, as the lead time to address a given complaint ranges from three to five days and is highly subject to the minimum number of enquiries received and the number of on-the-ground engineers. (Source: MPA Report, *DTH to Benefit From Digitalization*, Issue 117, February 17, 2012)

The conversion of analog cable subscribers to digital cable is expected to affect DTH operators. The current mandate provides opportunities for DTH operators and multi-system operators. However, these operators may experience challenges and practical difficulties in implementation, and adhering to the prescribed timelines for digitization. (Source: FICCI and KPMG Report)

Advantages of the DTH market

The advantages of the DTH market in India are as follows:

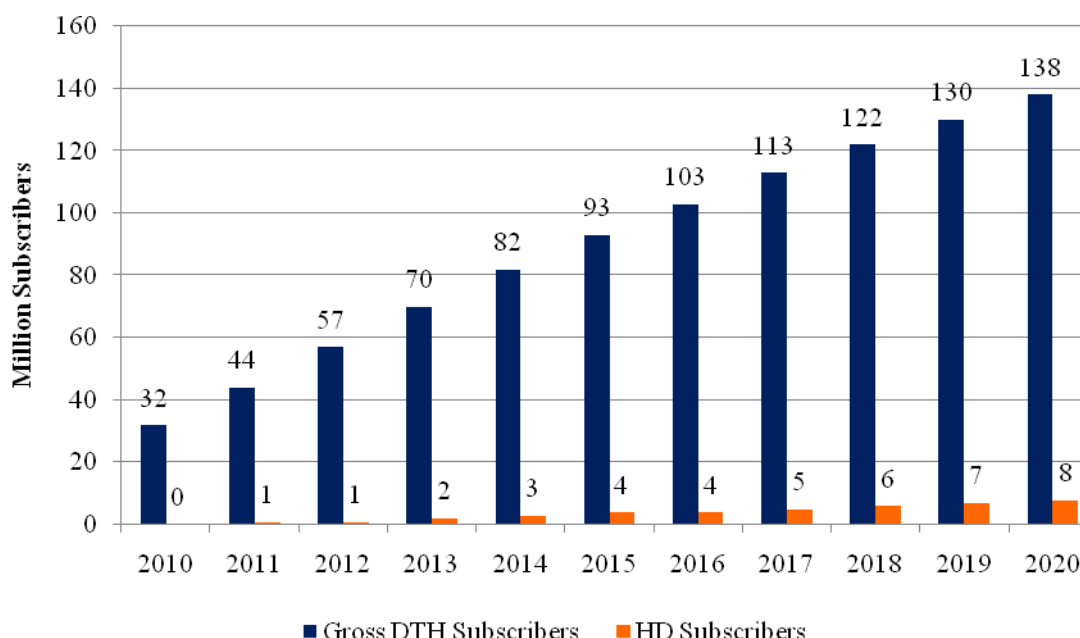
- It is digital and addressable unlike the analog cable industry;
- As of July 2011, though it represented between 15.0% and 20.0% of the total pay television market, it contributed 50.0% of the broadcaster's subscription revenues;
- It is capable of carrying additional channels, unlike the present capability of analog cable;
- Most of the bigger companies have invested heavily in marketing and advertising to gain higher customer recall;

- DTH remains the key way to access rural audiences, due to the geographic reach of the satellite medium; and
- DTH is capable of providing interactive and HD content, similar to “pay-per-view”, leading to more diverse revenue streams. (Source: PWC, *India Entertainment and Media Outlook 2011, July 2011*)

As the market prepares for Phase I digitization in the four key metropolitan areas, DTH is likely to benefit in terms of volume growth and yields. Key developments in the DTH market include the following:

DTH Subscriptions

The chart below illustrates the actual and projected numbers of subscribers to DTH services for the years 2010 through 2020.



(Source: MPA Report)

Market Share of DTH Operators

There are six pay DTH operators in India. The table below gives details of DTH operators’ shares of gross subscribers for the financial years 2010, 2011 and 2012 and the six months ended September 30, 2012:

	DTH Operators’ Yearly Gross Subscribers (millions)			
	Financial Year 2010	Financial Year 2011	Financial Year 2012	Six Months Ended September 30, 2012
Bharat Business Channel Limited (operating under the “Videocon d2h” brand)	0.44	2.86	5.48	6.62
Dish TV India Limited	6.90	10.44	12.89	13.88
Bharti Telemedia Limited (operating under the “Airtel Digital TV” brand)	2.23	5.31	7.51	8.41
Tata Sky Limited	5.22	6.99	8.66	9.65
Reliance Big TV Limited	2.56	3.52	4.33	4.53
Sun Direct TV Private Limited	5.03	6.45	7.43	7.80
Total	22.38	35.57	46.30	50.89

	DTH Operators' Shares of Total Yearly Gross Subscribers (%)			
	Financial Year 2010	Financial Year 2011	Financial Year 2012	Six Months Ended September 30, 2012
Bharat Business Channel Limited (operating under the "Videocon d2h" brand)	2.0%	8.0%	11.8%	13.0%
Dish TV India Limited	30.8%	29.4%	27.8%	27.3%
Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	10.0%	14.9%	16.2%	16.5%
Tata Sky Limited	23.3%	19.7%	18.7%	19.0%
Reliance Big TV Limited	11.4%	9.9%	9.4%	8.9%
Sun Direct TV Private Limited	22.5%	18.1%	16.0%	15.3%
Total	100.0%	100.0%	100.0%	100.0%

(Source: MPA Report)

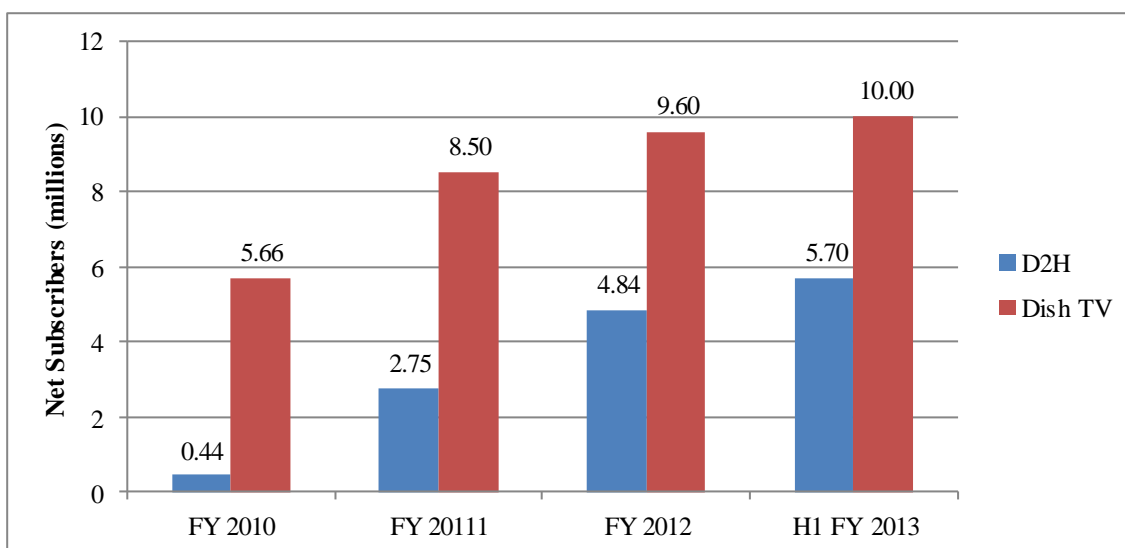
The table below gives details of DTH operators' yearly subscriber additions for the financial years 2010, 2011 and 2012 and the six months ended September 30, 2012:

	DTH Operators' Yearly Gross Subscriber Additions (millions)			
	Financial Year 2010	Financial Year 2011	Financial Year 2012	Six Months Ended September 30, 2012
Bharat Business Channel Limited (operating under the "Videocon d2h" brand)	0.44	2.42	2.62	1.14
Dish TV India Limited	1.83	3.54	2.46	0.98
Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	2.01	3.08	2.20	0.90
Tata Sky Limited	0.58	1.76	1.67	0.99
Reliance Big TV Limited	1.00	0.96	0.81	0.20
Sun Direct TV Private Limited	3.60	1.43	0.98	0.37
Total	9.46	13.19	10.74	4.58

	DTH Operators' Shares of Total Yearly Subscriber Additions (%)			
	Financial Year 2010	Financial Year 2011	Financial Year 2012	Six Months Ended September 30, 2012
Bharat Business Channel Limited (operating under the "Videocon d2h" brand)	4.7%	18.3%	24.4%	24.9%
Dish TV India Limited	19.3%	26.8%	22.9%	21.4%
Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	21.2%	23.4%	20.5%	19.7%
Tata Sky Limited	6.1%	13.3%	15.5%	21.6%
Reliance Big TV Limited	10.6%	7.3%	7.5%	4.4%
Sun Direct TV Private Limited	38.1%	10.8%	9.1%	8.1%
Total	100.0%	100.0%	100.0%	100.0%

(Source: MPA Report)

The chart below illustrates certain DTH operators' share of net subscribers:



(Source MPA Report)

Product Offering

The table below provides the number of linear channels and services for each DTH operator:

Channel Summary	Bharat Business Channel Limited (operating under the "Videocon d2h" brand)	Dish TV India Limited	Tata Sky Limited	Reliance Big TV Limited	Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)
SD Channels	259	273	200	229	262
Native HD Channels	22	17	10	8	15
Upscaled HD Channels	0	24	0	0	0
Total Channels	281	314	210	237	277
Services	135	102	88	55	79
Total Channels and Services	416	416	298	292	356

(Source: MPA Report)

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

	Bharat Business Channel Limited (operating under the "Videocon d2h" brand)	Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	Dish TV India Limited	Reliance Big TV Limited	Tata Sky Limited
Basic Subscription Packages	Super Gold Pack	Value Sports	Super Family	Bronze Pack	Dhamaal Mix Pack
Price Per Month (₹)	200	200	200	200	200
Total Number of Channels	182	132	158	128	96
Price Per Channel (₹)	1.10	1.52	1.27	1.56	2.08
Mid Tier Subscription	New Gold Sports Pack	Economy Sports	Super Gold	Silver Plus Pack	Supreme Sports Kids Pack

	Bharat Business Channel Limited (operating under the “Videocon d2h” brand)	Bharti Telemedia Limited (operating under the “Airtel Digital TV” brand)	Dish TV India Limited	Reliance Big TV Limited	Tata Sky Limited
Packages					
Price Per Month (₹)	265	275	255	225	280
Total Number of Channels	191	155	179	133	112
Price Per Channel (₹)	1.39	1.77	1.42	1.69	2.50
Premium Subscription Packages					
	Platinum Pack	Ultra Pack	Paradise Pack	Platinum Pack	Grand Sports Pack
Price Per Month (₹)	395	406	400	402	410
Total Number of Channels	234	192	211	165	142
Price Per Channel (₹)	1.69	2.11	1.90	2.44	2.89

(Source: MPA Report)

Sales and Services Back-end Infrastructure

The following table illustrates the sales and services back-end infrastructure of DTH operators in India:

	Dish TV India Limited	Bharat Business Channel Limited (operating under the “Videocon d2h” brand)	Tata Sky Limited	Sun Direct TV Private Limited	Bharti Telemedia Limited (operating under the “Airtel Digital TV” brand)	Reliance Big TV Limited
Distributors	1,400	1,613	1,000			1,200
Franchises		867				240
Call Center Capacity	1,600 seating capacity	~2,000 seating capacity				Reliance World webstores 150,000 inbound calling capacity per day
Urban: Rural Subscriber Ratio	30:70	27:73			35:65	
Payment Options						
• Home Pickup	✓	✓	×	×	×	×
• Local Dealer/Outlets, Partner Retailers & Banks	✓	✓	✓	✓	✓	✓
• Telephone Helpline/Interactive Voice Response (IVR)	✓	✓	✓	✓	✓	×
• Online	✓	✓	✓	✓	✓	✓
• Check Payment	✓	×	✓	×	×	×
• Mobile	✓	✓	✓	✓	✓	✓
• Auto Debit	✓	×	✓	×	✓	×
• Credit Card	✓	✓	×	✓	✓	✓
• ATMs	✓	×	×	×	×	×
• Long-Term Recharge/Advanced Payment	×	✓	×	×	×	×

	Dish TV India Limited	Bharat Business Channel Limited (operating under the "Videocon d2h" brand)	Tata Sky Limited	Sun Direct TV Private Limited	Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	Reliance Big TV Limited
• Debit Card	×	✓	✓	✓	✓	×
• Operator Electronic/Cash Coupon	×	✓	×	×	✓	✓
• Post Office/Drop Box	✓	×	×	×	×	×

(Source: MPA Report)

Technology

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

Short Term Capacity Constraints

In terms of satellite capacity, Dish TV India Limited, Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand) and Bharat Business Channel Limited (operating under the "Videocon d2h" brand) are considered the best positioned. Dish TV India Limited and Videocon d2h each offer 416 channels and services, the highest in the industry.

In July 2011, Videocon d2h switched from Singapore Telecommunications Limited's ST-1 satellite to Singapore Telecommunications Limited's ST-2 satellite. This increased Videocon d2h's transponder capacity. As the ST-2 satellite occupies the same orbital slot as the ST-1 satellite, Videocon d2h avoided additional consumer premises equipment recalibration costs.

The table below illustrates the satellite capacity of DTH operators in India:

	Dish TV India Limited	Tata Sky Limited	Bharti Telemedia Limited (operating under the "Airtel Digital TV" brand)	Sun Direct TV Private Limited	Reliance Big TV Limited	Bharat Business Channel Limited (operating under the "Videocon d2h" brand)
Satellite	NSS6, Asiasat 5	Insat 4A	Insat 4CR, SES 7	Measat 3, Insat 4B	Measat 3	Singtel ST-2
Orbital Slot	95E, 100.5E	83E	74E, 108.2E	91.5E, 93.5E	91.5E	88E
Number of Transponders	10+4	12	11	4+2	9	8
TP	36 MHz, 54	36 MHz	36 MHz	36 MHz	36 MHz	54 MHz
Bandwidth	MHz					
Compression	MPEG-2	MPEG-2	MPEG-4	MPEG-4	MPEG-4	MPEG-4
Transmission Standard	DVB S	DVB S	DVB S2	DVB S	DVB S	DVB S2

(Source: MPA Report)

Differentiation Via Set Top Box

Technologies used by set-top boxes are essential to deliver quality to the consumer and also to differentiate between providers. Compression standards such as MPEG-4, combined with transmission standards like DVB S2 have helped newer operators, such as Videocon d2h, manage satellite bandwidth and compress more channels per transponder. Although the improvement that these standards have made to picture quality is unclear, they have helped differentiate between DTH operators. Similarly, the quality and scalability of middleware used within set-top boxes has helped operators launch additional value-added services, such as interactive services and on-demand and catch-up television. (Source: MPA Report)

The table below illustrates set top box features provided by the DTH operators:

Features	Bharat Business Channel Limited (operating under the “Videocon d2h” brand)	Bharti Telemedia Limited (operating under the “Airtel Digital TV” brand)	Tata Sky Limited	Sun Direct TV Private Limited	Reliance Big TV Limited	Dish TV India Limited
12 PIP	✓	x	x	x	x	x
Mosaic						
MPEG-4	✓	✓	x	✓	✓	x
DVB S2	✓	✓	x	x	x	x
Tickers	✓	Widgets	x	x	x	x
Music	✓	✓	✓	x	x	✓
Space/Radio						
3D Platform	✓	x	x	x	x	x
Pay-Per-View	✓	✓	✓	✓	✓	✓
Movies						
Customer Friendly (24x7, Multilingual)	✓	✓	✓	✓	✓	✓
Channel Guide	✓	✓	✓	✓	✓	✓
Parental Control	✓	✓	✓	✓	✓	✓
Info Bar	✓	✓	✓	✓	✓	✓
Active Services (state, east, channel active)	✓	✓	✓	x	✓	✓
Gaming	x	✓	✓	✓	✓	✓
Recording Facility	✓	✓	✓	x	✓	✓
HD Format	✓	✓	✓	✓	✓	✓

(Source: MPA Report)

Future Trends

Subscriber Quality to Improve

In the future, it is expected that gross subscriber additions will gain momentum as mandatory cable digitization is implemented in phases. The quality of subscriber additions is expected to be superior, as the switch-off of analog signals will allow DTH to further develop within urban areas and target high-ARPU subscribers, while at the same time managing churn rates.

The HD Growth Curve

It is expected that HD penetration will increase in the future. In the United Kingdom, 30.0% of British Sky Broadcasting’s subscriber base has adopted HD. Malaysia’s Astro Television Network Systems Sdn. Bhd. has also experienced improved rates with 20.0% penetration at present on its DTH platform.

In India, following a number of major cricket events in the first half of 2011, the introduction of major Hindi general entertainment channels in HD has helped maintain HD growth. At the end of 2011, the industry had 0.50 million HD subscribers and is currently adding between 40,000 and 50,000 new HD subscribers every month. Currently, 30 true HD (not upscaled) channels are available. Operators expect 20 more to be added in 2012. Videocon d2h leads in the provision of the most number of true HD channels.

The table below illustrates the number of true HD channels available per DTH operator:

Bharat Business Channel	Bharti Telemedia Limited	Dish TV India Limited	Reliance Big TV Limited	Tata Sky Limited	Sun Direct TV Private Limited
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	Limited (operating under the “Videocon d2h” brand)	(operating under the “ Airtel Digital TV” brand)				
Number of True HD Channels	22	15	17	8	10	8

(Source: MPA Report)

Broadcasters and DTH players have expanded their HD offerings in 2012. With increasing sales of affordable HD televisions, consumers may be prepared to pay a premium for better viewing experiences on these television sets.

Currently, HD penetration amongst existing subscribers is low, but this is expected to increase significantly in the future. Between 7.0% and 8.0% of new DTH subscribers are expected to purchase HD subscription packages.

The demand for HD channels among consumers has expanded. Approximately 30 channels are available in HD apart from sports and movie channels. The increasing subscriptions for HD channels may help increase ARPU and provide a subscription revenue boost to distributors and broadcasters. (Source: FICCI and KPMG Report)

OUR BUSINESS

Overview

We are the fastest growing DTH service provider in India and operate under the “Videocon d2h” brand. (Source: MPA Report) We distribute multiple television channels and allied video and audio services to subscribers as part of our DTH services. We bring to our subscribers digital quality television viewing and, as of September 30, 2012, carried over 400 national and international channels and services, including 22 HD channels and 41 audio and video Active Music Channel Services. We commenced our DTH operations in July 2009 and, as of September 30, 2012, had 6.62 million gross subscribers with a market share of 13.0% of the gross DTH subscriber base across India (Source: MPA Report). Our total income for the six months ended September 30, 2012 and the financial year 2012 was ₹ 4,955.75 million and ₹ 7,005.46 million, respectively. We have a presence across India and we believe we are ideally positioned to capitalize on the growth opportunities in the Indian DTH market.

Our distribution of multiple television channels and services is enabled through consumer premises equipment installed at the end consumers’ premises which allows a subscriber to directly receive programming from our leased satellite through a mini-dish which is then de-coded by a digital receiver called a set-top box. We use state-of-the-art MPEG-4 technology, which permits high compression for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We have leased K_u-Band space capacity on the ST-2 satellite of SingTel, which was launched on May 21, 2011 and has an estimated useful life through 2026. We currently lease eight 54 Mhz transponders on the satellite. This technology and access to these eight transponders allows us to transmit over 400 channels and services.

We benefit from our relationship with the Videocon Group. The Videocon Group has diversified interests in consumer electronics, oil and gas, power, retail and insurance, among others. The Videocon Group’s flagship entity is Videocon Industries, a company listed on the BSE and the NSE and with a market capitalization of ₹ 80,002.16 million, as of November 30, 2012. Videocon Industries believes it has one of the largest distribution networks of consumer electronics and home appliances in India. We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players including television sets and DVD players with built-in set-top boxes. We believe that the cross selling of our services through the Videocon Group’s television business increases our marketing opportunities.

We believe that the “Videocon” brand is well recognized in India. Videocon Industries was named as one of the Boston Consultancy Group’s 100 “Rapidly Developing Economy Emerging Global Challengers” in May 2006 and the “Videocon” brand was named one of the top 20 most trusted brands in India by the Economic Times – Brand Equity in May 2007. Our Company was also ranked one of the most successful launches in 2009 (the year we commenced offering our services) by the Brand Derby survey, undertaken by the Business Standard.

The MIB has notified a four-phase digitization process for cable television in India with a sunset date of December 31, 2014. As a result, the cable television industry in India will be transitioned to the DAS for television distribution and all cable operators will be legally bound to transmit only digital signals. We believe that this is a key growth opportunity for us as we believe that a significant portion of current analog cable television subscribers will switch to DTH services, such as ours.

As of September 30, 2012, in addition to providing our subscribers with the enabling hardware for our channels and services, we offer our subscribers “12 Picture-in-Picture Mosaic”, a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the “Electronic Program Guide”, a graphical user interface to browse channels and program schedules; “Movie Channel Services”, where we offer four movie channel services; “HD 3D Active Channel service”; and “tickers”, which include tickers at the bottom of the screen displaying sports scores, stock market data, news updates, Active Music Channel Services and content-recording features.

Our Growth

We commenced our DTH operations in July 2009. We have grown our subscriber base from 0.44 million gross subscribers as of March 31, 2010, representing approximately 2.0% of the total DTH subscriber base in India to 2.86 million gross subscribers as of March 31, 2011, representing approximately 8.0% of the total DTH subscriber base in India, and have increased our subscriber base to 5.48 million gross subscribers as of March 31, 2012, representing approximately 11.8% of the total DTH subscriber base in India. As of September 30, 2012, we had 6.62 million gross subscribers, which represented approximately 13.0% of the total DTH subscriber base in India. *(Source: MPA Report)* For the six months ended September 30, 2012 and the financial years 2012, 2011 and 2010, we had approximately 24.9%, 24.4%, 18.3% and 4.7%, respectively, of the incremental market share of the DTH subscriber base in India. *(Source: MPA Report)*

Our Strengths

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

Established brand name and relationship with the Videocon Group

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

We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players, including television sets and DVD players with built-in set-top boxes. Videocon Industries, the flagship company of the Videocon Group, believes it has one of the largest distribution networks of consumer electronics and home appliances in India. As of September 30, 2012, the Videocon Group had over 220 owned and operated retail outlets, and over 650 franchisee-owned distribution outlets. We believe that the cross selling of our services through the Videocon Group's television business increases our marketing opportunities. Our relationship with the Videocon Group allows us to reduce our marketing spend, which is a significant expense in the industry we operate in. In addition, we believe this relationship also positively affects our growth.

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

Distribution capabilities

We have a pan-India presence with a wide distribution network and a presence across urban, semi-urban and rural parts of India. We believe that we have an extensive distribution network that enables us to reach out to our customers. As of September 30, 2012, we had over 1,850 distributors and direct dealers, and over 74,000 sub-dealers and, we had a team of 384 sales executives working in 25 offices that seeks to sign up new distributors and dealers to expand our network. We appoint distributors based on certain key criteria, such as location, potential for expansion, technological competence and business type. We also provide discounts to the members of our distribution network to augment our sales. We believe that this enables us to have a more effective distribution network.

Superior technology

We use state-of-the-art MPEG-4 technology, which permits high compressions for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We lease eight 54 Mhz transponders with Ku-Band space capacity on the ST-2 satellite of SingTel. This technology and access to these eight transponders allows us to transmit over 400 channels and services.

Wide range of packages and services in India

We provide our subscribers with a range of subscription packages, value-added services and customer support services. As of September 30, 2012, our subscribers had access to over 400 international, national and regional digital channels and services, including 22 HD channels and 41 audio and video Active Music Channel Services through several subscription packages, as well as the option of choosing add-ons and à la carte channels.

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

In order to provide a differentiated customer user experience, we offer our customers value-added services such as “12 Picture-in-Picture Mosaic”, a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the “Electronic Program Guide”, a graphical user interface to browse channels and program schedules; “Movie Channel Services”, where we offer movie channel services to our subscribers; “Active Music Channel Service”; “HD 3D Active Channel Service”; and “tickers”, which appear at the bottom of the screen displaying sports scores, stock market data and news updates. For further details on our subscription packages, hardware products and services, see “— *DTH Subscription Television Services*” on page 79.

Strong focus on subscriber management and customer service

We have a dedicated subscriber management team that focuses on converting inactive customers to active customers. Our subscriber management team undertakes one-on-one interactions with customers and offers attractive incentives to inactive customers, thereby allowing us to control subscriber churn and reduce customer suspension. As of September 30, 2012, we had 6.62 million gross subscribers and 5.70 million net subscribers.

We believe that after-sales service is also key to our growth and success and as of September 30, 2012, we had 59 direct service centers, over 850 service franchisees and direct sales and service dealers and over 950 residential service engineers. Our direct service centers are operated by us and we are present in 49 of India’s major cities where a large portion of our subscriber base is located. This allows us to ensure that we provide our customers with timely and quality customer care, which encourages customer loyalty. Our service centers serve as one-point resolution centers for our customers.

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

Experienced management team

Our management team is experienced in the television and media industry and in the application of technology and marketing and distribution initiatives in this sector. The average years of experience of our key management personnel is over 15 years. See “*Our Management – Key Managerial Personnel*” on page 103, for further details about our management.

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

Our Strategies

The following are the key elements of our business strategies:

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

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

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

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

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

At the end of 2011, the DTH industry had 0.50 million HD subscribers and is currently adding between 40,000 to 50,000 new HD subscribers every month. Currently, HD penetration amongst existing DTH subscribers is low, this is expected to increase significantly in the future and between 7.0% and 8.0% of new DTH subscribers are expected to purchase HD subscription packages. (Source: MPA Report)

With increasing sales of affordable HD televisions, consumers may be prepared to pay a premium for better viewing experiences on these television sets. (Source: FICCI and KPMG Report) Currently, 30 true HD (not upscaled) channels are available and operators expect 20 more to be added in 2012. The increasing subscriptions for HD channels may help increase ARPU and provide increased subscription revenue to distributors and broadcasters. (Source: MPA Report)

We currently have the highest number of true HD channels among the DTH providers in India with 22 HD channels as of September 30, 2012. (Source: MPA Report) We will continue to increase the number of HD channels we can offer our subscribers as we believe this will be a significant growth area in the industry

Focus on reducing costs and improving margins

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

Additionally, we reduce our costs by providing DTH services to multi-dwelling units through a single mini-dish. This provides a more cost-efficient and simple option to societies or buildings where one mini-dish may be used for all the units in the building or the society. We currently offer such services in Metro cities and select Tier-1 cities such as Bengaluru and Hyderabad and plan to offer them in other Tier-I cities. We will continue to optimize our marketing spend per new subscriber acquired.

We believe that the above steps will help improve our margins and we will continue to focus on new initiatives towards this extent. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on page 184.

Continue to enhance our subscriber base through marketing and retention initiatives

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

We also continue to undertake a number of initiatives focused on customer retention. We have a dedicated team of customer retention executives, a dedicated outbound call center and we believe we were one of the first service providers to launch a quarterly subscription recharge program, which we believe has now become the industry norm. We conduct extensive visits to subscriber premises to gather valuable market feedback and through our dedicated revenue and retention teams, ensure timely and convenient recharge of subscriptions, which we believe strengthens our relationships with our customers. In order to provide higher quality service, we operate 59 direct service centers across India. We also have a large team of residential service engineers and revenue and retention teams located throughout India to help ensure high quality and timely customer service. We intend to expand our customer retention initiatives by introducing a customer loyalty program that we believe will help us reduce churn and retain our existing customer base. Additionally, we intend to enhance our portfolio of channels to cater to the needs of our customers, thereby increasing customer retention.

Continue to focus on technological innovation

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

We also focus on technological innovation by providing a high quality viewing experience to our subscribers through the offering of a large selection of HD channels, which was the largest selection of HD channels offered by DTH companies in India as of September 30, 2012. (*Source: MPA Report*) In addition, we offer an HD 3D Active Channel Service, which allows our subscribers to experience 3D content in their own homes. We believe that providing a wide selection of HD and HD 3D content is key to our focus on technological innovation.

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

The cable television industry in India will be transitioned to the DAS for television distribution. As a result, all cable operators are legally bound to transmit only digital signals after December 31, 2014. Subscribed channels can be received at the customer's premises only through a set-top box equipped with a conditional access card and a subscriber management system.

The MIB has notified a four-phase digitization process for cable television in India with the sunset date for India becoming completely digitized by December 31, 2014. The implementation of this process will be carried out in four phases. Phase I, which affects the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai, was digitized on October 31, 2012. Phase II, which affects all cities with a population of over one million, is scheduled to be digitized by March 31, 2013. Phase III, which affects all other urban areas across India, is scheduled to be completed by September 30, 2014. And lastly, Phase IV, which affects the rest of India, is scheduled to be completed by December 31, 2014. We believe that our pan-India presence, along with our widespread distribution network, wide selection of channels and service offerings and content positions us ideally to leverage the implementation of the new DAS and maximize subscriber additions. As we have had significant growth in our subscriber base and market share during the voluntary phase of digitization, we expect that our growth will continue as the Government of India proceeds with the mandatory digitization phases.

DTH Subscription Television Services

The provision of DTH subscription television services to subscribers in India is our primary business, which we operate under the "Videocon d2h" brand. The transmission of programming to our subscribers is carried out

through satellite broadcasting, which allows a subscriber to directly receive from a satellite, through a satellite dish receiver installed at the subscriber's premises, the programming signal, which is then decoded by a set-top box.

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

Hardware Products

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

We offer a year's free service on set-top boxes and six months' free service on the other devices that we install, beginning from the date of installation. Our hardware products include a standard-definition set-top box, our basic hardware product; a HD set-top box with 3D which features high-definition picture up to a resolution of 1080i, High Definition Sound, 16:9 aspect ratio display and a USB port for display of images from a USB storage device; and Satellite HD DVR which has all the features of the HD set-top box with 3D in addition to a 500 GB hard disk with digital video recorder for the recording of programming content.

Subscription Packages and Package Options

As of September 30, 2012, our subscribers had access to over 400 national and international channels and services, including 22 HD channels and 41 audio and video Active Music Channel Services through several subscription packages, as well as the option of choosing add-ons and à la carte channels and receiving certain discounts through long-term recharge offers. We, from time to time, launch various subscription packages to cater to the varied needs of customers.

The charges for our monthly subscription packages range from ₹ 200.00 to ₹ 461.00 per month (inclusive of taxes), as of September 30, 2012. The packages offered are similar throughout India, apart from South India, where we offer more regional specific packages. All packages include Doordarshan and free-to-air channels.

The following sets forth the key monthly subscription packages that we offered as of September 30, 2012, in addition to certain other regional and HD related packages:

Super Gold Pack. Under this package, the subscriber receives up to 275 channels and services for ₹ 200.00 per month (inclusive of taxes). This package includes popular Hindi channels, in addition to regional channels.

New Gold Sports Pack. Under this package, the subscriber receives up to 305 channels and services for ₹ 265.00 per month (inclusive of taxes). This package, in addition to all the channels offered in the *Super Gold Pack*, provides a variety of sports channels.

New Diamond Pack. Under this package, the subscriber receives up to 352 channels and services for ₹ 320.00 per month (inclusive of taxes). This package, in addition to all the channels offered in the *New Gold Sports Pack*, mainly provides additional English channels.

Platinum Pack. Under this package, the subscriber receives up to 363 channels and services for ₹ 395.00 per month (inclusive of taxes). This package, in addition to all the channels offered in the *New Diamond Pack*, mainly provides additional lifestyle channels.

New Platinum HD Pack. Under this package, the subscriber receives up to 387 channels and services for ₹ 461.00 per month (inclusive of taxes). This package, in addition to all the channels offered in the *Platinum Pack*, provides additional lifestyle channels and all of the HD channels we offer.

For any of the packages selected, the subscriber has a choice of 10 different language zones: Hindi, Punjabi,

Marathi, Gujarati, Oriya, Bengali, Tamil, Malayalam, Kannada and Telugu. Upon selection of a language zone, the subscriber receives certain regional programming in his or her chosen language.

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

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

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

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

User Experience Services

In addition to our subscription packages and package options, we offer certain services designed to augment customers' viewing experiences. The following sets forth the key services that we offered as of September 30, 2012:

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

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

Value-Added Services

In addition to our subscription packages, package options, and user experience services, we offer a variety of value-added services. The following sets forth the key value-added services that we offered as of September 30, 2012:

Movie Channel Services: We offer four Movie Channel Services to our subscribers. Three of these Movie Channel Services are available as a part of all of our subscription packages for no additional charge and one of these Movie Channel Services is a pay-per-view Movie Channel Service.

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

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

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

Subscribers

Our subscriber base has increased significantly since we commenced our operations. Our gross DTH subscriber base has increased from approximately 0.44 million as of March 31, 2010 to 6.62 million as of September 30, 2012.

The following table presents information regarding our gross and net subscriber base as of September 30, 2012 and March 31, 2012, 2011 and 2010:

<i>(in millions)</i>	As of September 30, 2012	As of March 31,		
		2012	2011	2010
Gross Subscribers	6.62	5.48	2.86	0.44
Net Subscribers	5.70	4.84	2.75	0.44

(Source: MPA Report)

Sales, Distribution and Marketing

Sales and Distribution

We utilize a zonal sales and distribution network to facilitate distribution across India and to provide an optimum level of service throughout India. As of September 30, 2012, we had over 1,850 distributors and direct dealers, and over 74,000 sub-dealers. As of September 30, 2012, we had a team of 384 sales executives working in 25 offices that seeks to sign up new distributors and dealers to expand our network.

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

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

Marketing

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

Subscriber Care

We outsource our call center operations to Serco BPO Private Limited, Digicall Teleservices Private Limited and Polaris Financial Technology Limited. Our call center operations operate on a “24 hours a day, seven days a week” basis and can handle calls in eight languages such as Hindi, English, Gujarati, Marathi, Tamil, Telugu, Kannada and Malayalam. These services are currently provided by six call centers located in Dehradun, Pune, Ahmedabad, Bengaluru, Hyderabad and Gurgaon. The call centers feature interactive voice response systems, automatic call distributors and voice logging software.

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

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

Service of Consumer Premises Equipment

As of September 30, 2012, we had over 850 service franchisees and direct sales and service dealers and 59 direct service centers, which provide first-time installation and after-sale services and over 950 residential service engineers. These locations serve as single-point resolution centers for billing and for equipment installation, servicing and collection.

Recharge

DTH subscription payments are made on a prepaid basis. We provide a wide range of recharge options, including (i) prepaid charge cards with various denominations that are activated by keying a pass code by SMS, online or through the telephone by means of an interactive voice response system, (ii) credit card payment, (iii) online bank account transfers for account holders of 34 banks, with individual transfers, (iv) cash or cheque at selected dealer outlets, and (v) mobile phone-based electronic payment recharge system. We have entered into agreements to appoint various entities as distributors and dealers of electronic prepaid service coupons for the recharge of subscriber billing accounts.

Programming Suppliers

Content procurement by DTH operators in India, including us, generally takes place through channel distributors or owners. Under Indian interconnection regulations, all broadcasters and distributors are required to offer their content to all platforms and operators. We enter into content agreements with channel distributors and owners to license channels for viewing by our subscribers and we pay them content and programming cost as stipulated under the agreements. The content providers, from whom we license channels include 281 linear channels and include primarily:

- Media Pro Enterprises India Private Limited;
- IndiaCast Media Distribution Private Limited;
- Sun TV Network Limited;
- MSM Discovery Private Limited; and
- ESPN Software India Private Limited.

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

Technology and Infrastructure

We use state-of-the-art MPEG-4 technology, which permits high compression for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We currently lease eight transponders with the K_u-band space capacity on the ST-2 satellite of SingTel. This technology and access to these eight transponders allows us to transmit over 400 channels and services.

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

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

Under the K_u-Band Lease Agreement, we are required to pay to Antrix Corporation, the commercial division of the Department of Space, the cost of transponder provisioning charges for eight transponders on the ST-2

satellite, contract management charges and the amount of income tax to be withheld on the full transponder provisioning cost, as applicable.

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

Consumer Premises Equipment

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

Set-top Boxes Supplied by TEL

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

Information Technology

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

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

Competition

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

DTH License

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

Pursuant to the terms of the DTH License Agreement, we have paid a non-refundable entry fee of ₹ 100.00 million and are required to pay an annual fee of 10.0% of our Gross Revenue to the MIB. The determination of Gross Revenue is currently subject to the Telecom Disputes Settlement Appellate Tribunal's ruling which determined that gross revenue should be determined after taking into consideration certain deductions. See "**Risk Factors – We may be required to pay additional amounts towards our DTH license fees for our prior years of operation, which may have an adverse effect on our business, financial condition and results of**

operations” on page xvi. We are also required to pay license fees and royalty for the spectrum we use, as determined by the WPC.

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

Under the terms of the DTH License Agreement, any change in the equity structure of our Company is required to be carried out in consultation and with the prior approval of the Licensor. In addition, a majority of our Board and the Chief Executive of our Company are required to be resident Indian citizens. See “*Regulations and Policies in India –Foreign Investment Regulations*” on page 90, for details on foreign investment permitted in companies involved in our industry.

Intellectual Property

We have entered into a trademark license agreement with CE India Limited, a Group Entity, for the use of the “Videocon” and “V” trademarks on a non-exclusive basis, which is valid until March 31, 2013, which is renewable on a mutual basis. We have registered 23 trademarks and have applied for the registration of 18 trademarks in the name of our Company.

Insurance

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

Employees

As of September 30, 2012, we had, on our rolls, 1,004 employees.

In addition, as of September 30, 2012, we utilized the services of over 5,200 persons on a contract basis, including, residential service engineers, support staff, service engineers and in-shop demonstrators, on a contractual basis.

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

Property

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

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

“Auto Cars”, a Promoter Group entity, has authorized us to use the premises where our Registered Office is located pursuant to a letter dated August 1, 2012. We are licensed to use the premises where our Corporate Office is located, pursuant to a leave and license agreement dated October 23, 2012 executed with V-Techweb (India) Private Limited, which is valid until September 30, 2017.

Additionally, we have entered into lease and license agreements with various parties in respect of 59 premises, which are used by us as branch offices, for use by our employees and other offices for carrying out our business and marketing activities across India.

REGULATIONS AND POLICIES IN INDIA

The following is an overview of the important laws, regulations and policies which are relevant to our business in India. The description of law, regulations and policies set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Except as otherwise specified in this Draft Red Herring Prospectus, taxation statutes such as the Income Tax Act, 1961 and Central Sales Tax Act, 1956, various labour laws and other miscellaneous laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Laws applicable to the DTH services sector

Guidelines for DTH Licenses

The MIB has issued the DTH Guidelines which provides the eligibility criteria, basic conditions, obligations and procedure for obtaining a license to set up and operate a DTH platform. Under the DTH Guidelines, only companies registered in India under the Companies Act and having Indian management control (with majority representatives on board of directors as well as the chief executive of such company being an Indian resident) can provide DTH services in India. Further, companies licensed to provide DTH services in India cannot have more than 20% of total equity in any company engaged in the business of cable network services and vice versa.

A non-exclusive license is provided to companies providing DTH services, which is valid for 10 years subject to cancellation/suspension in the interest of Union of India. The licensee company is required to adhere to program code and advertising code as and when issued by the MIB. The licensees also have to follow technical standards and other obligations. A company providing DTH services cannot provide any other mode of communication, including voice, fax, data, communication, internet, etc. unless specific license for these value-added services has been obtained from the competent authority.

Further, the MIB passed an amendment in the DTH Guidelines in May, 2006 whereby no licensee is permitted to carry or include in its DTH service, any television broadcast or channel which has not been registered by the Central Government for being viewed within the territory of India. Further, on September 29, 2007, the MIB passed another notification amending the DTH guidelines making it compulsory for all licensees to include in their DTH service the television channels which are notified for mandatory and compulsory carriage by the MIB from time to time. Recently, the Central Government notified that it would be mandatory for every cable operator to transmit or re-transmit programmes of any channel in an encrypted form through a digital addressable system with effect from such date as is notified.

This move is aimed at digitization of the cable industry in four phases. Phase I, which affects the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai, was digitized on October 31, 2012. Phase II, which affects all cities with a population of over one million, is scheduled to be digitized by March 31, 2013. Phase III, which affects all other urban areas across India, is scheduled to be completed by September 30, 2014, and lastly, Phase IV, which affects the rest of India, is scheduled to be completed by December 31, 2014.

The Telecom Regulatory Authority of India Act, 1997

The Telecom Regulatory Authority of India Act, 1997 (“**TRAI Act**”) came into force with retrospective effect from January 25, 1997 to provide for the establishment of the TRAI and the TDSAT for regulating telecommunication services, adjudication of disputes, disposal of appeals, to protect the interest of service providers and consumers of the telecom sector and to promote and ensure orderly growth of the telecom sector and matters connected therewith or incidental thereto. TRAI Act among other things provides for adjudication of disputes between licensor and licensees or between two or more service providers or between the service provider and a group of consumers.

The TRAI Act entrusts various powers to the TRAI to discharge functions relating to terms and conditions relating to licenses granted to service providers, ensuring technical compatibility and effective inter-connection between different service providers, regulating arrangement amongst service providers for sharing their revenue

derived from telecommunication services, facilitate competition and promote efficiency in the operation of telecommunication services so as to facilitate growth in such services, monitor the quality of service and conduct the periodical survey of such services provided, levying fees and other charges at rates and in respect of services provided. The TRAI Act also mandates the TRAI to undertake administrative and financial functions as may be entrusted to it by the Central Government. In order to streamline and regulate broadcasting and cable sector, TRAI has framed various regulations and has issued various notifications, tariff orders and directions from time to time.

The Indian Wireless Telegraphy Act, 1933

Under the Indian Wireless Telegraphy Act, 1933, as amended (“**Wireless Act**”), no person is permitted to possess a wireless telegraphy apparatus without obtaining a license and any contravention can attract a penalty of ₹ 100 and ₹ 250 for a subsequent offence. Any person held in possession of a wireless telegraphy apparatus, other than a wireless transmitter, without a license is liable to be punished under the Wireless Act with imprisonment which may extend to three years or a fine which may extend to ₹ 1,000, or both.

The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007

The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007, were issued in March 12, 2009 to lay down the standards of quality of direct to home services and to protect the interests of subscribers. These regulations make it mandatory for DTH service providers to make available to every prospective customer the option of taking the DTH consumer premises equipment on an out right purchase basis or hire purchase basis or rental basis. Further the DTH service providers have been prohibited from changing the composition of their subscription packages so as to discontinue exhibition of any particular channel, during the first six months of enrolment to the subscription package or during the period of validity of a prepaid subscription package, whichever is longer, if such channel continues to be available on their platforms for direct to home service. The DTH service providers cannot increase the charges for a subscription package to the disadvantage of the subscriber for a minimum period of six months from the date of enrolment of the subscriber for such subscription package. These regulations also lay down procedures for billing and effective redressal of grievances of the subscribers.

Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2004

The Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2004 (“**Inter connection Regulations**”) cover arrangements among service providers for interconnection and revenue sharing, for all Telecommunication (Broadcasting and Cable) services throughout the territory of India. These regulations have been issued to enable the distributors of TV channels to get non-discriminatory access to content of all broadcasters and to mandate issue of a public notice by a broadcaster before disconnection of signals so as to enable the consumers to protect their interests. According to these regulations, all broadcasters shall intimate the DTH service providers of a reference interconnect offer specifying the rates of the channels on an a-la-carte basis and rates of bouquets, discounts, payment terms, security and anti-piracy requirements, tenure and termination of agreement.

The Broadband Policy 2004

The Broadband Policy, 2004, issued by the Department of Telecommunications, Ministry of Communications and Information Technology, Government of India (“**DoT**”), visualises creation of infrastructure through various access technologies which can contribute to growth and can mutually coexist. Under the Broadband Policy, 2004, DTH service providers shall be permitted to provide ‘receive only’ internet service after obtaining Internet Service Provider (“**ISP**”) licence from the DoT. Such ISP licensees shall be permitted to allow its customers to download data through DTH after obtaining necessary permission from the competent authority. DTH Service is also permitted to provide bidirectional internet services after obtaining the ‘very small aperture terminal’ (VSAT) and ISP licence from the DoT. The quality of service parameters for such services is determined by TRAI. For DTH services with Receive Only internet, no SACFA/WPC clearance is required wherever the total height of such installation is less than five meters above the rooftop of an authorized building.

Intellectual Property Laws

Trade Marks Act, 1999

The Trade Marks Act, 1999 (the “**Trade Marks Act**”) provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement for commercial purposes as a trade description. Application for registering a trademark has to be made to the Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. The Trade Marks Act prohibits registration, among other things, deceptively similar marks. It also provides for penalties for infringement, falsifying and falsely applying trademarks.

Environmental Laws

The Environment Protection Act, 1986

The Environment Protection Act, 1986 (“**Environment Act**”) gives wide powers to the Central Government to take all measures it deems fit for the purpose of protecting and improving the environment. This includes laying down of standards for the quality of environment, co-ordination of actions of the State Governments and pollution control authorities, inspection of any premises and plants for preventing environmental pollution and others. Contravention of directions issued under the Environment Act is punishable with imprisonment of up to seven years and fine.

The Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) constitutes the Central and State Pollution Control Boards for the performance of various functions relating to prevention and control of water pollution. Prior consent of the State Board is required before the establishment of a new operation which is likely to discharge sewage or trade effluent into a stream, well, sewer or on land. The Water Act prohibits the use of a stream or well for the disposal of any polluting matter. The State Boards have the power of entry and inspection and to take samples of effluents passing from any plant into any stream or well for the purposes of determining such violation. Contravention of the provisions of the Water Act may lead to imprisonment of up to six years and fine.

The Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”) extends the powers of the Central and State Pollution Control Boards under the Water Act to the prevention and control of air pollution. The State Board lays down standards for emission of air pollutants into the atmosphere to which all industrial plants are required to comply with. The State Government in consultation with the State Board is empowered to declare any areas within the state as a pollution control area. Prior consent of the State Board is required for operating any industrial plant in an air pollution control area. Contravention of the provisions of the Air Act may attract imprisonment of up to six years and fine.

Labour Related Laws

The Factories Act, 1948

The Factories Act, 1948 (“**Factories Act**”) provides for the health, safety and welfare of all workers while at work in the factory, including adequate maintenance of plant, systems and other places of work, and provision of adequate information, training and supervision. The Factories Act also provides for the approval, licensing and registration of factories by the respective State Governments. Contravention of the provisions of the Factories Act may attract imprisonment of up to 10 years, along with fine.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees who have been in continuous service for a period of five years upon their resignation, retirement, superannuation, death or disablement due to accident or disease.

Employees’ Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds And Miscellaneous Provisions Act, 1952 ("**Employees Provident Fund Act**") provides for the institution of provident funds, pension fund and deposit-linked insurance fund and applies to every establishment which is a factory engaged in any industry (as specified in the Act) and any other establishment which employ twenty or more persons. Contravention of the Employees Provident Fund Act is punishable by imprisonment up to six months and/or a fine of up to ₹ 5,000.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") provides for welfare and health of contract labourers. Under the CLRA, both the principal employer and the contractor are to be registered with the appropriate authority. The contractors are required to provide facilities such as canteens, rest-rooms, first-aid amongst others. In case of failure of the contractor in providing such facilities, the CLRA shifts the obligation upon the principal employer within a prescribed time period. Contravention of the provisions of the CLRA may result in imprisonment of up to three months or a fine of up to one thousand rupees.

Foreign Investment Regulations

FEMA Regulations

The Department of Industrial Policy and Promotion has issued the Consolidated FDI Policy, with effect from April 10, 2012, (the "**FDI Policy**") which consolidates the policy framework on FDI. The FDI Policy consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP as on March 31, 2012. The GoI proposes to update the FDI Circular annually.

Under the provisions of the FDI Policy, as amended by Press Note 7 of 2012 issued by the DIPP, FDI in a company engaged in the DTH broadcasting sector is permitted up to 49% of the paid-up equity share capital of such company under the automatic route, and up to 74%, with prior approval of the GoI for FDI between 49% and 74%, subject to, among others, the following conditions:

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

Additionally, the company is required provide traceable identity of its subscribers and to ensure that the subscribers' database is not transferred to any person or place outside India, unless permitted by applicable law. Further, the company is obligated to provide for a provision in its equipment which enables lawful interception and monitoring from a centralized location as and when required by the GoI.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on November 22, 2002 in Maharashtra under the Companies Act as a public limited company under the name 'Bharat Business Channel Limited' with the RoC. Our Company received the certificate for commencement of business from the RoC on June 17, 2003.

For details in relation to our activities, services, products, market of each segment, our growth, technology, market, managerial competence and capacity built-up, our standing with reference to our prominent competitors, see "**Our Business**" and "**Industry Overview**" on pages 75 and 58, respectively.

Our Company has eight equity shareholders, as on the date of filing of this Draft Red Herring Prospectus. For further information, see "**Capital Structure**" on page 30.

Our registered office at the time of incorporation of our Company was situated at 171-C, 17th Floor, Mittal Court, C Wing, Nariman Point, Mumbai 400 021, Maharashtra, India, which was shifted to Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India, due to administrative and operational convenience at Aurangabad, with effect from August 1, 2012, pursuant to a resolution passed by our shareholders on June 12, 2012.

Major Events

Calendar Year	Event
2002	Incorporation of our Company
2009	DTH services launched in July 2009
2010	Achieved one million gross subscriber base
2011	Launched the HD DVR with 3D
2011	Achieved three million gross subscriber base
2012	<ul style="list-style-type: none">• Achieved five million gross subscriber base;• Title sponsors of the Kings XI Punjab Team in the Indian Premier League 2012; and• Achieved six million gross subscriber base

Awards, Certifications and Recognitions

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

Calendar Year	Award/Certification/Recognition
2009	Recognized as one of the most successful brand launches across product categories at the Business Standard Brand Derby
2012	Received a silver trophy for the 'Best Search Engine Optimization Campaign' by the Indian Digital Media Awards 2012

Our Main Objects

The main objects of our Company as contained in Clause III.(A) 1. of our MoA are as follows:

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

Changes in the Memorandum of Association

Since our incorporation, the following changes have been made to our MoA:

Date of Amendment/ Shareholders' Resolution	Amendment
October 5, 2006	The main objects clause of the MoA was amended to include the words “Direct to Home TV service in Ku Band”, in order to enable the Company to engage in the business of provision of DTH broadcasting services.
April 9, 2007	Increase in authorized share capital from ₹ 5 million to ₹ 100 million
September 2, 2009	Increase in authorized share capital from ₹ 100 million to ₹ 1,850 million
September 6, 2012	Increase in authorized share capital from ₹ 1,850 million to ₹ 5,000 million

Other Details Regarding our Company

Injunction or restraining order, if any, with possible implications

Our Company is not operating under any injunction or restraining order.

Capital raising activities through equity and debt

Except as disclosed in the section “**Capital Structure**” on page 30, our Company has not raised capital through equity.

For details of our Company’s debt facilities, see “**Financial Indebtedness**” on page 179.

Changes in the activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company including discontinuance of lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

During the six months ended September 30, 2012, the Company has defaulted in repayment to certain financial institutions or banks. The delays have been summarized below indicating the principal amount, interest amount and period.

(₹ in million)

Particulars	Principal	Interest	Delay in days - Range
Amount paid before September 30, 2012	760.55	1,188.33	3 to 83 Days
Amount outstanding as at September 30, 2012	259.70	184.71	1 to 60 Days
Total	1,020.25	1,373.04	

Further, none of our loans have been converted into Equity Shares.

Lock outs and strikes

There have been no strikes or lock outs affecting our Company.

Time and cost overruns

There have been no time and cost overruns affecting our Company.

Holding Company and Subsidiaries

As on date of this Draft Red Herring Prospectus, our Company does not have a holding company or any subsidiaries.

Collaboration Agreements

As on the date of this Draft Red Herring Prospectus, our Company is not a party to any collaboration agreements.

Shareholders' Agreements

As on date of this Draft Red Herring Prospectus, our Company has not entered into any shareholders' agreements.

Other Material Agreements

Except as described in this section, we have not entered into any material contract, not being a contract entered into in the ordinary course of the business carried out on or intended to be carried on by us or a contract entered into more than two years before the filing of the Draft Red Herring Prospectus.

1. License Agreement for operation of a DTH platform

Our Company, as the licensee, has entered into a license agreement dated December 28, 2007 with the President of India acting through the Director, Broadcasting, Policy & Legislation ("**BP&L**"), MIB, GoI, as licensor ("**Licensor**") ("**DTH License Agreement**") pursuant to which our Company is licensed (under Section 4 of the Telegraph Act and the Indian Wireless Telegraphy Act, 1933) to establish, maintain and operate a DTH platform, on the terms and conditions set out in the DTH License Agreement.

Pursuant to the terms of the DTH License Agreement, our Company has paid a non-refundable entry fee of ₹ 100 million and is thereafter required to pay an annual fees of 10% of its gross revenue (gross revenue includes, among other things, the gross inflow of cash, receivable or other consideration arising in the course of ordinary activities of the DTH enterprise from rendering of services and from the use by others of the enterprise resources yielding rent, interest, dividend, royalties, commissions). Our Company is further required to pay license fees and royalty for the spectrum used by it as prescribed by the Wireless Coordination and Planning Wing of the Ministry of Communications and Information Technology, GoI. Additionally, our Company has furnished a bank guarantee of ₹ 400 million in favour of the Licensor, which is valid for the duration of the license, and which the Licensor may encash, in full or in part, in the event of non-payment of licensee fees or violation of any of the conditions of the license.

The DTH License Agreement is effective for a period of 10 years from the date of issue of the wireless operational license (which was issued to our Company on December 12, 2008 by the Wireless Planning and Coordination Wing), unless terminated earlier for default or for insolvency, convenience or transfer of the license.

Following are key terms of the DTH License Agreement:

- (i) Any change in the equity structure of our Company is required to be carried out in consultation and with the prior approval of Licensor;
- (ii) Our Company is required to have Indian management control with majority representatives on the Board, as well as the chief executive of our Company, being resident Indian citizens;
- (iii) The total foreign investment (including FDI/NRI/OCB/FII) in the paid-up Equity Share capital of our Company is not permitted to exceed 49%, of which, the FDI component cannot exceed 20%;
- (iv) Our Company is not permitted to allow broadcasting companies and/or cable network companies to collectively hold or own more than 20% of the total paid-up Equity Share capital of our Company, and our Company shall not hold or own more than 20% equity shares in a broadcasting and/or cable network company, at any time during the license period;
- (v) Our Company is not permitted to transfer the license or its rights and obligations under the DTH License Agreement, without the prior approval of the Licensor; and
- (vi) Our Company is required to provide access to various content providers/ channels on a non-discriminatory basis and include channels which have been notified for mandatory and compulsory carriage as per Section 8 of Cable Television Networks (Regulation) Act, 1995, except for the regional television channels.

The Licensor has the right to terminate the DTH License Agreement, after recording reasons in writing, to revoke/suspend the license in the event of breach of any terms and conditions of the license after giving our

Company an opportunity to be heard. The license may also be terminated by the Licensor without compensation to us, if our Company becomes, or applies for being adjudicated to become, bankrupt or otherwise insolvent.

2. *K_u-Band Lease Agreement*

Our Company has entered into the K_u-Band Lease Agreement dated April 19, 2012 with the Satellite Communication and Navigation Programme Office, Department of Space, GoI, for the lease of K_u-band space segment capacity on the ST-2 satellite, in order to enable us to engage in the business of providing DTH broadcasting services. Under the K_u-Band Lease Agreement, the Department of Space is required to make available to us, the K_u-Band space segment on a '24 hours, 7 days per week' basis through eight transponders of 54MHz each, throughout the lease period, which expires on February 28, 2015.

Presently, Antrix, the commercial arm of the Department of Space, has procured the required space segment capacity from Singapore Telecommunications Limited ("**Singtel**"), which has been sub-provisioned by the Department of Space on a back-to-back basis to our Company, for which Antrix is liable to pay space segment provisioning charges to Singtel as per its agreement with Singtel dated April 18, 2012, as amended. Accordingly, our Company is required to pay Antrix a monthly fee for the sub-provisioning of eight transponders on the ST-2 satellite, which includes fees for the transponder capacity, reimbursement of income tax withholding by Antrix and Antix's contract management fees.

In accordance with the terms of the K_u-Band Lease Agreement, our Company is not permitted to assign any of its rights or delegate any of its obligations without the prior consent of the Department of Space. Further, our Company is prohibited from sub-leasing the leased capacity without the prior consent of the Department of Space, except to group companies and affiliates. Further, our Company is required to ensure that the utilization of the leased capacity is not in breach of any applicable laws, rules and regulations imposed by any governmental and regulatory authorities either in India or in the countries where our Company may perform its obligations, including those governing the content of programming of any television transmission by our Company.

The Department of Space has the right to terminate availability of the leased capacity to our Company by issuing a written notice, in the event that (i) our Company fails to pay any amount due under the K_u-Band Lease Agreement for a consecutive period of two months; or (ii) commits any breach of or fails to perform any of its obligations under the K_u-Band Lease Agreement, and such breach/failure is not remedied within 20 days of receipt of a notice of breach in writing. Our Company may terminate the K_u-Band Lease Agreement by issuing a prior written notice of nine months and paying early termination charges as prescribed under the K_u-Band Lease Agreement. Such termination by our Company shall become effective only upon acceptance by Singtel. Additionally, the K_u-Band Lease Agreement will automatically stand terminated if the DTH license granted to the Company is not renewed after expiry or is cancelled by the GoI or any regulatory body for any reason whatsoever.

Strategic and Financial Partners

As on the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

OUR MANAGEMENT

Our Articles of Association require us to have not less than three and not more than 12 Directors. We presently have five Directors.

The following table sets out the current details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
Mr. Saurabh Pradipkumar Dhoot Designation: Whole-time Director DIN: 00970362 Nationality: Indian Occupation: Industrialist Term: Five years from October 5, 2012	28	Dhoot Bungalow, Station Road, Aurangabad 431 001, Maharashtra, India	<i>Public Companies:</i> <ul style="list-style-type: none"> Planet 'M' Retail Limited Videocon International Electronics Limited Videocon Display Limited Videocon Oil Services Limited Instant Retail India Limited Madhya Pradesh Power Ventures Limited Videocon Developers Limited <i>Private Companies:</i> <ul style="list-style-type: none"> Veronica Properties Private Limited Titan Realty Private Limited Videocon SEZ Infrastructures Private Limited Videocon Realty Private Limited Verizon Communications India Private Limited Quadrant Energy Private Limited Comet Power Private Limited Northwest Energy Private Limited Unity Power Private Limited Videocon Telecom Holdings Private Limited North India Energy Private Limited Proficient Energy Private Limited Applied Energy Private Limited Instant Energy Private Limited Force Energy Private Limited
Mr. Shivratn Jeetmal Taparia Designation: Independent Director DIN: 00112513 Nationality: Indian Occupation: Industrialist Term: Liable to retire by rotation	67	71, Girikunj, 6 th Road, Marine Lines, Mumbai 400 020, Maharashtra, India	<i>Public Companies:</i> <ul style="list-style-type: none"> The Supreme Industries Limited Supreme Petrochem Limited Supreme Capital Management Limited Oricon Enterprises Limited <i>Private Companies:</i> <ul style="list-style-type: none"> Boon Investment and Trading Company Private Limited Gujrat Textile Company Private Limited Platinum Plastic and Industries Private Limited <i>Company incorporated under Section 25 of the Companies Act:</i> <ul style="list-style-type: none"> Automotive Component Manufacturers Association of India
Mr. Pradeep Ramwilas Rathi	59	2, Boat Club Road, Pune 411 001, Maharashtra, India	<i>Public Companies:</i> <ul style="list-style-type: none"> Sudarshan Chemical Industries

Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
Designation: Independent Director DIN: 00018577 Nationality: Indian Occupation: Industrialist Term: Liable to retire by rotation			Limited <ul style="list-style-type: none"> Prescient Color Limited Lahoti Overseas Limited Rathi Brothers Madras Limited Rathi Brothers Poona Limited Rathi Brothers Calcutta Limited Rathi Brothers Delhi Limited RIECO Industries Limited Thirumalai Chemicals Limited Sanghvi Movers Limited Finolex Cables Limited <i>Private Companies:</i> <ul style="list-style-type: none"> GPSK Capital Private Limited I.W. Technologies (India) Private Limited Rathi Brothers Private Limited PRR Finance Private Limited Clean Science and Technology Private Limited Rathi Mixers Private Limited Rathi Enterprises Private Limited Rathi Vessels and Systems Private Limited <i>Foreign Companies:</i> <ul style="list-style-type: none"> Sudarshan Europe B.V. Sudarshan North America Inc.
Mr. Nabankur Gupta Designation: Independent Director DIN: 00020125 Nationality: Indian Occupation: Consultant Term: Liable to retire by rotation	64	11, Jayshree, 75 Worli Sea Face, Worli, Mumbai 400 025, Maharashtra, India	<i>Public Companies:</i> <ul style="list-style-type: none"> Raymond Limited Color Plus Fashions Limited J.K. Investo Trade (India) Limited Cravatex Limited Pritish Nandy Communications Limited Magma Fincorp Limited PNC Wellness Limited V I P Industries Limited J.K. Helene Curtis Limited <i>Private Companies:</i> <ul style="list-style-type: none"> Quantum Advisors Private Limited Blueocean Capital and Advisory Services Private Limited Lexicon Public Relations and Corporate Consultants Private Limited Gomukhi Indus Capital Advisory Private Limited <i>Companies incorporated under Section 25 of the Companies Act:</i> <ul style="list-style-type: none"> Media Research Users Council Society for Innovation and Entrepreneurship
Mr. Karunchandra Srivastava Designation: Independent Director	68	306, Shalaka, Maharshi Karve Marg, Mumbai 400 021, Maharashtra, India	<i>Public Companies:</i> <ul style="list-style-type: none"> Grauer And Weil (India) Limited Liberty Videocon General Insurance Company Limited

Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
DIN: 00314951			<ul style="list-style-type: none"> • Videocon Oil Ventures Limited
Nationality: Indian			<i>Private Companies:</i> <ul style="list-style-type: none"> • Chhattisgarh Power Ventures Private Limited • Advinia Health Care (India) Private Limited
Occupation: Consultant			
Term: Liable to retire by rotation			

Brief Profile of our Directors

Mr. Saurabh Pradipkumar Dhoot is our Promoter and whole-time Director. He holds a bachelor's degree in engineering from the Imperial College in the United Kingdom. He has more than seven years of experience in the field of investor relations, mergers and acquisitions, finance and corporate communications. He has been on our Board since January 31, 2007 and was appointed as a whole-time Director on October 5, 2012 for a term of five years.

Mr. Shivratan Jeetmal Taparia is our Independent Director. He holds a bachelor's degree in mechanical engineering. He has more than 37 years of experience in the field of project management, production, finance, marketing and planning. He is also the promoter-director of The Supreme Industries Limited. He has been on our Board since October 11, 2012.

Mr. Pradeep Ramwilas Rathi is our Independent Director. He holds master's degrees in chemical engineering and business administration from Massachusetts Institute of Technology, USA and University of Columbia, USA respectively. He has more than 34 years of experience in the field of finance and commercial activities. He is the managing director of Sudarshan Chemical Industries Limited. He has been on our Board since October 11, 2012.

Mr. Nabankur Gupta is our Independent Director. He holds a bachelor's degree in electrical and electronics engineering from Indian Institute of Technology, Delhi. He has over three decades of experience in project management, marketing and 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'. Presently, 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. He has been on our Board since October 11, 2012.

Mr. Karunchandra Srivastava, is our Independent Director. He holds bachelor's and master's degrees in arts from the University of Lucknow, Lucknow, U.P., and diplomas in system management and development administration. He is a senior retired civil servant of the Indian Administrative Services and has 38 years of experience in the field of governance and administration. He has held important positions with the Government of Maharashtra and the GoI, including as 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; Joint Development Commissioner, Small Scale Industries, Ministry of Industries, GoI. He has been on our Board since October 18, 2012.

None of our Directors are related to each other.

None of our Directors is or was a director of any listed companies during the last five years preceding the date of filing of this Draft Red Herring Prospectus and until date, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such companies.

Except Mr. Nabankur Gupta, who is a director on the board of directors of J.K. Investo Trade (India) Limited, relevant details of which are disclosed below, none of our Directors is or was a director of any listed companies which have been or were delisted from any stock exchange during the term of their directorship in such companies.

Particulars	Details
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Name of the company	J.K. Investo Trade (India) Limited
Name of the stock exchange(s) on which the company was listed	BSE
Date of delisting on stock exchanges	February 19, 2008
Whether delisting was compulsory or voluntary	Voluntary delisting under the SEBI (Delisting of Securities) Guidelines, 2003
Reasons for delisting	Consolidation of the shareholding of the promoters of the company
Whether the company has been relisted	No
Date of relisting	-
Term of directorship in the company	Liable to retire by rotation. Has been on the board of directors since July 18, 2003

Our Directors did not receive any compensation in the financial year 2012.

Except as otherwise provided in this section, we have not entered into any service contracts with our Directors providing for benefits upon termination of employment.

Terms and conditions of employment of our whole-time Director

Mr. Saurabh Pradipkumar Dhoot was appointed as a whole-time Director of our Company for a period of five years with effect from October 5, 2012, at the meeting of our shareholders held on October 5, 2012. He currently does not receive any remuneration from the Company.

Sitting Fees

Pursuant to a resolution passed by our shareholders on October 11, 2012, we shall pay sitting fees of an amount not exceeding ₹ 20,000 to our Directors, except to our whole-time Director, for attending each meeting of the Board of Directors and the committees of our Board.

Borrowing Powers of the Board of Directors of our Company

Our Articles of Association, subject to Sections 58A, 292 and 293 of the Companies Act, authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Pursuant to a resolution passed at the extraordinary general meeting dated February 1, 2008, our shareholders have authorized our Board to borrow, from time to time, such sums of money as may be required, provided that such amount shall not exceed ₹ 50,000 million.

Corporate Governance

The provisions of the Equity Listing Agreement to be entered into with the Stock Exchange with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchange. We believe we are in compliance with the requirements of the applicable regulations, including the Equity Listing Agreement with the Stock Exchange and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board constituted in compliance with the Companies Act and Listing Agreement to be entered into with the Stock Exchange. The Board functions either on its own or through various committees constituted to oversee specific operational areas.

As on date, our Board comprises five Directors, of which four are independent Directors.

Committees of the Board

Our Company has constituted the following Board committees for compliance with corporate governance requirements:

a. Audit Committee

The Audit Committee was last re-constituted by our Directors at their Board meeting held on October 18, 2012. The Audit Committee comprises:

1. Mr. K.C. Srivastava (Chairman);
2. Mr. Nabankur Gupta;
3. Mr. Pradeep Ramwilas Rath; and
4. Mr. Saurabh Pradipkumar Dhoot.

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and clause 49 of the Equity Listing Agreement and its terms of reference are as follows:

- overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- approving payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act;
 - (b) changes, if any, in accounting policies and practices along with reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) qualifications in the draft audit report.
- reviewing, with the management, the quarterly financial statements before submission to our Board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter;
- reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussing with the internal auditors any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;
- discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- reviewing the functioning of the whistle blower mechanism, in case the same exists;
- approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and
- carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

Further, the Audit Committee shall mandatorily review the following:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;

- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor.

The Audit Committee met four times in the financial year 2012.

As required under the Equity Listing Agreement, the Audit Committee shall meet at least four times in a year, and not more than four months shall elapse between two meetings. The quorum shall be two members present, provided that there should be a minimum of two independent directors present.

b. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee was last re-constituted pursuant to the resolution passed by our Board at its meeting held on October 18, 2012. The Shareholders'/Investors' Grievance Committee comprises:

1. Mr. Nabankur Gupta (Chairman);
2. Mr. K.C. Srivastava; and
3. Mr. Pradeep Ramwilas Rathi.

The scope and functions of the Shareholders'/Investors' Grievance Committee are as under:

Redressal of shareholders' and investors' complaints, including in respect of:

- Non-receipt of declared dividends, balance sheets of the Company, etc;
- Allotment of shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

The Shareholders'/Investors' Grievance Committee shall meet at least at least four times a year with maximum interval of four months between two meetings and shall report to our Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.

c. Remuneration and Compensation Committee

The Remuneration and Compensation Committee was last re-constituted by our Directors pursuant to a resolution passed by our Board on October 18, 2012. The Remuneration and Compensation Committee comprises:

1. Mr. K.C. Srivastava (Chairman);
2. Mr. Nabankur Gupta; and
3. Mr. Pradeep Ramwilas Rathi.

The scope and terms of reference of our Remuneration and Compensation Committee are:

- Reviewing, assessing and recommending the appointment of executives/ non-executives and senior employees;
- Reviewing the remuneration package of executive/ non-executive directors and senior employees;
- Recommending payment of compensation in accordance with the provisions of the Companies Act;
- Consideration and recommending grant of employees stock option, if any, and administration and superintendence of the same;
- Determining/formulating the terms and conditions of the employee stock option scheme, including the number of options to be granted per employee, the exercise period, vesting period, procedure for making adjustments to the number of options in case of corporate actions, procedure for cashless exercise of options, conditions for expiry or lapse of options, etc.;
- Framing of suitable policies and systems to ensure that there is no violation by any employee of applicable laws, including the SEBI (Insider Trading) Regulations, 1992, as amended and the SEBI

(Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, as amended; and

- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

Our Company, pursuant to a Board resolution dated October 8, 2012 and a shareholders resolution dated October 11, 2012 and subject to approval of the MIB, has adopted an employees' stock option plan, i.e., the ESOP 2012. The ESOP 2012 is administered by the Remuneration and Compensation Committee of our Board. For details, see "*Capital Structure*" on page 30.

d. IPO Committee

Our Board constituted an IPO Committee pursuant a resolution passed at its meeting held on October 18, 2012, in order to facilitate and deal with various matters in connection with the Issue. The IPO Committee comprises:

1. Mr. Saurabh Pradipkumar Dhoot (Chairman);
2. Mr. Nabankur Gupta;
3. Mr. Pradeep Ramwilas Rathi; and
4. Mr. K.C.Srivastava.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares in our Company. As on date of filing of this Draft Red Herring Prospectus, none of our Directors hold any Equity Shares.

Interest of our Directors

Mr. Saurabh Pradipkumar Dhoot, our whole-time Director and our Promoter is interested to the extent of royalty payable to him under the terms of the agreement dated July 21, 2008 executed between him and our Company, authorising our Company to obtain registration of the trademarks "d2h", "D2H" and "DIRECT HAI CORRECT HAI" in its name. For details, see "*Our Business – Intellectual Property*" on page 85. For details of royalty payments made to Mr. Saurabh Pradipkumar Dhoot during the six month period ended September 30, 2012 and the financial years ended March 31, 2012, 2011 and 2010, see "*Financial Statements – Annexure XX – Restated Statement of Related Party Transactions*" on page 176.

Further, our Directors (except our whole-time Director) are entitled to receive sitting fees of an amount not exceeding ₹ 20,000, for attending each meeting of the Board and committees of the Board.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue. Further, our Directors (except our Promoter and whole-time Director, Mr. Saurabh Pradipkumar Dhoot, who has undertaken to not participate in the Issue) may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them, out of the present Issue and any employee stock options that may be granted to them under ESOP 2012. For details on ESOP 2012, see "*Capital Structure*" on page 30.

Bonus or profit sharing plan for our Directors

We have no bonus or profit sharing plan for our Directors.

Properties acquired by our Company from Directors in the last two years

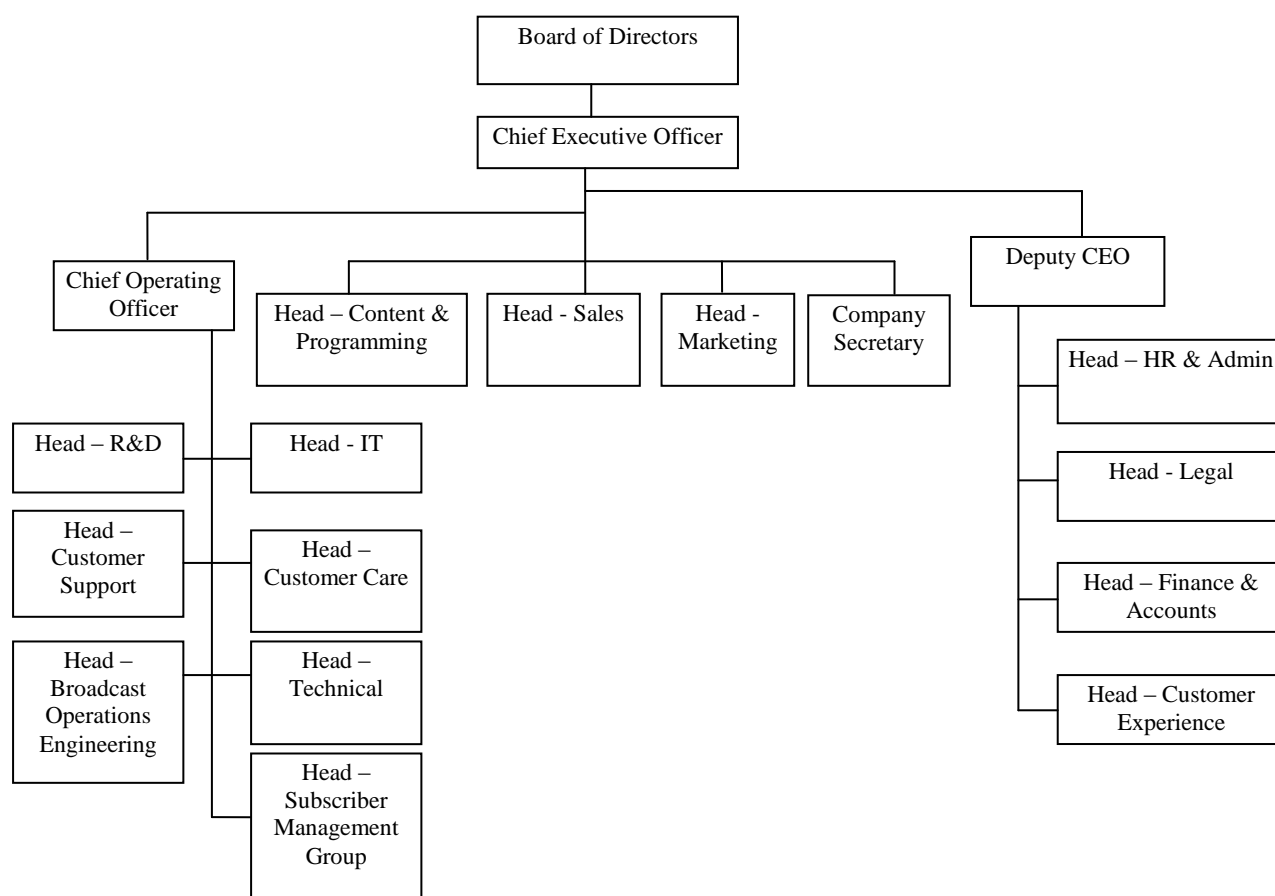
Our Directors confirm that they have no interest in any property acquired by our Company during the last two years from the date of filing of this Draft Red Herring Prospectus or proposed to be purchased by our Company.

Changes in our Board of Directors during the last three years

The changes in the Board of Directors during the last three years are as follows:

Name of Director	Date of change	Reason
Mr. Saurabh Pradipkumar Dhoot	October 5, 2012	Appointment as a whole-time Director
Mr. Shivratn Jeetmal Taparia	October 11, 2012	Appointment
Mr. Pradeep Ramwilas Rathi	October 11, 2012	Appointment
Mr. Nabankur Gupta	October 11, 2012	Appointment
Mr. Rajkumar Nandlal Dhoot	October 12, 2012	Resignation
Mr. Suresh Madhava Hegde	October 12, 2012	Resignation
Mr. Vivek Dattatraya Dharm	October 12, 2012	Resignation
Mr. Karunchandra Srivastava	October 18, 2012	Appointment

Management Organisation Structure



Key Managerial Personnel

The details regarding our key managerial personnel as on the date of filing this Draft Red Herring Prospectus are as follows:

Mr. Anil Khara, aged 52 years, is the Chief Executive Officer of our Company. He holds a bachelor's degree in commerce and a master's degree in business administration (marketing) from the University of Mumbai. He has over 25 years of experience in sales and marketing in the consumer durables industry. He started his career with the Videocon Group in 1985 and joined our Company on July 1, 2008 as our Chief Executive Officer. He is currently responsible for the overall supervision of the operations of our Company. He received a gross remuneration of ₹ 10.48 million in the financial year 2012.

Mr. Rohit Jain, aged 37 years, is the Deputy Chief Executive Officer of our Company. He is a qualified chartered accountant certified by the Institute of Chartered Accountants of India. He has 18 years of experience in the field of consulting, finance and business management and has worked with organizations like Price Waterhouse Coopers and Hewitt Associate (India) Private Limited, in the past. He joined our Company on June 1, 2010 and his present role is to conceptualize and implement the overall business and financial strategy of our Company. Further, he is also responsible for the supervision of our Company's human resources and other corporate functions. He received a gross remuneration of ₹ 7.40 million in the financial year 2012.

Mr. Himanshu Patil, aged 47 years, is the Chief Operating Officer of our Company. He holds a master's degree in management studies from the University of Bombay. He has over 24 years of experience in the field of marketing, operations and technology and has been associated with organisations like Onida, Adina Electronics and Videocon Industries Limited in the past. He joined our Company on February 1, 2009 from Videocon Industries Limited, and his present role is to conceptualize and implement the overall operational and technology strategy of our Company. He received a gross remuneration of ₹ 6.29 million in the financial year 2012.

Mr. Avanti Kumar Kanthaliya, aged 41 years, is the General Manager – Finance and Accounts of our Company. He holds bachelor's and master's degree in commerce from the Mohanlal Sukhadia University, Udaipur. He is also a qualified cost and works accountant from the Institute of Cost and Works Accountants of India. He has also completed a four-month full-time residential management education programme at the Indian Institute of Management, Ahmedabad. He has over 18 years of experience in the field of finance and accounts management. He has been with the Videocon Group since 1996 and he joined our Company on July 1, 2008. He currently heads the finance function of our Company and is responsible for developing and deploying our corporate financial policy in line with our strategy. He received a gross remuneration of ₹ 3.87 million in the financial year 2012.

Mr. Siddharth Kabra, aged 34 years, is the Associate Vice President – Sales of our Company. He holds a master's degree in business administration from the Cardiff Business School, University of Wales, Cardiff. He has over 12 years of experience in Sales and Marketing. He has been employed with the Videocon group since 2000 (at Videocon Industries Limited and Next Retail India Limited) and he joined our Company on July 3, 2009 and currently supervises the sales department of our Company. His role entails establishing the sales operations strategy of our Company. He received a gross remuneration of ₹ 4.58 million in the financial year 2012.

All our key managerial personnel are permanent employees of our Company.

The term of office of our employees, including our key managerial personnel, is until the attainment of 58 years of age. However, in exceptional cases, where replacements are not available in view of special knowledge or skills required for the concerned position, the concerned employee may be considered for continuation in our Company based on the merits of such employee and the business requirements of our Company.

None of our key managerial personnel are related to each other.

Shareholding of the Key Managerial Personnel

As on date, none of our key managerial personnel hold any Equity Shares of our Company.

Bonus or profit sharing plan for our Key Managerial Personnel

There is no bonus or profit sharing plan for our key managerial personnel.

Interest of Key Managerial Personnel

Our Company has entered into a leave and license agreement dated August 1, 2010 with Mrs. Shelly Anil Khera, wife of Mr. Anil Khera, our Chief Executive Officer, for the license to use a premises located at Borivali, Mumbai, for commercial purposes. The leave and license agreement is valid for a period of 33 months, i.e. until May 31, 2013. In terms of the agreement, the monthly license fee payable by our Company to Mrs. Shelly Anil Khera is ₹ 72,000, subject to a 10% increase in the license fee after every 11 months commencing from July, 2011. Additionally, our Company has also paid a sum of ₹ 432,000 to Mrs. Shelly Anil Khera as an interest-free refundable security deposit, in accordance with the terms of the said leave and license agreement.

Except as disclosed above, none of our key managerial personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business, or to the extent of any employee stock options that may be granted to them pursuant to ESOP 2012.

Changes in Key Managerial Personnel in the last three years

Except appointment of Mr. Rohit Jain as our Deputy Chief Executive Officer on June 1, 2010, there have been no changes in our key managerial personnel in the last three years.

Employee Stock Option Scheme

As on date of this Draft Red Herring Prospectus, no employee stock options have been granted pursuant to ESOP 2012. For details on ESOP 2012, see "*Capital Structure*" on page 30.

Payment or Benefit to officers of our Company

Except as stated otherwise in this Draft Red Herring Prospectus and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company's officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance.

Except as stated in the "*Financial Statements – Annexure VII – Loans and Advances*", "*Financial Statements – Annexure IX – Statement of Trade Receivables*" and "*Financial Statements – Annexure X – Short-term Loans and Advances*" on page 159, 160 and 161, respectively, none of the beneficiaries of loans and advances and sundry debtors are related to our Company, the Directors or our Promoters.

Arrangements and understanding with major shareholders

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

OUR PROMOTERS AND GROUP ENTITIES

Our Promoters are Mr. Saurabh Pradipkumar Dhoot, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Greenfield Appliances Private Limited and Platinum Appliances Private Limited.

As on date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate, 149,990,000 Equity Shares, representing 61.98% of the issued and paid-up equity share capital of our Company.

Details of our Individual Promoter

Mr. Saurabh Pradipkumar Dhoot



Mr. Saurabh Pradipkumar Dhoot, aged 28 years, holds a bachelors' degree in engineering from the Imperial College in the United Kingdom. He has seven years of experience in the field of investor relations, mergers and acquisitions, finance and corporate communications. He has also been on our Board since January 31, 2007 and is currently our whole-time Director.

Residential Address: Dhoot Bungalow, Station Road, Aurangabad 431 001, Maharashtra, India

His voter's identification number is NWT7724701
His driving license number is MH20/02/67488

We confirm that the PAN, bank account number and passport number of Mr. Saurabh Pradipkumar Dhoot will be submitted to the Stock Exchange, at the time of filing the Draft Red Herring Prospectus with the Stock Exchange.

Details of our Corporate Promoters

1. Synergy Appliances Private Limited

Synergy Appliances Private Limited ("Synergy") was originally incorporated as R N Dhoot Investment Company Private Limited on December 11, 1979, with the Registrar of Companies, Maharashtra. Its name was changed to Synergy Appliances Private Limited on June 16, 2009. Synergy is engaged in the business of trading in consumer electronics and home appliances and its registered office is presently situated at 2275, Adate Bazar, Ahmednagar 414 001, Maharashtra, India.

Our Promoter, Mr. Saurabh Pradipkumar Dhoot, is also the promoter and controlling shareholder of Synergy. There has been no change in the control or management of Synergy during the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

The equity shares of Synergy are not listed on any stock exchange in India or abroad. Other than equity shares, as on date of this Draft Red Herring Prospectus, there are no other securities of Synergy in existence.

Shareholding Pattern

The shareholding pattern of Synergy, as on date of this Draft Red Herring Prospectus, is as follows.

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
1.	Solitaire Appliances Private Limited	3,592	0.18
2.	Ms. Ramabai V. Dhoot	3,591	0.18
3.	Ms. Sushma R. Dhoot	3,591	0.18
4.	Ms. Nalini P. Dhoot	3,591	0.18
5.	Mr. Saurabh Pradipkumar Dhoot	1,800,000	90.00
6.	Ms. Pooja A. Dhoot	185,635	9.28
	Total	2,000,000	100.00

Board of Directors

The board of directors of Synergy consists of (i) Mr. Yatinder Vir Singh; (ii) Mr. Vivek D. Dharm; and (iii) Mr. Subhash S. Dayama.

Financial Information

Certain details of the audited financial results of Synergy for fiscal 2011, 2010 and 2009 are set forth below.

(in ₹)

	Fiscal 2011 (April 1, 2010 – June 30, 2011)	Fiscal 2010 (April 1, 2009 – March 31, 2010)	Fiscal 2009 (April 1, 2008 – March 31, 2009)
Equity capital	500,000	179,560	179,560
Reserves and surplus (excluding revaluation)	86,203,508	69,177,508	41,963,121
Sales	21,518,496	30,966,734	-
Profit/(Loss) after tax	17,026,000	27,214,387	(31,482,749)
Earnings per share (Basic)	553.78	1,515.62	(1,753.33)
Earnings per share (Diluted)	553.78	1,515.62	(1,753.33)
Net asset value per share	1,734.07	3,862.61	2,347.00

As on date of this Draft Red Herring Prospectus, Synergy has not been declared as a sick company and is not under winding up.

2. Solitaire Appliances Private Limited

Solitaire Appliances Private Limited (“**Solitaire**”) was originally incorporated as V.N. Dhoot Investment Company Private Limited on December 11, 1979, with the Registrar of Companies, Maharashtra. Its name was changed to Solitaire Appliances Private Limited on July 1, 2009. Solitaire is engaged in the business of trading in consumer electronics and home appliances and its registered office is presently situated at 2275, Adat Bazar, Ahmednagar 414 001, Maharashtra, India.

Our Promoter, Mr. Saurabh Pradipkumar Dhoot, is also the promoter and controlling shareholder of Solitaire. There has been no change in the control or management of Solitaire during the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

The equity shares of Solitaire are not listed on any stock exchange in India or abroad. Other than equity shares, as on date of this Draft Red Herring Prospectus, there are no other securities of Solitaire in existence.

Shareholding Pattern

The shareholding pattern of Solitaire, as on date of this Draft Red Herring Prospectus, is as follows.

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
1.	Electroparts (India) Private Limited	2,000	0.20
2.	Shree Dhoot Trading And Agencies Limited	2,000	0.20
3.	Greenfield Appliances Private Limited	2,000	0.20
4.	TekCare India Private Limited	2,000	0.20
5.	Platinum Appliances Private Limited	2,000	0.20
6.	Mr. Saurabh Pradipkumar Dhoot	900,000	90.00
7.	Ms. Pooja Dhoot	90,000	9.00
	Total	1,000,000	100.00

Board of Directors

The board of directors of Solitaire consists of (i) Mr. Subhash S. Dayama; and (ii) Mr. Vilas R. Salunke.

Financial Information

Certain details of the audited financial results of Solitaire for fiscal 2011, 2010 and 2009 are set forth below.

(in ₹)

	Fiscal 2011 (October 1, 2010 – December 31, 2011)	Fiscal 2010 (January 1, 2010 – September 30, 2010)	Fiscal 2009 (January 1, 2009 – December 31, 2009)
Equity capital	10,000,000	100,000	100,000
Reserves and surplus (excluding revaluation)	97,141,057	85,054,079	65,539,073
Sales	23,409,438	25,729,036	22,079,887
Profit/(Loss) after tax	12,107,978	19,515,006	2,363,880
Earnings per share (Basic)	36.81	1,951.50	236.39
Earnings per share (Diluted)	36.81	1,951.50	236.39
Net asset value per share	107.14	8,515.41	6,563.91

As on date of this Draft Red Herring Prospectus, Solitaire has not been declared as a sick company and is not under winding up.

3. *Greenfield Appliances Private Limited*

Greenfield Appliances Private Limited (“**Greenfield**”) was originally incorporated as Keshar Dhoot Investment Company Private Limited on December 11, 1979, with the Registrar of Companies, Maharashtra. Its name was changed to Greenfield Appliances Private Limited on May 29, 2009. Greenfield is engaged in the business of trading in consumer electronics and home appliances and its registered office is presently situated at 2275, Adat Bazar, Ahmednagar 414 001, Maharashtra, India.

Our Promoter, Mr. Saurabh Pradipkumar Dhoot, is also the natural person in control of Greenfield. There has been no change in the control or management of Greenfield during the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

The equity shares of Greenfield are not listed on any stock exchange in India or abroad. Other than equity shares, as on date of this Draft Red Herring Prospectus, there are no other securities of Greenfield in existence.

Shareholding Pattern

The shareholding pattern of Greenfield, as on date of this Draft Red Herring Prospectus, is as follows.

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
1.	Ms. Kesharbai N. Dhoot	10	0.10
2.	Mr. Venugopal N. Dhoot	10	0.10
3.	Synergy Appliances Private Limited	4,600	46.00
4.	Platinum Appliances Private Limited	4,380	43.80
5.	Shree Dhoot Trading And Agencies Limited	1,000	10.00
	Total	10,000	100.00

Board of Directors

The board of directors of Greenfield consists of (i) Mr. Rajesh Vohra; and (ii) Mr. Murukan Sivaramakrishnan.

Financial Information

Certain details of the audited financial results of Greenfield for fiscal 2012, 2011 and 2010 are set forth below.

(in ₹)

	Fiscal 2012 (April 1, 2011 – March 31, 2012)	Fiscal 2011 (April 1, 2010 – March 31, 2011)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	76,929,899	71,112,582	78,354,649
Sales	1,764,538,800	1,950,911,663	63,146,400
Profit/(Loss) after tax	5,817,317	(7,242,067)	29,819,075
Earnings per share (Basic)	581.73	(724.21)	2,981.91
Earnings per share (Diluted)	581.73	(724.21)	2,981.91

	Fiscal 2012 (April 1, 2011 – March 31, 2012)	Fiscal 2011 (April 1, 2010 – March 31, 2011)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Net asset value per share	7,702.99	7,121.26	7,845.46

As on date of this Draft Red Herring Prospectus, Greenfield has not been declared as a sick company and is not under winding up.

4. *Platinum Appliances Private Limited*

Platinum Appliances Private Limited (“**Platinum**”) was originally incorporated as Dhoot Brothers Investment Company Private Limited on December 13, 1979, with the Registrar of Companies, Maharashtra. Its name was changed to Platinum Appliances Private Limited on November 19, 2009. Platinum is engaged in the business of trading in consumer electronics and home appliances and its registered office is presently situated at 2275, Adat Bazar, Ahmednagar 414 001, Maharashtra, India.

Our Promoter, Mr. Saurabh Pradipkumar Dhoot, is also the natural person in control of Platinum. There has been no change in the control or management of Platinum during the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

The equity shares of Platinum are not listed on any stock exchange in India or abroad. Other than equity shares, as on date of this Draft Red Herring Prospectus, there are no other securities of Platinum in existence.

Shareholding Pattern

The shareholding pattern of Platinum, as on date of this Draft Red Herring Prospectus, is as follows.

S. No.	Name of the Shareholder	No. of equity shares of ₹ 10 each	Percentage of Shareholding
1.	Synergy Appliances Private Limited	4,950	49.50
2.	Solitaire Appliances Private Limited	4,950	49.50
3.	Mr. Anirudha V. Dhoot	80	0.80
4.	Mr. Venugopal Nandlal Dhoot	10	0.10
5.	Ms. Kesharbai Nandlal Dhoot	10	0.10
	Total	10,000	100.00

Board of Directors

The board of directors of Platinum consists of (i) Mr. Vivek D. Dharm; and (ii) Mr. Subhash S. Dayama.

Financial Information

Certain details of the audited financial results of Platinum for Fiscal 2012, 2011 and 2010 are set forth below.

	Fiscal 2012 (April 1, 2011 – March 31, 2012)	Fiscal 2011 (April 1, 2010 – March 31, 2011)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	73,000,906	63,577,643	69,670,818
Sales	1,142,420,380	1,804,724,985	99,612,250
Profit/(Loss) after tax	9,423,263	(6,093,175)	65,741,932
Earnings per share (Basic)	942.33	(609.32)	6,574.19
Earnings per share (Diluted)	942.33	(609.32)	6,574.19
Net asset value per share	7,310.09	6,367.76	6,977.08

As on date of this Draft Red Herring Prospectus, Platinum has not been declared as a sick company and is not under winding up.

We confirm that the PAN, bank account numbers, company registration numbers and the address of the RoC, where our Corporate Promoters are registered, will be submitted to the Stock Exchange, at the time of filing the Draft Red Herring Prospectus with the Stock Exchange.

Interests of our Promoters

Our Promoters are interested in our Company to the extent of their shareholding in our Company and in any dividend distribution which may be made by our Company in future. For details pertaining to our Promoters' shareholding, see "*Capital Structure*" on page 30. Further, our Promoter, Mr. Saurabh Pradiptkumar Dhoot is interested to the extent of royalty payable to him under an agreement dated July 21, 2008 whereby our Company was authorised to apply for registration of certain trademarks in its name. For details, see "*Our Management – Interest of our Directors*" on page 101.

The Promoters and Group Entities confirm that they have no interest in any property acquired by our Company during the two years preceding the date of filing of this Draft Red Herring Prospectus or any property proposed to be acquired by our Company or in any transaction in the acquisition of land, construction of building or supply of machinery. None of our Promoters are interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to the firm or company in cash or shares or otherwise by any person either to induce any of our Promoters to become, or to qualify such Promoters as, a director, or otherwise for services rendered by such Promoters or by the firm or company, in connection with the promotion or formation of our Company.

Group Entities

Set forth below are brief details of our Group Entities.

S. No.	Name of Group Entity	Brief description of permitted business activities	Interest of our Promoters
1.	CE India Limited	Dealing manufacturing, trading in electric and electrical consumer durables and home appliances	Subscription to the memorandum of association
2.	Chhattisgarh Power Ventures Private Limited	Power generation by various conventional and non conventional methods	Through VIL*
3.	Comet Power Private Limited	Power generation by various conventional and non conventional methods	Subscription to the memorandum of association
4.	Flair Energy Private Limited	Power generation by various conventional and non-conventional methods and technologies	57%
5.	Galaxy Power Private Limited	Power generation, distribution and installation of power houses, power stations	62%
6.	Goldcrest Electronics Private Limited	Dealing, manufacturing, trading, branding, converting, repairing all types of electronic and electrical appliances, consumer durables and their components	57%
7.	Instant Retail India Limited	Purchasing, selling and dealing as retailers, distributors, agents, collaborators in all kinds of food and beverages items	49.94%
8.	Liberty Videocon General Insurance Company Limited	Non-life insurance business	Subscription to the memorandum of association
9.	Madhya Pradesh Power Ventures Limited	Business of power generation and construction of power transmission and distribution systems for generation and supply of electrical energy	99.88%
10.	Orchid Energy Private Limited	Power generation and constructing power plants, distribution projects, transmission and supplying electricity.	43%
11.	Panorama Solutions Limited	Logistic Cargo and logistic services, storage, packaging, packing, container stuffing and carrying and transporting of goods, mail, merchandise, animals and passengers from one place to another either by land, air or sea; and the business of forwarding and clearing agents, tours and travel agents, carriers, freight brokers	52%
12.	Pipavav Energy Private Limited	Power generation by various methods and constructing power plants and power houses, transmission and distribution systems	Through VIL*
13.	Planet 'M' Online Limited	Trading in computer hardware and software	49.96%
14.	Prosperous Energy Private Limited	Power generation and building of transmission and distribution systems	Through VIL*
15.	Quadrant Energy Private Limited	Establishing, operating and maintaining generating stations, sub-stations, transmission lines, dedicated transmission lines and distribution systems and generating, accumulating, distribution and supply of electricity for the purpose of light, heat	99.90%

16.	Quadrant Private Limited	Enterprises	Trading, manufacturing and dealing in electronic/electrical consumer durables and home appliances, electrical/electronic goods, electrical/electronic components	57%
17.	Quadrant Limited	Televentures	Providing telecommunication services, including voice telephony (wireline and fixed wireless) , CDMA and GSM based mobiles, internet services, broadband data services and value added services like centrex, leased lines, VPNs, voice mail and video conferencing. Exploration, extraction, refining and distribution/marketing of different hydro-carbons like oil, gas and other oil equivalents to carry on, manage, supervise and control business of telecommunications, its infrastructure, systems and network.	Through Quadrant Enterprises Private Limited*
18.	Unity Appliances Limited		Dealing, manufacturing, trading, branding, converting, repairing all types of electronic and electrical appliances, consumer durables and their components	61.98%
19.	Velologis-Net Limited	India	Providing cargo and logistic services with steam and other ships, boats and vessels and other transports and conveyances	Through Panorama Logistic Solutions Limited*
20.	Videocon Realty Limited	Private	Carrying on the business of property owner, investor, builder, promoter for commercial and residential premises	18%
21.	Videocon Power Limited	Ventures	Power generation, distribution and installation of power houses, power stations	57%
22.	Tangent Private Limited	Electronics	Dealing, manufacturing, trading, branding, converting, repairing all types of electronic and electrical appliances, consumer durables and their components	62%
23.	Titan Realty Limited	Private	Construction and realtors for commercial and residential premises and infrastructure	18%
24.	Triumph Energy Limited	Private	Power generation by various methods and construct power plants and power houses, transmission and distribution system	57%
25.	Uttaranchal Limited	Appliances	Dealing, manufacturing, trading, branding, converting and repairing all types of electronic and electrical appliances, consumer durables and their components	72%
26.	Value Industries Limited		Dealing, manufacturing, trading, branding, converting and repairing all types of electronic and electrical appliances, consumer durables and their components	11%
27.	Veronica Private Limited	Properties	Contracting, building, maintenance of all kinds of infrastructure facilities	18%
28.	Viable Energy Limited	Private	Power generation by various methods and construction of power plants and power houses, transmission and distribution system	57%
29.	Videocon Limited	Developers	Construction of residential and commercial premises	Subscription to the memorandum of association
30.	Videocon Display Limited		Dealing in electric and electrical consumer durables and home appliances	49.94%
31.	Videocon Energy Limited		Power generation and building of transmission and distribution systems; and mining and dealing in minerals	Through VIL*
32.	Videocon Limited	Industries	Trading, manufacturing and dealing in consumer electronics and home appliances; exploration, extraction, refining and distribution/marketing of hydrocarbons like oil, gas and other oil equivalents; generate, accumulate, transmit, distribute, supply and trade in electricity; take on lease under licence, concession, grant, buy or otherwise acquire minerals including coal and fuel and source of minerals; and carry on, manage, supervise and control the business of telecommunication	18%
33.	Videocon Infotel Limited		Developing and implementing computer hardware and software telecommunication	49.94%
34.	Videocon Electronics Limited	International	Managing, supervising and controlling the business of telecommunication, telecommunication infrastructure, telecommunication systems and networks; and providing telecom networks and running and maintaining telecom services	Through VIL*
35.	Videocon Limited	Oil Services	Providing technical services, assistance, advisory and consultancy for activities relating to oil and gas like drilling, exploration development and production activities	Subscription to the memorandum of association

36.	Videocon Limited	Oil Ventures	Exploration, extraction, refining, production, sale, distribution, marketing and dealing otherwise of/in oils including petroleum crude oil, oil products, oil equivalents, minerals, fuels, gases including natural gas and hydro carbons; and to acquire oil blocks by way of purchase, lease under license, concession, grant or otherwise	Through VIL*
37.	Videocon Infrastructures Private Limited	Sez (Pune)	Developing all kinds of infrastructure facilities including SEZ	Subscription to the memorandum of association
38.	Videocon Infrastructures Limited	Sez Private	Developing all kinds of infrastructure facilities including SEZ	18%
Entities incorporated in foreign jurisdictions				
39.	Middle East LLC	Appliances	Manufacturing and trading of home appliances and consumer electronics	Through VIL*
40.	Videocon Global Limited		Trading in goods, other merchandise and engaging in investing activities	Through VIL*
41.	Videocon (Shenzhen) (Chinese Name: Weiyoukang Electronics (Shenzhen) Co. Limited)	Electronic Limited	Trading in consumer electronics and home appliances	Through VIL*
42.	Eagle ECorp Limited		Manufacturing and trading of consumer electronics and home appliances	Through VIL*
43.	Videocon Ventures Limited	Energy	Exploration and extraction of crude oil and natural gas and extraction, refining and distribution/marketing of hydrocarbons like oil, gas and other oil equivalents	Through VIL*
44.	Videocon Holdings Limited	Hydrocarbon	Exploration, extraction, refining and distribution/marketing of hydrocarbons like oil, gas and other oil equivalents and development and exploration of oil and gas assets, through its subsidiaries	Through VIL*

* As a direct subsidiary.

Except as specifically mentioned below, the equity shares of our Group Entities are not listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

Top five Group Entities

Following are details of our top five Group Entities, comprising our three listed Group Entities, i.e. Videocon Industries Limited, Value Industries Limited and Quadrant Televentures Limited and two of our largest unlisted Group Entities, determined on the basis of turnover in the last fiscal, i.e. Videocon Global Limited and Videocon Electronics (Shenzhen) Limited.

1. Videocon Industries Limited (“VIL”)

Videocon Industries Limited (“VIL”) was incorporated on September 4, 1986, as Adhigam Trading Private Limited in Gujarat. Its name was changed to Videocon Leasing and Industrial Finance Private Limited with effect from February 14, 1991 and it was also converted into a public limited company on the same date. Its registered office was shifted from Gujarat to Maharashtra on October 29, 1996. Subsequently, the name was changed to Videocon Industries Limited with effect from December 17, 2003.

The registered office of VIL is situated at 14 K. M. Stone, Aurangabad-Paithan Road, Village Chittagaon, Taluka Paithan, District Aurangabad 431 105, Maharashtra, India.

The equity shares of VIL were listed on the BSE Limited in 1993 and on the NSE in 1996.

Currently, business of VIL comprises of five core businesses, namely, consumer electronics, oil and gas, power, telecommunications and insurance.

As on September 30, 2012, our promoters (directly) collectively held 18% of the total issued and paid-up equity share capital of VIL comprising 318,771,669 equity shares.

Financial Performance

Certain details of the standalone audited financials of VIL for fiscal 2011, 2010 and 2009 are set forth below.

(₹ in million)

	Fiscal 2011 (January 1, 2011 to December 31, 2011)	Fiscal 2010 (October 1, 2009 to December 31, 2010)	Fiscal 2009 (October 1, 2008 to September 30, 2009)
Equity Capital	3,030.11	3,019.48	2,294.07
Reserves and surplus (excluding revaluation)	96,190.40	90,859.20	69,296.25
Sales	126,502.22	144,096.91	91,630.41
Profit/(Loss) after tax	5,455.58	7,446.94	4,006.62
Earnings per share (₹) (Basic)	17.73	27.88	20.49
Earnings per share (₹) (Diluted)	17.73	26.65	19.47
Net asset value per share (₹)	327.44	310.89	312.06

Significant notes of auditors

Significant notes of auditors in the standalone financial statements of VIL for the year ended December 31, 2011 are given below.

“As mentioned in Note No. B-9 of Schedule No. 15 to the financial statements, VIL has, directly and through its subsidiaries, made investments of ₹15,000.00 Million, given share application money of ₹5,000.00 Million and advanced loans of ₹19,620.84 Million to Videocon Telecommunications Limited (VTL), the subsidiary. VTL was granted Unified Access Services (UAS) Licenses in 21 circles on 10th January, 2008 and had also been allotted spectrum in 20 circles out of which it has launched its services in 16 circles.

The Hon'ble Supreme Court of India, vide its judgement dated 2nd February, 2012 in two separate writ petitions filed by Centre for Public Interest Litigation and by another, has quashed all the UAS licenses granted on or after 10th January, 2008 and the subsequent allocation of spectrum to these licencees. This includes the 21 licenses issued to VTL and the spectrum allotted to it in 20 circles.

The Hon'ble Supreme Court of India had directed that its aforesaid order shall be operative after four months from 2nd February, 2012. On 24th April, 2012, the Hon'ble Supreme Court of India modified its order and postponed the operation of its order of quashing the Telecom Licenses and related allocation of spectrum to 7th September, 2012. The Hon'ble Supreme Court of India has, vide order dated 2nd February, 2012, also directed TRAI to make fresh recommendations for grant of licenses and allocation of spectrum and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of licenses and related spectrum on or before 31st August, 2012.

Pending the fresh auction as mentioned above, VTL is continuing its business. It proposes to participate in the fresh auction and is hopeful of continuing the business thereafter. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments, share application money and advances. We are unable to comment upon the extent of realisability of the said investments, share application money and advances.”

Highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of VIL during the preceding six months at the BSE and the NSE are set forth below.

Month	BSE		NSE	
	High	Low	High	Low
November 2012	216.90	166.20	217.25	167.85
October 2012	182.00	168.00	188.00	169.50
September 2012	183.00	170.10	182.60	170.20
August 2012	181.50	166.00	180.80	167.00
July 2012	179.65	161.10	179.45	164.70
June 2012	183.70	166.90	183.80	167.25

The closing share prices of VIL as on November 30, 2012 on the BSE and the NSE were ₹ 212.80 and ₹ 212.80, respectively.

The market capitalization of VIL as on November 30, 2012 as per the closing prices on the BSE and the NSE was ₹ 80,002.16 million.

Public or Rights Issue in the last three years

Except as disclosed below, VIL has not made any public or rights issue in the past three years.

On April 22, 2010, VIL issued 51,392,243 equity shares of face value ₹ 10 each at a price of ₹ 225.00 per equity share, pursuant to a rights issue undertaken in accordance with the provisions of the SEBI ICDR Regulations and other applicable laws. These equity shares were issued as partly-paid up with ₹ 5 being paid-up on application, and became fully paid-up between June 2010 and November 2012, pursuant to calls made by VIL (except 21,228 equity shares, on which calls remain unpaid). The proceeds of the rights issue were utilized in accordance with the objects of such issue disclosed in the letter of offer dated March 19, 2010 of VIL.

The closing prices of the equity shares of VIL on the BSE and NSE as on November 30, 2012 have been provided above.

Rates of Dividend

Rates of dividend declared by VIL for fiscal 2011, 2010 and 2009 were 5%, 10% and 20% respectively.

Promise v. performance

Except as disclosed under ‘*Public or Rights Issue in the last three years*’ above, VIL has not made any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus.

Mechanism for redressal of investor grievance

The board of directors of VIL has constituted a shareholders/investors grievance committee comprising Major General S.C.N. Jatar (Chairman), Mr. S. Padmanabhan and Mr. R. S. Agarwal, in accordance with Clause 49 of the Listing Agreement entered into with the stock exchanges for redressal of complaints of investors such as transfers or credit of shares to demat accounts and non-receipt of dividend/annual reports. Mr. Vinod Kumar Bohra, the company secretary of VIL, is the compliance officer. VIL seeks to redress any complaints received as expeditiously as possible.

As of September 30, 2012, there were seven investor complaints pending against VIL.

2. Value Industries Limited (“Value Industries”)

Value Industries was incorporated on March 8, 1988, as Videocon Appliances Limited, with the Registrar of Companies, Maharashtra, and its name was subsequently changed to Value Industries Limited with effect from April 3, 2008.

The registered office of Value Industries is situated at 14, K.M Stone, Aurangabad Paithan Road, Village Chittegaon, Taluka Paithan, Aurangabad 431 105, Maharashtra, India.

Value Industries is currently engaged in the business of manufacturing, trading and dealing in electronic home appliances, electronic/electrical consumer durables and their components.

The equity shares of Value Industries are presently listed on the BSE since 1989 and the NSE since 1994.

As on September 30, 2012, our Promoters (directly) collectively held 11% of the total issued and paid-up equity share capital of Value Industries comprising 39,185,675 equity shares.

Financial Performance

Certain details of the audited financials of Value Industries for fiscal 2011, 2010 and 2009 are set forth below.

(₹ in million)

	Fiscal 2011 (January 1, 2011 to December 31, 2011)	Fiscal 2010 (October 1, 2009 to December 31, 2010)	Fiscal 2009 (October 1, 2008 to September 30, 2009)
Equity Capital	391.86	391.86	391.86
Reserves and surplus (excluding revaluation)	4,201.62	4,160.57	4,071.62
Sales	13,386.87	17,136.27	12,041.78
Profit/(Loss) after tax	35.18	160.54	49.41
Earnings per share (₹) (Basic)	1.05	3.66	1.19
Earnings per share (₹) (Diluted)	1.05	3.66	1.19
Net asset value per share (₹)	117.22	116.18	113.90

Highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of Value Industries during the preceding six months at the BSE and the NSE are set forth below.

(in ₹)

Month	BSE		NSE	
	High	Low	High	Low
November 2012	13.80	10.15	13.70	10.30
October 2012	12.20	10.10	13.25	10.30
September 2012	11.99	10.10	12.80	10.00
August 2012	12.09	10.11	12.45	10.25
July 2012	14.40	11.25	14.40	11.05
June 2012	14.90	12.05	13.90	12.20

The closing share prices of Value Industries as on November 30, 2012 on the BSE and the NSE were ₹ 11.75 and ₹ 11.85, respectively.

The market capitalization of Value Industries as on November 30, 2012 as per the closing price on the BSE and the NSE was ₹ 454.78 million and ₹ 458.60 million, respectively.

Public or Rights Issue in the last three years

Value Industries has not made any public or rights issue in the past three years.

Rates of Dividend

No dividend was declared by Value Industries for fiscal 2011, while 10% dividend was declared for each of fiscal 2010 and 2009.

Promise v. performance

Value Industries has not made any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus.

Mechanism for redressal of investor grievance

The board of directors of Value Industries has constituted a shareholders/investors grievance committee comprising Mr. Avinash M. Malpani (Chairman), Mr. Naveen Bhanwarlal Mandhana and Mr. Subhash Shamsunder Dayama, in accordance with Clause 49 of the Listing Agreement entered into with the stock exchanges for redressal of complaints of investors such as transfers or credit of shares to demat accounts and non-receipt of dividend/annual reports. Ms. Sonal Bhandari, the company secretary of Value Industries, is the compliance officer. Value Industries seeks to redress any complaints received as expeditiously as possible.

As of September 30, 2012, there was one investor complaint pending against Value Industries.

3. Quadrant Televentures Limited (“QTL”)

QTL was incorporated on August 2, 1946 under the then Indian Companies Act, 1913 (Act VII of 1913), as a

public limited company, with the name 'The Investment Trust of India Limited' ("ITI"). ITI received its certificate for commencement of business on September 9, 1946. In September 2002, pursuant to a scheme of amalgamation approved by the High Court of Punjab and Haryana and the High Court of Tamil Nadu on March 6, 2003 and March 20, 2003, respectively, ITI was merged with the erstwhile HFCL Infotel Limited. On May 12, 2003, the name of the company was changed to HFCL Infotel Limited, and subsequently, to Quadrant Televentures Limited with effect from September 24, 2010. Pursuant to a settlement approved under the corporate debt restructuring scheme on August 13, 2009 and an order dated March 3, 2010 passed by the SEBI exempting compliance with provisions of the Takeover code, issued in this regard, the promoter's stake of 326,705,000 equity shares of face value ₹ 10, representing 53.36% of the total paid-up share capital of the company, held by Himachal Futuristic Communications Limited ("HFCL"), were transferred to the new promoter Quadrant Enterprises Private Limited ("QEPL"). The registered office of QTL is situated at Auto Cars Compound, Adalat Road, Aurangabad 431 005, Maharashtra, India.

QTL is currently engaged in the business of providing telecommunication services, including voice telephony (wireline and fixed wireless), CDMA and GSM based mobiles, internet services, broadband data services and a wide range of value added services like centrex, leased lines, VPNs, voice mail and video conferencing.

The equity shares of QTL are listed on the BSE, since July 26, 2000.

As on September 30, 2012, Quadrant Enterprises Private Limited, which is our Group Entity and of which our Promoters directly hold 57% of the paid-up share capital, held 66.94% of the total issued and paid-up equity share capital of QTL comprising 612,260,268 equity shares.

Financial Performance

Certain details of the standalone audited financials of QTL for fiscal 2012, 2011 and 2010 are set forth below.

	Fiscal 2012 (April 1, 2011 – March 31, 2012)	Fiscal 2011 (April 1, 2010 – March 31, 2011)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Equity capital	6,122,602,680	6,122,602,680	6,122,602,680
Reserves and surplus (excluding revaluation)	(15,360,030,408)	(13,568,428,430)	68,566,508
Sales	2,813,018,834	2,360,512,178	1,962,089,496
Profit/(Loss) after tax	(1,791,601,978)	(2,236,667,344)	(206,447,324)
Earnings per share (Basic)	(2.93)	(3.65)	(0.35)
Earnings per share (Diluted)	(2.93)	(3.65)	(0.35)
Net asset value per share	(15.08)	(12.16)	10.11

Significant notes of auditors

Fiscal 2012

1. As mentioned in Note 27 (8) (a) to the financial statements, based on QTL's request Corporate Debt Restructuring ('CDR') Cell vide their letter dated August 13, 2009 ('CDR letter') has revised the terms of CDR scheme with effect from April 1, 2009. The company has accounted for the impact of revised CDR scheme as approved by CDR Cell after complying with the most of the terms and conditions stipulated therein, however compliance of some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent.
2. The accumulated loss of QTL as at March 31, 2012, is more than fifty percent of its net worth as at that date. The Company has incurred cash loss during the period. In the immediately preceding financial year also, the company had incurred cash loss.

Fiscal 2011

As mentioned in Note 8 (a) of schedule 22 to the financial statements, based on QTL's request Corporate Debt Restructuring ('CDR') Cell vide their letter dated August 13, 2009 ('CDR letter') has revised the terms of CDR scheme with effect from April 1, 2009. The company has accounted for the impact of revised CDR scheme as

approved by CDR Cell after complying with the most of the terms and conditions stipulated therein, however compliance of some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent.

- (i) *The accumulated loss of the Company as at March 31, 2011, is more than fifty percent of its net worth as at that date. The Company has incurred cash loss during the period. In the immediately preceding financial year also, the company had incurred cash loss.*
- (ii) *According to the information and explanations given to us and records examined by us, during the year the Company has delayed interest payment to financial institution or banks in respect of the following:-*

Name of the Lender	Nature of the Dues	Period of Default / Delays	Maximum Overdue during the year
<i>IDBI Bank</i>	<i>Interest</i>	<i>April 2010 to June 2010</i>	<i>3,599,486</i>
<i>ING VYASA Bank</i>	<i>Interest</i>	<i>April 2010 to June 2010</i>	<i>269,890</i>
<i>LIC of India</i>	<i>Interest</i>	<i>April 2010 to June 2010</i>	<i>674,744</i>
<i>Oriental Bank of Commerce</i>	<i>Interest</i>	<i>April 2010 to June 2010</i>	<i>674,744</i>
<i>State Bank of Patiala</i>	<i>Interest</i>	<i>April 2010 to June 2010</i>	<i>226,633</i>

Fiscal 2010

1. Attention is invited to:

- a) Note 16 (b) of Schedule 23 of the financial statements wherein QTL has obtained advance of Rs. 1,517,500,000 from a non shareholder company/promoter to fund the entry fee for using alternate technology under existing Unified Access Service License (UASL) for Punjab Service Area during March 31, 2008. The terms and conditions with respect to tenure, interest, rights and obligations etc. are yet to be finalized hence we are unable to comment on the carrying value and thereby its impact on the profit and loss for the year. Our audit report on the financial statements for the year ended March 31, 2009 was modified, accordingly;*
- b) Note 9 (a) of Schedule 23 of the financial statements wherein based on QTL's request Corporate Debt Restructuring Cell ('CDR') vide their letter no CDR (JCP) No 563 / 2009-10 dated August 13, 2009('CDR letter') has revised the terms of CDR scheme with effect from April 1, 2009. During the year ended March 31, 2010, based on confirmations from lenders and the ability of the management to fulfill all conditions in the precedent to the implementation of the Revised CDR Scheme, the company has given effect to the terms of the Revised CDR Scheme (without considering any interest costs based on yield with respect to proposed restructuring of 25 percent loan into Cumulative Redeemable preference Shares) and recognized interest costs for the period from April 1, 2009 based on such scheme and, accordingly, reversed the provision for interest and interest costs of Rs 1,025,846,205. The company is confident of fulfilling the remaining conditions precedent for the implementation of the Revised CDR Scheme and would fully implement the terms of the Revised CDR Scheme on the completion of such approvals and conditions precedent. The Company has also not made any provision for license fee on such reversal as based on the judgement of Telecom Disputes Settlement & Appellate Tribunal ('TDSAT') as it believes that no license fee is leviable. Had the Company followed the old CDR scheme the loss before taxes would have been higher by Rs 724,507,265 before taxes. These financial statements do not include any adjustment which may arise due to inability of the management to complete balance conditions precedent.*

- 2. Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth tax, customs duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities except there has been delays in many cases in respect of deposit of service tax and withholding tax. The provisions relating to excise duty is not applicable to QTL. Without considering the matters reported in paragraph 5 of our main audit report, the effects of which are currently not ascertainable the accumulated losses of the company as at March 31, 2010, are more than fifty percent of its net worth as at that date. QTL,*

has incurred a cash loss of Rs 74,798,095 and Rs 881,292,798 during the year and immediately preceding financial year before considering interest provision on yield basis of Rs 227,329,338 and Rs 66,602,849 respectively.

3. Based on our audit procedures and as per the information and explanations given by the management, QTL has defaulted in payment of interest due to a financial institution and banks as presented below. The company has no outstanding dues to debenture holders.

Paid for Month	Due On	IDBI		ING		LIC		OBC		SBOP	
		Paid on	Amount Paid -Interest	Paid on	Amount Paid -Interest	Paid on	Amount Paid -Interest	Paid on	Amount Paid -Interest	Paid on	Amount Paid -Interest
Apr 09	1-May-09	5-Oct-09	1,737,401	25-Feb-10	130,274	29-Mar-10	325,686	30-Mar-10	325,686	28-Jan-10	108,562
May 09	1-Jun-09	5-Oct-09	1,795,314	25-Feb-10	134,727	29-Mar-10	336,818	30-Mar-10	336,818	28-Jan-10	112,181
June 09	1-Jul-09	5-Oct-09	1,737,401	25-Feb-10	130,599	29-Mar-10	326,498	30-Mar-10	326,498	28-Jan-10	108,562
July 09	1-Aug-09	5-Oct-09	1,795,314	25-Feb-10	135,288	29-Mar-10	338,221	30-Mar-10	338,221	28-Jan-10	112,181
Aug 09	1-Sep-09	5-Oct-09	1,795,314	25-Feb-10	135,739	29-Mar-10	339,348	30-Mar-10	339,348	28-Jan-10	112,181
Sep 09	1-Oct-09	5-Oct-09	1,759,249	25-Feb-10	133,552	29-Mar-10	333,881	30-Mar-10	333,881	28-Jan-10	109,927
Oct 09	1-Nov-09	27-Jan-10	1,800,783	25-Feb-10	139,018	29-Mar-10	347,546	30-Mar-10	347,546	28-Jan-10	113,868
Nov 09	1-Dec-09	27-Jan-10	1,741,832	25-Feb-10	135,641	29-Mar-10	339,101	30-Mar-10	339,101	28-Jan-10	110,471
Dec 09	1-Jan-10	22-Mar-10	1,804,324	25-Feb-10	141,409	29-Mar-10	353,524	30-Mar-10	353,524	22-Mar-10	114,430
Jan 10	1-Feb-10	29-Mar-10	1,808,259	25-Feb-10	142,788	29-Mar-10	356,971	30-Mar-10	356,971	29-Mar-10	114,523
Feb 10	1-Mar-10	29-Mar-10	1,629,855	22-Mar-10	130,030	29-Mar-10	325,813	30-Mar-10	325,813	29-Mar-10	101,841
Grand Total			19,405,045		1,489,068		3,723,407		3,723,407		1,218,727

Due to the delays above, the Company has paid Rs 192,252 as penal interest to financial institution and banks.

Highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of QTL during the preceding six months at the BSE are set forth below.

Month	BSE	
	High	Low
November 2012	4.85	3.00
October 2012	3.50	2.70
September 2012	3.50	2.92
August 2012	3.70	2.75
July 2012	3.70	3.22
June 2012	3.90	2.91

The closing share prices of QTL as on November 30, 2012 on the BSE was ₹ 3.95.

The market capitalization of QTL as on November 30, 2012 as per the closing price on the BSE was ₹ 2,409.50 million.

Public or Rights Issue in the last three years

QTL has not made any public or rights issue in the past three years.

Rates of Dividend

QTL has not declared any dividend for fiscal 2012, 2011 and 2010.

Promise v. performance

Except for a rights issue of 1,730,814 equity shares at an issue price of ₹ 10 per equity share completed in fiscal 2004, QTL has not made any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus. The proceeds from the said rights issue were used in accordance with the objects of the rights issue as stated in the offer document. There were no projections made in the offer document.

Mechanism for redressal of investor grievance

The board of directors of QTL has constituted a shareholders/investors grievance committee comprising Mr.

Babu Mohanlal Panchal (Chairman), Mr. Yatinder Vir Singh and Mr. Vinay Kumar Monga, in accordance with Clause 49 of the Listing Agreement entered into with the BSE for redressal of complaints of investors such as transfers or credit of shares to demat accounts and non-receipt of dividend/annual reports. Mr. Kapil Bhalla, the company secretary of QTL, is the compliance officer. QTL seeks to redress any complaints received as expeditiously as possible.

As of September 30, 2012, there were no investor complaints pending against QTL.

4. Videocon Global Limited (“VGL”)

VGL was incorporated on July 7, 2004, under the International Business Companies Act, 1984, in the British Virgin Islands.

The registered office of VGL is situated at C/o Trident Corporate Services (BVI) Limited, International Trust Building, P. O. Box No. 659, Road Town, Tortola, British Virgin Islands.

VGL is currently engaged in the business of trading in consumer electronics, home appliances and general goods.

VGL is a wholly owned subsidiary of Videocon Industries Limited. The authorized capital of VGL is US \$ 1,000,000 and its paid-up capital is US \$ 802,500 comprising 802,500 shares of US\$ 1 each.

Financial Performance

Certain details of the audited financials of VGL for fiscal 2011, 2010 and 2009 are set forth below.

(in U.S.\$)

	Fiscal 2011 (January 1, 2011 – December 31, 2011)	Fiscal 2010 (October 1, 2009 – December 31, 2010)	Fiscal 2009 (October 1, 2008 – September 30, 2009)
Equity capital	2,500	2,500	2,500
Reserves and surplus (excluding revaluation)	3,972,603	40,681,509	46,791,441
Sales	30,649,930	1,909,860	39,667,600
Profit/(Loss) after tax	(36,708,906)	(6,109,933)	13,789,575
Earnings per share (Basic)	(14,683.56)	(2,443.97)	5,515.83
Earnings per share (Diluted)	(14,683.56)	(2,443.97)	5,515.83
Net asset value per share	1,590.04	16,273.60	18,717.58

5. Videocon Electronics (Shenzhen) Limited (“VESL”)

VESL was incorporated on April 17, 2008, in China.

The registered office of VESL is situated at 3G, Main Building, Ruode Financial Centre, Fuzhong, 3rd Road, Futian District, Shenzhen City, Guangdong Province.

VESL is currently engaged in the business of design and research of electronic products, scientific information, consultation, marketing planning and relevant technical services.

VESL is a wholly owned subsidiary of Videocon Industries Limited. The authorized share capital and paid-up share capital of VESL are Chinese Yuan (“CNY”) 919,686, comprising 919,686 shares of CNY 1.00 each.

Financial Performance

Certain details of the audited financials of VESL for fiscal 2011, 2010 and 2009 are set forth below.

(in CNY)

	Fiscal 2011 (January 1, 2011 – December 31, 2011)	Fiscal 2010 (October 1, 2009 – December 31, 2010)	Fiscal 2009 (October 1, 2008 – September 30, 2009)
Equity capital	919,686	919,686	919,686
Reserves and surplus (excluding revaluation)	(217,663)	(140,027)	(4,676,968)
Sales	59,48,630	1,12,11,655	-

	Fiscal 2011 (January 1, 2011 – December 31, 2011)	Fiscal 2010 (October 1, 2009 – December 31, 2010)	Fiscal 2009 (October 1, 2008 – September 30, 2009)
Profit/(Loss) after tax	55,635	4,536,941	(4,676,968)
Earnings per share (Basic)	0.06	4.93	(5.08)
Earnings per share (Diluted)	0.06	4.93	(5.08)
Net asset value per share	0.76	0.85	(4.09)

Group Entities with negative net worth

Relevant details of Group Entities which had negative net worth in the last audited fiscal year are as provided below:

1. Galaxy Power Private Limited (“GPPL”)

GPPL was incorporated under the Companies Act on August 1, 2008.

While GPPL is authorized by its memorandum of association to engage in the business of power generation, distribution and installation of power houses and power stations, it is currently not actively engaged in any business activity.

Financial Performance

Certain details of the audited financials of GPPL for fiscal 2012, 2011 and 2010 are set forth below.

	Fiscal 2012(January 1, 2011 to March 31, 2012)	Fiscal 2011(April 1, 2010 to December 31, 2010)	Fiscal 2010(April 1, 2009 to March 31, 2010)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	-	-	-
Sales	-	-	-
Profit/(Loss) after tax	(4,113,160)	(37,812)	(7,434)
Earnings per share (Basic)	(411.32)	(3.78)	(0.74)
Earnings per share (Diluted)	(411.32)	(3.78)	(0.74)
Net asset value per share	(406.62)	4.70	8.48

2. Orchid Energy Private Limited (“OEPL”)

OEPL was incorporated under the Companies Act on February 23, 2010.

While OEPL is authorized by its memorandum of association to engage in the business of power generation, construction of power plants, distribution projects, transmission and supplying electricity, it is currently not actively engaged in any business activity.

Financial Performance

Certain details of the audited financials of OEPL for fiscal 2012, 2011 and 2010 are set forth below.

	Fiscal 2012 (January 1, 2011 to March 31, 2012)	Fiscal 2011(April 1, 2010 to December 31, 2010)	Fiscal 2010(February 23, 2010 to March 31, 2010)
Equity capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation)	-	-	-
Sales	-	-	-
Profit/(Loss) after tax	(3,317,246)	(1,168,575)	(11,167)
Earnings per share (Basic)	(331.72)	(116.86)	(1.12)
Earnings per share (Diluted)	(331.72)	(116.86)	(1.12)
Net asset value per share	(439.70)	(107.97)	8.88

3. Videocon Energy Ventures Limited (“VEVL”)

VEVL was incorporated on September 8, 2008, under the laws of the territory of the British Virgin Islands.

While VEVL is authorized by its memorandum of association to engage in the business of exploration and extraction of crude oil and natural gas, it is currently not actively engaged in any business activity.

Financial Performance

Certain details of the audited financials of VEVL for fiscal 2011, 2010 and 2009 are set forth below.

(in U.S.\$)

	Fiscal 2011 (January 1, 2011 – December 31, 2011)	Fiscal 2010 (October 1, 2009 – December 31, 2010)	Fiscal 2009 (October 1, 2008 – September 30, 2009)
Equity capital	1,000	1,000	1,000
Reserves and surplus (excluding revaluation)	-	-	-
Sales	-	-	-
Profit/(Loss) after tax	(175,320)	(3,459)	(3,781)
Earnings per share (Basic)	(175.32)	(3.46)	(3.78)
Earnings per share (Diluted)	(175.32)	(3.46)	(3.78)
Net asset value per share	(181.61)	(6.29)	(2.83)

4. Unity Appliances Limited (“UAL”)

UAL was incorporated under the Companies Act on December 1, 2008.

While UAL is authorized by its memorandum of association to engage in the business of dealing, manufacturing, trading, branding, converting, repairing electric and electrical appliances, consumer durables and their components, it is currently not actively engaged in any business activity.

Financial Performance

Certain details of the audited financials of UAL for fiscal 2012, 2011 and 2010 are set forth below.

(in ₹)

	Fiscal 2012(April 1, 2011 to March 31, 2012)	Fiscal 2011(April 1, 2010 to March 31, 2011)	Fiscal 2010(April 1, 2009 to March 31, 2010)
Equity capital	500,000	500,000	500,000
Reserves and surplus (excluding revaluation)	(1,011,216)	-	-
Sales	-	-	-
Profit/(Loss) after tax	(721,823)	(200,530)	(80,113)
Earnings per share (Basic)	(14.44)	(4.01)	(2.44)
Earnings per share (Diluted)	(14.44)	(4.01)	(2.44)
Net asset value per share	(10.22)	4.21	8.22

Disassociation by the Promoters in the last three years

Except as disclosed below, our Promoters have not disassociated themselves as a promoter from any company in the preceding three years.

Name of the Company	Date of Disassociation	Reasons for Disassociation
Goa Energy Limited	March 1, 2012	Divestment of shareholding
Force Energy Private Limited	August 18, 2010	Divestment of shareholding

Payment or Benefit to Promoters and Group Entities

Except as stated above under “*Interests of our Promoters*” and “*Financial Statements – Annexure XX – Related Party Transactions*” on pages 110, and 176, respectively, there has been no payment of benefits to our Promoters and Group Entities during the financial year 2012 and 2011.

Other Information

Common Pursuits

None of our Group Entities are engaged in any activities similar to those conducted by us. Our Company has not adopted any measures for mitigating such conflict situations. As and when such conflict may arise, we will examine viable solutions as per applicable law and as determined by our Board.

Our Promoters, our Directors and Group Entities have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

For details relating to legal proceedings involving our Promoters and Group Entities, see “***Outstanding Litigation and Material Developments***” on page 202.

As on date of this Draft Red Herring Prospectus, our Promoters, Promoter Group and Group Entities are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI. However, in the past, Mr. Venugopal N. Dhoot, a member of our Promoter Group and Videocon International Limited (now amalgamated with VIL, which is our Group Entity) were debarred from accessing the capital markets for three years, commencing in April 2001. For details, see “***Risk Factors – Mr. Venugopal N. Dhoot, a member of our Promoter Group, and Videocon International Limited (now amalgamated with Videocon Industries Limited, (“Videocon Industries”)) a Group Entity, are involved in proceedings relating to alleged fraudulent and unfair trading practices.***” on page xii.

Sick or Defunct Companies

None of the companies forming part of our Promoters or Group Entities have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up.

Additionally, none of our Group Entities have become defunct in the five years preceding the date of filing of this Draft Red Herring Prospectus and no application has been made, in respect of any of the Group Entities, to the relevant Registrar of Companies for striking off their names.

Business interests within the group

Except as stated under “***Financial Statements***” on page 124, none of our Group Entities have any business or other interest in our Company, except for business conducted on an arms’ length basis or to the extent of any Equity Shares held by them. Further, our Company does not have any sales/purchase arising out of any transaction with any group company exceeding aggregate 10% of total sales or purchase of our Company during the financial years 2012, 2011, 2010, 2009 and 2008.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders at their discretion, subject to the provision of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of other factors, including, restrictive covenants under the loan or financing documents we may enter into from time to time. For further details on restrictive covenants, see “*Financial Indebtedness*” on page 179. Our Company has no formal dividend policy. Our Board may also, from time to time, pay interim dividends.

Our Company has not declared any dividends during the last five financial years.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

AUDITORS' REPORT (As required by Part II of Schedule II to the Companies Act, 1956)

To,

The Board of Directors,
Bharat Business Channel Ltd.
Auto Cars Compound,
Adalat Road,
Aurangabad - 431 005.

Dear Sirs,

- 1) We, Khandelwal Jain & Co., Chartered Accountants ('KJCO') and Kadam & Co., Chartered Accountants ('Kadam') (collectively 'the joint auditors') have examined the attached financial information of Bharat Business Channel Limited ('the Company'), as of September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 comprising Restated Summary Statement of Assets and Liabilities, Restated Summary Statement of Profits and Losses, Restated Summary Statement of Cash Flows and other financial information explained in paragraph below for the half year ended September 30, 2012 and for the financial years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 (collectively the 'Restated Financial Information'). The Restated Financial Information has been prepared by the Company and approved by the Board of Directors, for the purpose of inclusion in the offer document in connection with its proposed Initial Public Offer ("IPO") of equity shares, in accordance with the requirements of:
 - (a) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act"); and
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "Regulations") and the related amendments issued by the Securities and Exchange Board of India ("SEBI") as amended to date.
- 2) We have examined such restated financial information taking into consideration:
 - (a) The terms of our engagement vide our engagement letter dated September 01, 2012 received from the Company, requesting us to carry out the assignment, in connection with the offer document being issued by the Company for its proposed Initial Public Offering ('IPO') of equity shares and
 - (b) The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.
- 3) The Restated Financial Information of the Company have been compiled by the management from the Audited Financial Statements of the Company for the half year ended September 30, 2012 and for the years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 which have been approved by the Board of Directors. The Audit of the Financial Statements of the Company for the half year ended September 30, 2012 and for the years ended March 31, 2012, March 31, 2011 and March 31, 2010 was conducted jointly by us and for the years ended March 31, 2009 and March 31, 2008, the audit of the Financial Statements of the Company was conducted solely by Kadam, one of the joint auditors.

This report, in so far as it relates to the amounts included for the financial years ended March 31, 2009 and March 31, 2008 are concerned, is based on the Audited Financial Statements of the Company which were audited solely by Kadam and whose Auditors Reports have been relied upon by KJCO for the said years.

4) In accordance with the requirements of Paragraph B (1) of Part II of schedule II of the Act, the Regulations and terms of our engagement agreed with you, we further report that:

(a) The Restated Financial Information of the Company as at and for the years ended March 31, 2009 and March 31, 2008 are based on the Audited Financial Statements of the Company which were solely audited by Kadam and whose Auditors' reports have been relied upon by KJCO for the said years and for the half year ended September 30, 2012 and for the years ended March 31, 2012, March 31, 2011 and March 31, 2010 jointly examined by us, as set out in Annexure I, II and III to this report and are after making adjustments and regrouping, as in our opinion, were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Financial Information as set out in Annexure IV and V to this report.

(b) Based on the above and also as per the reliance placed by KJCO on the Audited Financial Statements of the Company which were audited solely by Kadam, as referred to in Paragraph 3 above, we are of the opinion that the Restated Financial Information have been made, after incorporating:

- i) Adjustments for the material amounts in the respective financial years / period to which they relate;
- ii) There were no changes in accounting policies which required adjustments retrospectively;
- iii) There are no extraordinary items which need to be disclosed separately in the Restated Financial Information;
- iv) There are no qualifications in the auditor's reports requiring adjustments to the Restated Summary Information.
- v) Emphasis of Matter included in Auditor's report for the half year ended September 30, 2012 and for the years ended March 31, 2012 and March 31, 2011, is given in Note no. B(2) of Annexure V, which does not require adjustment to the Restated Financial Information and is as below –

Without qualifying the opinion, attention has been invited to Notes to Account that as on September 30, 2012, March 31, 2012 and March 31, 2011, the accumulated losses exceed the paid up share capital of the company and the net worth of the company has been completely eroded. The company's ability to continue as a going concern is dependent on the success of its operations and ability to arrange funds for its operations. The management is confident of meeting its funds requirements in the future and generating cash flow from business operations through increasing subscribers' base. Accordingly, these financial statements have been prepared on going concern basis.

- vi) As mentioned in Note B(3)) of Annexure V of the Restated Financial Information, audit qualifications in the Annexure to the Auditor's reports which do not require any corrective adjustment in the financial information pertained to:

Financial year ended March 31, 2012:

- slight delays in few cases regarding deposit of certain statutory dues; and
- default in repayment (principal and interest) to the banks.

Financial year ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008:

- incurring cash loss

Financial year ended March 31, 2012 and March 31, 2011:

- accumulated losses of the Company were more than fifty percent of its networth at the end of the respective financial year

- 5) We have not audited any financial statement of the Company as of any date or for any period subsequent to September 30, 2012. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to September 30, 2012.
- 6) We have also examined the following other Financial Information prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the half year ended September 30, 2012 and for the financial years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008. In respect of the financial years ended March 31, 2009 and March 31, 2008 this information has been included based on the Audited Financial statements of the Company which were audited solely by Kadam and whose Auditors' reports have been relied upon by KJCO for the said years:
- (a) Annexure IV - Significant Accounting Policies and Notes on Restated Financial Information
 - (b) Annexure V – Statement on Adjustments to Audited Financial Statements
 - (c) Annexure VI A to F – Restated Statement of Tangible and Intangible Assets
 - (d) Annexure VII –Restated Statement of Long Term Loans and Advances;
 - (e) Annexure VIII–Restated Statement of Current Investments;
 - (f) Annexure IX–Restated Statement of Trade Receivables;
 - (g) Annexure X–Restated Statement of Short Term Loans and Advances
 - (h) Annexure XI– Restated Statement of Long Term Borrowings;
 - (i) Annexure XI (a) – Details of Terms and Conditions of Long Term Borrowings Outstanding as on September 30, 2012;
 - (j) Annexure XII A– Restated Statement of Current Liabilities – Short Term Borrowings;
 - (k) Annexure XII B – Restated Statement of Current Liabilities –Trade Payables;
 - (l) Annexure XII C – Restated Statement of Current Liabilities – Other Current Liabilities;
 - (m) Annexure XII D – Restated Statement of Current Liabilities – Short Term Provisions;
 - (n) Annexure XIII–Restated Statement of Other Income;
 - (o) Annexure XIV– Restated Statement of Expenses;

- (p) Annexure XV–Restated Statement of Contingent Liabilities;
- (q) Annexure XVI–Statement of Dividend paid;
- (r) Annexure XVII–Restated Statement of Accounting and other Ratios;
- (s) Annexure XVIII–Statement of Capitalization;
- (t) Annexure XIX– Statement of Tax Shelter;
- (u) Annexure XX–Restated Statement of Related Party Transactions;
- (v) Annexure XXI –Statement of Share Capital;
- (w) Annexure XXII – Restated Statement of Reserves and Surplus;

In our opinion, the other Financial Information as disclosed in the Annexures to this report as referred to above, read with the respective Significant Accounting Policies as set out in Annexure IV and Notes to Restated Financial Information as set out in Annexure IV and V, and also as per the reliance placed by KJCO on the Audited Financial Statements of the Company which were audited solely by Kadam, as referred to in Paragraph 3 above, and prepared after making the adjustments and regrouping as considered appropriate have been prepared in accordance with Part II of Schedule II to the Act and the Regulations.

- 7) This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by either any of us singly or issued jointly or by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 8) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 9) This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not be used, referred to or distributed for any other purpose except with our prior written consent.

For KHANDELWAL JAIN & CO.
Chartered Accountants,
Firm Registration No: 105049W

For KADAM & CO.
Chartered Accountants,
Firm Registration No: 104524W

AKASH SINGHAL
PARTNER
Membership No.103490

D. U. KADAM
PARTNER
Membership No.125886

Place: Mumbai
Date : October 8, 2012

Restated Summary Statement of Assets and Liabilities

(₹ in Millions)

	Particulars	As on					
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
1	Non-Current Assets						
	<i>Fixed Assets</i>						
	(i) Tangible Assets	15,980.26	14,373.47	9,797.94	4,159.62	142.50	1.32
	(ii) Intangible Assets	1,267.50	1,165.83	980.71	736.64	1.90	-
	(iii) Capital Work-in-Progress	2,642.66	2,239.09	1,983.18	3,790.55	2,239.90	372.78
	Non – Current Investments	-	-	-	-	-	-
	Deferred Tax Assets	-	-	-	-	6.24	2.64
	Long-Term Loans and Advances	150.55	324.02	1,956.22	3,207.13	2,490.57	0.14
	Other Non-Current Assets						
	Other Bank Balances						
	In Fixed Deposits (maturity of more than 1 year)	54.04	0.20	-	10.40	-	-
	Total Non - Current Assets – 1	20,095.01	18,102.61	14,718.05	11,904.34	4,881.11	376.88
2	Current Assets						
	Current Investments	-	-	-	-	-	1,000.00
	Inventories	214.09	188.87	216.46	149.58	4.81	0.15
	Trade Receivables	1.24	13.15	21.44	0.91	-	-
	<i>Cash and Bank Balances:</i>						
	Cash and Cash Equivalents:						
	Cash on Hand	3.59	2.20	1.19	1.03	2.10	0.04
	<i>Balance with Banks:</i>						
	In Current Accounts	115.35	39.63	197.75	47.68	213.63	24.97
	In Fixed Deposits (maturity of less than 3 months)	138.09	105.14	17.46	-	-	-
	Other Bank Balances						
	In Fixed Deposits (maturity of more than 3 months but not more than 1 year)	317.03	257.09	130.08	45.34	-	-
	Short-Term Loans and Advances	1,981.82	1,891.98	1,600.84	495.59	174.93	12.82
	Other Current Assets	-	-	-	-	-	-
	Total Current Assets – 2	2,771.21	2,498.06	2,185.22	740.13	395.47	1,037.98
3	Non-Current Liabilities						
	Long-Term Borrowings	14,026.10	13,917.80	9,722.34	6,911.14	2,200.00	-
	<i>Other Long Term Liabilities</i>						
	Advance Against Lease Rental and Subscription	2,089.53	1,849.35	1,558.01	250.30	-	-
	<i>Long-Term Provisions</i>						
	Provision for Leave Encashment	11.55	11.55	7.85	4.66	1.29	-
	Provision for Gratuity	17.03	17.03	11.56	7.55	4.26	-
	Deferred Tax Liabilities (Net)	-	-	-	-	-	-
	Total Non - Current Liabilities – 3	16,144.21	15,795.73	11,299.76	7,173.65	2,205.55	-
4	Current Liabilities						
	Short-Term Borrowings	2,250.00	250.00	3,231.67	360.00	1,319.00	-
	Trade Payables	3,029.63	2,172.17	1,373.25	792.01	336.19	1,321.69
	Other Current Liabilities	7,331.93	5,576.94	2,375.49	408.34	46.62	6.02
	Short-Term Provisions	9.22	3.34	0.55	2.77	2.72	1.66
	Total Current Liabilities – 4	12,620.78	8,002.45	6,980.96	1,563.12	1,704.53	1,329.37
5	Share Application Money Pending for Allotment	-	3,000.00	-	-	1,300.00	-
	Net Worth - 1 + 2 - 3 - 4 - 5	(5,898.77)	(6,197.51)	(1,377.45)	3,907.70	66.50	85.49

BHARAT BUSINESS CHANNEL LIMITED

	Particulars	As on					
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
6	Shareholders' Funds						
	(A) Share Capital						
	Equity Share Capital	2,420.00	1,820.00	1,820.00	1,820.00	100.00	100.00
	(B) Reserves and Surplus						
	Securities Premium Account	5,840.00	3,440.00	3,440.00	3,440.00	-	-
	Debit Balance of Statement of Profit and Loss	(14,158.77)	(11,457.51)	(6,637.45)	(1,352.30)	(33.50)	(14.51)
	Net Worth	(5,898.77)	(6,197.51)	(1,377.45)	3,907.70	66.50	85.49

Note: -

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Reg. No. - 105049W

For KADAM & CO.
Chartered Accountants
Firm Reg. No. - 104524W

For and on behalf of the Board

AKASH SHINGHAL
Partner
Membership No. 103490

D. U. KADAM
Partner
Membership No. 125886

SAURABH P. DHOOT SURESH M. HEGDE
Whole Time Director Director

AMRUTA KARKARE
Company Secretary

Place: Mumbai
Date: October 08, 2012

Restated Summary Statement of Profits and Losses

(₹ in Millions)

	Particulars	For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
I.	Revenue From Operations						
	Subscription Revenue (Net)	4,019.89	5,134.24	1,071.34	37.22	-	-
	Installation and Other Operating Income	394.20	793.35	646.64	93.63	0.06	-
	Activation Revenue (Net)	230.56	579.17	-	-	-	-
	Lease Rental	271.39	423.59	131.02	7.91	-	-
	Sales of STB and Other Accessories	19.95	44.80	3.78	2.30	-	-
	Sub - Total	4,935.99	6,975.15	1,852.78	141.06	0.06	-
II.	Other Income	19.76	30.31	6.56	1.01	0.81	4.26
III.	Total Revenue (I + II)	4,955.75	7,005.46	1,859.34	142.07	0.87	4.26
IV.	Expenses:						
	Cost of Materials Consumed	50.02	91.15	34.97	49.31	0.06	-
	Employee Benefits Expense:						
	Salaries and Wages	356.02	600.30	449.32	168.58	14.79	6.99
	Contribution to Provident and Other Funds	15.56	26.56	20.99	7.38	0.79	-
	Staff Welfare Expenses	7.65	20.97	15.58	4.30	0.33	0.01
	Other Expenses						
	Foreign Currency (Gain) / Loss (other than considered as finance cost)	30.32	72.06	(11.97)	(4.39)	-	-
	Operating Expenses	3,793.52	5,692.17	3,754.05	723.91	-	-
	Selling and Distribution Expenses	491.08	900.16	617.99	111.25	2.80	-
	Administrative and Other Expenses	200.39	395.02	289.49	85.58	2.40	5.84
	Total (a)	4,944.56	7,798.39	5,170.42	1,145.92	21.17	12.84
V	Earnings before Interest, tax, depreciation and amortization (EBITDA) (III - IV)	11.19	(792.93)	(3,311.08)	(1,003.85)	(20.30)	(8.58)
VI	Finance Costs:(b)						
	Interest Expense	1,298.16	1,904.28	935.96	142.79	-	0.11
	Other Borrowing Costs	40.20	108.67	142.82	8.12	0.30	0.01
VII	Depreciation, Amortization and Impairment Expenses (c)	1,374.09	2,014.18	895.29	157.80	0.61	-
VIII	Total Expenses (a+b+c)	7,657.01	11,825.52	7,144.49	1,454.63	22.08	12.96
IX	Loss Before Exceptional And Extraordinary Items And Tax (V - VI - VII)	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)
X	Exceptional Items	-	-	-	-	-	-
XI	Loss Before Extraordinary Items and Tax (IX - X)	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)
XII	Extraordinary Items	-	-	-	-	-	-
XIII	Loss Before Tax (XI - XII)	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)

BHARAT BUSINESS CHANNEL LIMITED

	Particulars	For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
XIV	Tax Expense:						
	(1) Current Tax	-	-	-	-	-	1.47
	(2) Fringe Benefit Tax	-	-	-	-	1.38	0.19
	(3) Deferred Tax	-	-	-	6.24	(3.60)	(2.64)
XV	Loss for the Year (XIII - XIV)	(2,701.26)	(4,820.06)	(5,285.15)	(1,318.80)	(18.99)	(7.72)
XVI	Earnings Per Equity Share:						
	(1) Basic	(14.76)	(26.48)	(29.04)	(54.20)	(1.90)	(0.87)
	(2) Diluted	(14.76)	(26.48)	(29.04)	(54.20)	(1.90)	(0.87)

Note:

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Reg. No. - 105049W

For KADAM & CO.
Chartered Accountants
Firm Reg. No. - 104524W

For and on behalf of the Board

AKASH SHINGHAL
Partner
Membership No. 103490

D. U. KADAM
Partner
Membership No. 125886

SAURABH P. DHOOT SURESH M. HEGDE
Whole Time Director Director

AMRUTA KARKARE
Company Secretary

Place: Mumbai
Date: October 08, 2012

BHARAT BUSINESS CHANNEL LIMITED
Annexure III
Restated Summary Statement of Cash Flow Statement
(₹ in Millions)

	Particulars	For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A	<u>Cash flow from operating activities</u>						
	Net profit / (loss) before tax	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)
	Adjustments for :						
	Depreciation and amortization	1,374.09	2,014.18	895.29	157.80	0.61	-
	Provision for Leave Encashment	2.10	5.35	2.25	3.42	2.51	-
	Provision for Gratuity	3.78	6.57	4.13	3.29	4.26	-
	Provision for Doubtful Debts	(8.94)	11.44	1.18	0.35	-	-
	Interest and Finance charges	1,338.36	2,012.95	1,078.78	150.91	0.30	0.12
	Prior Period Expense	-	-	-	-	-	-
	Profit on Sale of Investment	-	-	-	-	(0.75)	(4.26)
	Interest Income	(19.18)	(28.63)	(6.11)	(0.85)	(0.06)	-
	Operating profit / (loss) before working capital changes	(11.05)	(798.20)	(3,309.63)	(997.64)	(14.34)	(12.84)
	Adjustments for -						
	Decrease / (Increase) in inventories	(25.22)	27.59	(66.88)	(144.77)	(4.66)	(0.15)
	Decrease / (Increase) in Trade and Other receivables	(77.90)	(290.10)	(1,126.79)	(372.06)	(167.45)	(12.96)
	(Decrease) / Increase in liabilities and provisions	2,225.39	2,905.11	3,323.79	1,011.36	(944.90)	1,322.38
	Cash generated from / (used in) operations	2,111.22	1,844.40	(1,179.51)	(503.11)	(1,131.35)	1,296.43
	Direct taxes (paid)/ Refund Received (Net)	(5.08)	(9.89)	(2.36)	(1.15)	(1.56)	(1.50)
	Net cash from / (used in) operating activities	2,106.14	1,834.51	(1,181.87)	(504.26)	(1,132.91)	1,294.93
B	<u>Cash flow from investing activities</u>						
	(Purchase) of Fixed Assets	(3,082.56)	(6,774.85)	(6,777.67)	(4,909.66)	(143.70)	(1.32)
	(Increase)/Decrease in Capital Work in Progress	(403.57)	(255.91)	1,807.37	(1,550.65)	(1,867.12)	(372.78)
	(Increase)/Decrease in Capital Advance	187.47	1,637.94	1,251.70	(665.27)	(2,485.06)	-
	(Increase)/Decrease Term deposit having remaining maturity of more than 3	(113.78)	(127.21)	(74.34)	(55.74)	-	-
	Purchase of investments	-	-	-	-	-	(1,000.00)
	Sale of Investment	-	-	-	-	1,000.00	-
	Profit on Sale of Investment	-	-	-	-	0.75	4.26
	Interest received	19.18	28.63	6.11	0.85	0.06	-
	Dividend received	-	-	-	-	-	-
	Net cash used in investing activities	(3,393.26)	(5,491.40)	(3,786.83)	(7,180.47)	(3,495.07)	(1,369.84)

BHARAT BUSINESS CHANNEL LIMITED

	Particulars	For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
C	Cash flow from financing activities						
	Proceeds from issue of shares including securities premium	-	-	-	1,720.00	-	99.50
	Share application money received/(paid)	-	3,000.00	-	-	1,300.00	-
	Share Application Money/Premium (Net)	-	-	-	2,140.00	-	-
	Proceeds from long term borrowings	3,496.09	6,094.63	6,265.17	4,767.62	3,519.00	-
	Repayment of long term borrowings	(760.55)	(3,494.22)	(50.00)	(959.00)	-	-
	Finance charges paid	(1,338.36)	(2,012.95)	(1,078.78)	(150.91)	(0.30)	(0.12)
	Net cash provided by financing activities	1,397.18	3,587.46	5,136.39	7,517.71	4,818.70	99.38
	Net increase / (decrease) in cash and cash equivalents	110.06	(69.43)	167.69	(167.02)	190.72	24.47
	Cash and cash equivalents at the beginning of the year/period	146.97	216.40	48.71	215.73	25.01	0.54
	Cash and cash equivalents at the end of the year/ period	257.03	146.97	216.40	48.71	215.73	25.01
	Components of cash and cash equivalents						
	Cash in hand	3.59	2.20	1.19	1.03	2.10	0.04
	Balance with scheduled banks						
	- on Current account	115.35	39.63	197.75	47.68	213.63	24.97
	- on Fixed deposit account	138.09	105.14	17.46	-	-	-
	Total	257.03	146.97	216.40	48.71	215.73	25.01

Notes:

- 1 The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 2 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Reg. No. - 105049W

For KADAM & CO.
Chartered Accountants
Firm Reg. No. - 104524W

For and on behalf of the Board

AKASH SHINGHAL
Partner
Membership No. 103490

D. U. KADAM
Partner
Membership No. 125886

SAURABH P. DHOOT SURESH M. HEGDE
Whole Time Director Director

AMRUTA KARKARE
Company Secretary

Place: Mumbai
Date: October 08, 2012

Significant Accounting Policies and Notes on Restated Financial Information

A Significant Accounting Policies

Company Overview

The Bharat Business Channel Limited is in the business of providing direct to home (“DTH”) broad casting services to its subscribers. The Company has entered into a License Agreement with the Ministry of Information and broadcasting to provide DTH services on December 28, 2007 with a validity period of ten years. The validity period of license shall be determined from the date of issue of operating license by the Wireless Planning and Co-ordination (“WPC”). The Company has received the operating license from WPC on December 12, 2008.

1 Basis for preparation of Financial Statements

- a) The Restated Summary Statement of Assets and Liabilities of Bharat Business Channel Limited (the “Company”) as at September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009, and March 31, 2008 and the Restated Summary Statement of Profit and Loss and Restated Summary Statements of Cash Flows for the half year ended September 30, 2012 and for the years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 and the annexure thereto (collectively, the “Restated Financial Information”) have been extracted by the management from the Financial Statements of the Company for the half year ended September 30, 2012 and for the years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009, and March 31, 2008.
- b) The financial statements are prepared and presented under the historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies(Accounting Standards) Rules, 2006.

c) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

2 Fixed Assets / Capital Work-in-Progress

- a) Tangible Fixed Assets are stated at cost of acquisition less accumulated depreciation/amortization and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, borrowing cost and other incidental expenses for bringing the asset to its working conditions for its intended use but net of CENVAT and Value Added Tax, wherever input credit is claimed.
- b) Consumer Premises Equipments are capitalized on Activation.
- c) Intangible Assets which includes License Fees, Computer software, Technical Know-how and Brand Development, are measured at cost of acquisition and development and are stated at cost less accumulated amortization and impairment, if any.
- d) Capital Work in Progress is stated at cost, comprising of direct Cost, attributable borrowing cost and related incidental expenditure. All expenses incurred for acquiring, erecting and commissioning of fixed assets and incidental expenditure incurred during construction of the projects are shown under Capital Work in Progress

3 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises of purchase costs and other costs incurred in bringing such inventories to their present location and condition. Cost is determined on Weighted Average Basis.

4 Depreciation and Amortization

Depreciation on tangible fixed assets is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in following cases where depreciation is provided over the estimated useful life as determined by the management.

- a) Leasehold Land is amortized over the period of primary lease.
- b) Consumer Premises Equipments are amortized over the period of 7 years.

Intangible assets are amortized over their useful life as follow:

- a) License fee for DTH License is amortized over the period of license.
- b) Computer Software is amortized over the period of 5 years.
- c) Technical Know-how and Designs, Brand Development are amortized over the period of 10 years.

5 Revenue Recognition

- a) Subscription and other service revenues are recognized on the completion of services.
- b) Lease rentals are recognized as revenue over the related estimated period in which the benefit is expected to be derived from the use of leased assets.
- c) Sales of goods is recognized when the risk and rewards of ownership are vested with / passed on to the customer.
- d) Interest income is recognized on time proportion basis taking into account the amount invested and the rate of interest.

6 Impairment of Assets

The Fixed Assets or a group of assets (Cash generating unit) are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the assets or cash generating unit to which the assets belongs is less than its carrying amount, the impairment loss is recognized by writing down such assets to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

7 Leases

- a) Leases which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are classified as 'Finance Leases'. Assets acquired on 'Finance Lease' which transfer risk and rewards of the ownership to the Company are capitalized as the assets by the company.
- b) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as 'Operating Leases'. Rentals in respect of Operating Leases are recognized as an expense / income in the Statement of Profit and Loss on a basis which reflect the time pattern of such payment / receipt appropriately, except for rentals pertaining to the period up to the date of commencement of commercial operations, which are capitalized.
- c) Initial direct cost incurred specifically to earn revenue from operating lease are deferred and allocated to income over the estimated period in which the benefit is expected to be derived from the use of related leased assets, in proportion to the recognition of lease rental income.

8 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all potential dilutive equity shares, except where result would be anti-dilutive.

9 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets till the time they are ready for intended use are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

10 Foreign Currency Transactions

- a) Transactions denominated in foreign currency are recorded at the average exchange rate of the month of respective transactions.
- b) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet Date.
- c) Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized as income or expense.

11 CENVAT / VAT Credit

The CENVAT / VAT credit available on purchase of materials, capital goods and other eligible inputs is adjusted against service tax / output VAT payable. The unadjusted CENVAT/VAT credit is shown under the head "Short Term Loans and Advances" until the same is adjusted against service tax / output VAT payable.

12 Employees Benefits

a) Short Term Employees Benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, and bonus etc., are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

b) Long Term Employee Benefits

i) Provident Fund and Employees' State Insurance Schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employees and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India.

The Company's contributions to both these schemes are expensed. The Company has no further obligations under these plans beyond its monthly contributions.

ii) Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company makes provision for the Gratuity Plan based on independent actuarial valuations in accordance with Accounting Standard 15 (revised), "Employee Benefits". The present value of obligation under gratuity is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Statement Profit and Loss as income or expenses.

iii) Leave Encashment -Other long term benefit

Liability in respect of leave encashment is determined using the projected unit credit method with independent actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Statement Profit and Loss.

13 Taxation

Income tax comprises of current tax and deferred tax. Provision for current income tax is made on the assessable income/benefits at the rate applicable to relevant assessment year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date and recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

14 Provisions, Contingent Liabilities and Contingent Assets

The Company recognize a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent Liabilities are disclosed by way of Notes to Accounts: Disputed demands in respect of Central Excise, Customs, Income-tax, Sales Tax and Others are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, till the final outcome of the matter and where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements.

15 Measurement of Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present EBIDTA as a separate line item on the face of the statement of profit and loss. The Company measures EBIDTA on the basis of Profit / (Loss) from continuing operations. In the measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

B Notes to Restated Financial Information

1 The Bharat Business Channel Limited is in to the business of providing Direct to Home (DTH) Broad Casting services to its subscribers. The Company has entered into a License Agreement with the Ministry of Information and Broad Casting to provide DTH Services on 28th December, 2007 with a validity period of Ten years. The validity period of License shall be reckoned from the date of issue of operating license by the Wireless Planning and Co-ordination (WPC). The Company has received the operating license from WPC on 12th December, 2008.

2 Details of Contingent liabilities not provided for are given in Annexure XV.

3 Capital Commitment

(₹ in Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	155.56	302.26	26.96	46.96	120.60	218.78

In respect of other commitment as per management's Judgment there are no non cancellable contracts having any material financial impact.

4 Disclosures under Micro, Small and Medium Enterprises Development Act, 2006

During the years 2007-08 to 2011-12 and half year ended September 30, 2012, there are no Micro, Small and Medium Enterprise to whom the Company owes dues which were outstanding as the balance sheet date. The above information regarding Micro, Small and Medium Enterprise has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

5 In the opinion of the Board, the value of realization of Current Assets, Loans and Advances in the ordinary course of business would not be less than amount at which they are stated in the Balance Sheet and the provisions for all known liabilities and determined liabilities is adequate and not in excess of the amount reasonably required.

6 Disclosure pursuant to Accounting Standard 15 (Revised) "Employee Benefits"**a) Defined Contribution Plans:**

During the half year ended September 30, 2012 ₹ 15.56mn (2011-12 ₹ 26.56mn, 2010-11 ₹ 20.99mn, 2007-08 ₹ 0.07mn) have been recognized as expense in respect of the Company's contribution to Provident Fund, deposited with the government authorities and have been included under Employees' benefit expenses in the Statement of Profit and Loss.

During the year 2009-10, the Company has paid Employer's Contributions to Employees' Provident Fund and Employees' Pension Scheme, 1995 amounting to ₹ 29.96mn (2008-09 ₹ 10.51mn) out of which ₹ 22.57mn (2008-09 ₹ 9.72mn) has been capitalized and balance has been recognized in the Statement of Profit and Loss.

b) Defined Benefit Plans:

Defined benefit plans as per actuarial valuation:

I Actuarial Assumptions:

Particulars	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Discount Rate	8.75 %	8.25 %	8.00 %	7.75 %
Mortality	L.I.C.1994-96 Ultimate	L.I.C.1994-96 Ultimate	L.I.C.1994-96 Ultimate	L.I.C.1994-96 Ultimate
Salary Escalation	5 %	5 %	5 %	5 %
Attrition Rate	2 %	2 %	2 %	2 %

GRATUITY

(₹ in Millions)

	Particulars	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
a.	The amounts recognized in the Balance Sheet as at the end of the year					
	1. Present Value of Defined Benefit Obligation	18.25	11.69	7.55	4.26	Nil
	2. Fair value of plan assets	Nil	Nil	Nil	Nil	Nil
	3. Funded Status – Surplus/ (Deficit)	(18.25)	(11.69)	Nil	Nil	Nil
	4. Net Assets/(Liability)	(18.25)	(11.69)	(7.55)	(4.26)	Nil
b.	The amounts recognized in Profit and Loss Account / Capitalized for the year					
	1. Current Service Cost	4.97	4.53	3.46	2.85	Nil
	2. Interest Cost	1.37	0.97	0.60	Nil	Nil
	3. Paid During the year	Nil	Nil	Nil	Nil	Nil
	4. Actuarial (Gains)/Losses	0.22	(1.61)	(0.77)	Nil	Nil
	5. Past Service Cost	Nil	0.25	Nil	1.41	Nil
	6. Capitalized during the year	Nil	Nil	2.19	Nil	Nil
	7. Total Expenses	6.57	4.14	1.10	4.26	Nil
c.	The changes obligations during the Year					
	1. Present value of Defined Benefit Obligation at the beginning of the year	11.69	7.55	4.26	Nil	Nil
	2. Current Service Cost	4.97	4.53	3.46	2.85	Nil
	3. Interest Cost	1.37	0.97	0.60	Nil	Nil
	4. Past Service Cost	Nil	0.25	Nil	1.41	Nil
	5. Actuarial (Gain)/ Losses	0.22	(1.61)	(0.77)	Nil	Nil
	6. Benefit Payments	Nil	Nil	Nil	Nil	Nil
	7. Present value of Defined Benefit Obligation at the end of the year	18.25	11.69	7.55	4.26	Nil

The Company makes provision for the Gratuity Plan based on independent actuarial valuations in accordance with Accounting Standard 15 (revised), “Employee Benefits” at the end of every Financial Year. However, for half year ended September 30, 2012 the provision of ₹ 3.78mn has been made on the basis of estimation made by the management.

LEAVE ENCASHMENT

(₹ in Millions)

Particulars		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
a.	The amounts recognized in the Balance Sheet as at the end of the year					
	1. Present Value of Defined Benefit Obligation	13.53	8.17	5.94	2.50	Nil
	2. Fair value of plan assets	Nil	Nil	Nil	Nil	Nil
	3. Funded Status – Surplus/ (Deficit)	(13.53)	(8.17)	Nil	Nil	Nil
	4. Net Assets/(Liability)	(13.53)	(8.17)	(5.94)	(2.50)	Nil
b.	The amounts recognized in Profit and Loss Account / Capitalized for the year					
	1. Current Service Cost	1.45	3.16	1.80	2.50	Nil
	2. Interest Cost	0.70	0.59	0.33	Nil	Nil
	3. Paid During the year	Nil	Nil	1.22	Nil	Nil
	4. Actuarial (Gains)/Losses	5.47	1.96	1.30	Nil	Nil
	5. Past Service Cost	Nil	Nil	Nil	Nil	Nil
	6. Capitalized during the year	Nil	Nil	2.20	Nil	Nil
	7. Total Expenses	7.61	5.71	2.45	2.50	Nil
c.	The changes obligations during the Year					
	1. Present value of Defined Benefit Obligation at the beginning of the year	8.17	5.94	2.50	Nil	Nil
	2. Current Service Cost	1.45	3.16	1.80	2.50	Nil
	3. Interest Cost	0.70	0.59	0.33	Nil	Nil
	4. Past Service Cost	Nil	Nil	Nil	Nil	Nil
	5. Actuarial (Gain)/ Losses	5.47	1.96	1.30	Nil	Nil
	6. Benefit Payments	2.26	3.47	Nil	Nil	Nil
	7. Present value of Defined Benefit Obligation at the end of the year	13.53	8.17	5.94	2.50	Nil

For Leave Encashment liability, the Company makes provision using the projected unit credit method with independent actuarial valuations at the end of every Financial Year. However, for half year ended September 30, 2012 the provision for Leave Encashment of ₹ 4.72mn has been made on the basis of estimation made by the management.

7 Borrowing Cost pursuant to Accounting Standard 16 “Borrowing Costs”

(₹ in Millions)

Particulars	For the Period ended	For the year ended				
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Capitalized to the cost of fixed assets / capital work in progress.	-	-	179.32	532.31	87.57	-

8 Segmental information pursuant to Accounting Standard 17 – “Segment Reporting”

The Company operates in a single business segment viz. Direct to Home services in India, accordingly there is no reportable business or geographical segments as prescribed Under Accounting Standard 17 “Segment Reporting”.

9 Related Party Disclosures as required in terms of Accounting Standard -18 – “Related Party Disclosures” is given in Annexure XX.

10 Disclosures in respect of Leases pursuant to Accounting Standard 19 – “Leases”

A Operating Lease

i) In Respect of Assets taken on Operating Lease:

During the half year ended September 30, 2012 and the years 2011-12, 2010-11 and 2009-10, the Company’s leasing arrangements are in respect of operating leases for premises for offices, warehouses and Transponder. These leasing arrangements are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms. The period of the agreements between 1 to 5 years in the case of office premises and between 11 months to 5 years in the case of warehouse premises. The aggregate lease rentals payable are charged as rent.

ii) In Respect of Assets given under Operating Lease:

The Company has leased out the assets by way of cancellable operating lease. The gross book value of such assets, its accumulated depreciation and total lease income for the respective year is given below:

(₹ in Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Gross Value of the Assets	16,054.18	13,186.69	6,937.71	790.82	-	-
Accumulated Depreciation and Amortization	3,181.07	2,067.16	531.98	40.05	-	-
Depreciation and Amortization for the year	1,113.91	1,535.18	491.93	40.05	-	-
Revenue from Lease Rental	271.39	423.59	131.02	7.91	-	-

B Finance Lease

The company has acquired certain capital assets under finance lease. Minimum lease payments are as follows:

(₹ in Millions)

Particulars	As on		
	Minimum Lease Payments	Finance Charges	Present Value of Minimum Lease Payments
As on 30-09-2012			
Amount due within one year	2.04	0.21	1.83
Amount due between one year & five year	Nil	Nil	Nil
As on 31-03-2012			
Amount due within one year	6.11	0.37	5.74
Amount due between one year & five year	Nil	Nil	Nil
As on 31-03-2011			
Amount due within one year	6.12	0.73	5.39
Amount due between one year & five year	6.11	0.37	5.74

Particulars	As on		
	Minimum Lease Payments	Finance Charges	Present Value of Minimum Lease Payments
As on 31-03-2010			
Amount due within one year	8.16	1.68	6.48
Amount due between one year & five year	12.23	1.10	11.13
As on 31-03-2009			
Amount due within one year	-	-	-
Amount due between one year & five year	-	-	-
As on 31-03-2008			
Amount due within one year	-	-	-
Amount due between one year & five year	-	-	-

11 Earnings per Share (EPS) pursuant to Accounting Standard 20 “Earnings Per Share”

As required in terms of Accounting Standard 20 “Earnings Per Share” is given in Annexure - XVII.

12 Taxation

In absence of any taxable income no provision for the current tax has been made.

The Tax effect of Significant Timing (Temporary) Differences that resulted in Deferred Tax Assets & Liabilities and description of the Financial Statement items that creates these differences are as follows: -

(₹ in Millions)

Particulars	March 31, 2009	March 31, 2008
Deferred Tax Liabilities – Depreciation	0.33	0.06
Deferred Tax Assets		
Expenses Charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	0.20	-
Unabsorbed Depreciation and Business Losses	48.63	2.7
Net Deferred Tax Liability / (Assets)	(48.50)	(2.64)

During the half year ended September 30, 2012 and for the years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009, and March 31, 2008, in view of losses and unabsorbed depreciation, considering the grounds of prudence, deferred tax assets is recognized to the extent of deferred tax liabilities and balance deferred tax assets have not been recognized in the books of accounts.

- 13 As on half year ended September 30, 2012, March 31, 2012 and March 31, 2011, the accumulated losses exceed the paid up share capital of the company and the net worth of the company has been completely eroded. The company's ability to continue as a going concern is dependent on the success of its operations and ability to arrange funds for its operations. The management is confident of meeting its funds requirements in the future and generating cash flow from business operations through increasing subscribers' base. Accordingly, these financial statements have been prepared on going concern basis.

- 14 The Activation Revenue collected from subscribers are netted out with activation expenses.

(₹ in Millions)

Particulars	For the Period Ended	For the year ended				
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Activation Revenue	948.46	1,780.15	778.83	72.24	NIL	NIL
Activation Expenses	717.90	1,200.96	997.36	155.83	NIL	NIL
Total	230.56	579.17	(218.53)	(83.59)	NIL	NIL

- 15 In the years 2007-08 and 2008-09, the outstanding balances of certain Debtors, Deposits, Advances, and other Current Assets / Liabilities are subject to confirmations.

- 16 The Company has not paid any remuneration to its Directors for the financial years 2007-08 to 2011-12 and at half year ended September 30, 2012.

17 Auditors Remuneration

(₹ in Millions)

Particulars	For the Period Ended	For the year ended				
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Auditor's Fees	0.27	0.55	0.50	0.10	0.01	0.01
Tax Audit Fees	0.03	0.05	0.05	0.05	-	-
Certification and Other Matters	0.20	0.40	0.30	0.10	-	-
Out of Pocket Expenses	-	0.09	0.02	-	-	-
Total	0.50	1.09	0.87	0.25	0.01	0.01

18 Additional information pursuant to the provisions of paragraphs 3, 4c, 4d of part II of Schedule VI of the Companies Act, 1956

- A) There is no applicability of licensed capacity as the Company is in the business of providing Direct to Home services through satellite. The Direct to Home business is such that installed capacity cannot be quantified.
- B) The Company is generally engaged in the business of providing Direct to Home services, the material purchased are with the purpose of services i.e. captive consumption purposes. As a part of nature of business there is very small amount of sales that happens as routine part of business. In view of the same Company's management is of the opinion that there is no material/significant transactions to provide the details of Opening Stock, purchases, sales and closing stock details.

C CIF value of Imports**(₹ in Millions)**

Particulars	For the period ended	For the year ended				
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Raw material/Components	12.49	4.31	72.84	7.47	2.05	Nil
Capital Goods	424.21	923.29	1,123.89	304.05	268.25	Nil

D Expenditure and Earnings in Foreign Currency**(₹ in Millions)**

Particulars	For the period ended	For the year ended				
	Sept. 30, 2012 (Accrual Basis)	March 31, 2012 (Accrual Basis)	March 31, 2011 (Payment Basis)	March 31, 2010 (Payment Basis)	March 31, 2009 (Payment Basis)	March 31, 2008 (Payment Basis)
Technical Fees	18.28	42.59	144.45	163.90	0.12	33.94
Travelling	0.63	1.40	1.32	1.45	1.91	-

19 Share Application Money Pending allotment

During the financial year 2011-12, the Company had received an amount of ₹ 3,000mn towards share application money. The Company intends to increase its Share Capital by 60mn Equity Shares of ₹ 10/- each at a premium of ₹ 40 Per Equity Share aggregating to ₹ 3,000mn. The Company had made an application to the Ministry of Information and Broadcasting for its approval to increase its Authorized Share Capital from ₹ 1,850mn to ₹ 5,000mn which has since been received by the Company. The Company, as on the date of approval of the accounts for the Financial Year 2011-12, was in the process of filing necessary forms and documents with Registrar of Companies in this regard.

During the half year ended September 30, 2012, the Company has allotted, on September 28, 2012, the equity share to the following entities: -

Name of the entity	No of Equity Share (in Millions)	Face value per Equity share (in ₹)	Share Premium per Equity share (in ₹)	Total Amount (₹ in Millions)
Shree Dhoot Trading & Agencies Limited	11.40	10	40	570.00
Solitaire Appliances Private Limited	11.40	10	40	570.00
Greenfield Appliances Private Limited	11.40	10	40	570.00
Synergy Appliances Private Limited	11.40	10	40	570.00
Dome-Bell Electronics India Private Limited	11.40	10	40	570.00
Platinum Appliances Private Limited	3.0	10	40	150.00
Total	60.00			3,000.00

- 20 Till the year ended March 31, 2011, the Company was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act 1956 has become applicable to the Company. Previous year's figures have been appropriately regrouped / reclassified to conform to current year's presentation.
- 21 The adoption of the Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements and has no significant impact on the presentations and disclosure made in the Financial Statements.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycles and other criteria set out in the Revised Schedule VI to the Companies Act, 1956, which is applicable from the financial year commencing on or after April 01, 2011.

Statement on Adjustments to Audited Financial Statements

A Material Adjustments

- 1 The Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profit / (losses) and assets and liabilities of the Company is as under:

Impact on Profit / (Losses)**(₹ in Millions)**

Particulars	For the period ended	For the year ended				
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Loss after Tax as per Audited Statement of Account	(2,701.26)	(4,801.65)	(5,330.17)	(1,293.69)	(18.99)	(6.22)
Impact Due to Prior Period Adjustments						
Selling and Distribution Expenses[Debit / (Credit)] –Refer Note 3(a)	-	-	-	25.11	-	-
Prior Period Adjustments [Debit / (Credit)] – Refer Note 3(a)	-	-	(25.11)	-	-	-
Impact Due to Short Provision for Taxes						
Short Provision of Income Tax [Debit / (Credit)] –Refer Note 3(b)	-	-	(1.47)	-	-	1.47
Short Provision of Fringe Benefit Tax [Debit / (Credit)] –Refer Note 3(c)	-	(0.03)	-	-	-	0.03
Impact due to excess charge of Depreciation						
Depreciation [Debit / (Credit)] - Refer Note 3(d)	-	18.44	(18.44)			
Net Increase / (Decrease) in Loss	-	18.41	(45.02)	25.11	-	1.50
Restated Loss after Tax	(2701.26)	(4,820.06)	(5,285.15)	(1,318.80)	(18.99)	(7.72)

Figures in bracket indicates decrease in losses

Impact on Assets and Liabilities**(₹ in Millions)**

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Trade payables [Debit / (Credit)]	-	-	-	(25.11)	-	-
Short Term Provisions [Debit / (Credit)]	-	-	-	-	-	(1.50)
Provision for Depreciation [Debit / (Credit)]	-	(18.44)	18.44			

Figures in bracket indicates increase in Assets / Liabilities

2 Change in Accounting Policy

The Company has not made any change in accounting policy that will have retrospective impact on the Profits and losses of the company.

However, during the Year ended March 31, 2011, the Company had revised its estimate of the useful life of Consumer Premises Equipment from 5 years to 7 years with effect from April 1, 2010, as the Management believes that the revised useful life is more representative of the pattern of economic benefits derived from these assets. Pursuant to the change in the useful life, the unamortized depreciable amount of the asset is being charged to Profit and Loss account over the revised remaining useful life. The related income from lease rentals of these assets is accordingly recognized over a period of 7 years.

Consequent to the above change, the depreciation charge for the year is lower by ₹ 199.35mn with a corresponding higher amount in the net block of Fixed Assets, the lease rentals income for the year is lower by ₹ 57.58mn the net loss for the year and the debit balance of Statement Profit and Loss are lower by ₹ 141.77mn.

As the above revision of estimated useful life is a change in accounting estimate it does not bring the adjustment within the definition of an extraordinary item or prior period item as per paragraph 21 of the Accounting Standard (AS)5 –“Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies”. Accordingly, there is no adjustment in this respect in the Restated Financial Information.

3(a) Prior Period Adjustments

In the financial statements for the year ended March 31, 2011 the Company has classified certain transactions as prior period items. Accordingly, for the purpose of the Restated Summary Statements, the said transactions of income / expense have been appropriately adjusted in the respective years to which they relate. Details of the same areas under: -

Prior Period Expenditure

The financial statement for the year ended March 31, 2011 includes prior period expenses for the year ended March 31, 2010 amounting to ₹ 25.11mn the said prior period expenditure is incurred towards advertisement expenses and has been adjusted under the head selling and distribution. Accordingly for this restatement, these prior period expenses have been adjusted in the respective year.

3(b) Short Provision of Income Tax

The profit and loss account for the year ended March 31, 2011 includes short provision for Income Tax for the year ended March 31, 2008 amounting to ₹ 1.47mn. Accordingly for this restatement, such short provision of income tax has been adjusted in the respective year.

3(c) Short Provision of Fringe Benefit Tax

The Profit and loss account of year ended March 31, 2012 includes short provision for Fringe Benefit Tax for the year ended March 31, 2008 amounting to ₹ 0.03mn. Accordingly for this restatement, such short provision for Fringe Benefit Tax paid has been adjusted in the respective year.

3(d) Excess Charge of Depreciation

The Profit and loss account of year ended March 31, 2012 includes adjustment of excess depreciation charged on Leasehold Land in the year ended March 31, 2011 amounting to ₹ 18.44mn. The depreciation has resulted in to excess charge to profit and loss account in the year March 31, 2011 and short charge to profit and loss in the year March 31, 2012. Accordingly for this restatement, such excess depreciation charged on Leasehold Land has been adjusted in the respective year.

4 Regroupings

Appropriate adjustments have been made in the Restated Financial Information, wherever required, by a reclassification and regrouping of the corresponding items of assets, liabilities, income, expenditure and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the year ended March 31, 2012 and September 30, 2012, which have been prepared as per the Revised Schedule VI to the Companies Act, 1956.

B Non – Adjustment Items

1) Auditors Qualifications requiring corrective adjustments in the Restated Financial Information

There are no audit qualifications that require corrective adjustments in the Restated Financial Information.

2) Other Audit Qualifications, which do not require any corrective adjustments in the Restated Financial Information

For the half year ended September 30, 2012 and the years ended March 31, 2012 and March 31, 2011, the Auditors have without qualifying their opinion, drawn the attention to the preparation of financial statements ongoing concern basis inspite of accumulated losses. The Company has incurred a loss of ₹ 2,701.26mn for the half year ended September 30, 2012 (₹ 2,701.26mn as restated), for the years ended March 31, 2012 ₹ 4,801.65mn (₹ 4,820.06mn as restated), March 31, 2011 ₹ 5,330.17mn (₹ 5,285.15mn as restated) and accumulated losses as on September 30, 2012 amounting to ₹ 14,158.77mn (₹ 14,158.77mn as restated), as on March 31, 2012 ₹ 11,457.51mn (₹ 11,457.51mn as restated) and as on March 31, 2011 ₹ 6,655.86mn (₹ 6,637.45mn as restated) resulting into erosion of its net worth as at September 30, 2012, March 31, 2012 and March 31, 2011. The management is confident of meeting its funds requirement in the future and generating cash flow from business operations through increasing subscribers' base. Accordingly, those statements have been prepared on a going concern basis.

3) Audit Qualifications in Annexure to Auditors' Report, which do not require any corrective adjustments in the Restated Financial Information

i(a) Clause IX

Financial Year 2011-12

According to the information and explanations given to us and records examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess, and other statutory dues wherever applicable to it with the appropriate authorities, *though there has been a slight delay in few cases*. According to information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.

i(b) Clause IX

According to the records of the Company, the dues which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Financial Year 2011-12

Name of the Statute	Nature of the Dues	Amount ₹ in Million	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Interest on Tax Deducted at Source	1.85 18.76	2010-11 2011-12	Appeal is being filed with Income Tax Appellate Tribunal

Financial Year 2010-11

Name of the Statute	Nature of the Dues	Amount ₹ in Million	Period to which the amount relates	Forum where dispute is pending
Entertainment Tax	Interest Entertainment Tax	0.21	F.Y. 2009-10 and F.Y. 2010-11	Entertainment Tax Department, Bihar

Financial Year 2009-10

Name of the Statute	Nature of the Dues	Amount ₹ in Million	Period to which the amount relates	Forum where dispute is pending
Entertainment Tax	Entertainment Tax	0.21	2009-10	Entertainment Tax Department, Uttaranchal
Entertainment Tax	Entertainment Tax	0.23	2009-10	Entertainment Tax Department, Rajasthan

ii Clause X

Financial Year 2011-12

- a As on March 31, 2012, the accumulated losses of the company are more than fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year and also in the immediately financial year.*

Financial Year 2010-11

- b As on March 31, 2011, the accumulated losses of the company are more than fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year and also in the immediately financial year.*

Financial Year 2009-10

- c As on March 31, 2010, the accumulated losses of the company are not more than fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year and also in the immediately financial year.*

Financial Year 2008-09

- d As on March 31, 2009, there are accumulated losses of ₹ 32mn of the Company, which are not more than fifty percent of its net worth. The Company has incurred cash losses during the financial period covered by our audit and the immediately preceding financial year.

Financial Year 2007-08

- e As on March 31, 2009, there are accumulated losses of the Company of ₹ 13mn, which are not more than fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

iii Clause XI**Financial Year 2011-12**

During the year ended March 31, 2012, the Company has defaulted in repayment to the financial institutions or banks. The delays have been summarized below indicating the principal amount, interest amount and period. The company has not issued any debentures.

(₹ in Millions)

<i>Particulars</i>	<i>Principal</i>	<i>Interest</i>	<i>Delay in days – Range</i>
Amount paid before the year end	387.55	1,212.14	1 to 83 Days
Amount outstanding as at March 31, 2012 and paid	70.85	168.39	41 to 83 Days
Total	458.40	1,380.53	

Note: -

For the half year ended September 30, 2012, though the Auditors' Report does not contain Statement on matters specified in Companies (Auditors' Report) Order, 2003, the details regarding default in repayment to banks is given as under: -

The Company has defaulted in repayment to the financial institutions or banks. The delays have been summarized below indicating the principal amount, interest amount and period. The company has not issued any debentures.

(₹ in Millions)

<i>Particulars</i>	<i>Principal</i>	<i>Interest</i>	<i>Delay in days – Range</i>
Amount paid before the half year end	760.55	1,188.33	3 to 83 Days
Amount outstanding as at September 30, 2012	259.70	184.71	1 to 60 Days
Total	1,020.25	1,373.04	

iv Clause XVII

Financial Year 2007-08

For the Financial year ended March 31, 2008, the auditors have observed that, the Company had used short term funds for long term purpose to the extent of ₹ 1,289.74mn

As per our report of even date

For KHANDELWAL JAIN & CO .
Chartered Accountants
Firm Reg. No. - 105049W

For KADAM & CO.
Chartered Accountants
Firm Reg. No. - 104524W

For and on behalf of the Board

AKASH SHINGHAL
Partner
Membership No. 103490

D. U. KADAM
Partner
Membership No. 125886

SAURABH P. DHOOT
(Whole Time Director)

SURESH M. HEGDE
(Director)

AMRUTA KARKARE
(Company Secretary)

Place: Mumbai

Date: October 08, 2012

Restated Statement of Tangible and Intangible Assets - half year ended September 30, 2012

(₹ In Millions)

Particulars	Gross Block				Depreciation / Amortization and Impairment				Net Block	
	As on	Additions	Deduction /	As on	Upto	For the	Impairment for the	Upto	As on	As on
	April 1, 2012	During the period	Adjustments	Sept. 30, 2012	April 1, 2012	period	period	Sept. 30, 2012	Sept. 30, 2012	April 1, 2012
Tangible Assets										
Lease Hold Land	135.74	-	-	135.74	5.04	0.84	-	5.88	129.86	130.71
Building	229.18	-	-	229.18	17.24	3.83	-	21.07	208.11	211.94
Plant and Equipment	2,782.08	0.63	-	2,782.71	426.63	96.50	-	523.13	2,259.58	2,355.45
Consumer Premises Equipments (CPE)*	13,186.69	2,867.49	-	16,054.18	2,067.16	1,061.94	51.97	3,181.07	12,873.11	11,119.54
Electrical Installations	173.34	0.18	-	173.52	16.89	4.12	-	21.01	152.51	156.45
Furniture and Fixtures	48.34	0.49	-	48.83	6.22	1.54	-	7.76	41.07	42.11
Office Equipments	21.45	0.68	-	22.13	2.02	0.58	-	2.60	19.53	19.43
Computers	503.57	0.08	-	503.65	175.70	40.82	-	216.52	287.13	327.86
Vehicles	13.33	0.01	-	13.34	3.35	0.63	-	3.98	9.36	9.98
Sub-Total	17,093.72	2,869.56	-	19,963.28	2,720.25	1,210.80	51.97	3,983.02	15,980.26	14,373.47
Intangible Assets										
License Fees	100.00	-	-	100.00	25.93	5.56	-	31.49	68.51	74.07
Computer Software**	322.19	-	-	322.19	157.23	44.51	-	201.74	120.45	164.95
Technical Know-how and Designs	274.45	-	-	274.45	62.71	13.72	-	76.43	198.02	211.74
Brand Development	818.57	213.00	-	1,031.57	103.50	47.55	-	151.05	880.52	715.07
Sub-Total	1,515.21	213.00	-	1,728.21	349.37	111.34	-	460.71	1,267.50	1,165.83
Total as on September 30, 2012	18,608.93	3,082.56	-	21,691.49	3,069.62	1,322.14	51.97	4,443.73	17,247.76	15,539.30
Total as on March 31, 2012	11,834.08	6,774.85	-	18,608.93	1,055.42	1,998.79	15.39	3,069.62	15,539.30	

Notes: -

* The Company has made assessment as at March 31, 2012 for any indication of impairment in the carrying amount of Consumer Premises Equipments (CPE) and determined that the impairment loss on certain Consumer Premises Equipments (CPE) has resulted into impairment loss of ₹ 51.97mn which has been debited to Statement of Profit and Loss for the year (March 31, 2012 - ₹ 15.39mn)

** It includes assets acquired on Finance Lease having Gross Capitalized Value of ₹ 19.24mn, Accumulated Depreciation as on September 30, 2012 of ₹ 18.17mn (as on March 31, 2012 - ₹ 14.96mn) and WDV as on September 30, 2012 of ₹ 1.07mn (as on March 31, 2012 - ₹ 4.28mn).

Restated Statement of Tangible and Intangible Assets -2011-12

(₹ In Millions)

Particulars	Gross Block			Depreciation / Amortization and Impairment				Net Block	
	As on	Additions	Deduction /	As on	Upto	For the	Impairment	Upto	As on
	1st April, 2011	During the Year	Adjustments	31st March, 2012	1st April, 2011	period	for the period	31st March, 2012	31st March, 2012
Tangible Assets									
Lease Hold Land	135.74	-	-	135.74	3.36	1.68	-	5.04	130.70
Building	222.30	6.88	-	229.18	9.69	7.55	-	17.24	211.94
Plant and Machinery	2,698.27	83.81	-	2,782.08	238.48	188.15	-	426.63	2,355.45
Consumer Premises Equipments (CPE)*	6,937.71	6,248.98	-	13,186.69	531.98	1,519.79	15.39	2,067.16	11,119.53
Electrical Installations	151.99	21.35	-	173.34	9.48	7.41	-	16.89	156.45
Furniture and Fixtures	45.72	2.62	-	48.34	3.22	3.00	-	6.22	42.12
Office Equipments	17.47	3.98	-	21.45	1.00	1.02	-	2.02	19.43
Computers	472.67	30.90	-	503.57	96.62	79.08	-	175.70	327.87
Vehicles	12.09	1.24	-	13.33	2.19	1.16	-	3.35	9.98
Sub-Total	10,693.96	6,399.76	-	17,093.72	896.02	1,808.84	15.39	2,720.25	14,373.47
Intangible Assets									
License Fees	100.00	-	-	100.00	14.81	11.11	-	25.93	74.07
Computer Software **	263.88	58.31	-	322.19	75.82	81.41	-	157.23	164.95
Technical Know-how and Designs	270.58	3.87	-	274.45	35.62	27.09	-	62.71	211.74
Brand Development	505.66	312.91	-	818.57	33.15	70.34	-	103.50	715.07
Sub-Total	1,140.12	375.09	-	1,515.21	159.40	189.95	-	349.37	1,165.83
Total as on 31st March, 2012	11,834.08	6,774.85		18,608.93	1,055.42	1,998.79	15.39	3,069.62	15,539.30
Total as on 31st March, 2011	5,056.41	6,777.67	-	11,834.08	160.15	895.29	-	1,055.42	10,778.65

* The Company has made assessment as at March 31, 2012 for any indication of impairment in the carrying amount of Consumer Premises Equipments (CPE) and determined that the impairment loss on certain Consumer Premises Equipments (CPE) has resulted into impairment loss of ₹ 15.39mn which has been debited to Statement of Profit and Loss for the year (March 31, 2011 - NIL)

** It includes assets acquired on Finance Lease having Gross Capitalized Value of ₹ 19.24mn, Accumulated Depreciation as on March 31, 2012 of ₹ 14.96mn (as on March 31, 2011 - ₹ 8.55mn) and WDV as on March 31, 2012 of ₹ 4.28 (as on March 31, 2011 - ₹ 10.69mn).

BHARAT BUSINESS CHANNEL LIMITED

Annexure VI C

Restated Statement of Tangible and Intangible Assets -2010-11

(₹ In Millions)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As on	Additions	Deduction /	As on	Upto	For the	Deduction /	Upto	As on	As on
	April 01, 2010	During the Year	Adjustments	March 31, 2011	April 01, 2010	period	Adjustments	March 31, 2011	March 31, 2011	April 01, 2010
Tangible Assets										
Lease Hold Land	135.74	-	-	135.74	1.68	1.68	-	3.36	132.38	134.06
Building	215.95	6.35	-	222.30	2.37	7.32	-	9.69	212.61	213.58
Plant and Machinery	2,503.42	194.84	-	2,698.27	57.66	180.82	-	238.48	2,459.79	2,445.77
Consumer Premises Equipments (CPE)	790.82	6,146.89	-	6,937.71	40.05	491.93	-	531.98	6,405.73	750.77
Electrical Installations	148.11	3.88	-	151.99	2.34	7.14	-	9.48	142.51	145.76
Furniture and Fixtures	36.35	9.37	-	45.72	0.67	2.55	-	3.22	42.50	35.68
Office Equipments	12.11	5.37	-	17.47	0.21	0.79	-	1.00	16.47	11.90
Computers	437.68	34.99	-	472.67	23.63	72.99	-	96.62	376.05	414.05
Vehicles	9.16	2.93	-	12.09	1.11	1.08	-	2.19	9.90	8.05
Sub-Total	4,289.34	6,404.62	-	10,693.96	129.72	766.30	-	896.02	9,797.94	4,159.62
Intangible Assets										
License Fees	100.00	-	-	100.00	3.70	11.11	-	14.81	85.19	96.30
Computer Software	202.82	61.06	-	263.88	16.55	59.28	-	75.82	188.06	186.27
Technical Know-how and Designs	270.58	-	-	270.58	8.56	27.06	-	35.62	234.96	262.02
Brand Development	193.67	311.99	-	505.66	1.62	31.54	-	33.15	472.50	192.05
Sub-Total	767.07	373.05	-	1,140.12	30.43	128.99	-	159.40	980.71	736.64
Total as on 31st March, 2011	5,056.41	6,777.67	-	11,834.08	160.15	895.29	-	1,055.42	10,778.65	4,896.26
Total as on 31st March, 2010	145.02	4,911.39	-	5,056.41	0.61	157.81	1.73	160.15	4,896.26	

BHARAT BUSINESS CHANNEL LIMITED

Annexure VI D

Restated Statement of Tangible and Intangible Assets -2009-10

(₹ In Millions)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As on	Additions	Deduction / Adjustments	As on	Upto	For the	Deduction / Adjustments	Upto	As on	As on
	April 01, 2009	During the Year		March 31, 2010	April 01, 2009	period		March 31, 2010	March 31, 2010	April 01, 2009
Tangible Assets										
Lease Hold Land	135.74	-	-	135.74	-	0.56	1.12	1.68	134.06	135.74
Building	-	215.95	-	215.95	-	2.37	-	2.37	213.58	-
Plant and Machinery	-	2,503.42	-	2,503.42	-	57.66	-	57.66	2,445.76	-
Consumer Premises Equipments (CPE)	-	790.82	-	790.82	-	40.05	-	40.05	750.77	-
Electrical Installations	-	148.11	-	148.11	-	2.34	-	2.34	145.77	-
Furniture and Fixtures	-	36.35	-	36.35	-	0.67	-	0.67	35.68	-
Office Equipments	0.01	12.10	-	12.11	-	0.21	-	0.21	11.90	0.01
Computers	0.39	437.29	-	437.68	0.06	23.53	0.04	23.63	414.05	0.32
Vehicles	6.82	2.34	-	9.16	0.39	0.29	0.43	1.11	8.05	6.43
Sub-Total	142.96	4,146.38	-	4,289.34	0.45	127.68	1.59	129.72	4,159.62	142.50
Intangible Assets										
License Fees	-	100.00	-	100.00	-	3.70	-	3.70	96.30	-
Computer Software	2.06	200.76	-	202.82	0.16	16.25	0.14	16.55	186.27	1.90
Technical Know-how and Designs	-	270.58	-	270.58	-	8.56	-	8.56	262.02	-
Brand Development	-	193.67	-	193.67	-	1.62	-	1.62	192.05	-
Sub-Total	2.06	765.01	-	767.07	0.16	30.13	0.14	30.43	736.64	1.90
Total as on March 31, 2010	145.02	4,911.39	-	5,056.41	0.61	157.81	1.73	160.15	4,896.26	144.40
Total as on March 31, 2009	1.32	143.70	-	145.02	-	0.61	-	0.61	144.40	

BHARAT BUSINESS CHANNEL LIMITED

Annexure VI E

Restated Statement of Tangible and Intangible Assets - 2008-09

(₹ In Millions)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As on	Additions	Deduction / Adjustments	As on	Upto	For the	Deduction / Adjustments	Upto	As on	As on
	April 01, 2008	During the Year		March 31, 2009	April 01, 2008	period		March 31, 2009	March 31, 2009	April 01, 2008
Tangible Assets										
Lease Hold Land	-	135.74	-	135.74	0.00	-	-	-	135.74	-
Office Equipments	0.01	-	-	0.01	0.00	-	-	-	0.01	0.01
Computers	0.38	0.01	-	0.39	0.00	0.06	-	0.06	0.32	0.38
Vehicles	0.93	5.89	-	6.82	0.00	0.39	-	0.39	6.43	0.93
Sub - Total	1.32	141.64	-	142.96	-	0.45	-	0.45	142.50	1.32
Intangible Assets										
Computer Software	-	2.06	-	2.06	-	0.16	-	0.16	1.90	-
Total as on 31st March, 2009	1.32	143.70	-	145.02	-	0.61	-	0.61	144.40	1.32
Total as on 31st March, 2008	-	1.32	-	1.32	-	-	-	-	1.32	-

BHARAT BUSINESS CHANNEL LIMITED
Annexure VI F
Restated Statement of Tangible and Intangible Assets - 2007 - 08
(₹ In Millions)

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As on	Additions	Deduction /	As on	Upto	For the	Deduction /	Upto	As on	As on
	April 1, 2007	During the Year	Adjustments	March 31, 2008	April 1, 2007	period	Adjustments	March 31, 2008	March 31, 2008	April 1, 2007
Tangible Assets										
Office Equipments	-	0.01	-	0.01	-	0.00	-	0.00	0.01	-
Computers	-	0.38	-	0.38	-	0.00	-	0.00	0.38	-
Vehicles	-	0.93	-	0.93	-	0.00	-	0.00	0.93	-
							-			
Total as on March 31, 2008	-	1.32	-	1.32	-	-	-	-	1.32	-
Total as on March 31, 2007	-	-	-	-	-	-	-	-	-	-

BHARAT BUSINESS CHANNEL LIMITED**Annexure VII****Restated Statement of Loans & Advances****(₹ In Millions)**

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Long-term loans and advances						
Unsecured, considered good						
Capital Advances	73.22	260.69	1,898.63	3,150.33	2,485.06	-
Security Deposits	77.33	63.33	57.59	56.80	5.51	0.14
Total	150.55	324.02	1,956.22	3,207.13	2,490.57	0.14

Notes: -

1 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

2 Outstanding balances in Capital Advances of Videocon Group Entity and Promoter Group Entity transactions are as under: -
(₹ In Millions)

Particulars	As On					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Videocon Group Entity	-	187.48	1,825.13	2,741.61	2,050.00	-
Promoter Group Entity	-	-	-	400.00	-	-

3 There are no amounts due from Promoters / Group Company / Relatives of Promoters / Directors / Relatives of Directors as on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

4 List of persons / entities classified as Promoters / Promoter Group Entity / Group Company / Relatives of Promoters / Directors /Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

Annexure VIII**Restated Statement of Current Investments****(₹ In Millions)**

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Quoted in Mutual Funds -						
UTI Liquid Cash Plan	-	-	-	-	-	1,000

Restated Statement of Trade Receivables

(₹ In Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Outstanding for a period exceeding six months						
Unsecured						
Considered Good	-	-	-	-	-	-
Considered Doubtful	4.03	12.97	1.53	0.35	-	-
	4.03	12.97	1.53	0.35	-	-
Less: Provision for Doubtful Debts	4.03	12.97	1.53	0.35	-	-
Others - Considered Good						
Unsecured	1.24	13.15	21.44	0.91	-	-
	1.24	13.15	21.44	0.91	-	-

Notes: -

1 There are no amounts due from Promoters / Promoter Group Entity / Group Company / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity as on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

2 List of persons / entities classified as Promoters / Promoter Group Entity / Group Company / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

BHARAT BUSINESS CHANNEL LIMITED**Annexure X****Restated Statement of Short Term Loans & Advances****(₹ In Millions)**

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Short-term loans and advances						
Advances to Vendors	15.73	7.95	204.30	27.65	10.85	-
Loans and Advances to Employees	6.16	5.54	4.10	1.31	1.27	-
Deposits	4.47	20.41	0.44	0.15	-	-
Interest Receivables	23.94	16.67	3.80	0.74	-	-
Prepaid Expense	29.99	42.80	47.11	44.52	-	0.01
Balance with excise authority / VAT authority	1,884.37	1,786.54	1,338.95	420.04	162.78	12.81
Advance Income Tax (incl. Tax deducted by others)	17.16	12.07	2.14	1.16	0.01	-
Advance Fringe Benefit Tax	-	-	-	0.02	0.02	-
Total	1,981.82	1,891.98	1,600.84	495.59	174.93	12.82

Notes: -

1 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

2 There are no amounts due from Promoters / Promoter Group Entity / Group Company / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity as on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

3 List of persons / entities classified as Promoters / Promoter Group Entity / Group Company / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

BHARAT BUSINESS CHANNEL LIMITED**Restated Statement of Long Term Borrowings****Annexure XI****(₹ in Millions)**

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Secured						
Rupee Term Loans from banks	14,026.10	13,917.80	9,716.60	6,900.00	2,200.00	-
Unsecured						
Finance Lease Obligations	-	-	5.74	11.14	-	-
Total	14,026.10	13,917.80	9,722.34	6,911.14	2,200.00	-

Notes:

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

(2) For Terms & Conditions & Other Details in respect of above Loans refer Annexure – XI (a)

Annexure XI (a)**Details of Terms and Conditions of Long Term Borrowings Outstanding as on September 30, 2012****(₹ in Millions)**

Total Amount of Loan Outstanding as on Sep 30, 2012	Repayment Period				
	Oct 2012 to Sep 2013	Oct 2013 to Sep 2014	Oct 2014 to Sep 2015	Oct 2015 to Sep 2016	Oct 2016 to Sep 2017
16,626.90	2,600.80	3,533.90	2,992.20	3,700.00	3,800.00

(1) Prepayment Conditions

(a) In case of IDBI Bank Ltd., prepayment premium shall be paid by the Company at minimum rate of 1% of the Outstanding Loan. Prepayment option may be exercised by the borrower on interest reset dates, with a notice period of 30 days, without payment of any prepayment premium.

(b) In case of Central Bank of India, Nil charges, if repaid out of Cash accruals generated from Business Otherwise 1%.

(c) In case of Bank of Baroda, Prepayment Penalty is on the amount that is prepaid at the rate of 0.50% p.a. for the period for which the loan is paid in advance

BHARAT BUSINESS CHANNEL LIMITED

(2) The Rupee Term Loans from Banks are secured by:

- (a) First pari-passu charge by way of equitable mortgage on the entire immovable assets, hypothecation of entire movable assets, both present and future.
- (b) Assignment of contracts relating to transponder capacity, all government authorizations, license and insurance policies, if any, or a negative lien, if contracts are not assignable.
- (c) Charge on Escrow Accounts and Debt Service Reserve Account.
- (d) Personal Guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

(₹ in Millions)

Name of the Guarantor	Sanctioned Amount of Loan	Outstanding as on Sept. 30, 2012
Mr. Venugopal N. Dhoot	Term Loan: - ₹ 18,100	Term Loan: - ₹ 16,626.90
Mr. Pradipkumar N. Dhoot	BG / LC: - ₹ 850	BG / LC: - ₹ 786.61
	Bill Discounting: - ₹ 500	Bill Discounting: - ₹ 420.05

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

- (4) A part of rupee loans from banks are further secured by corporate guarantee of Videocon Industries Limited.

(5) The Rupee Term Loans from Banks are secured by:

- (a) A part of rupee loans from banks are secured by Pledge of 30% shares of the Company.
 - (b) A part of rupee loans from banks are secured by Pledge of 21% shares of the Company along with Non-Disposal undertaking.
- (6) Installment of secured loans falling due within 12 months from September 30, 2012 for Rupee term loan is ₹ 2,600.80mn (March 31, 2012 ₹ 1,969.65mn) & for finance lease obligation is ₹ 1.83mn (March 31, 2012 ₹ 5.75mn) The same are classified under Other Current Liabilities.
- (7) The rate of interest range from 13.25 % to 15.00 % per annum.

BHARAT BUSINESS CHANNEL LIMITED**Annexure XII A****Restated Statement of Current Liabilities - Short Term Borrowings****(₹ in Millions)**

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Short Term Borrowings						
Unsecured						
Loans and advances - Payable on Demand - Group Company	2,250.00	250.00	3,231.67	360.00	1,319.00	-
Total	2,250.00	250.00	3,231.67	360.00	1,319.00	-

Notes: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

(2) There are no amounts due from Promoters / Promoter Group Entity / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity as on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

(3) List of persons / entities classified as Promoters / Promoter Group Entity / Group Company / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

(4) Total Short term borrowing is unsecured borrowing repayable on demand carrying interest at the rate of SBI PLR minus 2%.

BHARAT BUSINESS CHANNEL LIMITED**Annexure XII B****Restated Statement of Current Liabilities - Trade Payables****(₹ in Millions)**

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Trade Payable						
Sundry Creditors						
- for Materials	1,675.36	623.61	528.36	118.94	315.95	1,311.47
(Include acceptance)	(452.37)	(532.93)	(261.11)	(87.70)	(5.56)	-
- for Expenses	1,354.27	1,548.56	844.89	673.07	20.24	10.22
(Include acceptance)	(420.05)	(492.77)	-	-	-	-
Total	3,029.63	2,172.17	1,373.25	792.01	336.19	1,321.69

Notes: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

(2) Outstanding balances of Promoter Group Entity, Videocon Group Entity and Group Company transactions are as under: -

(₹ in Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Promoter Group Entity	(39.90)	(37.08)	(35.52)	(8.79)	396.57	-
Videocon Group Entity	(1,091.47)	-	(107.27)	-	148.30	-
Group Company	40.17	(5.67)	14.39	(417.55)	(551.66)	(1,338.66)

(3) There are no amounts due to Promoters / Relatives of Promoters / Directors / Relatives of Directors as on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

(4) List of persons / entities classified as Promoters / Promoter Group Entity / Group Company / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

Restated Statement of Current Liabilities - Other Current Liabilities

(₹ in Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Other Current Liabilities						
Current maturities of Rupee Term Loans from banks	2,600.80	1,969.65	583.40	50.00	-	-
Current maturities of Finance Lease Obligation	1.83	5.74	5.39	6.48	-	-
Interest accrued but not due on borrowings	206.75	197.77	120.71	-	-	-
Interest accrued and due on borrowings	184.71	168.39	-	-	-	-
Advance against Lease Rental & Subscription	1,672.92	1,287.90	501.92	41.35	-	-
Advance Billing Revenue - Refer Note 3	1,335.86	1,396.50	845.57	170.56	-	-
Payable to Employees	44.51	45.00	32.96	30.29	-	0.08
Statutory Dues	88.83	63.75	86.79	32.48	15.93	5.72
Bank Overdraft as per books	-	-	-	41.55	21.86	-
Retention Money	82.87	76.85	53.96	13.45	-	-
Provision for Expenses	1,112.85	365.39	144.79	22.18	8.83	0.22
Total	7,331.93	5,576.94	2,375.49	408.34	46.62	6.02

Statement of Provision for Income Tax and Income tax paid

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Provision for Income Tax		-	-	-	-	1.47
Income Tax Paid	5.08	-	1.88	1.15	0.01	1.47
Total	(5.08)	-	(1.88)	(1.15)	(0.01)	-

Notes: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

(2) Interest accrued and due on borrowing represents outstanding up to 1 month

(3) Outstanding balances of Group Company and Promoter Group Entity transactions are as under: -

(₹ in Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Group Company	(23.14)	(23.09)	-	-	-	-
Promoter Group Entity	6.18	3.41	2.99	0.08	-	-

(4) There are no amounts due to Promoters / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity as on September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.

(5) List of persons / entities classified as Promoters / Promoter Group Entity / Group Company / Relatives of Promoters / Directors / Relatives of Directors / Videocon Group Entity has been determined by the Management and relied upon by the Auditors.

Restated Statement of Current Liabilities - Short Term Provisions

(₹ in Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Short Term Provisions						
Provision for Income Tax	-	-	-	1.47	1.47	1.47
Provision for Wealth Tax	0.14	0.14	0.07	-	-	-
Provision for FBT	-	-	0.03	0.03	0.03	0.19
Provision for Leave Encashment	4.08	1.98	0.33	1.27	1.22	-
Provision for Gratuity	5.00	1.22	0.12	-	-	-
Total	9.22	3.34	0.55	2.77	2.72	1.66

Note: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Restated Statement of Other Income

(₹ in Millions)

Particulars	For the period ended	For the year ended				
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Interest Income on Fixed Deposits - Recurring	19.18	28.63	6.11	0.85	0.06	-
Income on Sale of Investment (Non - Recurring)	-	-	-	-	0.75	4.26
Miscellaneous income	0.58	1.68	0.45	0.16	-	-
Total	19.76	30.31	6.56	1.01	0.81	4.26

Note: -

(1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Restated Statement of Expenses

(₹ in Millions)

Particulars	For the period ended	For the year ended				
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Operating Expense						
Space Segment Charges and Fees	504.04	591.15	512.12	132.39	-	-
Content and Other Support Costs	2,228.28	3,318.60	2,005.19	372.45	-	-
Installation Expenses	572.14	1,130.66	923.58	132.66	-	-
Activation Expenses (Net)	-	-	218.53	83.59	-	-
License Fees and Taxes	489.06	651.76	94.63	2.82	-	-
Total	3,793.52	5,692.17	3,754.05	723.91	-	-
Selling and Distribution Expenses						
Advertisement and Marketing Expenses	126.34	186.60	116.82	36.97	2.80	-
Customer Support Services	336.37	664.47	463.52	60.85	-	-
Distribution Expenses	28.37	49.09	37.65	13.43	-	-
Total	491.08	900.16	617.99	111.25	2.80	-
Administrative and Other Expenses						
Power and Fuel	28.51	43.10	35.61	7.55	1.02	0.06
Rates and Taxes	1.56	7.94	7.40	1.35	-	-
Rent	33.90	63.61	56.00	15.60	-	1.08
Printing and Stationery	4.61	15.41	8.43	3.03	0.08	-
Repairs to Building	0.08	0.67	0.34	0.03	-	-
Repairs to Plant and Machinery	2.01	4.29	3.45	1.08	-	-
Repairs and Maintenance - Others	7.30	9.96	8.11	1.37	0.38	-
Insurance Expenses	2.48	10.74	1.98	4.18	-	-
Auditors' Remuneration						
as auditor	0.27	0.55	0.50	0.10	0.01	0.01
for taxation matters	0.03	0.05	0.05	0.05	-	-
for other services,	0.20	0.40	0.30	-	-	-
for reimbursement of expenses	-	0.09	0.02	-	-	-
Legal and Professional Charges	30.46	35.46	21.80	13.10	0.01	0.30
Communication Expenses	9.19	17.40	20.11	5.51	0.51	0.20
Travelling and Conveyance Expenses	55.89	117.34	83.55	21.29	-	1.69
Provision for Doubtful Debts	(8.94)	11.44	1.18	0.35	-	-
Bad Debts	7.11	6.63	0.49	-	-	-
Office and General Expenses	25.73	49.94	40.17	10.99	0.39	2.50
Total	200.39	395.02	289.49	85.58	2.40	5.84

Note: -

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexures IV and V respectively.

Restated Statement of Contingent Liabilities

(₹ in Millions)

Particulars	As On					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Counter guarantees given for guarantees given by the bankers	548.89	533.30	500.94	608.24	472.00	472.00
Letters of Credit Opened by the Bank	-	-	-	88.08	4.72	-
Entertainment Tax – Refer Note A1, B1 C and D	76.25	37.36	19.00	0.45	-	-
DTH License Fees – Refer Note A4 and B4	1,369.35	962.68	332.23	-	-	-
Total	1,994.49	1,533.34	852.17	696.77	476.72	472.00

Notes: -

A Half year ended September 30, 2012

- 1 In respect of disputed demands of ₹ 803.37mn, made towards Entertainment Tax in various states, the Company has preferred appeals / writ petitions in the High Court / Supreme Court. Pending the final outcome of these appeals / petitions, the Company has provided for an amount of ₹ 727.11mn against which an amount of ₹ 598.96mn has been paid under protest to the relevant authorities as directed by the appropriate authority. The disputed demand of ₹ 76.26mn which has not been provided for has been disclosed as contingent liabilities.
- 2 The company had received demand notice for non deduction of income tax at source from certain payments including interest thereon aggregating to ₹ 39.66mn for Assessment Year 2010-11 and ₹ 231.98mn for Assessment Year 2011-12. The company had disputed the same and filed appeals against the said orders and demand notices. The CIT(A) has granted substantial relief and the demand raised has been set aside by the CIT(A). Against the balance disallowance the company intends to prefer appeal before ITAT. Based on the decisions of the Appellate authorities and the interpretations of relevant provisions, the Company has been advised that the above demand / adjustment are likely to be either deleted or substantially reduced and are not likely to exceed ₹ 1.85mn for the Assessment Year 2010-11 and ₹ 18.76mn for the Assessment Year 2011-12. Pending the final outcome, no provision has been considered necessary by the management.
- 3 The Company had also received a demand notice of ₹ 53.81mn for the year 2009-10, 2010-11 and 2011-12 for non-payment of VAT / Sales tax in the state of Rajasthan. The Company had contested against the said demand notices and filed the appeal before Commissioner (Appeals), Commercial Tax Department, Rajasthan Tax Board who has passed the order and set aside the said demand. The Company is of the view that eventually there will not be any substantial liability on this account and hence no provision is necessary.
- 4 DTH License fees is calculated on adjusted gross revenue as per the judgment given by TDSAT and the same has been provided for in the books of accounts. The difference of license fees calculated on Gross revenue as defined in DTH license agreement and the said adjusted gross revenue is shown as contingent liability.

B Financial Year 2011-12

- 1 In respect of disputed demands of ₹ 462.62mn, made towards Entertainment Tax in various states, the Company has preferred appeals / writ petitions in the High Court / Supreme Court. Pending the final outcome of these appeals / petitions, the Company has provided for an amount of ₹ 425.26mn against which an amount of ₹ 354.48mn has been paid under protest to the relevant authorities as directed by the appropriate authority. The disputed demand of ₹ 37.36mn which has not been provided for has been disclosed as contingent liabilities.
- 2 During the year, the company had received demand notice for non deduction of income tax at source from certain payments including interest thereon aggregating to ₹ 39.66mn for Assessment Year 2010-11 and ₹ 231.98mn for Assessment Year 2011-12. The company had disputed the same and filed appeals against the said orders and demand notices. The CIT(A) has granted substantial relief and the demand raised has been set aside by the CIT(A). Against the balance disallowance the company intends to prefer appeal before ITAT. Based on the decisions of the Appellate authorities and the interpretations of relevant provisions, the Company has been advised that the above demand / adjustment are likely to be either deleted or substantially reduced and do not likely to exceed ₹ 1.85mn for the Assessment Year 2010-11 and ₹ 18.76mn for the Assessment Year 2011-12. Accordingly no provision has been considered necessary by the management.
- 3 The Company has also received a demand notice of ₹ 53.81mn for the year 2009-10, 2010-11 and 2011-12 for non-payment of VAT / Sales tax in the state of Rajasthan. The Company had contested against the said demand notices and filed the appeal before Commissioner (Appeals), Commercial Tax Department, Rajasthan Tax Board who has passed the order and set aside the said demand. The Company is of the view that eventually there will not be any substantial liability on this account and hence no provision is necessary.
- 4 DTH License fees is calculated on adjusted gross revenue as per the judgment given by TDSAT and the same has been provided for in the books of accounts. The difference of license fees calculated on Gross revenue as defined in DTH license agreement and the said adjusted gross revenue is shown as contingent liability.

C Financial Year 2010-11

The Company has received demand notices for Entertainment Tax from certain State Governments. Based on the legal advice obtained, the Company is, of the opinion that DTH service is not a subject matter on which State Government can impose the tax and hence it has disputed the levy of Entertainment Tax.

The Company has not made any provision relating to the liability, if any, in the states where no demand notices have been received. The contingency relating to this non provision is ₹ 18.79mn. The Company has also not provided for the demand received towards interest and penalty amounting to ₹ 0.21mn for nonpayment of advance entertainment tax in the State of Bihar. However, the Company has debited to its Profit and Loss Account, the Entertainment tax paid under protest

D Financial Year 2009-10

The Company has received demand notice for ₹ 0.21mn from the Entertainment Tax Department Uttarakhand and for ₹ 0.23mn from the Commercial Tax Department of Rajasthan on account of Entertainment Tax.

The Company has been advised that since providing the broadcasting services does not amount to entertainment and since, providing DTH service is not a subject matter on which a State Government can impose a tax, Entertainment Tax cannot be levied by the State Governments.

The Company, therefore, has disputed the levy of Entertainment Tax and has filed writ petitions in the High Courts of Uttarakhand, Rajasthan, Assam, Gujarat, Madhya Pradesh, Delhi NCR, Uttar Pradesh, West Bengal, Punjab and Maharashtra and is in process of filing similar petitions in other States which have levied Entertainment Tax.

Meanwhile, the Company has paid an amount of ₹ 2.29mn under protest towards Entertainment Tax in some of the States and the same have been debited to Profit and Loss Account. No further provision has been made in this respect as the same could be ascertained only upon the final outcome of the litigations in respective States.

- E The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Annexure XVI

Statement of Dividend paid

The Company has not declared/ paid any dividend since incorporation.

Restated Statement of Accounting & Other Ratios

(₹ in Millions)

Particulars		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Earnings Per Share (in ₹)							
Basic	A / B	(14.76)	(26.48)	(29.04)	(54.20)	(1.90)	(0.87)
Diluted	A / B	(14.76)	(26.48)	(29.04)	(54.20)	(1.90)	(0.87)
Net Profit / (Loss) after tax as restated attributable to equity shareholders	A	(2,701.26)	(4,820.06)	(5,285.15)	(1,318.80)	(18.99)	(7.72)
Weighted average no. of equity shares outstanding during the period/ year (in Millions)	B	182.98	182.00	182.00	24.33	10.00	8.86
Return on Net Worth (%)	A / C	Refer Note 5 below	Refer Note 5 below	Refer Note 5 below	(33.75)	(28.56)	(9.03)
Net Worth	C	(5,898.77)	(6,197.51)	(1,377.45)	3,907.70	66.50	85.49
Net asset value per equity share (in ₹)	C / D	(24.38)	(34.05)	(7.57)	21.47	6.65	8.55
No. of equity shares outstanding at the end of the Period / year (in Millions)	D	242.00	182.00	182.00	182.00	10.00	10.00

Notes:

(1) The figures disclosed above are based on the Restated Financial Information of the Company.

(2) Earnings per share calculations are done in accordance with Accounting Standard - 20 on Earnings per Share notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

(3) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year / period adjusted by the number of equity shares issued during year / period multiplied by the time weighting factor. The time weightage factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

(4) For the purpose of calculating dilutive earnings per share, the weighted average number of equity shares is adjusted for the equity shares Capital disclosed under Share Application Money Account.

(5) Return on Net Worth for the period and years ended September 30, 2012, March 31, 2012 and March 31, 2011 are not given as net worth as on the date as well as profits for the period / years are negative.

(6) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Net Assets / Net Worth =

Non – Current Assets (+) Current Assets (–) Non – Current Liabilities (–) Current Liabilities (–) Share Application Pending Allotment

Earnings per share (Basic) and Diluted =

Restated profit after tax

Weighted average number of equity shares outstanding during the period / year

Net Asset Value per share =

Net worth at the end of the year

Number of equity shares outstanding at the end of the period / year

Return on Net worth % =

Restated profit after tax

Net worth as at the end of the period / year

Annexure XVIII

Statement of Capitalization

(₹ in Millions)

Particulars	Pre-Issue as at September 30, 2012	As Adjusted for issue
Debt		
Short Term Debt – Unsecured (A)	2,250.00	
Current Maturities of Long Term Debt (Included in Other Current Liabilities) (B)	2,600.80	
Long Term Debt from Banks (C)	14,026.10	
Total Debt (A)+(B)+(C)=(D)	18,876.90	
Shareholders' Funds		
Share Capital	2,420.00	
Reserves and Surplus	(8,318.77)	
Total Shareholders' funds (E)	(5,898.77)	
Long Term Debt / Equity {(B+C)/E}	(2.82)	
Total Debt / Equity (D/E)	(3.20)	

Note: -

The above has been computed on the basis of the Restated Financial Information of the Company.

Annexure XIX

Statement of Tax Shelter

(₹ in Millions)

Sr. No.	Particulars	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A	Restated Profit Before Tax	(2,701.26)	(4,820.06)	(5,285.15)	(1,312.56)	(21.21)	(8.70)
B	Tax Rate	32.45%	32.45%	33.22%	33.99%	33.99%	33.99%
C	Tax thereon at the above rate (A * B)	NIL	NIL	NIL	NIL	NIL	NIL
D	Permanent Differences						
	Add: - Fine and Penalty	(0.01)	0.03	0.04	0.02	0.00	-
	Add: - Donation Paid	0.04	0.39	0.14	-	0.15	-
	Add: - Employee's Contribution to Provident Fund not paid in time	-	-	-	-	11.35	-
	Add: - Interest paid on late payment of Income Tax	-	1.32	0.46	-	-	-
	Add: - Interest paid on late payment of Statutory Dues	-	0.23	-	-	-	-
	Add: - Disallowance u/s 40(A) (iib)	-	-	1.54	-	-	-
	Add: - Disallowance u/s 40(A)(3)	-	0.44	-	-	-	-
	Total Permanent Differences	0.03	2.42	2.18	0.02	11.50	-
E	Timing Differences						
	Add: - Difference in ROC Fees as per Books and ROC Fees under Income Tax Act 1961	14.50	-	-	7.00	-	0.40
	Less: - Profit on Sale of Investments	-	-	-	-	(0.75)	(4.26)
	Less: - Difference in Book Depreciation and Depreciation under Income Tax Act 1961	67.78	(414.75)	(700.61)	(376.64)	(0.78)	(0.18)
	Add: - Provision for Doubtful Debts	(8.94)	11.44	1.18	0.35	-	-
	Add: - Provision of Leave Encashment u/s 43B	4.72	5.35	2.24	2.45	0.09	-
	Add: - Provision of Gratuity	3.78	6.57	4.14	1.10	0.40	-
	Add: - Provision of Bonus u/s 43B	11.30	1.79	2.34	3.53	0.09	-
	Add: - Provision Entertainment Tax u/s 43B	-	36.56	-	-	-	-
	Add: - Provision of DTH License Fees u/s 43B	-	127.00	-	-	-	-
	Less: - 1/5 of ROC Fees paid	(4.75)	(1.85)	(1.85)	(0.10)	(0.10)	-
	Add: - Entry Tax	-	(0.04)	0.04	-	-	-
	Add: - Profession tax	-	(0.02)	0.03	-	-	-
	Total Timing Differences	88.39	(227.91)	(692.50)	(362.32)	(1.05)	(4.04)
F	Net Adjustments (D+E)	88.42	(225.50)	(690.32)	(362.30)	10.45	(4.04)
G	Tax expense / (saving) thereon (F * B)	28.69	(73.17)	(229.32)	(123.14)	3.55	(1.37)
	Considering the grounds of prudence, the tax savings (net) has not been recognized	-	-	-	-	-	-
H	Tax Liability (C+G)	-	-	-	-	-	-
I	Interest under Section 234A, 234B and 234C of the Income Tax Act 1961	-	-	-	-	-	-

Sr. No.	Particulars	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
J	TOTAL TAX LIABILITY (H+I)	-	-	-	-	-	-
K	Taxable Profit / (Loss) before Tax and after adjustments as Restated (A+F)	(2,789.68)	(5,045.56)	(5,975.47)	(1,674.86)	(10.76)	(12.74)
L	Total Tax Liability after tax impact of adjustments (J)	-	-	-	-	-	-

Notes: -

- 1 The figures disclosed above are based on the Restated Financial Information of the Company.
- 2 The above statement has been prepared based on the tax computations for the respective years. The figures for the half year ended September 30, 2012 are based on the provisional computations of total income prepared by the Company and are subject to any changes that may be considered at the time of filing of the return of income for the year ending March 31, 2013 wherein the figures for half year ended September 30, 2012 will be included.
- 3 The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV and V respectively.

Restated Statement of Related Party Transactions

List of related parties and transactions as per the requirement of Accounting Standard 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India.

A List of Related Parties (As identified and certified by the management)

i) List of related parties where control exists - NIL

ii) **Names of Related Parties with whom transactions were carried out during the year: -**

a) Key Management Personnel-

Mr. Anil Khera (Chief Executive Officer) – From July 01, 2008 i.e., for the half year ended September 30, 2012 and for the financial year 2011-12, 2010-11, 2009-10 and 2008-09.

b) Relative of Key Management Personnel

Mrs. Shelly Anil Khera (wife of Mr. Anil Khera)

B Details of Transactions with above Related Parties

(₹ in Millions)

		For the period ended	For the year ended				
		Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
a	Payment of salaries / remuneration / perquisites						
	Key Management Personnel Mr. Anil Khera	5.06	10.48	5.16	5.16	3.56	NIL
b	Rent paid						
	Relative of Key Management Personnel Mrs. Shelly Anil Khera	0.59	1.02	NIL	NIL	NIL	NIL

Note:-

Apart from the above transactions with related parties, the Company has paid Brand Royalty of ₹ 0.03mn for half year ended September 30, 2012 (March 31, 2012 ₹ 0.05mn, March 31, 2011 ₹ 0.04mn, March 31, 2010 ₹ Nil) to Mr. Saurabh Dhoot, a Director of the Company, who has been appointed as the Whole Time Director of the Company with effect from 5th October, 2012

C) Amount due to / from Related Parties

(₹ in Millions)

	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Rent payable to relative of Key Management Personnel	NIL	0.02	NIL	NIL	NIL	NIL

Statement of Share Capital

(₹ in Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Authorized:						
500 mn (March 31, 2012 185mn) Equity Shares of ₹ 10/- each	5,000	1,850	1,850	1,850	1,000	1,000
Issued, Subscribed and Paid-up:						
242mn (March 31, 2012 182mn) Equity Shares of ₹ 10/- each fully paid-up.	2,420	1,820	1,820	1,820	100	100
Total	2,420	1,820	1,820	1,820	100	100
The company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.						

(No's. in Millions)

The reconciliation of the number of shares outstanding as on: -						
Particulars	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Number of shares at the beginning	182	182	182	10	10	10
Add: Shares issued during the year	60	-	-	172	-	-
Number of shares at the end	242	182	182	182	10	10

(No's. in Millions)

The detail of shareholders holding more than 5% of Shares as on: -												
Name of Share Holder	Sept. 30, 2012 No. of Shares	% shares held at Sept. 30, 2012	March 31, 2012 No. of Shares	% shares held at March 31, 2012	March 31, 2011 No. of Shares	% shares held at March 31, 2011	March 31, 2010 No. of Shares	% shares held at March 31, 2010	March 31, 2009 No. of Shares	% shares held at March 31, 2009	March 31, 2008 No. of Shares	% shares held at March 31, 2008
Shree Dhoot Trading and Agencies Limited	46	19	35	19	35	19	35	19	1.9	19	1.9	19
Solitaire Appliances Private Limited	46	19	35	19	35	19	35	19	1.9	19	1.9	19
Greenfield Appliances Private Limited	46	19	35	19	35	19	35	19	1.9	19	1.9	19
Synergy Appliances Private Limited	46	19	35	19	35	19	35	19	1.9	19	1.9	19
Dome- Bell Electronics India Private Limited.	46	19	35	19	35	19	35	19	1.9	19	1.9	19
	230	95	173	95	173	95	173	95	9.5	95	9.5	95

Annexure XXII

Restated Statement of Reserves and Surplus

(₹ in Millions)

Particulars	As on					
	Sept. 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Securities premium reserve						
Opening balance	3,440	3,440	3,440	3,440	-	-
Add: Addition during the year	2,400	-	-	-	-	-
Closing Balance	5,840	3,440	3,440	3,440	-	-
Deficit in Statement of Profit and Loss						
Opening balance	(11,457.51)	(6,637.45)	(1,352.30)	(33.50)	(14.51)	(6.79)
Add: Loss for the year as per statement of Profit and Loss	(2,701.26)	(4,820.06)	(5,285.15)	(1,318.80)	(18.99)	(7.72)
Closing Balance	(14,158.77)	(11,457.51)	(6,637.45)	(1,352.30)	(33.50)	(14.51)
Total	(8,318.77)	(8,017.51)	(3,197.45)	2,087.70	(33.50)	(14.51)

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of approximately ₹ 16,626.90 million, as of October 31, 2012, together with a brief description of certain significant terms of such financing arrangements.

A. Details of Secured Borrowings of our Company

Set forth below is a summary of our secured borrowings as of October 31, 2012.

(₹ in million)					
Lender	Description	Amount outstanding as on October 31, 2012	Interest (p.a.)	Repayment/Tenor	Security
Central Bank of India	<ul style="list-style-type: none"> Term loan agreement dated December 6, 2008 for term loan facilities of ₹ 3,500 million A bank guarantee of ₹ 250 million and a letter of credit of ₹ 600 million pursuant to sanction letter dated April 13, 2010 	2,950.00	Base rate plus 4.25%, subject to annual rest	Five years under progressive repayment schedule	<p>First charge ranking <i>pari passu</i> by way of equitable mortgage/ registered mortgage on the entire block assets of our Company;</p> <p>First charge ranking <i>pari passu</i> by way of hypothecation of our Company's entire plant and machinery, equipment, licenses, moveable assets, both present and future, created out of project implementation (including assignment of contracts relating to transponder capacity, all government licenses and authorizations, insurance policies) and further to be created if any till repayment of the term loan;</p> <p>Additional security by way of personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot, and corporate guarantee of VIL</p> <p>Pari passu charge on current assets of the company, both present and future.</p>
IDBI Bank Limited	Sanction letter dated June 6, 2009 and term loan agreement dated July 31, 2009 for term loan facility of ₹ 3,600 million	2,820.00	50 bps less than BPLR of IDBI Bank	Four years or 16 quarterly installments. The last date of drawal was March 31, 2011.	<p>First mortgage and charge of all the Company's immovable properties, both present and future;</p> <p>First charge by way of hypothecation of the Company's entire movables, including movable machinery, machinery spares, tools and accessories, present and future;</p> <p>Charge on the escrow and debt service coverage</p>

Lender	Description	Amount outstanding as on October 31, 2012	Interest (p.a.)	Repayment/Tenor	Security
					accounts; Assignment by the Company by way of first charge of (i) the contracts relating to transponder capacity etc to be in line with the assignment agreement in favour of Central Bank of India in relation to the Central Bank of India term loan; and (ii) all contracts, government authorizations, licenses, and insurance policies; and Irrevocable and unconditional guarantee from Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot and corporate guarantee of VIL
Bank of Baroda	Sanction letters dated April 26, 2010 and September 20, 2010 for term loan facility of ₹ 1,000 million	856.90	0.25% over BPLR <i>i.e.</i> , 12.25% p.a. with monthly rests subject to annual reset with a proviso that the rate of interest will not be less than the rate of interest of other banks <i>i.e.</i> , IDBI Bank and Central Bank of India	60 months including 12 months moratorium period from the date of first disbursement and a repayment period of 48 months. Repayment in 16 quarterly structured installments.	First charge on the entire immovable and moveable fixed assets and current assets of our Company, present and future on <i>pari passu</i> basis; Assignment of all contracts, all government authorizations, licenses and insurance policies of our Company in favour of all the lenders; Charge in favour of all term lenders on the escrow account of our Company; Charge in favor of all term lenders on the DSRA equivalent to one quarter of debt servicing (principle) with a proviso that in case of shortfall in DSRA, the same will be topped up by VIL. The term loan is additionally secured by personal guarantees issued by Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot; and a corporate guarantee issued by VIL (for an initial period of three years)
ICICI Bank Limited (arranger),	Syndicate term loan facility agreement dated	10,000.00	The rate of interest will be	78 months after the first utilization date under the facility	Charge over the entire movable assets of our Company (except any

Lender	Description	Amount outstanding as on October 31, 2012	Interest (p.a.)	Repayment/Tenor	Security
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	December 20, 2010 for a term loan of ₹ 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 and Syndicate Bank. This includes: <ul style="list-style-type: none"> • ₹ 3,000 million from ICICI Bank; • ₹ 2,000 million from Canara Bank*; • ₹ 500 million from Karur Vysya Bank^; • ₹ 1,000 million from Dena Bank**; • ₹ 1,000 million from Syndicate Bank^^; • ₹ 1,000 million from Jammu and Kashmir Bank***; • ₹ 1,000 million from Oriental Bank of Commerce^^^ • ₹ 500 million from Bank of India**** 		stipulated by ICICI Bank which shall be the sum of ICICI Bank base rate plus spread. This interest rate will be reset at the end of every 12 months.	agreement	intellectual property), including all rights, title and interest of our Company, both present and future; Charge on the entire immoveable assets of our Company including all rights, title and interest, both present and future; Charge over the escrow account maintained by our Company under the facility agreement for the purposes of depositing all monies received from the subscribers of our Company; Charge over the debt service reserve account maintained by our Company under the facility agreement; Assignment of the rights of our Company under the DTH License; Pledge of 30% shareholding in our Company by Greenfield Appliances Private Limited and Synergy Appliances Private Limited. Corporate guarantees of Platinum, Greenfield, Synergy, Dome-Bell Electronics India Private Limited. Debt service coverage ratio shortfall undertaking/additional guarantee issued by VIL. Personal guarantees of Mr. Venugopal Nandlal Dhoot and Mr. Pradipkumar Nandlal Dhoot.

*pursuant to deed of accession dated September 9, 2011 and sanction letter dated August 17, 2011

^ pursuant to deed of accession dated August 18, 2011 and sanction letter dated May 24, 2011

** pursuant to deed of accession dated February 8, 2012 and sanction letter dated January 31, 2012

^^ pursuant to deed of accession dated December 2, 2011 and sanction letter dated October 28, 2011

*** pursuant to deed of accession dated November 29, 2011 and sanction letter dated November 3, 2011

^^^pursuant to deed of accession dated June 14, 2012 and sanction letter dated May 30, 2012

**** pursuant to deed of accession dated July 16, 2012 and sanction letter dated July 11, 2012

Our secured financing arrangements contain various restrictive covenants which require us to obtain the prior written consent of our lender(s) for undertaking, among others, the following activities:

- effecting any change in the capital structure;
- formulating any scheme of amalgamation or reconstruction;
- undertaking any new project or expansion, unless the expenditure of such expansion is covered by our Company's net cash accrual after providing for dividend, investment or from long term funds received from financing such new projects or expansion;
- making any investments by way of deposits, loans or in share capital of any other concerns (including any subsidiaries) except investments in the usual course of business or advances to employees;
- entering into borrowing arrangements, either secured or unsecured with any other banks, financial institutions or companies or otherwise;
- undertaking guarantee obligations on behalf of any other company and declaring dividends for any year except out of profits relating to that year and with the specific approval of the lender(s);
- issuing any debentures, raising any loans, accepting deposits from the public, issuing equity or preference capital or creating any charge on its assets or giving any guarantee;
- creating any subsidiary or permitting any company to become its subsidiary;
- Selling, granting, leasing, transferring, or otherwise disposing of its assets except for such transfers, sales made in the ordinary course of business or permitted disposals which have a cumulative value per financial year not exceeding ₹ 500 million;
- changing our financial year;
- making any investment or acquisition in excess of ₹ 1,000 million in any financial year;
- amend the Memorandum of Association and Articles of Association of our Company; and
- effecting any change in the composition of its board of directors or its management, or the appointment/re-appointment or removal of its managing director or another person holding substantial management powers.

Further, under the terms of certain of our secured financing arrangements, we are required to comply with the following financial covenants:

- maintain a total debt to promoter contribution ratio of 2.00; and
- maintain a fixed assets coverage ratio of 1.00.

B. Details of Unsecured Borrowings of our Company

Set forth below is a summary of our unsecured borrowings as on October 31, 2012.

(₹ in million)

No.	Name of Lender	Description of Documentation	Amount Outstanding as on October 31, 2012	Repayment	Significant Covenants
1.	IDBI Bank Limited	Working capital facility of ₹ 500 million pursuant to sanction letters dated April 30, 2011 and July 12, 2011, and a working capital facility agreement dated July 27, 2011	496.60	Valid until March 29, 2013	<p>During the currency of the IDBI working capital facility, the Company shall not without the prior permission in writing of IDBI:</p> <ul style="list-style-type: none"> • Effect any change in the Company's capital structure; • Formulate any scheme of amalgamation or reconstruction; • Implement any scheme of expansion or diversification or modernization other than incurring routine capital expenditure; • Make any corporate investment or investment by way of share capital or debenture or lend or advance funds to or place deposit with any other concern, except give normal trade credit, place on security deposits in the normal course of business or make advances to employees, provided that the Company may make such investments by way of deposit or advance that are required statutorily under the existing laws, rules or

No.	Name of Lender	Description of Documentation	Amount Outstanding as on October 31, 2012	Repayment	Significant Covenants
					<p>regulations issued from time to time;</p> <ul style="list-style-type: none"> • Undertake guarantee obligations on behalf of any third party or any other company.

Additionally, we have also availed an unsecured loan from our Group Entity, VIL, at an annual interest rate of the prevailing SBI PLR less 2%. The outstanding amount against such unsecured loan was ₹ 2,250.00 million, as on October 31, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based upon, and should be read in conjunction with our restated audited financial information for the six months ended September 30, 2012 and for the financial years 2012, 2011, 2010 and 2009. Our financial statements are prepared in accordance with Indian GAAP. Indian GAAP differs in certain material respects with IFRS and U.S. GAAP. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the twelve months ended March 31 of that year.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, see "Risk Factors".

Overview

We are the fastest growing DTH service provider in India and operate under the "Videocon d2h" brand. (Source: MPA Report) We distribute multiple television channels and allied video and audio services to subscribers as part of our DTH services. We bring to our subscribers digital quality television viewing and, as of September 30, 2012, carried over 400 national and international channels and services, including 22 HD channels and 41 audio and video Active Music Channel Services. We commenced our DTH operations in July 2009 and, as of September 30, 2012, had 6.62 million gross subscribers with a market share of 13.0% of the gross DTH subscriber base across India (Source: MPA Report). Our total income for the six months ended September 30, 2012 and the financial year 2012 was ₹ 4,955.75 and ₹ 7,005.46 million, respectively. We have a presence across India and we believe we are ideally positioned to capitalize on the growth opportunities in the Indian DTH market.

Our distribution of multiple television channels and services is enabled through consumer premises equipment installed at the end consumers' premises which allows a subscriber to directly receive programming from our leased satellite through a mini-dish which is then de-coded by a digital receiver called a set-top box. We use state-of-the-art MPEG-4 technology, which permits high compression for video and DVB-S2 technology, which allows more efficient transmission of satellite signals. We have leased Ku-band space capacity on the ST-2 satellite of SingTel, which was launched on May 21, 2011 and has an estimated useful life through 2026. We currently lease eight 54 Mhz transponders on the satellite. This technology and access to these eight transponders allows us to transmit over 400 channels and services.

We benefit from our relationship with the Videocon Group. The Videocon Group has diversified interests in consumer electronics, oil and gas, power, retail and insurance, among others. The Videocon Group's flagship entity is Videocon Industries, a company listed on the BSE and the NSE and with a market capitalization of ₹ 80,002.16 million as of November 30, 2012. Videocon Industries believes it has one of the largest distribution networks of consumer electronics and home appliances in India. We believe that the Videocon Group is one of the only business houses in India that manufactures television sets and DVD players including television sets and DVD players with built-in set-top boxes. We believe that the cross selling of our services through the Videocon Group's television business increases our marketing opportunities.

We believe that the "Videocon" brand is well recognized in India. Videocon Industries was named as one of the Boston Consultancy Group's 100 "Rapidly Developing Economy Emerging Global Challengers" in May 2006 and the "Videocon" brand was named one of the top 20 most trusted brands in India by the Economic Times – Brand Equity in May 2007. Our Company was also ranked one of the most successful launches in 2009 (the year we commenced offering our services) by the Brand Derby survey, undertaken by the Business Standard.

The MIB has notified a four-phase digitization process for cable television in India with a sunset date of December 31, 2014. As a result, the cable television industry in India will be transitioned to the DAS for television content distribution and all cable operators will be legally bound to transmit only digital signals. We believe that this is a key growth opportunity for us as we believe that a significant portion of current analog cable television subscribers will switch to DTH services, such as ours.

As of September 30, 2012, in addition to providing our subscribers with the enabling hardware for our channels and services, we offer our subscribers "12 Picture-in-Picture Mosaic", a feature that provides an on-screen mosaic of the current programming of up to 12 channels; the "Electronic Program Guide", a graphical user

interface to browse channels and program schedules; “Movie Channel Services”, where we offer movie channel services; “HD 3D Active Channel service”; and “tickers”, which include tickers at the bottom of the screen displaying sports scores, stock market data, news updates, Active Music Channel Services and content-recording features.

Factors Affecting Our Results of Operations

Factors Affecting Growth in Subscribers and Churn

Almost all of our revenue comprises income from DTH subscribers, particularly, subscription revenue, other income from subscribers as a result of installation, activation and lease of set-top boxes, outdoor units and its accessories which form a part of consumer premises equipment to subscribers. Subscription revenue is dependent upon the number of our subscribers, pricing of our offerings and services, subscriber loyalty and our ability to penetrate new markets and therefore, on our ability to grow our subscriber base and limit subscriber churn, which measures our ability to retain subscribers. We calculate churn as the number of subscribers who have not made payments for at least 120 days and churn is a critical factor affecting our results of operations. Our total number of gross subscribers was 6.62 million, 5.48 million, 2.86 million and 0.44 million as of September 30, 2012 and March 31, 2012, 2011 and 2010, respectively. *(Source: MPA Report)*

Our revenue growth is driven primarily by subscriber additions and churn management. We seek to increase our subscriber base by providing a wide range of subscription packages at competitive prices, along with providing attractive value-added services that we believe are competitive. Additionally, with our marketing efforts, we intend to increase our subscriber base by reaching out to a wider population, including across new markets. See “*Our Business – Our Strategies – Continue to provide value for money services by offering a selection of quality programming*” on page 78.

The DTH business exhibits churn as a result of high levels of competition as well as customers enjoying a wider variety of alternative platforms for entertainment, such as the Internet. In addition to competitive alternatives, churn levels may be affected by changes in our or our competitors’ prices. Churn may also increase due to factors beyond our control, including, a slowing economy, consumer fraud and a maturing subscriber base. Increases in churn may lead to increased costs and reduced revenue.

Content Costs

Content costs comprise the largest portion of our operating expenses and have a significant effect on our results of operations. Programming procurement by DTH operators in India, including us, generally takes place through channel distributors or owners. These programming procurement costs consist primarily of license fees paid to broadcasters and distributors of channels and content. We enter into content agreements with channel broadcasters and distributors to license channels and we pay them content and programming fees that are stipulated under the agreements. The major channel broadcasters and distributors, from whom we procure content, include Media Pro Enterprises India Private Limited, IndiaCast Media Distribution Private Limited, Sun Distribution Services Private Limited (earlier Sun 18 Media Services (South), MSM Discovery Private Limited and ESPN Software India Private Limited.

When offering new programming, or upon expiration of existing contracts, content suppliers typically increase the rates they charge us for content, which increases our content costs. Increases in content costs may cause us to increase the rates that we charge our subscribers, which may increase subscriber churn and cause potential subscribers to refrain from subscribing to our services. As such, content costs have a significant effect on our results of operations.

Subscriber Acquisition Cost

We incur significant expense in acquiring new subscribers. We procure consumer premises equipment, which primarily comprise set-top boxes, outdoor units, accessories and smart cards, from our suppliers and distribute such equipment through our distribution network to subscribers at subsidized prices.

Subscriber acquisition cost is the difference between the cost at which we procure consumer premises equipment and the net recovery (net of taxes and distributor discounts) and the cost of marketing spend towards brand development. Our subscriber base has grown significantly since the commencement of our operations. As

we grow our business, our subscriber acquisition costs may increase to the extent we continue or expand current sales promotion activities or introduce other promotions, or due to increased competition.

Digitization of Television Content in India

The cable television industry in India will be transitioned to the DAS for television content distribution. As a result, all cable operators are legally bound to transmit only digital signals after December 31, 2014. Subscribed channels can be received at the customer's premises only through a set-top box equipped with a conditional access card and a subscriber management system.

The Telecom Regulatory Authority of India recommended a four-phase digitization process for cable television in India with the sunset date for India becoming completely digitized as December 31, 2014. The implementation of this process will be carried out in four phases. Phase I, which affects the four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai, was digitized on October 31, 2012. Phase II, which affects all cities with a population of over one million, is scheduled to be digitized by March 31, 2013. Phase III, which affects all other urban areas across India, is scheduled to be completed by September 30, 2014. And lastly, Phase IV, which affects the rest of India, is scheduled to be completed by December 31, 2014. We believe that the transition to DAS will be a significant catalyst for us to acquire new subscribers and increase our reach in larger television audience markets, which would have a significant effect on our results of operations.

Going Concern Note

Our accumulated losses of ₹ 14,158.77 million, ₹ 11,457.51 million and ₹ 6,637.45 million for the six months ended September 30, 2012 and for the financial years 2012 and 2011, respectively, exceeded our paid-up share capital and securities premium, as a result, our net worth for those respective periods was eroded. Our ability to continue as a going concern is dependent on the success of our operations and our ability to arrange funds for our operations. Accordingly, these financial statements have been prepared on going concern basis.

Our Significant Accounting Policies

Basis for Preparation of Financial Statements

Our financial statements are prepared and presented under the historical cost convention using the accrual system of accounting in accordance with Indian GAAP and the requirements of the Companies Act, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006.

Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires our management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to our contingent liabilities as of the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

Fixed Assets and Capital Work in Progress

- Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and amortization and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, borrowing cost and other incidental expenses for bringing the asset to its working condition for its intended use but net of central value added tax ("CENVAT") and value added tax ("VAT"), wherever input credit is claimed.
- Consumer premises equipment is capitalized on activation.
- Intangible assets, which include license fees, computer software, technical know-how and brand development, are measured at cost of acquisition and development and are stated at cost less accumulated amortization and impairment, if any.

- Capital work in progress is stated at cost, comprising direct cost, attributable borrowing cost and related incidental expenditure. All expenses incurred for acquiring, erecting and commissioning of fixed assets and incidental expenditure incurred during construction of the projects are shown under capital work in progress.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs and other costs incurred in bringing such inventories to their present location and condition. Cost is determined on a weighted-average basis.

Depreciation and Amortization

Depreciation on tangible fixed assets is provided on the straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, except in the following cases, where depreciation is provided over the estimated useful life as determined by the management:

- Leasehold land is amortized over the period of primary lease.
- Consumer premises equipments is amortized over a period of seven years.

Intangible assets are amortized over their useful life as follow:

- The license fee for our DTH license is amortized over the period of license.
- Computer software is amortized over a period of five years.
- Brand development, technical know-how and designs are amortized over a period of 10 years.

Revenue Recognition

- Subscription and other service revenues are recognized on the completion of services.
- Lease rentals are recognized as revenue over the related estimated period in which the benefit is expected to be derived from the use of leased assets.
- Sales of goods are recognized when the risk and rewards of ownership are passed on to the customer.
- Interest income is recognized on a time proportion basis taking into account the amount invested and the rate of interest.

Impairment of Assets

Fixed assets or a group of assets (in the form of a cash-generating unit) are reviewed for impairment as of each balance sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the assets or cash-generating unit to which the assets belong is less than its carrying amount, the impairment loss is recognized by writing down such assets to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

Leases

- Leases which effectively transfer to us substantially all the risks and benefits incidental to ownership of the leased items are classified as 'Finance Leases'. Assets acquired on 'Finance Lease' which transfers risk and rewards of ownership to us are capitalized as the assets.
- Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as 'Operating Leases'. Rentals in respect of operating leases are recognized as an expense or income in our statement of profit and loss on a basis that reflects the timing of such payment or receipt appropriately, except for rentals pertaining to the period up to the date of

commencement of commercial operations, which are capitalized.

- Initial direct costs incurred specifically to earn revenue from operating leases are deferred and allocated to income over the estimated period in which the benefit is expected to be derived from the use of related leased assets, in proportion to the recognition of lease rental income.

Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all potential dilutive equity shares, except where the result would be anti-dilutive.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets until the time they are ready for intended use are capitalized as part of the cost of such assets. A qualifying asset is one that requires a substantial period of time to prepare for its intended use. Other borrowing costs are recognized as expenses in the periods in which they are incurred.

Foreign Currency Transactions

- Transactions denominated in foreign currencies are recorded at the average exchange rate of the month of the respective transactions.
- Monetary items denominated in foreign currencies are recorded at the exchange rate prevailing on the balance sheet date.
- Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized as income or expense.

CENVAT and VAT Credit

The CENVAT and/or VAT credit available on purchase of materials, capital goods and other eligible inputs is adjusted against service tax / output VAT payable. The unadjusted CENVAT and/or VAT credit is categorized under the heading 'Short Term Loans and Advances' until the same is adjusted against service tax / output VAT payable.

Employee Benefits

- *Short-Term Employee Benefits.* All employee benefits payable wholly within 12 months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages and bonus are recognized in the profit and loss account in the period in which the employee renders the related service.
- *Long-Term Employee Benefits.* All of our employees are entitled to receive benefits under the provident fund, which is a defined contribution plan. Both the employees and the employer make monthly contributions to the plan at a predetermined rate (currently 12.0%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India.
- Our contributions to both of these schemes are expensed. We have no further obligations under these plans beyond our monthly contributions.
- *Gratuity.* We provide for gratuity obligations through a defined benefit retirement plan (the "**Gratuity Plan**") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with us. We make provision for the Gratuity Plan based on independent actuarial valuations in accordance with Accounting Standard 15 (revised), 'Employee Benefits'. The present

value of obligation under gratuity is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

- Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in our profit and loss account as income or expenses.
- *Leave Encashment and Other Long-Term Benefits.* Liability in respect of leave encashment is determined using the projected unit credit method with independent actuarial valuations as of the balance sheet date and gains and losses are recognized immediately in our profit and loss account.

Taxation

Income tax comprises current tax and deferred tax. Provision for current income tax is made on the assessable income and benefits at the rate applicable to the relevant assessment year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to certain considerations. Deferred tax is measured using the tax rates enacted or substantively enacted as of the balance sheet date. The carrying amount of deferred tax assets and liabilities are reviewed at each balance sheet date and recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

Provisions, Contingent Liabilities and Contingent Assets

We recognize a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on our management's estimation of the outflow required to settle the obligation as of the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed by way of notes to accounts. Disputed demands in respect of central excise, customs, income tax, sales tax and others are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, until the final outcome of the matter and where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in our financial statements.

Results of Operations

The following table sets forth select financial data from our restated statement of profit and loss for the six months ended September 30, 2012 and for the financial years 2012, 2011 and 2010, the components of which are also expressed as a percentage of total revenue for such periods.

(₹ in millions)

	Six Months Ended September 30, 2012		Financial Year					
			2012		2011		2010	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Revenue:								
Revenue from								
Operations:								
Subscription Revenue	4,019.89	81.1	5,134.24	73.3	1,071.34	57.6	37.22	26.2
Installation and Other								
Operating Income	394.20	8.0	793.35	11.3	646.64	34.8	93.63	65.9
Activation Revenue								
(Net)	230.56	4.6	579.17	8.3	-	-	-	-
Lease Rental	271.39	5.5	423.59	6.1	131.02	7.0	7.91	5.6
Sales of Set-top								
Boxes and Other								
Accessories	19.95	0.4	44.80	0.6	3.78	0.2	2.30	1.6
Other Income	19.76	0.4	30.31	0.4	6.56	0.4	1.01	0.7
Total Revenue	4,955.75	100.0	7,005.46	100.0	1,859.34	100.0	142.07	100.0
Expenses:								

	Six Months Ended September 30, 2012		Financial Year					
			2012		2011		2010	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Cost of Materials Consumed	50.02	1.0	91.15	1.3	34.97	1.9	49.31	34.7
Employee Benefits Expense	379.23	7.7	647.83	9.2	485.89	26.1	180.26	126.9
Foreign Currency (Gain)/Loss (other than considered as finance cost)	30.32	0.6	72.06	1.0	(11.97)	(0.6)	(4.39)	(3.1)
Operating Expenses	3,793.52	76.6	5,692.17	81.3	3,754.05	201.9	723.91	509.6
Administrative and Other Expenses	200.39	4.0	395.02	5.6	289.49	15.5	85.58	60.2
Selling and Distribution Expenses	491.08	9.9	900.16	12.9	617.99	33.2	111.25	78.3
Finance Costs	1,338.36	27.0	2,012.95	28.7	1,078.78	58.0	150.91	106.2
Depreciation, Amortization and Impairment Expense	1,374.09	27.7	2,014.18	28.8	895.29	48.2	157.80	111.1
Total Expenses	7,657.01	154.5	11,825.52	168.8	7,144.49	384.2	1,454.63	1,023.9
Profit/(Loss) Before Tax	(2,701.26)	(54.5)	(4,820.06)	(68.8)	(5,285.15)	(284.2)	(1,312.56)	(923.9)
Tax Expense	—	—	—	—	—	—	6.24	4.4
Profit/(Loss)	(2,701.26)	(54.5)	(4,820.06)	(68.8)	(5,285.15)	(284.3)	(1,318.80)	(928.3)

Revenue

Our revenue comprises revenue from operations and other income.

Revenue from Operations

Subscription Revenue. Subscription revenue comprises (i) monthly subscription fees paid by our subscribers for our programming packages, and (ii) fees for extra services such as additional channels, combination of channels or other add-on packages that we offer. The total amount of subscription revenue depends on the number of paying subscribers and the amount of monthly subscription fees paid for the packages subscribed by the subscribers.

Installation and Other Operating Income. Installation income comprises income received from the installation of consumer premises equipment and other operating income comprises revenue received for repairs undertaken and for services provided to the subscriber and also includes carriage fees received from broadcasters for carrying their channels on our platform.

Activation Revenue. Activation revenue comprises fees for activations paid by new subscribers. Activation revenue is collected up front and is recognized as revenue upon the activation of consumer premises equipments. Our activation revenue is reflected net of our activation expenses.

Lease Rental. Lease rental represents the rental revenues for the lease of set-top boxes and out-door units and its accessories. The lease rental we receive from such new subscriber is recognized over a period of seven years from the date of activation. We offer our subscribers the option to lease, buy or hire-purchase the set-top box, in accordance with applicable Indian regulations.

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

Other Income

Our other income comprises interest income, income on sale of investments and miscellaneous income.

Expenses

Our expenses comprise (i) cost of materials consumed; (ii) employee benefits expense; (iii) net gains or losses on foreign currency transaction and translation; (iv) operating expenses; (v) administrative and other expenses; (vi) selling and distribution expenses; (vii) finance costs; and (viii) depreciation, amortization and impairment expenses.

Cost of Materials Consumed. Our cost of materials consumed comprises the cost of set-top boxes that we sell to subscribers and the cost of consumption of spares and tools for the purpose of undertaking repairs of consumer premises equipment.

Employee Benefits Expense. Our employee benefits expense comprises salary and wages, contribution to provident and other funds, and staff welfare expenses.

Net (Gain)/Loss on Foreign Currency Transaction and Translation. Net gain or loss on foreign currency transaction and translation comprises exchange difference arising upon the settlement of liabilities denominated in foreign currencies, such as our smart cards and other tools and equipment that we import, and also includes restated foreign liability as on balance sheet date which occurs as a result recognizing such currency translation as on the date of the balance sheet date.

Operating Expenses. Operating expenses comprises space segment charges and fees, content and other supporting costs, installation expenses, activation and other expenses and license fees and taxes. Space segment charges and fees comprises fees paid towards the rental of the transponders of the ST-2 satellite of SingTel pursuant to the K_u-Band Lease Agreement, with the Department of Space and also includes the network operations control center fee and spectrum charges. Content and other supporting costs comprises monthly license fees due to television broadcasters and channel distributors and also include our information technology support expenses. Installation expenses comprises expenses we incur when we install consumer premises equipment for a new subscriber and expenses incurred towards repair of such equipment. Activation and other expenses comprises discounts and schemes given to distribution network net of activation revenue. Finally, license fees and taxes comprise license fees payable to the MIB and also includes entertainment taxes paid under protest to the respective authorities.

Administrative and Other Expenses. Administrative and other expenses includes, among other things, expenses related to rates and taxes, travelling and conveyance expenses, rent, office and general expenses and power and fuel expenses.

Selling and Distribution Expenses. Selling and distribution expenses comprises advertisement and marketing expenses, customer support services which are expenses incurred towards customer care and subscriber management and logistics costs and distribution expenses.

Finance Costs. Finance costs comprise interest expense, other borrowing costs and bank charges incurred.

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

Certain Key Measures of Financial Performance

Average Revenue Per User

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

The following table provides our ARPU and churn (as a percentage of subscription revenue) for the six months ended September 30, 2012 and for the financial years 2012, 2011 and 2010:

		Six Months Ended September 30, 2012	Financial Year 2012	Financial Year 2011	Financial Year 2010
	Closing Gross Subscribers* (millions)	6.62	5.48	2.86	0.44
	Less: Churn Subscribers (Gross minus Net Subscribers)**	0.92	0.64	0.11	0.00
A	Net Subscribers (millions)*	5.70	4.84	2.75	0.44
B	Average Net Subscribers (millions)***	5.27	3.80	1.60	0.22
C	Incremental Churn Subscribers	0.28	0.53	0.11	0.00
D	Subscription Revenue (₹ in millions)****	4,260.72	5,453.11	1,147.60	37.22
	Accounting ARPU (in ₹)				
E = (D/B/12)	On Subscription Revenue	134.75	119.59	59.77	14.10
F = (C/B/12)	Monthly Churn (as a percentage of average Net Subscribers)	0.89%	1.16%	0.57%	N.A.

Note: The effect of activation income has not been considered while calculating accounting ARPU.

* Source: MPA Report

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

*** (Opening Net Subscriber + Closing Net Subscribers) / 2

**** Includes discount to trade for the six months ended September 30, 2012, and the financial years 2012, 2011 and 2010 of ₹ 240.83 million, ₹ 318.87 million, ₹ 76.26 million and nil, respectively.

Subscriber Acquisition Costs

Subscriber acquisition cost is the difference between the cost at which we procure consumer premises equipment and the net recovery from subscribers (net of taxes and distributor discounts) and the cost of marketing spend towards brand development. The following table provides our subscriber acquisition costs for standard definition customers and high definition customers for the six months ended September 30, 2012:

Particulars (in ₹ per subscriber)	Six Months Ended September 30, 2012	
	Standard Definition	High Definition
Subscriber Acquisition Costs	2,021	1,745
– Hardware Costs	1,834	1,558
– Marketing costs	187	187

Gross subscriber additions for the six months ended September 30, 2012 was 1.14 million. Hardware acquisition costs comprises the cost of consumer premises equipment as reduced by net realization towards set-top boxes, outdoor units and its accessories and towards installation (the net realization is the gross revenue less service tax, VAT, discount to trade, and installation expenses). Marketing cost is the brand development cost incurred during the six months ended September 30, 2012 of ₹ 213.00 million.

Six Months Ended September 30, 2012

Total Revenue. Our total revenue was ₹ 4,955.75 million for the six months ended September 30, 2012 and primarily comprised subscription revenue. Our total number of gross subscribers continued to increase and, as of September 30, 2012, we had 6.62 million gross subscribers.

Subscription Revenue. Our subscription revenue was ₹ 4,019.89 million for the six months ended September 30, 2012.

Installation and Other Operating Income. Our installation and other operating income was ₹ 394.20 million for the six months ended September 20, 2012, as a result of an addition of new subscribers during this period.

Activation Revenue. Our activation revenue, which is net of activation expense, was ₹ 230.56 million for the six months ended September 30, 2012, as a result of an addition of new subscribers during this period.

Lease Rental. Our lease rental was ₹ 271.39 million for the six months ended September 30, 2012.

Sale of Set-top Boxes and Other Accessories. Our revenue from sale of set-top boxes and other accessories was ₹ 19.95 million for the six months ended September 30, 2012.

Other Income. Our other income was ₹ 19.76 million for the six months ended September 20, 2012 and primarily comprised interest income of ₹ 19.18 million.

Total Expenses. Our total expenses were ₹ 7,657.01 million for the six months ended September 30, 2012 and primarily comprised operating expenses of ₹ 3,793.52 million.

Cost of Materials Consumed. Our cost of materials consumed was ₹ 50.02 million for the six months ended September 20, 2012.

Employee Benefits Expense. Our employee benefits expense was ₹ 379.23 million for the six months ended September 30, 2012 and primarily comprised salary and wages of ₹ 356.02 million. As of September 30, 2012, the total number of our employees was 1,004.

Net (Gain)/Loss on Foreign Currency Transaction and Translation. Our net loss on foreign currency transactions and translation was ₹ 30.32 million for the six months ended September 30, 2012.

Operating Expenses. Our operating expenses were ₹ 3,793.52 million for the six months ended September 30, 2012 and primarily comprised content and other support costs of ₹ 2,228.28 million, installation expenses of ₹ 572.14 million, space segment charges and fees of ₹ 504.04 million and license fees and taxes of ₹ 489.06 million.

Administrative and Other Expenses. Our administrative and other expenses were ₹ 200.39 million for the six months ended September 30, 2012 and primarily comprised travelling and conveyance expenses of ₹ 55.89 million, rent of ₹ 33.90 million, power and fuel of ₹ 28.51 million and communication expenses of ₹ 9.19 million.

Selling and Distribution Expenses. Our selling and distribution expenses were ₹ 491.08 million for the six months ended September 30, 2012 and comprised advertisement and marketing expenses of ₹ 126.34 million, customer support services of ₹ 336.37 million and distribution expenses of ₹ 28.37 million.

Finance Costs. Our finance costs were ₹ 1,338.36 million for the six months ended September 30, 2012 and consisted of interest expense of ₹ 1,298.16 million and other borrowing costs of ₹ 40.20 million.

Depreciation, Amortization and Impairment Expense. Our depreciation, amortization and impairment expense was ₹ 1,374.09 million for the six months ended September 30, 2012.

Tax Expense. Our tax expense was nil for the six months ended September 30, 2012.

Loss for the six months ended September 30, 2012. Our loss for the six months ended September 30, 2012 was ₹ 2,701.26 million, as a result of the factors described above.

Financial Year 2012 Compared to Financial Year 2011

Total Revenue. Our total revenue increased to ₹ 7,005.46 million for the financial year 2012 from ₹ 1,859.34 million for the financial year 2011, primarily as a result of an increase in our total subscription revenue as a result of an increase in the total number of gross subscribers to 5.48 million as of March 31, 2012 from 2.86 million as of March 31, 2011, which also resulted in a corresponding increase in our subscription revenue, lease rentals and sale of set-top boxes and other accessories.

Subscription Revenue. Our subscription revenue increased to ₹ 5,134.24 million for the financial year 2012 from ₹ 1,071.34 million for the financial year 2011, primarily as a result of an increase in the total number of gross subscribers and an increase in ARPU.

Installation and Other Operating Income. Our installation and other operating income increased by 22.7% to ₹ 793.35 million for the financial year 2012 from ₹ 646.64 million for the financial year 2011, primarily as a result of an increase in new subscribers.

Activation Revenue. Our activation revenue, which is net of activation expense, was ₹ 579.17 million for the financial year 2012 compared to an expense (net of revenue) of ₹ 218.53 million for the financial year 2011, primarily as a result of the increase in the price we charged for the consumer premises equipment that we provide our customers during the financial year 2012 compared to the financial year 2011 and as a result of an increase in new subscribers.

Lease Rental. Our lease rental revenue increased to ₹ 423.59 million for the financial year 2012 from ₹ 131.02 million for the financial year 2011, primarily as a result of an increase in the total number of gross subscribers.

Sale of Set-top Boxes and Other Accessories. Our revenue from sale of set-top boxes and other accessories increased to ₹ 44.80 million for the financial year 2012 from ₹ 3.78 million for the financial year 2011, primarily as a result of an increase in the total number of gross subscribers.

Other Income. Our other income increased to ₹ 30.31 million for the financial year 2012 from ₹ 6.56 million for the financial year 2011, as a result of an increase in interest income to ₹ 28.63 million for the financial year 2012 from ₹ 6.11 million for the financial year 2011 and an increase in miscellaneous income to ₹ 1.68 million for the financial year 2012 from ₹ 0.45 million for the financial year 2011.

Total Expenses. Our total expenses increased by 65.5% to ₹ 11,825.52 million for the financial year 2012 from ₹ 7,144.49 million for the financial year 2011, primarily as a result of an increase in our operating expenses, as a result of the increase in the total number of gross subscribers during the financial year 2012 compared to the financial year 2011.

Cost of Materials Consumed. Our cost of materials consumed increased to ₹ 91.15 million for the financial year 2012 from ₹ 34.97 million for the financial year 2011, primarily as a result of the increase in new subscribers, increase in the total number of gross subscribers and a corresponding increase in repairs over the consumer premises equipment.

Employee Benefits Expense. Our employee benefits expense increased by 33.3% to ₹ 647.83 million for the financial year 2012 from ₹ 485.89 million for the financial year 2011, primarily as a result of an increase in salary and wages to ₹ 600.30 million for the financial year 2012 from ₹ 449.32 million for the financial year 2011 and as a result of the periodic increase in compensation to our employees and an increase in the number of employees to 999 as of March 31, 2012 compared to 754 as of March 31, 2011.

Net (Gain)/Loss on Foreign Currency Transaction and Translation. Our net loss on foreign currency transactions and translation was ₹ 72.06 million for the financial year 2012 as compared to a gain of ₹ 11.97 million for the financial year 2011, primarily as a result of the depreciation in the value of the Rupee against the U.S. Dollar.

Operating Expenses. Our operating expenses increased by 51.6% to ₹ 5,692.17 million for the financial year 2012 from ₹ 3,754.05 million for the financial year 2011, primarily as a result of an increase in content and other support costs to ₹ 3,318.60 million for the financial year 2012 from ₹ 2,005.19 million for the financial year 2011 and an increase in installation expenses to ₹ 1,130.66 million for the financial year 2012 from ₹ 923.58 million for the financial year 2011 and an increase in space segment charges and other fees to ₹ 591.15 million for the financial year 2012 from ₹ 512.12 million for the financial year 2011 and an increase in license fees and tax expenses to ₹ 651.76 million for the financial year 2012 from ₹ 94.63 million for the financial year 2011.

Administrative and Other Expenses. Our administrative and other expenses increased by 36.5% to ₹ 395.02 million for the financial year 2012 from ₹ 289.49 million for the financial year 2011, primarily as a result of an increase in travelling and conveyance expenses to ₹ 117.34 million for the financial year 2012 from ₹ 83.55 million for the financial year 2011 and an increase in rent to ₹ 63.61 million for the financial year 2012 from ₹ 56.00 million for the financial year 2011.

Selling and Distribution Expenses. Our selling and distribution expenses increased by 45.7% to ₹ 900.16 million for the financial year 2012 from ₹ 617.99 million for the financial year 2011, primarily as a result of an increase in advertisement and marketing expenses to ₹ 186.60 million for the financial year 2012 from ₹ 116.82 million for the financial year 2011 and an increase in customer support services expenses to ₹ 664.47 million for the financial year 2012 from ₹ 463.52 million for the financial year 2011.

Finance Costs. Our finance costs increased by 86.6% to ₹ 2,012.95 million for the financial year 2012 from ₹ 1,078.78 million for the financial year 2011, as a result of an increase in interest expense to ₹ 1,904.28 million for the financial year 2012 from ₹ 935.96 million for the financial year 2011, primarily as a result of an increase in our secured borrowings, which was partially offset by a decrease in other borrowing costs to ₹ 108.67 million for the financial year 2012 from ₹ 142.82 million for the financial year 2011. Our total indebtedness was ₹ 15,887.45 million as of March 31, 2012 compared to ₹ 10,300.00 million as of March 31, 2011.

Depreciation, Amortization and Impairment Expense. Our depreciation, amortization and impairment expense increased to ₹ 2,014.18 million for the financial year 2012 from ₹ 895.29 million for the financial year 2011, primarily as a result of an increase in the total number of gross subscribers and as a result, the corresponding increase in depreciation recognized for consumer premises equipment installed and increase in the number of subscribers who had not made payment for more than 500 days after recognizing churn.

Tax Expense. Our tax expense was unchanged at nil for the financial year 2012 as compared to the financial year 2011.

Loss for the Year. Our loss for the year decreased by 8.8% to ₹ 4,820.06 million for the financial year 2012 from ₹ 5,285.15 million for the financial year 2011, as a result of the factors described above.

Financial Year 2011 Compared to Financial Year 2010

Total Revenue. Our total revenue increased to ₹ 1,859.34 million for the financial year 2011 from ₹ 142.07 million for the financial year 2010, primarily as a result of an increase in our total subscription revenue as a result of an increase in the total number of gross subscribers to 2.86 million as of March 31, 2011 from 0.44 million as of March 31, 2010, as a result of the financial year 2011 being the first full year of our commercial operations and the corresponding increases in our subscription revenue, lease rentals and sale of set-top boxes and other accessories.

Subscription Revenue. Our subscription revenue increased to ₹ 1,071.34 million for the financial year 2011 from ₹ 37.22 million for the financial year 2010, primarily as a result of an increase in the total number of gross subscribers and as a result of the first full year of commercial operations during the financial year 2011.

Installation and Other Operating Income. Our installation and other operating income increased to ₹ 646.64 million for the financial year 2011 from ₹ 93.63 million for the financial year 2010, primarily as a result of an increase in new subscribers and as a result of the full year of commercial operations during the financial year 2011.

Lease Rental. Our lease rental revenue increased to ₹ 131.02 million for the financial year 2011 from ₹ 7.91 million for the financial year 2010, primarily as a result of an increase in new subscribers and as a result of the full year of commercial operations during the financial year 2011.

Sale of Set-top Boxes and Other Accessories. Our revenue from sale of set-top boxes and other accessories increased to ₹ 3.78 million for the financial year 2011 from ₹ 2.30 million for the financial year 2010, primarily as a result of an increase in new subscribers and as a result of the full year of commercial operations during the financial year 2011.

Other Income. Our other income increased to ₹ 6.56 million for the financial year 2011 from ₹ 1.01 million for the financial year 2010, as a result of an increase in interest income to ₹ 6.11 million for the financial year 2011 from ₹ 0.85 million for the financial year 2010 and an increase in miscellaneous income to ₹ 0.45 million for the financial year 2011 from ₹ 0.16 million for the financial year 2010.

Total Expenses. Our total expenses increased to ₹ 7,144.49 million for the financial year 2011 from ₹ 1,454.63 million for the financial year 2010, primarily as a result of an increase in our operating expenses, as a result of the increase in the total number of gross subscribers during the financial year 2011 compared to the financial year 2010 and as a result of the full year of commercial operations during the financial year 2011. Additionally, prior to becoming commercially operational, we capitalized some of our expenses during the financial year 2010.

Cost of Materials Consumed. Our cost of materials consumed decreased by 29.1% to ₹ 34.97 million for the financial year 2011 from ₹ 49.31 million for the financial year 2010, primarily as a result of a decrease in the repairs that we undertook during the financial year 2011 compared to the financial year 2010.

Employee Benefits Expense. Our employee benefits expense increased to ₹ 485.89 million for the financial year 2011 from ₹ 180.26 million for the financial year 2010, as a result of an increase in salary and wages to ₹ 449.32 million for the financial year 2011 from ₹ 168.58 million for the financial year 2010, primarily as a result of the periodic increase in compensation to our employees and an increase in the number of employees to 754 as of March 31, 2011 compared to 728 as of March 31, 2010. Additionally, some of the expenses incurred by our research and operations team were capitalized during the financial year 2010 prior to becoming commercially operational.

Finance Costs. Our finance costs increased to ₹ 1,078.78 million for the financial year 2011 from ₹ 150.91 million for the financial year 2010, as a result of an increase in interest expense to ₹ 935.96 million for the financial year 2011 from ₹ 142.79 million for the financial year 2010, primarily as a result of an increase in total secured loans to ₹ 10,300.00 million in 2011 from ₹ 6,950.00 million in 2010, an increase in unsecured loan from Videocon Industries Limited, our Group Entity, to ₹ 3,231.67 million as of March 31, 2011 compared to ₹ 360.00 million as of March 31, 2010, and an increase in other borrowing costs to ₹ 142.82 million for the financial year 2011 from ₹ 8.12 million for the financial year 2010. Additionally, our interest costs were capitalized as a part of borrowing costs for the financial year 2010 prior to becoming commercially operational.

Depreciation and Amortization Expense. Our depreciation and amortization expense increased to ₹ 895.29 million for the financial year 2011 from ₹ 157.80 million for the financial year 2010, primarily as a result of an increase in the number of subscribers and as a result, the corresponding increase in depreciation recognized for consumer premises equipment installed and the financial year 2011 being the first financial year for which we recognized depreciation for consumer premises equipment for the entire period.

Net (Gain)/Loss on Foreign Currency Transaction and Translation. Our net gain on foreign currency transaction and translation increased to ₹ 11.97 million for the financial year 2011 from ₹ 4.39 million for the financial year 2010, primarily as a result of an appreciation in the value of the Rupee against the U.S. Dollar.

Operating Expenses. Our operating expenses increased to ₹ 3,754.05 million for the financial year 2011 from ₹ 723.91 million for the financial year 2010, primarily as a result of an increase in content and other support costs to ₹ 2,005.19 million for the financial year 2011 from ₹ 372.45 million for the financial year 2010, an increase in installation expenses to ₹ 923.58 million for the financial year 2011 from ₹ 132.66 million for the financial year 2010 and an increase in space segment charges and fees to ₹ 512.12 million for the financial year 2011 from ₹ 132.39 million for the financial year 2010. Additionally, our operating expenses were capitalized for the financial year 2010 prior to becoming commercially operational.

Administrative and Other Expenses. Our administrative and other expenses increased to ₹ 289.49 million for the financial year 2011 from ₹ 85.58 million for the financial year 2010, primarily as a result of an increase in power and fuel expenses to ₹ 35.61 million for the financial year 2011 from ₹ 7.55 million for the financial year 2010, an increase in rent to ₹ 56.00 million for the financial year 2011 from ₹ 15.60 million for the financial year 2010, and an increase in printing and stationery expenses to ₹ 8.43 million for the financial year 2011 from ₹ 3.03 million for the financial year 2010.

Selling and Distribution Expenses. Our selling and distribution expenses increased to ₹ 617.99 million for the financial year 2011 from ₹ 111.25 million for the financial year 2010, primarily as a result of an increase in advertising and marketing expenses to ₹ 116.82 million for the financial year 2011 from ₹ 36.97 million for the financial year 2010, an increase in customer support services expenses to ₹ 463.52 million for the financial year 2011 from ₹ 60.85 million for the financial year 2010 and an increase in distribution expenses to ₹ 37.65 million for the financial year 2011 from ₹ 13.43 million for the financial year 2010.

Tax Expense. Our tax expense was unchanged at nil for the financial year 2011 as compared to the financial year 2010.

Loss for the Year. Our loss for the year increased to ₹ 5,285.15 million for the financial year 2011 from ₹ 1,318.80 million for the financial year 2010, as a result of the factors described above.

Financial Condition, Liquidity and Capital Resources

Cash Flows

The table below summarizes our cash flows for the six months ended September 30, 2012 and for the financial years 2012, 2011 and 2010:

	Six Months Ended September 30, 2012	Financial Year		
		2012	2011	2010
Net Cash From / (Used in) Operating Activities	2,106.14	1,834.51	(1,181.87)	(504.26)
Net Cash From / (Used in) Investing Activities	(3,393.26)	(5,491.40)	(3,786.83)	(7,180.47)
Net Cash Provided By / (Used in) Financing Activities	1,397.18	3,587.46	5,136.39	7,517.71
Net Increase in / (Decrease in) Cash And Cash Equivalents	110.06	(69.43)	167.69	(167.02)

(₹ in millions)

Operating Activities

Net cash from operating activities was ₹ 2,106.14 million for the six months ended September 30, 2012 and consisted of a net loss before tax of ₹ 2,701.26 million, as primarily adjusted for non-cash and non-operating items, such as depreciation, amortization and impairment of ₹ 1,374.09 million and finance charges of ₹ 1,338.36 million. Our operating loss before working capital changes was ₹ 11.05 million and working capital change consisted of an increase in liabilities and provisions of ₹ 2,225.39 million, an increase in trade and other receivables of ₹ 77.90 million and an increase in inventories of ₹ 25.22 million. We have also paid direct taxes of ₹ 5.08 million.

Net cash from operating activities was ₹ 1,834.51 million for the financial year 2012 and consisted of a net loss before tax of ₹ 4,820.06 million as adjusted primarily for non-cash and non operating items, such as depreciation, amortization and impairment of ₹ 2,014.18 million, finance charges of ₹ 2,012.95 million and interest received of ₹ 28.63 million. Our operating loss before working capital changes was ₹ 798.20 million. Working capital changes consisted of an increase in liabilities and provisions of ₹ 2,905.11 million, an increase in trade and other receivables of ₹ 290.10 million and decrease in inventories of 27.59 million . We have also paid direct taxes of ₹ 9.89 million.

Net cash used in operating activities was ₹ 1,181.87 million for the financial year 2011 and consisted of a net loss before tax of ₹ 5,285.15 million as primarily adjusted for non-cash and non operating items, such as depreciation, amortization and impairment of ₹ 895.29 million, and finance charges of ₹ 1,078.78 million. Our operating loss before working capital changes was ₹ 3,309.63 million. Working capital changes consisted of an increase in liabilities and provisions of ₹ 3,323.79 million, an increase in trade and other receivables of ₹ 1,126.79 million, an increase in inventory of ₹ 66.88. We have also paid direct taxes of ₹ 2.36 million.

Net cash used in operating activities was ₹ 504.26 million for the financial year 2010 and consisted of a net loss before tax of ₹ 1,312.56 million, as primarily adjusted for non-cash and non operating items, such as depreciation, amortization and impairment of ₹ 157.80 million and finance charges of ₹ 150.91 million. Our operating loss before working capital changes was ₹ 997.64 million. Working capital changes consisted of an increase in liabilities and provisions of ₹ 1,011.36 million, an increase in trade and other receivables of ₹ 372.06 million, an increase in inventories of ₹ 144.77 million. We have also paid direct taxes of ₹ 1.15 million.

Investing Activities

Net cash used in investing activities was ₹ 3,393.26 million for the six months ended September 30, 2012 and consisted of fixed assets and intangible assets (including capital works in progress and capital advances) of ₹ 3,298.66 million, increase in term deposits of ₹ 113.78 million, partially offset by interest received of ₹ 19.18 million..

Net cash used in investing activities was ₹ 5,491.40 million for the financial year 2012 and consisted of purchase of fixed and intangible assets (including capital works in progress and capital advances) of ₹ 5,392.82 million, an increase in term deposits by ₹ 127.21 million, partially offset by interest received of ₹ 28.63 million.

Net cash used in investing activities was ₹ 3,786.83 million for the financial year 2011 and consisted of purchase of fixed and intangible assets (including capital works in progress and capital advances) of ₹ 3,718.60 million, an increase in term deposits by ₹ 74.34 million, partially offset by interest received of ₹ 6.11 million.

Net cash used in investing activities was ₹ 7,180.47 million for the financial year 2010 and primarily consisted of purchase of fixed and intangible assets (including capital works in progress and capital advances) of ₹ 7,125.58 million, an increase in term deposits by ₹ 55.74 million, partially offset by interest received of ₹ 0.85 million.

Financing Activities

Net cash provided by financing activities was ₹ 1,397.18 million for the six months ended September 30, 2012 and consisted of increase in proceeds from long term borrowings of ₹ 3,496.09 million, partially offset by repayment of short term borrowings of ₹ 760.55 million and finance charges paid of ₹ 1,338.36 million.

Net cash provided by financing activities was ₹ 3,587.46 million for the financial year 2012 and consisted of share application money received of ₹ 3,000.00 million and proceeds from long term borrowings of ₹ 6,094.63 million, partially offset by repayment of short term borrowings of ₹ 3,494.22 million and finance charges paid of ₹ 2,012.95 million.

Net cash provided by financing activities was ₹ 5,136.39 million for the financial year 2011 and consisted of proceeds from long-term borrowings of ₹ 6,265.17 million and proceeds from short term borrowings of ₹ 50.00 million, partially offset by finance charges paid of ₹ 1,078.78 million.

Net cash provided by financing activities was ₹ 7,517.71 million for the financial year 2010 and consisted of proceeds from issue of shares including securities premium of ₹ 3,860.00 million and proceeds from long-term borrowings of ₹ 4,767.62 million, partially offset by repayment of short-term borrowings of ₹ 959.00 million and finance charges paid of ₹ 150.91 million.

Contractual Obligations

The following table sets forth information regarding our contractual obligations and commitments as of September 30, 2012. The table does not include payments required to be made in future under the terms of our K_u-Band Lease Agreement, contracts for provision of programming content or lease rental amounts.

	Payment Due by Period				
	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
Long-term debt	14026.10	-	6,526.10	7,500.00	
Short-term debt	2,600.80	2,600.80	-	-	-
Amount of contracts remaining to be executed on capital account and not provided for	155.56	155.56	-	-	-

Indebtedness

The following table summarizes our secured and unsecured long-term indebtedness and subordinated debt obligations as of September 30, 2012.

	As of September 30,	
	2012	Interest Rate*
Secured Loans:		
Central Bank of India Limited	2,950.00	14.75
IDBI Bank Limited	2,820.00	14.75
Bank of Baroda	856.90	14.75
ICICI Bank Limited	3,000.00	13.50
Karur Vasya Bank Limited	500.00	13.25
Canara Bank	2,000.00	13.50
Jammu & Kashmir Bank Limited	1,000.00	14.00
Syndicate Bank Limited	1,000.00	13.50
Dena Bank	1,000.00	13.25
Oriental Bank of Commerce	1,000.00	13.50
Bank of India	500.00	13.50
Finance Lease Obligations	1.83	-

	As of September 30,	Interest Rate*
	2012	%
Unsecured Loans:		
Videocon Industries Limited	2,250.00	SBI PLR minus 2%
Total	18,878.73	-

* Interest rate as of September 30, 2012.

There are certain restrictive covenants in certain of the arrangements we have entered into with our lenders, including:

- being required to maintain certain security margins and financial ratios; and
- being required to obtain lender consent for, among other things:
 - for issuing new Equity Shares;
 - undertaking any new project, diversification, modernization or substantial expansion of our DTH operations;
 - formulating any scheme of amalgamation or reconstruction;
 - making any material changes to our constitutional documents;
 - incurring further indebtedness;
 - creating further encumbrances on, or disposing of, our assets; and
 - changing our financial year or making investments or acquisitions beyond certain limits in a particular financial year.

For details, see “*Financial Statements*” and “*Risk Factors – Our indebtedness and the conditions and restrictions imposed on us by our financing agreements, and the interest rate fluctuations to which we are exposed, could adversely affect our ability to conduct our business, financial condition and results of operations*” on pages 124 and xviii, respectively.

Contingent Liabilities

As of September 30, 2012 we had contingent liabilities that have not been provided for, in the following amounts, as disclosed in our restated audited financial statements:

	(₹ in millions)
	As of September 30, 2012
Counter guarantees given for guarantees given by the bankers	548.89
Letters of credit opened by the bank	-
Entertainment tax	76.25
DTH License Fees	1,369.35
Total	1,994.49

See, “*Financial Statements – Annexure XV – Statement of Contingent Liabilities*” on page 169.

Transactions with Group Entities

We have engaged in the past, and may engage in the future, in transactions with Group Entities, on an arm’s length basis. Such transactions could be for the provision of services, purchase and sale of goods, lease of assets or property, license of intellectual property, sale or purchase of equity shares or entail incurrence of indebtedness.

TEL, a Videocon Group entity, is our sole supplier of set-top boxes. For the six months ended September 30, 2012 and for the financial years 2012, 2011 and 2010, the purchase of set-top boxes and other consumer premises equipment from TEL totaled ₹ 3,172.54 million, ₹ 6,335.95 million, ₹ 6,787.56 million and ₹ 1,187.10 million, respectively. As given in our accounting policy, we recognize the expenses incurred towards the set-top boxes and other consumer premises equipment purchased from TEL over a seven-year period, which is the amortization period. See “*Risk Factors – If we are unable to continue to benefit from our relationship with Trend Electronics Limited, our business, financial condition and results of operations may be adversely affected*” on page xxiii.

Additionally, during the financial year 2011, we incurred unsecured borrowing from Videocon Industries amounting to ₹ 3,231.67 million. As of September 30, 2012 we had outstanding unsecured borrowing from Videocon Industries amounting to ₹ 2,250.00 million.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with any entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Seasonality

Our business does not exhibit seasonality. However, we do have increased subscriptions during the holiday seasons and during sporting events such as the Olympics, the football world cup and the cricket world cup which is not necessarily seasonal.

Quantitative and Qualitative Disclosures About Market Risk

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

Foreign Exchange Risk

Under the terms of the K_u-Band Lease Agreement through which we lease eight satellite transponders on the ST-2 satellite, we are required to pay the Indian rupee equivalent of US\$ 1,433,333.33 per month to Antrix Corporation at the exchange rate prevalent at the time of payment made by Antrix Corporation to Singtel. Further we import smart cards and other equipment for which payment is also made in U.S. Dollar. Consequently, if the Rupee declines against the U.S. Dollar, we will be required to make larger payments in Indian rupees, which may adversely affect our financial condition and results of operations.

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rates. All of our bank borrowings consist of floating rate obligations linked to the applicable bank rates, which may typically be adjusted by the bank at certain intervals in accordance with prevailing interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Competitive Conditions

We expect competition in the Indian DTH and television sectors from existing and potential competitors to intensify. See “***Risk Factors***” and “***Our Business***” on pages xii and 75, respectively.

Unusual or Infrequent Events or Transactions

Except as described in “***Our Business***” and “***Risk Factors***”, on pages 75 and xii, respectively, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Known Trends or Uncertainties

Other than as described in the sections entitled “***Risk Factors***” and this “***Management’s Discussion and Analysis of Financial Condition and Results of Operations***”, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationships between Costs and Income

Other than as described in the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to our knowledge there are no known factors which will have a material adverse impact on our operations or finances.

New Product or Business Segments

Other than as described in the section entitled “Our Business”, there are no new products or business segments in which we operate.

Competitive Conditions

We expect competitive conditions in our industry to intensify further as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products and services. For further details, please see “*Risk Factors*” and “*Our Business*” on pages xii and 75, respectively.

Significant Developments after September 30, 2012 that May Affect Our Future Results of Operations

To our knowledge, except as otherwise disclosed in this Draft Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil proceedings or tax liabilities against us, our Promoters, our Directors, or our Group Entities, whose outcome would have a material adverse effect on our business and there are no defaults, non-payment or overdues of statutory dues, institutional or bank dues or dues payable to holders of any debentures, bonds and fixed deposits, that would have a material adverse effect on our business other than unclaimed liabilities against us and our Directors as of the date of this Draft Red Herring Prospectus.

As regards litigation involving our Group Entities, we have summarized outstanding litigation which, in such entities reasonable judgment, if determined adversely, may result in a material adverse effect on the consolidated results of operations or financial condition of such entity. Based on the operations and financial results of the Group Entities, “material and adverse effect on the consolidated results of operations or financial position” of such entity has been defined as pending litigation: (a) where the aggregate amount involved in any individual litigation exceeds ₹ 10 million; and (b) any other litigation which could reasonably be expected to result in a material and adverse effect on their respective business as a whole.

Except as described below, there are no proceedings initiated for economic offences or civil offences, or any disciplinary action taken by SEBI or any stock exchange, penalties imposed by any authorities against our Company and the Directors and no adverse findings, in respect of our Company as regards compliance with securities laws. Further, except as described below, there are no instances where our Company or the Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic offences or civil offences, or any disciplinary action taken by SEBI or any stock exchange, proceedings or tax liabilities.

LITIGATION INVOLVING OUR COMPANY

Litigation against our Company

Tax Proceedings

1. Our Company received three notices from the Deputy Commissioner of Value Added Tax (“VAT”) of the State of Rajasthan, in relation to levy of VAT on transfer of stock, pursuant to which an order was passed by the Commercial Tax Officer, Anti-Tax Evasion, Rajasthan, Circle-Third, Jaipur on September 30, 2011, raising a demand on our Company of ₹ 53.81 million (along with interest and penalty), towards further payment of VAT. On an application filed by our Company before the Office of the Deputy Commissioner (Appeals), Commercial Tax, Jaipur, the Deputy Commissioner (Appeals) passed an order on July 12, 2012, remanding the matter back to the tax assessment authority with a direction to carry out a re-assessment and issue a fresh tax assessment order. The re-assessment proceedings are currently ongoing, and we are yet to be issued a fresh assessment order.
2. Pursuant to a notice issued to the Company by Office of Commissioner, Agricultural Income Tax, West Bengal, with respect to levy of entertainment/amusement tax on direct-to-home services provided by the Company, the Company filed a petition before the Tax Tribunal of West Bengal, against among others, the Income Tax Officer, Amusement Tax Section. The Tax Tribunal passed an interim order on July 13, 2011, directing that the assessment proceedings shall continue but no coercive measure shall be taken for realisation of the dues on the basis of such assessment. However, the Company was directed to furnish 50% of the return dues by way of bank guarantee and the balance 50% in cash security within a month, without prejudice to its rights and subject to the decision under the petition, which the Company has complied with. This matter is currently pending for hearing before the Tax Tribunal, West Bengal on merits.
3. Our Company received two show cause notices, both dated February 15, 2012, issued by the Assessing Officer directing the Company to show cause why the Company had not deducted tax at source under the provisions of section 194H of the Income Tax Act, 1961 on the commission being paid in the form of discount and why the Company had short deducted tax at source on payments being made to installation service providers under the provisions of section 194C instead of section 194J of the Income Tax Act, 1961 during assessment years 2010-11 and 2011-12. Subsequently, the Deputy Commissioner of Income Tax (TDS)-1(1) (“DCIT”) issued orders dated March 30, 2012, directing the Company to pay an aggregate amount of ₹ 39.66 million and ₹ 231.98 million, respectively, under section 201(1)/201(1A) of the Income Tax Act, 1961. Our Company filed two appeals, both dated April 30, 2012 before the Commissioner of

Income Tax (Appeals) (“**CIT(A)**”), against these orders.

CIT (A) passed an order dated August 28, 2012, whereby, it partially allowed the appeal in the first issue of non-deduction of tax at source on the commission being paid in the form of discount under Section 194H of Income Tax Act, 1961. Further, by this order, the CIT (A) has directed the Assessing Officer to re-assess the tax amount on the basis of related facts about the payment of taxes by the recipient of income. The tax liability in this first issue has also been restricted to the amount of tax being not paid by recipient of the income and interest from the date that such tax became due and payable until the date of furnishing of the return of income by the recipient of such income.

CIT(A) has also by this order dated August 28, 2012 allowed the appeal of the Company in relation to the second issue of short deduction of tax at source on payments made to installation service providers, thereby revoking the demand in this regard.

Subsequently, on October 18, 2012 the CIT(A) has passed orders directing that an amount of ₹ 13.03 million and ₹ 73.66 million levied as interest and default for short deduction of tax be deleted from the aggregate demand payable in accordance with the DCIT’s orders dated March 30, 2012. Further to these orders, the Company has received two notices of demand, both dated October 18, 2012 issued by the DCIT directing the Company to furnish amounts of ₹ 26.63 million and ₹ 158.32 million towards non-deduction of tax at source on commission being paid in the form of discounts under section 194H of the Income Tax Act, for the assessment years 2010-11 and 2011-12, respectively, within 30 days of receipt of the said notices. Our Company filed a reply on December 7, 2012 before the DCIT, requesting that a re-assessment of liability be carried out in accordance with the order of the CIT (A) dated August 28, 2012.

Consumer Cases

There are currently nine consumer cases filed against our Company before the Consumer District Redressal Forums at Jodhpur, Delhi, Ajmer, Hisar, Jaipur, Madurai and Jalgaon, in relation to consumer claims for refund, replacement of set top boxes or LCD television sets with integrated set-top boxes, restoring the DTH connection, damages for loss of entertainment, mental agony and cost of litigation. The claims which are quantifiable in nature under these cases aggregate to an amount of approximately ₹ 1.02 million. These matters are currently pending adjudication by the said consumer forums.

Civil Proceedings

Our Company has been impleaded along with other DTH service providers, in a case filed by the Tamil Nadu Progressive Consumer Centre (“**TNPCC**”) against the Ministry of Information and Broadcasting, TRAI and others before the TDSAT. TNPCC has alleged that the set top boxes supplied by DTH service providers have not been in compliance with the inter-operability requirement, thereby violating Direct to Home Broadcasting Service (Standard of quality of service and redressal of grievances) Regulations, 2007. The TDSAT upheld the contentions of the TNPCC in an order dated June 3, 2011. Subsequently, the TRAI along with the DTH service providers have filed an appeal before the Supreme Court of India challenging the order passed by the TDSAT. The Supreme Court has, for the time being, stayed the impugned order of the TDSAT. This matter is currently pending before the Supreme Court and has been listed for admission.

Litigation by our Company

Civil Proceedings

1. Our Company has filed writ petitions before the High Courts of various states including, Maharashtra, Gujarat, Uttar Pradesh, Goa, Assam, Chhattisgarh, Punjab, Rajasthan, Bihar and Karnataka, against the relevant state governments and state tax authorities, challenging the levy of entertainment tax on DTH Services by such states, on the grounds that the levy of entertainment tax on DTH services is *ultra vires* the Constitution of India and cannot be legislated upon by the state governments. While these matters are currently pending before the various High Courts, our Company is paying the applicable entertainment tax to the various state governments under protest.
2. The Company has filed special leave petitions before the Supreme Court of India against the State of Madhya Pradesh, State of Uttarakhand and Delhi challenging the orders of the High Courts of the said states which upheld the requirement of payment of entertainment tax by our Company, alleging that the

State Governments do not have the power to levy entertainment tax on broadcasting services as such services do not fall under the purview of the list of matters on which the State Governments can legislate, under the Constitution of India. The Company has contended that taxing DTH services as entertainment would be violative of Article 268-A of the Constitution of India as broadcasting services are provided all over the country without state boundaries and that entertainment tax would imply double taxation as the provision of DTH broadcasting services is already taxed by the Central Government by levy of service tax. These matters are currently pending.

3. Our Company has filed a civil appeal (no. D12223/2011) on April 15, 2011, before the Supreme Court of India, against Zee Turner Limited and another, under section 18(1) of the Telecom Regulatory Authority of India Act, 1997, challenging a judgment passed by the TDSAT, pursuant to an appeal filed by Zee Turner Limited against a tariff order passed by the TRAI. The TRAI had passed a tariff order directing that the wholesale tariff charged by broadcasters from DTH operators shall be up to 35% of the corresponding tariff payable by cable operators operating on the non-addressable platform, which was challenged by Zee Turner Limited in its appeal before the TDSAT. The TDSAT by its order dated December 16, 2010, set aside TRAI's tariff order, raised the rate applicable to DTH operators from 35% to 42% of the rates applicable to cable operators, and directed the TRAI to carry out a detailed study and fix the tariff applicable to DTH operators, in place of a ceiling limit based on the tariff applicable to cable operators. This matter is currently pending before the Supreme Court.

Octroi

Our Company has filed an appeal (No. 9573/2010) before the Commissioner of Octroi, Pune, claiming recovery of a sum of ₹ 0.25 million along with interest, from the Octroi authorities of Pune Municipal Corporation, on the grounds that the said amount was wrongly charged by the Octroi authorities in respect of certain of the Company's products being transported in Pune. This matter is yet to be listed before the Commissioner of Octroi, Pune.

LITIGATION INVOLVING OUR DIRECTORS

I. Litigation against Mr. Nabankur Gupta

1. Pursuant to an inspection carried out by the Legal Metrology Department at 'The Raymond Shop' in Mulund, Mumbai, in November 2011, the Inspector, Legal Metrology, lodged complaints/prosecution before the Chief Metropolitan Magistrate ("CMM"), Mulund, against Raymond Limited ("RL") and Raymond Apparel Limited ("RAL") and all their respective directors, including Mr. Nabankur Gupta (who is a director of RL), alleging that declarations on certain products, namely a shawl and a box of cufflinks were not compliant with the statutory declarations prescribed as per the Legal Metrology Act/Rules.

Subsequently, the Additional CMM issued summons against RL, RAL and their respective directors in two separate complaints (CC Nos.28/SS/12 and 29/SS/12). RL and RAL have filed quashing applications before the High Court of Bombay, challenging, among other things, the issuance of summons against the directors of RL and RAL and the launch of prosecution proceedings. The quashing applications are awaiting listing before the High Court of Bombay for admission.

II. Litigation against Mr. Pradeep Ramwilas Rathi

1. Mr. Anilkumar P. Sanghvi filed a private criminal complaint under sections 120B, 406, 420, 467, 468, 471, 34 read with section 109 of the Indian Penal Code, 1860 against Mr. Chandrakant P. Sanghvi, his family, the board of directors of Sanghvi Movers Limited (including Mr. Pradeep Ramwilas Rathi), its officials and its bankers, before the Chief Judicial Magistrate First Class, Pune ("CJM, Pune"), alleging, among other things, cheating, forgery and criminal conspiracy in connection with the transfer of shares held in Maharashtra Erectors Private Limited. Pursuant to police investigation, a report was submitted to the CJM, Pune, and the matter is now pending for adjudication by the CJM, Pune. The non-executive/independent directors of Sanghvi Movers Limited, including Mr. Pradeep Ramwilas Rathi have filed an application (No.1332 of 2011) before the High Court of Bombay, seeking quashing of the charges against them. By an order dated December 21, 2011, the High Court of Bombay granted an interim stay directing the Chaturshringi Police to not take any coercive action against the non-

executive/independent directors who filed the application. This proceeding is currently pending before the High Court of Bombay for admission.

LITIGATION INVOLVING OUR PROMOTERS

As on date of this Draft Red Herring Prospectus, there is no outstanding or threatened litigation involving our Promoters.

LITIGATION INVOLVING OUR GROUP ENTITIES

I. Litigation involving VIL

Litigation against VIL

Order from SEBI

1. SEBI pursuant to its order dated April 19, 2001 had directed Videocon International Limited (now amalgamated with Videocon Industries Limited) not to access the capital market in India for a period of three years and instituted prosecution proceedings against Videocon International Limited through its directors/officers including Mr. Venugopal N. Dhoot under the provisions of the Securities and Exchange Board of India Act, 1992 for violation of Regulation 4(a) and 4(d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations 1995. Aggrieved by the order of SEBI, Videocon International Limited and its directors/officers including Mr. Venugopal N. Dhoot preferred an appeal before the Securities Appellate Tribunal (“SAT”). The SAT pursuant to its order dated June 20, 2002 set aside the order of SEBI which restrained Videocon International Limited from accessing the capital markets and raising money from the public for a period of three years. However, in relation to the prosecution proceedings instituted by SEBI against Videocon International Limited and its directors/officers including Mr. Venugopal N. Dhoot, the SAT held that it was beyond its jurisdiction to issue any order setting aside SEBI’s decision to launch prosecution proceedings. Accordingly, prosecution proceedings instituted by SEBI are currently pending. Mr. Venugopal N. Dhoot and others have filed a petition before the Bombay High Court to quash/grant a stay on the prosecution proceedings which is pending for disposal. Further, being aggrieved by the order of the SAT, SEBI has filed an appeal (No. 9 of 2002) against Videocon International Limited before the Bombay High Court. The Indian parliament amended the SEBI Act by SEBI (Amendment) Act, 2002 and the amendments were brought into effect from October 29, 2002. As per the amended Section 26 of the SEBI Act, the court competent to try complaints for offences under Section 24 read with Section 27 of the SEBI Act was the court of Metropolitan Magistrate or Judicial Magistrate of the First class. However, as per the amended Section 26(2), no court inferior to that of a Court of Sessions could try any offence punishable under the said Act and no court could take notice of any offence punishable or any Rules or Regulations framed thereunder, save on a complaint made by SEBI, thereby deleting the words, “with the previous sanction of the Central Government” from Sub-section (1) of Section 26. Thereafter petitions/applications were filed by Videocon International Limited and others before the Bombay High Court, contending that the complaints filed by SEBI ought to be tried by the Magistrates Court rather than being committed/transferred to the Court of Sessions despite the SEBI (Amendment) Act, 2002 being brought into effect from October 29, 2002, where under only the Court of Sessions can try the said offences. The Bombay High Court by order dated January 16, 2008 in the said petitions/applications held that the complaints filed before or after October 29, 2002, but in respect of the alleged offences that have taken place prior to the said date are required to be tried by the court to which they were presented (i.e. the Magistrates Court) and they are not required to be committed/transferred to the Court of Sessions. The Bombay High Court accordingly quashed and set aside the committal/transfer orders by the Magistrates Court in the Complaints filed by SEBI and the Sessions Court was directed to return the concerned complaints to respective Magistrates Court where they were originally filed by SEBI. Being aggrieved by the said order of the Bombay High Court, SEBI preferred petitions for special leave before the Supreme Court of India. While the special leave petitions are pending, the Supreme Court granted a stay on further proceedings. By its order dated October 13, 2003, the Division Bench of the Bombay High Court, ruled that appeals filed after coming into force of the amended section 15Z of the SEBI Act (including appeal preferred by SEBI) would not be affected. VIL preferred a petition for special leave to appeal to the Supreme Court of India. The said special leave petition has been admitted and is pending hearing and final disposal.

Criminal cases

1. G. S. Electronics filed a criminal case on July 26, 2008, against Videocon Industries Limited (“**VIL**”), its officers and directors in the court of Chief Judicial Magistrate (“**CJM**”), Kanpur for alleged misuse of a cheque. The court has issued process on September 23, 2008, against VIL, its directors and officers. VIL has filed a petition under Section 482 of the Code of Criminal Procedure, 1973 on November 2008 before the Allahabad High Court for quashing of the process issued by the court of CJM, Kanpur. The matter has been admitted by the Allahabad High Court and accordingly proceedings before the court of CJM, Kanpur have been stayed. The amount involved in this matter is ₹ 7.53 million. The matter is fixed for final hearing.
2. VIL has filed complaints under Section 138 of the Negotiable Instruments Act, 1881 against few of its dealers. However, three of these dealers have countered criminal cases against VIL, its managing director and officers alleging misuse of cheque. All the complaints filed by VIL were further referred to Bani Park Police Station, Jaipur by the Magistrate for investigation. On investigation, reports were filed stating that no criminal offences were committed and the matters are civil in nature. The aggregate amount involved in these matters is ₹ 10.84 million.
3. Mr. Dilip Chhajed, proprietor of Hansa Travels filed a criminal case (no. 3097 of 2009) under sections 403, 406 and 420 of the Indian Penal Code, 1860, against Mr. Venugopal N. Dhoot, Mr. Anirudha Dhoot and two other employees of VIL in Chief Judicial Magistrate’s Court, Nagpur (“**CJM, Nagpur**”) alleging failure to pay dues and wrongful termination of memorandum of agreement for providing transport facility to the staff and employees of VIL. CJM, Nagpur issued bailable warrants against the accused. Mr. Anirudha Dhoot filed a criminal revision application before the Sessions Court, Nagpur and an application of stay of the order of CJM, Nagpur and obtained stay on the proceeding by a lower court. Mr. Venugopal N. Dhoot filed a writ petition before the Bombay High Court bench at Nagpur and the court has directed that no coercive action should be taken in the matter.

Foreign Exchange Management Act, 1999

1. VIL had made remittance on March 31, 2007 of USD 0.30 million as share application money to Videocon JPDA 06-103 Limited (formerly known as “**Global Energy Inc**”). Out of the above, 1,000 shares of USD 1 each at par were allotted to the Company and the remaining share application money of USD 299,000 was refunded on April 19, 2010. The Reserve Bank of India through its letter dated August 30, 2011, stated that, this was a prima facie contravention of Regulation 15 of FEMA Notification No. 120/2004 dated July 7, 2004. VIL made a compounding application on October 28, 2011 and compounding order dated April 13, 2012 was passed by the Reserve Bank of India levying a penalty of ₹ 0.20 million on VIL for contravention of the said regulation. VIL paid the aforesaid penalty on April 20, 2012.
2. VIL, Value Industries Limited (erstwhile Videocon Appliances Ltd.) and their then directors (together referred to as the “**Applicants**”) have filed criminal application no. 497 of 2011 before the Bombay High Court against the order dated April 07, 2011, of the Learned Session Judge allowing the criminal revision application No.716/2008 filed by the Assistant Director, Enforcement Directorate, Mumbai (“**Enforcement Directorate**”) against the Applicants. The Bombay High Court through its order dated July 21, 2011, granted interim relief to the Applicants by ordering a stay of the order of the Session Judge pending final disposal of the criminal application no. 497 of 2011 by the Bombay High Court. These matters have arisen in connection with a contract entered into by Videocon International Limited (now amalgamated with VIL) in October 1989, with its customers in erstwhile USSR (now in Russia) for export of colour televisions, colour picture tubes and capacitors (“**TV Products**”) for which VIL placed order for supply of the TV Products with its suppliers in Japan and Korea. With the approval of Reserve Bank of India these suppliers exported the product directly to USSR. The Enforcement Directorate filed complaint before the Court of Metropolitan Magistrate, Esplanade Court, Mumbai through CC. No.1149 /S/ 2002 alleging that VIL exported the TV Products in respect of which sale proceeds were not received in India from the customers in Russia within the stipulated time and alleged to have committed offence under section 18(2) and 18(3) read with section 68(1) and 56(1) of the Foreign Exchange Regulation Act, 1973 and section 49(3) and 49(4) of the Foreign Exchange Management Act, 1999. The criminal application of the Applicants is pending for final hearing before the Bombay High Court.
3. The office of the Deputy Director, Directorate of Enforcement, Mumbai (“**DoE**”) passed an order dated August 6, 2008, imposing penalty of ₹ 0.05 million on Videocon International Limited (now amalgamated with VIL) and ₹ 0.03 million on three members of our Promoter Group, for alleged contravention of section

10(6) read with section 42 of Foreign Exchange Management Act, 1999 arising from VIL's alleged failure to utilize foreign exchange equivalent to ₹ 0.09 million for the purpose of declared imports. On September 8, 2008, VIL filed an appeal against the said order, which is currently pending adjudication.

Civil cases

1. Huawei International Pte Ltd. ("**Huawei**") and VIL had entered into a supply agreement dated July 20, 2009, for supply of GSM network, other related equipment and allied services used for operating a mobile network by Huawei. On May 31, 2012, Huawei supplied equipment worth USD 170.12 million to VIL and VIL made payment of USD 17 million on delivery and a sum of USD 9.64 million as advance against among others these orders and the sum was adjusted by Huawei against outstanding dues. Huawei has alleged that VIL has failed to make balance payment in terms of its obligation as stipulated under clause 9 of the supply agreement and claimed that as on May 31, 2012, an amount of USD 143.47 million is due from the Company. In addition, Huawei has also claimed interest up to June 30, 2012, aggregating to USD 24.24 million. Subsequently, Huawei sent a legal notice dated June 12, 2012, to VIL under sections 433 and 434 of the Companies Act, notifying that failure to clear the dues, within the stipulated time of three weeks shall constrain Huawei to institute appropriate proceedings/winding up proceedings. VIL replied to the said notice on July 14, 2012, denying its liability to clear said dues and has contended that Huawei was obligated to arrange a loan facility for VIL for payment of the dues of Huawei and VIL was to make the repayment of loan in 5 years after initial moratorium of 3 years. Further, VIL also raised performance issues in relation to the supplies of Huawei's equipment. Huawei has therefore filed a winding up petition against VIL before the Bombay High Court under section 433(e) read with sections 434(1)(a) and 439 of the Companies Act. The matter is pending for admission before the Bombay High Court. Huawei has filed company application and prayed for interim relief of appointment of provisional liquidator and also for injunction restraining VIL from sale, transfer or alienating of assets or creating third party interest in the assets and also prayed for injunction against demerger of oil business. At the hearing of this company application on October 17, 2012, the Bombay High Court passed an order directing VIL not to file any scheme with the Court for demerger of its oil business without giving seven days notice to Huawei and correspondingly Huawei shall be entitled to move this Court for any serious matter with a notice of 7 days to VIL.
2. Whirlpool of India Limited ("**Whirlpool**") has filed a suit no.2012 of 2012 in Bombay High Court against VIL, all of its directors and others seeking an order, inter-alia, for (i) the detention of the directors of VIL and others in civil prison for alleged disobedience of the order of the Bombay High Court dated July 25, 2012 (ii) the appointment of Court Commissioner with powers under Order XL, Rule 1 of the CPC to enter into the premises of VIL and the other respondents (including the directors of VIL) and other places where the impugned goods are stocked, manufactured or sold, to take inventories, extracts of records and to make enquiries including the particular of impugned goods manufactured, sold after the date of Bombay High Court order dated July 25, 2012 (iii) the attachment of the properties of VIL. The said order of the Bombay High Court dated July 25, 2012 held that a model of washing machine of VIL is an imitation of the product of Whirlpool's registered design and granted an ad-interim relief to Whirlpool by restraining VIL by itself or through its servants, agent dealers, manufacturers, directors, owners proprietors (i) in any manner using, applying, placing upon the market for sale or exposing for sale and/or selling Whirlpool's registered design of washing machine bearing no. 223833 and 223835; and (ii) from passing off or enabling the others from passing of their products as that of Whirlpool's impugned product. The Bombay High Court through its order dated August 13, 2012, dismissed the appeal of VIL against the order of the Trial Court restraining VIL from marketing certain registered designs of washing machines of Whirlpool. VIL intends to file SLP in the Supreme Court.
3. Whirlpool had filed a suit (O.S. 8252/2011) in City Civil Court, Bangalore against VIL, seeking an order, among other things, restraining VIL from selling, distributing, advertising, exporting certain refrigerator models, which allegedly embodied Whirlpool's registered refrigerator designs. The City Civil Court through an order dated November 25, 2011, issued a temporary injunction restraining VIL from using the said design of refrigerator. Subsequently, VIL filed an application before the High Court of Karnataka seeking vacation of the temporary injunction passed by the City Civil Court, Bangalore. The High Court of Karnataka, through its order dated May 31, 2012 has rejected VIL's application. The matter is currently pending before the City Civil Court, Bangalore for hearing on evidence.
4. VIL received a demand notice dated August 22, 2003, from the Delhi Development Authority ("**DDA**") for ₹ 150.93 million towards unearned interest. VIL also received another notice dated August 25, 2003, towards ground rent for ₹ 107.40 million and interest thereon of ₹ 35.60 million for belated payment of

ground rent. The said proceedings were challenged before the Delhi High Court and the Delhi High Court pursuant to its order dated January 29, 2007 directed VIL to comply with the notice dated August 25, 2003. VIL complied with the judgment and also filed freehold mutation application with the DDA. Subsequently, the DDA filed a letters patent appeal (LPA 411/2007) against the above judgment which was allowed and set aside the order dated January 29, 2007 by the Delhi High Court on November 14, 2011. VIL has filed a special leave petition against this order of the Delhi High Court, before the Supreme Court of India, which is pending adjudication.

5. Morgan Securities & Credits Private Limited (“**MSCPL**”) agreed to sanction a bill discounting facility to Videocon International Limited (now amalgamated with VIL) under an agreement dated January 27, 2003, to the extent of ₹ 50 million for a period of 150 days at a concessional interest rate of 21.0%. It was agreed that in case of any default or delay in making the payment, a normal rate of interest of 36% would be levied. VIL issued post dated cheques towards its repayments to MSCPL. VIL has claimed that MSCPL did not present the post dated cheques for payment on the due date and sent a demand notice to VIL claiming ₹ 134.34 million on July 8, 2006 and invoked arbitration. VIL has claimed that the demand notice was sent after a period of almost two and half years of the due date and that the demand by MSCPL is barred by limitation. VIL challenged the appointment of the arbitrator appointed by MSCPL and has filed an application in the Delhi High Court for the appointment of a new arbitrator. The Delhi High Court granted stay to the further proceedings of the arbitration. MSCPL have filed a review petition against the order of the Delhi High Court. The Delhi High Court allowed the application and ordered the appointment of a new arbitrator. MSCPL have filed a review petition against the order of the Delhi High Court for the appointment of a new arbitrator. The Delhi High Court pursuant to its order dated July 12, 2010 appointed a sole arbitrator in relation to the arbitration proceedings. The arbitration proceedings are pending adjudication by the sole arbitrator. MSCPL have also filed a winding up petition against VIL in the Bombay High Court. This winding up petition has been adjourned until a decision of arbitration proceedings is finalized. MSCPL has filed an application dated September 11, 2012, before the sole arbitrator under section 17 of the Arbitration and Conciliation Act, 1996 for urgent relief to restrain VIL, its agents, assigns, servants, employees, subsidiaries from demerging its Oil and Gas Assets and from redeeming the preference shares as per VIL’s annual report of 2011 and from acting in manner in furtherance of both of these action. The arbitration proceeding are pending for oral submissions by VIL. In this matter, pursuant to an interim application for urgent relief filed by MSCPL, the arbitral tribunal passed an order on September 29, 2012 permitting VIL to process the demerger scheme for its Oil and Gas Assets but directed VIL to not approach the Company Law Board/ Court for sanction of the said scheme without prior permission of the arbitral tribunal. MSCPL had also filed an application before the High Court of Delhi on November 27, 2012 seeking an order for urgent interim relief to restrain VIL from taking any action in furtherance of the resolution passed at the meeting of its board of directors. The High Court of Delhi through its order dated November 30, 2012 has allowed the application, subject to just exception and directed that any action of VIL shall be subject to the order of High Court of Delhi.
6. Tata Finance Limited (“**Claimant**”) had leased to Videocon International Limited (since amalgamated with VIL) certain solar power generating systems and solar photovoltaic power plants pursuant to two agreements to lease dated March 26, 1996 and September 25, 1996 (the lease assets together referred to as the “**said equipment**”). One of the clause of the said lease agreements provided that the depreciation eligibility of the said equipment was 100%. It further provided that if the Claimant’s claim for depreciation was disallowed, in any year during the fixed period of the lease, the lease rental would stand increased accordingly as a percentage of the acquisition cost. However, the Claimant’s claim for depreciation was disallowed for the assessment years 1996-97 and 1997-98. Accordingly, the Claimant raised 2 debit notes for ₹ 56.63 million and ₹ 102.69 million both dated August 4, 2000, on VIL for increased lease rent. It terminated the lease agreements and called upon VIL to return the said equipments. The arbitration proceedings have concluded and matter is reserved for pronouncement of award.
7. Pursuant to a licence agreement dated September 1, 1996, between Samsung Electronics Private Limited (“**Samsung**”) and VIL, Samsung leased a ground floor premises and a refundable security deposit of ₹ 20 million was provided to VIL. The license agreement was terminated on April 1, 2004, but VIL failed to refund the deposit. Samsung therefore filed a summary suit (No. 3036 of 2007) against VIL before the Bombay High Court, which directed VIL to refund ₹ 14.40 million by its order dated February 5, 2008. VIL also filed a suit for recovery of the ₹ 6.45 million. In this matter unconditional leave to defend has been granted to VIL. The cases are pending for final disposal before the Bombay High Court.

8. VIL had executed an agreement for sale dated December 31, 2007, with Satellite Holdings for the purchase of a flat situated at Tulsiwadi, Tardeo, Mumbai admeasuring 1296 square feet of super built up area (120.446 sq meters built up) situated on the tenth floor of “Thakkar Tower” for consideration of ₹ 10.10 million. The agreement for sale dated December 31, 2007, is duly registered. VIL is in possession of the said premises. Mr. Vishal Dhandia, Mr. Sahil Dhandia and Mr. Prakashchand Dhandia (“**Claimants**”) have filed a suit seeking cancellation of the agreement for sale dated December 31, 2007, before the Bombay High Court (suit no. 157 of 2011) against the Satellite Holdings, its partners and VIL for claiming the premises on the basis of an allotment letter dated May 22, 1993 issued by Satellite Holdings in favour of the claimants and for specific performance of the allotment letter. Bombay High Court has passed an interim order injunctioning VIL from dealing with the premises. VIL has filed an appeal before the Bombay High Court (appeal no. 804 of 2011) against the interim order. Both the suit no. 157 of 2011 and appeal no. 804 of 2011 are pending before the Bombay High Court.

Proceedings relating to Intesa Sanpaolo S.p.A. (“Intesa”) and Banca Intesa Mediocredito S.p.A. (“Banca Intesa”)

A) Proceedings with Intesa

In June 2007, Intesa and Banca Intesa (collectively, the “**Lenders**”) entered into a loan agreement with VDC Technologies S.p.A. (“**VDC**”), a company incorporated in Italy, which was then an indirect subsidiary of Videocon Industries, for a maximum principal amount of € 35 million. In relation to the loan to VDC, Videocon Industries issued patronage letters dated June 1, 2007 and June 5, 2007 in favour of Intesa (collectively, the “**Patronage Letters**”), in relation to fulfilment of VDC’s obligations under the loan agreement. VDC ceased to be a subsidiary of Videocon Industries on March 15, 2008 which was intimated to Intesa.

Subsequent to such time, VDC allegedly continued to default under the terms of the loan agreement, including as a result of ceasing to be a subsidiary of Videocon Industries. Videocon Industries understands that pursuant to such defaults, attempts were made by Intesa and VDC to restructure the loan, which was ultimately unsuccessful. As a result, Intesa sought to enforce the Patronage Letters under a letter dated April 7, 2011, demanding that Videocon Industries pay an amount of € 40.16 million towards fulfilling VDC’s obligations under the loan agreement. Intesa then initiated recovery proceedings in the Court of Turin, Italy demanding that Videocon Industries fulfil its obligations under the Patronage Letters. The Court of Turin, Italy passed an ex-parte decree on June 21, 2011 against Videocon Industries ordering that Videocon Industries pay to Intesa the principal amount of the loan of € 35.00 million along with other interests and costs thereon, aggregating € 36.2 million.

Recognition and enforcement of foreign judgments in India is provided under Section 13 and Section 44A of the CPC. Italy has not been recognized as a reciprocating country by the Government of India for the purpose of enforcing orders by the Italian courts by initiating execution proceedings in India. In terms of Section 44A of the CPC, a judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the foreign judgment in the appropriate courts in India and obtain a fresh decree. Accordingly, Intesa has filed suit no. 2434 of 2012 on August 21, 2012 in the Bombay High Court against Videocon Industries and also served a Notice of Motion no. 2340 of 2012 for interim relief. In the suit before the Bombay High Court, Intesa has sought order, inter-alia, to the effect that judgement passed by the Court of Turin, Italy be declared as valid, binding, conclusive and enforceable against Videocon Industries and that pending hearing and final disposal of suit, Videocon Industries be directed to secure the payment due to Intesa including by restraining the alienation or disposal of assets and property by Videocon Industries. However, the Court has not granted the ad-Interim relief sought by Intesa and the matters are pending final hearing.

Intesa has also served Videocon Industries with a legal notice dated July 3, 2012 demanding that payment be made amounting to € 36.7 million plus all agency fees and ancillary costs subject to a maximum of € 38.0 million under the loan agreement and the Patronage Letters and reserved its right to initiate winding up proceedings against Videocon Industries in the event that such payment was not made within three weeks of the receipt of the notice. Videocon Industries has sent a response to the legal notice dated July 28, 2012 denying Intesa’s claim.

B) Correspondence with DB Trustees (Hong Kong) Limited (“DB”)

Pursuant to an offering circular dated December 2, 2010, and a trust deed dated December 15, 2010 (“**Bond Documents**”), Videocon Industries issued unsecured US \$200,000,000, 6.75% convertible bonds (“**Bonds**”),

convertible into ordinary shares of Videocon Industries. DB was appointed as the Trustee under the Bond Documents. DB was made aware of the proceedings with Intesa and the order passed by the Court of Turin, Italy against Videocon Industries. DB, pursuant to various letters addressed to Videocon Industries, sought to establish whether a payment obligation had arisen for Videocon Industries, which it had not performed, for the purposes of establishing whether an event of default had occurred under the Bonds and requested that Videocon Industries provide a certificate that there was no event of default or a potential event of default as a result of the order passed by the Court of Turin, Italy. DB also requested that if Videocon Industries believes that no event of default or a potential event of default had occurred, Videocon Industries should provide an analysis as to why it believed, it to not be an event of default under the Bonds.

Videocon Industries has subsequently been engaging in correspondence with DB, disputing any liability to pay Intesa under the order of the Court of Turin, Italy and has stated that Italy has not been recognized as a reciprocating country by the GoI for the purpose of enforcing orders by Italian courts by initiating execution proceedings in India. As a result, the ex-parte decree obtained by the Lenders against Videocon Industries does not give rise to any claim unless a suit upon the foreign judgment is filed in the appropriate courts in India, a decree is obtained against Videocon Industries establishing the Lenders' claim, and such decree attains finality. And it is only then that such amount will become due and payable under the provisions of Section 13 of the CPC. Videocon Industries has stated that there is no event of default or a potential event of default under the Bonds as a result of the order passed by the Court of Turin, Italy and that such order does not trigger the cross-default provision under the terms and conditions of the Bonds. Videocon Industries and DB continue to engage in written communication about this matter.

Videocon Industries has, in the course of such correspondence, further contended, among other things, that (i) since VDC ceased to be a subsidiary of Videocon Industries prior to the issue of the Bonds, there was no cross-default under the provisions of the Bond Documents, (ii) the ex-parte decree obtained by Intesa against Videocon Industries from the Court of Turin, Italy does not give rise to any claim against Videocon Industries in India, in the absence of a decree by a competent court in India, under the provisions of Section 13 of the CPC, (iii) Videocon Industries is not permitted to make any payments under the Patronage Letters, which DB has construed to mean a guarantee, on account of certain Indian regulations, (iv) since the dates of the Patronage Letters, there were a series of defaults by VDC, despite which, including as a result of ceasing to be a subsidiary of Videocon Industries on March 15, 2008, the Lenders had not taken any steps nor invoked the Patronage Letters for a significant period of time, which is implied forbearance on their part, (v) that if the Lenders file a suit in India and a decree is passed against Videocon Industries and if such decree attains finality, Videocon Industries shall abide by the terms of such decree, and (vi) that pursuant to a suit filed by Mr. Vellatuthodi Krishnakumar (the details of which are provided below) an ad-interim injunction has been issued against DB and the Videocon Industries restraining DB and Videocon Industries from declaring an event of default under the Bond Documents.

C) Proceedings before the City Civil Court, Calcutta

Mr. Vellatuthodi Krishnakumar, a holder of the Bonds, has filed suit no. 319 of 2012 before the City Civil Court, Calcutta against Videocon Industries and DB, for declaration and consequential relief of injunction. In the said suit, Mr. Krishnakumar has claimed reliefs including among other things, (i) a declaration that no event of default or no potential event of default has occurred or exists under the bond documents, (ii) a declaration that the Patronage Letters provided by Videocon Industries to Intesa prior to the issuance of the bonds is null, void and contrary to the Foreign Exchange Management Act 1999, as amended (iii) a decree for permanent injunction restraining the defendants from declaring and/or creating any encumbrance either directly or indirectly to the effect that an event of default or a potential event of default has occurred under the bond documents.

Mr. Krishnakumar also moved an application for temporary injunction and claimed reliefs including, among other things, a temporary injunction restraining Videocon Industries and DB from declaring an event of default under the Bond Documents. By an interim order dated February 24, 2012, the City Civil Court Calcutta granted an ad-interim order of injunction restraining the Videocon Industries and DB from declaring an event of default under the Bond Documents against Videocon Industries as well as against DB. The interim order was originally operative till March 23, 2012, however, upon applications by Mr. Krishnakumar, the operation of the order has been extended until December 27, 2012.

On May 10, 2012, Banca IMI S.p.A, a bank registered and incorporated under the laws of Italy, submitting itself to be a holder of the Bonds and Intesa have petitioned separate applications with the City Civil Court, Calcutta,

under Order 1 Rule 10(2) read with section 151 of the CPC, 1908, seeking orders for each of them to be impleaded as party defendants in the suit filed by Mr. Krishnakumar on the grounds that the reliefs sought by Mr. Krishnakumar directly and significantly affect the rights and interests of the petitioners and that they ought to be added as party defendants in order to enable them to contest and defend themselves against the reliefs sought by Mr. Krishnakumar. In response to the petitions filed by Banca IMI and Intesa, Mr. Krishnakumar has made an application, under section 151 of the CPC, 1908, seeking an order for stay or adjournment of the applications filed by Banca IMI and Intesa and all proceedings in that regard until the disposal of any winding up proceedings that may have been initiated by Intesa that were referred to in Intesa's legal notice to Videocon Industries dated July 3, 2012. The matter is currently reserved for the order.

Income-tax cases

1. Joint Commissioner of Income Tax, Mumbai filed an appeal dated January 24, 2008, before the Income Tax Appellate Tribunal, Mumbai against an order dated October 31, 2007, passed by the Commissioner of Income Tax (Appeals), Mumbai. The Commissioner of Income Tax (Appeals), Mumbai allowed the appeal dated July 06, 2007, filed by VIL challenging the order and demand notice dated May 25, 2007 issued by the Deputy Commissioner of Income Tax, Mumbai among other things for the disallowance of bad debts, trading loss and interest and such disallowances amount to ₹ 265.52 million for the assessment year 2005-2006. The tax amount involved in the matter is not ascertainable. The matter is currently pending.
2. Director of Income Tax (International Taxation), Mumbai has filed an appeal on April 10, 2007 before the High Court, Bombay against an order dated January 31, 2006 passed by Income Tax Appellate Tribunal, Mumbai. The Income Tax Appellate Tribunal, Mumbai allowed the appeal filed by Videocon International Limited (now amalgamated with VIL) challenging the order dated April 10, 2000 issued by the Commissioner of Income Tax (Appeals), Mumbai. The Commissioner of Income Tax (Appeals), Mumbai dismissed the appeal dated March 09, 2000 filed by Videocon International Limited (amalgamated with VIL) challenging the order dated January 04, 2000 issued by Deputy Commissioner of Income Tax, Mumbai among other things for non-deduction of tax at source. The tax amount (including interest) involved in the matter is ₹ 73.54 million. Commissioner of Income Tax, Mumbai has filed an appeal dated March 12, 2009 before the High Court, Bombay against an order dated October 31, 2008 passed by Income Tax Appellate Tribunal, Mumbai. The Income Tax Appellate Tribunal, Mumbai allowed the appeal dated July 26, 2002 filed by Videocon International Limited (amalgamated with VIL) challenging the order dated May 16, 2002 issued by the Commissioner of Income Tax (Appeals), Mumbai. The Commissioner of Income Tax (Appeals), Mumbai dismissed the appeal dated June 21, 2001 filed by Videocon International Limited (amalgamated with VIL) challenging the order dated May 22, 2001 issued by Joint Commissioner of Income Tax, Mumbai among other things for disallowance of technical know-how. The tax amount involved in the matter is ₹ 6.84 million. Both these matters relate to assessment year 1999-2000 and are currently pending.
3. Commissioner of Income Tax ("CIT"), Mumbai, filed an appeal on August 26, 2008, before the Bombay High Court against an order dated December 31, 2007 passed by Income Tax Appellate Tribunal ("ITAT"), Mumbai. ITAT, Mumbai confirmed the order dated October 15, 2004 passed by the Commissioner of Income Tax (Appeals), Mumbai. Commissioner of Income Tax (Appeals), Mumbai allowed the appeal dated April 19, 2004 filed by Videocon International Limited (now amalgamated with VIL) challenging the order dated March 31, 2004 passed by Deputy Commissioner of Income Tax, Mumbai under section 158BD of the Income Tax Act for the block period from April 01, 1989 to March 23, 2000, among others, for disallowances of lease rental. The tax amount (including interest and penalty) involved in the matter is ₹ 80.66 million. The matter is currently pending.
4. CIT, Mumbai has filed an appeal before the Bombay High Court against an order dated December 23, 2011, passed by the ITAT, Mumbai. ITAT, Mumbai confirmed the order dated March 31, 2008, issued by CIT(A), Mumbai allowing the appeal dated March 09, 2007 filed by Videocon International Limited (now amalgamated with VIL) before CIT(A), Mumbai challenging the order dated March 30, 2006 issued by the Assistant Commissioner of Income Tax, Mumbai among other things for the disallowance as unexplained expenditure for the assessment year 1994-1995. The tax amount (including interest and penalty) valued by the Commissioner in the matter is ₹ 10.35 million. The matter is currently pending.
5. VIL filed an appeal dated October 05, 2012, before the ITAT, Mumbai against an order dated August 06, 2012 passed by the CIT(A), Mumbai, challenging the order and demand notice dated March 31, 2011 issued by the Additional Commissioner of Income Tax, Mumbai. The order and demand notice were issued

against VIL in relation to improper determination of income for the assessment year 2008-09. VIL challenged among other things the disallowance of amount claimed under section 14A of the Income Tax Act and disallowance of interest. The tax amount involved in the matter is ₹ 56.72 million. The matter is currently pending.

Sales tax cases

1. The Assistant Commissioner (Audit Assessment) Department of Commercial Taxes, Ernakulum, conducted an audit visit on VIL's premises to audit accounts for the year 2005-06 on November 6, 2006 whereby VIL failed to produce the primary books of accounts and necessary statutory declarations as per their requirement. The department passed the order under section 24(1) of the Karnataka Value Added Tax Act, 2003 by estimating the turnover to the best judgment by the order dated December 03, 2007. Department has issued demand notice amounting to ₹ 15.44 million including interest. VIL has filed an appeal against the order before the Deputy Commissioner (Appeals) on March 04, 2008. In the meantime, department has also initiated revenue recovery proceedings and issued orders for freezing of the bank account. In furtherance of which VIL filed writ petition before the High Court of Kerala (WPC No.11397 of 2008(F)). The High Court of Kerala granted stay till the disposal of appeal on a condition that VIL has to deposits ₹ 0.5 million before the Assessing Officer. Appeal has been disposed off by the Deputy Commissioner (Appeals) on May 31, 2012 directing the assessing authority to verify the stock position in order to find whether the disputed sales tax liability has arisen out of unfructified sales.
2. The Deputy Commissioner of Commercial Taxes (Assts-43), B.C.D-IV, Bangalore has passed re-assessment order under section 12A of Karnataka Sales Tax Act, 1957 ("**KST Act**") dated September 27, 2004 against VIL demanding net sales tax liability of ₹ 15.63 million by considering that goods sold under brand names as second sales and levied tax thereon under section 5(3)(a) of KST Act for the respective assessment period aggregating to ₹ 51.60 million under the contention that VIL acted as the sole distributors on behalf of various brand owners. VIL has filed an appeal against this order with the Joint Commissioner of Commercial Taxes (Appeals) dated October 16, 2004 which is pending.
3. The assessing officer through provisional assessment made under section 25(1) (iii) of U.P. Commercial tax by the Special Investigation Branch (Commercial Tax Department) dated December 08, 2011 pursuant to stock verification (survey) dated May 03, 2011, demanded sales tax of ₹ 18.67 million. The assessing officer has alleged that the turnover of sales and purchases disclosed by VIL is not correct or worthy of credence. VIL has filed an appeal before the Additional Commissioner, Appeals, Commercial Tax, Ghaziabad against the provisional assessment, which is currently pending adjudication.
4. The Senior Deputy Commissioner of Sales Tax ("**DCST**") ("**assessing officer**") through assessment orders dated March 30, 2009 and February 3, 2010 for the assessment periods April 1, 2003 to March 31, 2004 and April 1, 2004 to March 31, 2005, respectively, denied VIL a 100 % exemption of tax on sales of manufactured goods, therefore denying exemption of ₹ 72.77 million and ₹ 52.06 million, respectively, towards sales tax liability under the provisions of Bombay Sales Tax Act, 1959. The assessing officer also raised additional demands of ₹ 42.12 million and ₹ 50.22 million under Central Sales Act, 1956. VIL has filed an appeal on July 23, 2009 and May 28, 2010 respectively, against the orders of the assessing officer before the Joint Commissioner of Sales Tax Appeals ("**JCST**") and the matter is pending adjudication.
5. The DCST, Large Tax Payers Unit ("**LTU**") , Aurangabad ("**assessing officer**") through assessment order dated June 30, 2009 under section 23(1) of the Maharashtra Value Added Tax Act, 2002 ("**MVAT Act, 2002**") for the assessment period April 1, 2005 to December 22, 2005 disallowed refund of ₹ 21.01 million to VIL, denying 100% exemption of tax on sales of manufactured goods. The assessing officer has also raised additional demand of ₹ 0.56 million against VIL. VIL has filed an appeal on September 1, 2009 against the order of the assessing officer before the JCST, Aurangabad Division, Aurangabad, which is currently pending adjudication.
6. The DCST, LTU, Aurangabad ("**assessing officer**") through assessment order dated June 30, 2009 made under section 23(1) of MVAT Act, 2002 for the assessment period April 01, 2006 to March 31, 2007 denying 100 % exemption of tax on sales of manufactured goods raised demand of ₹ 43.43 million available to VIL since VIL is holding Entitlement Certificate (EC) under the 1993 Package Scheme of Incentives ("**PSI**") for expansion through No. 431107/S/E-3/LM-1340 for the period from June 01, 1999 to May 31, 2017 with no monetary ceiling and has opted exemption mode for availing the benefit of

incentives. VIL has filed an appeal on September 1, 2009 against the order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST.

7. The DCST, LTU, Aurangabad (“**assessing officer**”) through its assessment order under section 23(3) dated December 12, 2011 for the FY 2008-2009 disallowed input tax credit (“**ITC**”) of ₹ 47.88 million available under sections 48 to 51 of MVAT Act, 2002 on the basis of input tax credit verification report and on the unmatched report. The requisite condition for grant of ITC as laid down under sections 48 to 51 does not lay down the reasons mentioned by the assessing officer. Subsequently, VIL on February 3, 2012 has filed appeal against the order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST.
8. The DCST, LTU, Aurangabad (“**assessing officer**”) through its assessment order dated March 31, 2012 for the FY 2007-2008 disallowed Input Tax Credit (“**ITC**”) of ₹ 22.54 million under sections 48 to 51 of MVAT Act, 2002 on the basis of input tax credit verification report and on the unmatched report. The assessing officer has also disallowed exempted CST of ₹ 8.72 million on sales of ₹ 69.75 million through the assessment order dated March 31, 2012 passed under MVAT. The benefit of exemption under PSI 1993 is also applicable to the interstate sales covered under CST, 1956 as per the notification dated July 05, 1980. The requisite condition for grant of ITC as laid down in section 48 to 51 does not lay down the reasons mentioned by the assessing officer. Further, VIL filed appeal on June 04, 2012 against the order of assessing officer before the JCST, Aurangabad Division, Aurangabad. The appeal is pending before JCST. VIL has preferred a separate appeal against the assessment order dated March 31, 2012 passed under CST Act, 1956.

Service tax cases

1. A show cause notice (no. 142/S.Tax/Commr/08 dated October 16, 2008) was issued by the Commissioner of Central Excise, Customs & Service Tax, Aurangabad to VIL in respect of wrongly availed CENVAT credit of service tax paid on outward freight of ₹ 16.66 million for FY 2006-2007 and FY 2007-2008 (until December 2007) and consequently, interest and penalty under the Cenvat Credit Rules, 2004. VIL has filed a reply to show cause notice on November 18, 2008. The matter is currently pending before Commissioner of Central Excise, Customs & Service Tax, Aurangabad.
2. The Commissioner of Central Excise, Customs & Service Tax, Aurangabad has issued a show cause notice (no. 56/ST/Commr/2009) dated April 8, 2009 to VIL demanding a sum of ₹ 35.53 million in respect of non payment of service tax on fees/charges paid on services received from lead managers/ advisors located outside India in connection with raising of funds through External Commercial Borrowing (ECB) and Foreign Currency Convertible Bonds. VIL filed a reply to show cause notice on October 07, 2009. Commissioner of Central Excise, Customs & Service Tax, Aurangabad through order no.25/ST/Commr/2011 dated October 31, 2011, adjudicated that out of total demand of ₹ 35.53 million, service tax of ₹ 20.88 million for the period from April 18, 2006 is payable by VIL and demand of ₹ 14.65 million for the period up to April 17, 2006 is dropped. The penalty amount payable by VIL is not ascertainable. VIL filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal (“**CESTAT**”) Mumbai, and the CESTAT stayed recovery of demand, penalty, and interest. CESTAT, Mumbai through order dated May 07, 2012 waived pre-deposit of interest and penalty. The matter is currently pending before CESTAT.

Customs cases

1. VIL had purchased 6,300 colour picture tubes which were imported against Additional Import License and were bonded at Custom Bonded Warehouse, Vashi. The Commissioner of Customs (Import), Mumbai claimed that the imported goods were sold to VIL under a false endorsement before clearance from customs and the importers were liable to pay duty on the goods. It was alleged that the goods were imported in contravention of the provisions of import trade control regulations. The export department of the Custom House, Mumbai, did not grant permission to VIL to re-export it. The Commissioner of Customs issued a show cause notice (F.No.S/10-40/Commr-I/6/02 VB) dated December 31, 2002, to the importer and VIL. The Commissioner of Customs confirmed redemption fine of ₹ 5 million & imposed penalty of ₹ 5 million on VIL for import and re-export of the goods. Pursuant to the civil appeal filed before the Supreme Court (No.6637 of 2002) by VIL, the Supreme Court in its order dated December 15, 2010, set aside both aforesaid orders and remanded the matter for fresh adjudication. The matter again came up for hearing and the Commissioner (import) increased the demand, penalty and fine along with interest totaling to ₹ 13.65

million as aforesaid pursuant to its order dated August 25, 2011. VIL has filed an appeal along with application for stay of recovery of demand before Customs, Excise and Service Tax Appellate Tribunal, Mumbai and the same is pending for hearing.

2. VIL had imported certain electronic goods and claimed basic customs duty to be nil. The goods were allowed to be cleared provisionally at lower rate of duty with a bank guarantee of 25% of differential duty. However, a show cause notice was issued by Deputy Commissioner of Customs, Aurangabad for re-classification of the goods and for payment of the differential duty. Subsequently, the Deputy Commissioner finalized the assessment by re-classifying the goods and ordered for recovery of the differential duty. VIL filed an appeal before the Commissioner of Customs (Appeals) against this order which was upheld by the Commissioner of Customs (Appeals), Aurangabad. In second appeal before the CESTAT, Mumbai the CESTAT set aside the order of the Commissioner Appeal. The Customs department, Aurangabad preferred Civil Appeal before the Supreme Court which is pending for hearing. Meanwhile, two other show cause notices proposing demand for an amount of ₹ 1.47 million and ₹ 112.97 million were also issued on similar and identical basis and proposed for classifying the same under chapter heading 8529.90. The Commissioner of Customs, Aurangabad confirmed demand. VIL filed an appeal before CESTAT Mumbai and the CESTAT directed VIL to pay ₹ 50 million towards pre-deposit which was challenged by VIL before the Bombay High Court. The Bombay High Court stayed the pre-deposit and directed CESTAT to hear the matter out of turn. The stay on recovery of demand was contested by the Commissioner of Customs, Aurangabad before the Supreme Court of India. The Supreme Court of India has stayed the hearing of CESTAT as directed by the Bombay High Court. The Supreme Court of India pursuant to SLP (Civil) No.14177/2011 dated December 12, 2011, confirmed the order of CESTAT and directed the parties that the Supreme Court of India will hear the SLP.
3. VIL imported certain electronic goods from Malaysia, Thailand, China, and Korea and kept them in a bonded warehouse. The goods were ex-bonded during the period from 2008 to 2009. As per notification no. 90/2008-Cus dated July 24, 2008, the Ministry of Finance, GoI recommended provisional anti dumping duty on all imports of colour television picture tubes, falling under chapter heading 8540.11 from Malaysia, Thailand, China and Korea. VIL paid anti dumping duty on these imported goods. However, pursuant to notification no.50/2009-Cus dated May 15, 2009, the anti dumping duty was increased with retrospective effect from July 24, 2008. Hence differential anti dumping duty aggregating to ₹ 31.12 million on the ex-bonded goods was claimed by the Commissioner of Customs and Central Excise, Aurangabad vide two show cause notices (No.ICD/M/06/10-11) and (F.No.ICD/WLU/272/CRA/08/PT) both dated May 7, 2010. The matter is currently pending before the Commissioner of Central Excise & Customs, Aurangabad.
4. The Commissioner of Central Excise and Customs, Aurangabad issued a show cause notice (no. ICD/WLJ/VIL/SCN/PCA/168/2011) dated October 25, 2011 to VIL for re-classification of import of wash and spin timer, gear box and motor imported during the period from January, 2008 to September, 2011 and raised a demand order of ₹ 11.08 million with regards to such re-classification of the goods. The matter is pending for adjudication before the Commissioner.
5. The Commissioner of Central Excise and Customs, Aurangabad issued a show cause notice (no.ICD/WLJ/VIL/123-Excess/2010) dated January 11, 2011 to VIL for a demand of ₹ 11.85 million (including duty, interest, penalty and fine) in relation to wrongful declaration of quantity of certain electronic goods imported by VIL, alleging suppression of material fact. By order in original no.02/Cus/Commr.2012 dated January 25, 2012, the Commissioner of Central Excise and Customs adjudicated the show cause notice and confirmed demand. VIL filed appeal along with application for stay on recovery of demand before the CESTAT, Mumbai and the same is pending for hearing.
6. VIL imported certain facsimile equipment pursuant to several bill of entries and classified the goods under exemption notification no.59/88 dated March 1, 1988 at 50% + 45% + CVD NIL (contravened duty). The Air Cargo Customs, Mumbai Airport, claimed that the goods should have been classified at 65%+45%+CVD20%+15% of CVD and also alleged that the goods imported by VIL were found to be telephone answering system with facsimile. Facsimile and telephone answering system were distinctly set out at serial no.VI(5) and VI(2) of the notification no.59/88 indicating that the items individually were entitled for exemption but not for combination and accordingly the department did not allow clearance under exempted category. VIL filed a writ petition before the Aurangabad Bench of the Bombay High Court. The Bombay High Court granted a stay on the bank guarantee of the disputed amount. The matter has been heard on September 13, 2004, and remanded back for adjudication on the basis of documents available and the relevant decisions of higher judicial and quasi judicial authority. On the basis of the said

Bombay High Court decision, the department issued a show cause notice and raised demand order of ₹ 17.17 million. VIL filed a reply to the show cause notice on January 25, 2005. However, the matter has not been adjudicated and is pending before the Deputy Commissioner, Air Cargo Customs, Mumbai.

7. The Director General of Revenue Intelligence issued notices to VIL for alleged suppression of facts relating to import of certain second hand machinery and high sea sale, demanding a redemption fine of ₹ 23.96 million. The show cause notice was adjudicated by Commissioner of Customs, Mumbai. The Commissioner of Customs imposed a redemption fine pursuant to its order dated December 30, 2008. VIL has filed an appeal before the Customs, Excise and Service tax Appellate Tribunal, CESTAT Mumbai. The CESTAT, by an order (No. A/196-200/2009-WZB/C-II) dated August 13, 2009, remanded the issue for fresh adjudication on the ground of principles of natural justice. The matter is presently pending before Commissioner of Customs, Mumbai for fresh adjudication. Further being aggrieved with CESTAT order in appeal i.e. for not imposing penalty on VIL, the Commissioner of Customs, Mumbai filed appeal before Customs, Excise and Service tax Appellate Tribunal. The appeal was remanded to Commissioner of Customs (Import), Mumbai to adjudicate the show cause notice and decide whether penalty has to be imposed on VIL or not. Now both appeals are tagged together and are pending before Commissioner of Customs, Import, Mumbai.
8. An appeal has been made by the Commissioner, Customs, Aurangabad, before the Supreme Court against the order of the CESTAT in connection with the valuation of goods for determining the duties payable by the 100% export oriented undertaking ("EOU") for sale of the goods in the Domestic Tariff Area. This matter relates to (i) show cause notice dated March 4, 2003 for ₹ 147.43 million (ii) show cause notice dated July 7, 2003 for ₹ 43.48 million and (iii) show cause notice dated September 23, 2002 for ₹ 2.23 million and order in original No.40-42/CEX/2006 dated October 30, 2006.

Videocon International Limited (now amalgamated with VIL), (100% Export Oriented Unit), Aurangabad obtained permission from the Development Commissioner, SEEPZ, Mumbai to sell the goods imported for 100% EOU in the Domestic Tariff Area ("DTA"). For DTA sale, Videocon International Limited paid basic customs duty on FOB value. CVD has been paid on value based on MRP as per section 3 of Customs Tariff Act read with section 4A of Central Excise Act, 1944.

It has been alleged by the Customs department that as per provisions of section 3(1) (b) of the Central Excise Act, 1944 the Central Excise Duty on the goods manufactured by a 100% EOU and sold in DTA shall be an amount equal to the aggregate of the duties of customs which would be leviable under the Customs Act, 1962 or any other law for the time being in force, on like goods produced or manufactured outside India if imported into India. It has been further provided that where the said duties of customs are chargeable by reference to their value, the value of such excisable goods shall not withstanding anything contained in any other provision of this act, be determined in accordance with the provisions of the Customs Act, 1962. Videocon International Limited has submitted that as per proviso to section 3(1) of Central Excise Act, 1944, duty is chargeable with reference to value then value in case of 100% EOU is required to be determined in accordance with the provisions of Customs Act, 1962 and the Customs Tariff Act, 1975. In this connection the Board in its circular No.268/35/92 CX III dated August 17, 1994, has clarified that the invoice price can be accepted if it represents transaction value consistent with Rule 3 of Customs Valuation Rules, 1988. It has been further clarified that if parameters given under Rule 3 are not satisfied recourse may be taken to determine the value as indicated under earlier circular No.23/84-Cx-6. In this connection reliance is also placed on the case of Tata Coffee Limited 2004 (168) ELT 460 (Excise Law Times) that domestic sale price was more than the 'Freight on Board' value. It was therefore proposed to demand duty on domestic price. The Tribunal considered the clarification of the board given under aforesaid circular.

Accordingly the Commissioner, by the aforesaid order, withdrew the show cause notices issued in this respect. Aggrieved by the said order, the department filed Civil Appeal before Supreme Court. However, neither documents nor any notice have been given to VIL so far.

9. Commissioner of Central Excise and Customs, Aurangabad issued a show cause notice to VIL demanding ₹ 45.20 million alleging that, while clearing the inputs VIL had not reversed the CENVAT credit availed on additional duty on import. VIL filed a reply to the show cause notice stating that it has reversed the credit and requested to exonerate VIL from penal action. The Commissioner pursuant to order dated April 25, 2007, appropriated the credit so reversed and has withdrawn the show cause notice. However, the Commissioner of Central Excise and Customs, Aurangabad, pursuance to the directions of Central Board of

Excise and Customs has filed an appeal (no. E/1430/07) on November 28, 2007, before Customs, Excise and Service tax Appellate Tribunal, Mumbai for imposing penalty and interest. The matter is currently pending before CESTAT, Mumbai.

10. The Customs Department, Mumbai issued a show cause notice dated October 1, 2010, for recovery of ₹ 36.12 million to VIL in relation to goods imported and warehoused by VIL which were pending for clearance in Vashi Godown. By order in original suit no.228/SSP/ DC/Bond/11-12 dated June 28, 2011, the Deputy Commissioner confirmed the demand and imposed penalty of ₹ 0.1 million. VIL filed an appeal along with application for stay of recovery of demand before Commissioner of Customs (Appeals), Mumbai, who directed to pay 60% of the total demand so confirmed. Aggrieved with the said order, VIL filed writ petition before Bombay High Court. The Bombay High Court, by an order dated May 8, 2012, set aside the security deposit asked by the Commissioner (Appeals) holding that when the goods are already with the department, the same itself is security deposit and that no separate deposit is required. Bombay High Court also asked the Appellate Commissioner to hear the appeal out of turn. Thus, the matter is currently pending for final hearing before the Commissioner of Customs Mumbai.

Cess Matter

1. VIL had imported certain goods and stored in Navi Mumbai licensed customs bonded warehouse belonging to Custom Department during the period from 1998 to 2008. The Navi Mumbai Municipal Corporation ("NMMC") has issued show cause notice to VIL raising demand of ₹398.18 million towards cess for the period from 2003-04 to 2007-08. The NMMC has alleged that the Company has not disclosed true and correct value of the goods imported and stored within the jurisdiction of NMMC and thereby evaded Cess amount legitimately. VIL has filed a writ petition (W.P. no.3328/09) before the Bombay High Court against the said demand. In the final hearing the Bombay High Court remanded the matter for fresh adjudication and directed to give proper opportunity of being heard to Company in the matter. NMMC finalized assessment for all five years and raised a demand of ₹ 422.33 million. Against the said re-assessment, VIL filed a writ petition before the Bombay High Court. The High Court during the hearing of stay application passed an ad-interim order granting stay on demand proceedings on the condition that ₹ 50 million be deposited by the VIL. VIL has deposited the said amount. The matter is pending before the Bombay High Court for final hearing.

Excise Cases

1. The Additional Commissioner, Central Excise, Noida issued four show cause notices (between August 2006 to March 2007), for the period from August 2005 to May 2006 and four show cause notices (between October 2007 to September 2008) for the period from October 2006 to March 2008, in respect of short payment of central excise duty on goods cleared in combination packs and consequently penalty and interest under the Central Excise Act, 1944 and rules framed thereunder. VIL has filed a reply to a few of the show cause notices. All the eight show cause notices were adjudicated by Additional Commissioner, Central Excise, Noida by order in original no. 07-14/Additional Commissioner/Noida/ 2009 dated February 24, 2009 and confirmed demand of ₹ 10.19 million (including penalty). VIL filed an appeal along with application for stay of recovery of demand before Commissioner, Central Excise, Appeals, Noida through Appeal No.130-CE/App/ Noida/ 09 dated May 05, 2009. Commissioner Appeals granted stay in respect of pre-deposit of the confirmed demand through interim order No. 19 dated November 27, 2009. Commissioner (Appeals) upheld the demand confirmed by the Additional Commissioner and dismissed appeal of VIL by order in appeal no. 276-CR/App/ Noida/11 dated November 25, 2011. VIL filed an appeal along with stay application before Customs, Excise and Service tax Appellate Tribunal, Delhi on February 23, 2012, which is pending for hearing.
2. VIL filed three refund applications of ₹ 12.01 million, ₹ 18.22 million and ₹ 7 million (two for refund of excess duty and other for interest of excess duty). The Central Excise Department, Aurangabad allowed refund of ₹ 10.79 million towards excess duty and ₹ 18.22 million towards interest on delayed refund against the denial of refund of ₹ 7 million. VIL filed an appeal no. E/2200/2003 before Customs, Excise and Service tax Appellate Tribunal, Mumbai. Department also filed an appeal before CESTAT by appeal no. E/2157 and E/3108/2006 on the ground that refund granted as unjust enrichment. However, all these three appeals were heard together by the Division Bench of CESTAT, Mumbai and by final Order Nos. A/352-355/2010-WZB/C-II(EB) dated November 4, 2010, allowed departments appeal and dismissed VIL's appeal. Aggrieved with the same, VIL filed an appeal before the High Court through Central Excise appeal nos. 88/2011, 89/2011 and 91/2011. High Court through its order dated March 22, 2012 dismissed

the appeal no.89 and in respect of appeal no. 88 and no. 91 the matter is restored to CESTAT for consideration. VIL received SCN No. 09/CEX/COMMR/2012 dated January 17, 2012 issued by the Commissioner, Central Excise, Aurangabad in respect of wrongly availed CENVAT credit of service tax paid of ₹ 108.72 million on warranty service received by VIL for the period commencing from January 1, 2011 to December 31, 2011 and consequently penalty and interest under the Central Excise Act, 1944 and rules framed thereunder. The matter is pending before the Commissioner, Central Excise, Aurangabad, for adjudication.

3. VIL received two show cause notices (SCN No. DGCEI/MZU/1 & IS'A'/12(2) 136/2006/3886 dated April 30, 2007 and SCN No. DGCEI/MZU/1 & IS'A'/12(2) 136/2006/5823 dated July 10, 2007) issued by the Commissioner, Central Excise, Aurangabad demanding ₹ 0.68 million and ₹ 138.56 million respectively in respect of sale of DVD players at a price higher than MRP (i.e. retail sale price). Commissioner, Central Excise, Aurangabad through order dated February 28, 2008, confirmed demand of ₹ 0.26 million (including penalty) and ₹ 9.71 million (including penalty and interest). Aggrieved with the said order, VIL filed appeal before the Customs, Excise & Service Tax Tribunal. The Customs, Excise & Service Tax Tribunal through its order dated February 10, 2009 directed to pre-deposit ₹ 1 million. Appeal is pending for hearing. Against the order in original, Central Excise Department, Aurangabad filed an appeal before Customs, Excise and Service tax Appellate Tribunal, Mumbai through Appeal No. E/933/08-Mum dated November 10, 2008. In the said appeal they sought for demand of ₹ 135.91 million plus penalty and interest. The matter is pending for hearing before CESTAT, Mumbai.
4. Commissioner, Central excise, Aurangabad issued show cause notice no. 21/CEX/Commissioner/2010 dated February 25, 2010 for demand of ₹ 38.71 million and consequent interest and penalty under the Central Excise Act, 1944 and rules framed there under in relation to alleged under valuation of the CTV's supplied to Electronic Corporation of Tamilnadu Government. VIL supplied CTVs to Electronic Corporation of Tamil Nadu Limited, which is wholly owned by the Electronic Corporation of Tamilnadu Government, for the alleged under valuation of goods supplied to them. The department further alleged that the unit price is inclusive of all accessories taxes duties and warranty charges etc. However, the warranty charges of ₹ 75 per CTV will be paid to the supplier only after the end of 1st year and another ₹ 75 at the end of 2nd year. This unit price is declared as MRP on all the packages of TVs and on the self assessed invoices of VIL. The department relied upon the purchase order and thereby they charged that VIL for contravening section 4A of the Act. VIL submitted that the purchase order is split in two parts one for sale of goods and second for cost of warranty. Therefore VIL had not included the amount of ₹ 150 in the MRP while arriving at the assessable value. The Commissioner, Central Excise, Aurangabad through order in original no.52-53/CEX/Commr.2010 dated November 19, 2010 confirmed the demand of ₹ 38.71 million, charged interest of ₹ 38.71 million under section 11AB of the Central Excise Act, 1944 and imposed penalty of ₹ 38.71 million under section 11AC of the Central Excise Act, 1944. Appeal along with stay application filed before the CESTAT are pending for final hearing. Matter was heard for stay on December 16, 2011 wherein CESTAT directed to pay 50% on demand towards pre-deposit within 8 weeks. The matter is pending for final hearing before CESTAT, Mumbai.
5. The Commissioner of Central Excise, Aurangabad, alleged undervaluation of CTV's arising from deferred recovery of warranty charge and issued show cause notice no. V(S17)11/VIL/Elcot/2010/12 dated January 3, 2011 to VIL for the period commencing from December 2009 to October, 2010 for demand of ₹ 9.49 million and consequently interest and penalty under the Central Excise Act, 1944 and rules framed there under for clearing CTV to ELCOT under section. 4A of Central Excise without considering value of warranty charges ₹ 150 and ₹ 225 for assessment and payment of Central Excise duty. The show cause notice was adjudicated by the Commissioner of Central Excise, Aurangabad through order dated May 05, 2011 confirming the demand of ₹ 9.49 million, imposing penalty of ₹ 9.49 million and charging interest of ₹ 9.49 million and is in appeal along with application for stay of recovery of demand before the CESTAT dated July 11, 2011. The CESTAT through order dated February 17, 2012 directed to pre-deposit 50% of the demand by May 17, 2012. VIL has pre-deposited ₹ 4.75 million on March 18, 2012 and informed CESTAT about pre-deposit. CESTAT granted stay of further demand, penalty and interest and has kept the appeal for final hearing.
6. VIL has received from Commissioner of Custom, Central Excise & Service Tax, Aurangabad show cause notice SCN No. 34/CEX/COMMR/2011 dated March 17, 2011, for denial of service tax credit for in warranty services by VIL and raised a demand order for ₹ 187.77 million. The department alleged that service tax credit for in warranty services taken by VIL for the period commencing from financial year 2007-08 to December, 2010 are that services which are used by VIL subsequent to completion of

manufacture and such sale of goods cannot be considered as input service in relation to manufacture. VIL has filed reply to show cause notice on July 08, 2012. The matter is pending for adjudication before the Commissioner, Service tax, Aurangabad.

7. Commissioner of Custom, Central Excise & Service Tax, Aurangabad issued show cause notice no. 08/CEX/COMMR/2011 dated January 14, 2011 for demand of ₹ 70.83 million for mis-availing and mis-utilizing CENVAT credit against service tax paid under section 66A of Finance Act, 1994 on certain services (intellectual property rights and external commercial borrowings) from persons who have their address or usual place of residence in a country other than India for the period from financial year 2007-08 to 2010-11 up to September, 2010 and alleging that VIL has contravened the provisions of Rule 3 of CENVAT Credit Rules, 2004 and suppressed the facts from department with respect to availed CENVAT credit of service tax . The matter is pending for adjudication before the Commissioner of Service Tax, Aurangabad for adjudication.

Litigation in respect of Oil and Gas activities

1. VIL has 25% interest in Ravva Oil & Gas Field Joint Venture (“**Ravva JV**”). Show cause notices were served on the operator of the Ravva JV for non-payment of service tax and educational cess on various services for the period from July 1, 2003 to March 31, 2011. The amount demanded is ₹ 412.56 million. The operator has contested the demands before Commissioner of Service Tax and has also filed a writ petition before the Madras High Court challenging service tax demands on some of the services.
2. A dispute is pending before the High Court of Madras regarding an income tax demand amounting to USD 0.44 million (₹ 22.29 million) in respect of certain payments made by the Operator in relation to the Ravva JV.
3. (i) There is a dispute regarding the deductibility of certain cost in the computation of post tax rate of return. An interim award was issued by an International Arbitration Tribunal under the UNCITRAL Rules on March 31, 2005, in favour of VIL in respect of a dispute between VIL and GoI inter-alia regarding deductibility of Oil and Natural Gas Corporation Limited Carry costs (“**ONGC Carry**”) while computing the post tax rate of return (“**PTRR**”) under the Ravva Production Sharing Contract (“**PSC**”). However, VIL and the GoI were not able to agree upon the amounts payable by VIL in terms of the interim award, and therefore VIL on July 7, 2005 filed interim applications before the Arbitral Tribunal seeking a determination of the amounts payable by VIL on the basis of the calculations made by VIL in these applications and interest payable/receivable on such final determined amounts. GoI challenged the said Partial/Interim Award on May 10, 2005 before the High Court in Malaysia with a prayer for setting aside the partial award dated March 31, 2005. VIL challenged the jurisdiction of the High Court in Malaysia and therefore the maintainability of such a proceeding before that Court. The High Court in Malaysia, by a pronouncement dated August 5, 2009, upheld the contentions of VIL and dismissed the challenge filed by the GoI to the award dated March 31, 2005 on the ONGC Carry issue. The GoI filed a notice of appeal in December 2010 before the Appellate Court at Malaysia. The said appeal has been dismissed by a judgement pronounced by the Appellate Court at Malaysia on October 8, 2012. VIL has also moved an application on October 13, 2009 before the High Court of Justice, Queen’s Bench Division, Commercial Court at London seeking a declaration that the Seat of the arbitration in respect of the said arbitration matter between VIL and the GoI is London, England.
- (ii) GoI had filed a petition (No. 255 of 2006) dated May 30, 2006 before the Delhi High Court under Section 9 of the Arbitration and Conciliation Act, 1996, seeking a declaration that the seat of the arbitration as regards the disputes between VIL and the GoI is Kuala Lumpur and not London. The Arbitral Tribunal pursuant to its letter dated April 11, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgement of the Delhi High Court. The Delhi High Court has held, pursuant to its judgement dated April 30, 2008, that it has the jurisdiction to hear the matters arising out of arbitration process and that the matter be heard on merits as against VIL’s contention that the said petition itself was not maintainable. VIL had, in this respect, filed special leave petition no. 16371 of 2008 before the Supreme Court of India to decide the issue of maintainability of OMP 255 of 2006. The Supreme Court of India, after hearing the parties, had on May 11, 2011, passed a judgement in the matter allowing VIL’s petition while setting aside the judgment dated April 30, 2008 of the Delhi High Court.

- (iii) GoI has filed Suit being C.S. (OS) no.3314/2011 dated December 22, 2011, before the Delhi High Court seeking, among other things, an injunction against VIL from proceeding with the English Court Proceedings filed by the company, among other things, on the ground that the judgment of the Supreme Court of India dated May 11, 2011, observing that seat of arbitration remains at Kuala Lumpur cannot be the subject matter of any further adjudication in any court whatsoever including the High Court of Justice, Queens Bench Division, Commercial Court, London. On December 23, 2011, after hearing parties, the Delhi High Court passed an ad-interim order to the effect, among other things, that the parties should not take any further steps in the English Court Proceedings. The Delhi High Court by judgment dated March 5, 2012 passed an interim injunction restraining VIL from proceeding with the English Court Proceedings. VIL has filed an Appeal against the judgment dated March 5, 2012 being F.A.O. (OS) no.132 of 2012 before Divisional Bench, Delhi High Court, which has been admitted and is pending for hearing.
- (iv) In respect of disputes with regards to additional profit petroleum, the GoI had through its letter dated November 3, 2006 raised a collective demand of ₹ 334.13 million on account of additional profit petroleum payable and interest on delayed payments of profit petroleum calculated up to September 30, 2006 pursuant to the interim awards dated March 31, 2005, February 12, 2004 and December 23, 2004. VIL has disputed such demand and has sought refund of US\$ 16.70 million equivalent to ₹ 668.67 million already paid in excess by VIL to the GoI with interest thereon. Subsequently, GoI has in June 2008 through its nominees deducted a further sum of ₹ 372.21 million being its claim of additional profit petroleum and interest on delayed payment of profit petroleum computed up to April 30, 2008. Such deduction, also being in contravention of the above-referred Arbitral Awards, is disputed by VIL.
4. There is a dispute with regards to conversion of US\$ into Indian Rupees for payment of invoice for sale of crude oil. A dispute regarding the rate of conversion from US\$ into Indian rupees applicable to the nominees of the GoI for the purpose of payment of amount of the invoices for sale of the crude oil by VIL under the Ravva PSC was referred to an International Arbitral Tribunal under the UNCITRAL Rules in accordance with the provisions of the Ravva PSC. The Tribunal by its interim award dated March 31, 2005 held that the payment to VIL should be made after converting the US\$ amount into Indian Rupees at the average of the State Bank of India TT Buying and TT Selling Rate (the "Middle Rate"). While accepting the said Award, VIL worked out and submitted a computation on June 30, 2005 to GoI indicating the amount receivable at ₹ 121.43 million being the amount short paid by GoI nominees up to June 19, 2005 and interest thereon also calculated up to June 19, 2005. VIL further sent various communications updating its claim receivable from GoI nominees. The last updated claim was made vide its letter dated August 14, 2012 wherein total amount receivable from GoI nominees is computed at ₹ 879.70 million, being the amount short paid by GoI nominees up to June 30, 2012. The payments to be made by the GoI's nominees in terms of the award dated March 31, 2005 is also pending before the Arbitral Tribunal in terms of the interim applications filed. The GoI had filed an OMP 329 of 2006 dated July 20, 2006 before the Delhi High Court challenging the award in respect of this issue. Another OMP 223 of 2006 dated May 9, 2006 had been filed by GoI's nominees HPCL and BRPL in the Delhi High Court challenging the interim award dated March 31, 2005 in respect of conversion/exchange rate matter. The Delhi High Court vide its judgement dated July 13, 2012 dismissed both the petitions i.e. OMP 223 of 2006 and OMP 329 of 2006. The Ministry of Petroleum and Natural Gas ('MoPNG') vide its letter dated October 11, 2011, advised the GoI nominees to make payment against the amounts claimed by VIL on ad-hoc basis after obtaining appropriate indemnity from VIL. Accordingly, during the year such short payment of ₹ 719.60 million calculated until December 31, 2011 has been accounted for as sales/income from operations and amount of ₹ 120.10 million has been recognized as interest. However, the GoI nominees have not released such amounts as yet and continue to make payments at the exchange rate without considering the directives of the Arbitral Tribunal and the MoPNG in this regard.
5. (i) A dispute with regards to quantum allowed as the Base Development Costs ("BDC") and consequent effect of the same to additional profit petroleum payable on account of disputed BDC was referred to international arbitration. The GoI had contended that the Contractors had claimed BDC to the extent of US\$ 499 million which is in excess of the admissible BDC of US\$ 261.57 million thus impacting the profit petroleum figures for the period up to Fiscal 2009. The GoI had contended that it was eligible for sharing profit petroleum, to be calculated each year up to Fiscal 2009 in respect of excessive BDC claimed by the contractors. The Arbitration Tribunal has passed the Arbitral Award on January 18, 2011, substantially in favour of the Contractors (which includes VIL). The Arbitration Tribunal also held that the GoI is entitled to be credited by the Contractors with US\$ 22.31 million (out of which the Company's share is US\$ 5.58 million being 25% of US\$ 22.31 million) in the final settlement of cost recovery accounts in relation to

Development Costs incurred during contract year 1994-95 to 1999-2000 in excess of US\$ 198.43 million. Accordingly the operator on behalf of VIL has revised the cost recovery accounts statement and calculation of VIL's PTRR, in the DGH format, for the years 1997-98 till 2009-10, based on the findings of the Arbitration Award, and such revised statements are submitted on April 29, 2011. The GoI has not yet responded to such communication of the Operator. Instead, the GoI has preferred an appeal against the said Arbitral Order before the Malaysian High Court at Kuala Lumpur in April 2011 and also before the High Court of Delhi in April 2011 seeking quashing of the Arbitral Award. The High Court of Delhi has through its judgement dated April 25, 2012 dismissed such petition. The Malaysian High Court at Kuala Lumpur has through its order dated August 30, 2012 dismissed the appeal filed by the GOI. GOI has subsequently filed an appeal against the judgement dated August 30, 2012 before the Court of Appeal at Malaysia.

(ii) Upon GoI filing an appeal before the Delhi High Court in April 2011 (referred above in (i)), the Contractors also filed an anti-suit application before the Malaysian High Court at Kuala Lumpur in June 2011 which was dismissed by the Malaysian High Court. The Contractors had filed an appeal against such dismissal order before the Court of Appeal but the same has been since withdrawn being non-consequential due to dismissal of GoI's appeal by Malaysian High Court on merit.

Litigation by VIL

Civil Cases

1. VIL had given the construction contract for setting up its glass shells division plant in Bharuch to JMC Project (India) Limited ("**JMC**"), and a time period of eight months from September 1, 2004, was given for the completion of the work. JMC could not complete the work within the stipulated timeframe. VIL, among other things, alleged that the work was not up to the satisfaction of VIL and there was delay in completing work due to fault of contractor and it was not completed and left abandoned hence consulting engineer did not give Completion Certificate for the reason that JMC took more time than allotted. JMC submitted that they utilized additional time of 12 months and that claimed more amount as compensation towards mobilization of work and loss of profit, and execution of additional items and demanded compensation which VIL denied and therefore JMC has invoked arbitration and claimed a sum of ₹ 55.84 million and interest until the claims are discharged. VIL alleged that due to delay in commencing and completing the work by JMC, it has suffered huge loss and hence has made a counter claim of ₹ 74 million. An award was passed for ₹ 17.59 million in favour of JMC and consequential interest at the rate of 12.50% p.a. from December 22, 2006, until the date of payment. VIL has challenged the award by filing petition before the Bombay High Court and the matter is pending for admission.
2. VIL entered into an agreement with Schenck Process India Limited ("**SPIL**") for purchase of belt weigher system and as per the terms and conditions of the agreement, SPIL was required to deliver the system within stipulated time and install and commission the system. VIL alleged that SPIL failed to deliver the system within stipulated time and install and commission the system as per the terms and conditions of the agreement and consequently VIL suffered a production loss and incurred expenses for installation of system. VIL filed a special civil suit (no. 105 of 1997) before the District Court, Bharuch against SPIL for recovery of ₹ 108.43 million per annum among other things as damages and expenses incurred for installation of system. The District Court, Bharuch pursuant to order dated December 29, 2009, passed the order in favour of VIL. SPIL has filed special civil application no. 8495 of 2010 before Gujarat High Court against the order of the District Court, Bharuch. The matter is pending before the Gujarat High Court.
3. A lease agreement was executed on June 20, 1995 between VIL and Uvifort Metallizers Limited (the "**lessee**"), by which VIL gave certain machinery to lessee on lease. The lessee got amalgamated with Akar Laminators Limited (the "**Defendants**"). The Defendants by MoU dated July 8, 1997 with VIL accepted the terms of original lease agreement. However, the Defendants failed to pay lease rent. VIL sent notice on November 18, 1999 demanding a sum of ₹ 89 million. The Defendants admitted their liability on November 29, 1999 but neglected to pay the amount due. Hence VIL filed a suit (no. 148 of 2000) before the Bombay High Court. VIL has obtained decree against the Defendants and its directors for ₹ 89 million, cost of suit and future interest in the summary suit from Bombay High Court. The matter is pending for final hearing. VIL has also filed a contempt petition in the Bombay High Court, against the defendants since the directors committed breach of undertaking for repayment. The matter is pending in the Bombay High Court.

Meanwhile VIL has initiated insolvency proceedings against Mr. Vinod T. Sheth and Mr. Hasmukh T. Sheth who have given personal guarantee for repayment of dues of the defendants. In the said proceeding,

orders were passed by Bombay High Court in favour of VIL and the review petition filed was dismissed. Now, Mr. Vinod T. Sheth and Mr. Hasmukh T. Sheth have filed special leave petitions (SLP bearing no.24806 to 24807 of 2011) in the Supreme Court of India. The Supreme Court has remanded back the matter for rehearing of the appeal by different bench of the Bombay High Court.

4. Videocon Leasing & Industrial Finance Limited (now VIL) filed six and 13 criminal cases under section 138 of the Negotiable Instruments Act, 1881 against Akar Laminators Limited and Sharp Industries Limited (and their respective directors), respectively, before Chief Judicial Magistrate at Ahmednagar, alleging dishonour of various cheques, amounting to ₹ 50.54 million and ₹ 103.25 million. These matters are currently pending adjudication.
5. VIL had filed an insolvency petition in the Bombay High Court against the guarantors who gave personal guarantee for the repayment by Sharp Industries Limited. An appeal was filed by Sharp Industries Limited against VIL. In the same matter, VIL has obtained a decree for ₹ 60 million, cost of the suit and future interest against Sharp Industries Limited and its directors who gave personal guarantee. A petition was filed for compromise /arrangement before the Bombay High Court by VIL which was allowed by the Bombay High Court through its order dated November 17, 2005. Against the said order, Sharp Industries Limited has filed an appeal to which VIL has filed cross objections. Subsequently, VIL also filed contempt petition in the Bombay High Court, against Sharp Industries Limited and its directors committing breach of undertaking for repayment. VIL filed a winding up petition against Sharp Industries Limited, alleging that Sharp Industries Limited has failed to pay the dues of VIL as per the settlement scheme approved by the Bombay High Court, which is currently pending adjudication.
6. During June, 1994, Sharada Parameshwari Textiles Limited (the “**Defendant company**”) approached VIL to provide leasing and other financial accommodation to Defendant company which was contemplating to set up a new textile processing unit. Accordingly, an MoU was executed on August 1, 1994 by which VIL agreed to finance up to a maximum amount of ₹ 250 million. VIL also agreed to subscribe to the equity shares of the Defendant company on a condition that the Defendant company shall get its shares listed on the stock exchanges within a stipulated time. However, the conditions of the MoU were never fulfilled. Hence, VIL filed summary suits against Defendant company and its guarantors before the Bombay High Court which is presently pending viz. suit no. 1130 of 1999 for recovery of amount invested in shares of ₹ 36.6 million and suit no. 475 of 1999 for recovery of amount invested in debentures of ₹ 81.5 million. VIL had filed an arbitration petition and the award was passed in VIL’s favour. The Defendant company, has challenged the award by filing petition in Madras High Court. Meanwhile, winding up order was passed and the liquidator has been appointed.
7. Container Corporation of India Limited withheld the materials belonging to VIL as per the claim of shipping company APL India Private Limited. Hence, VIL filed a suit before the Bombay High Court for release of material which was withheld by Container Corporation of India Limited against both Container Corporation of India Limited and APL India Private Limited claiming damages and interim relief of good. VIL has furnished bank guarantee of ₹ 16.1 million and the goods have been released. The matter is pending. The bank guarantee is renewed from time to time.
8. Videocon International Limited (now amalgamated with VIL) filed civil suit no. 3582 of 1997 against Shrenik Shah before the Bombay High Court for the dishonour of cheque and to recover an aggregate sum of ₹ 10.4 million in relation to principal amount due for ₹ 7.50 million and interest of ₹ 2.90 million. The matter is currently pending.
9. VIL filed arbitration petitions against V M Jog Engineering Limited (“**Jog Engineering**”) for recovery of ₹ 26.34 million and ₹ 7.6 million, before the arbitrator at Mumbai, for non payment of lease rentals. The arbitrator directed Jog Engineering to provide a bank guarantee of ₹ 2.50 million to VIL, which was not provided. The respondent has filed counter claims of ₹ 80.12 million and ₹ 55.2 million, respectively against VIL. These matters are currently pending adjudication by the arbitrator.
10. A petition (no. 93/2012) was filed by VIL and Chhattisgarh Power Ventures Private Limited against Coal India Limited and Mahanadi Coalfields Limited a subsidiary of Coal India Limited (the “**Respondents**”) before the Calcutta High Court seeking an order of injunction restraining the Respondents from cancelling the Letter of Assurance (“**LoA**”) and encashing the bank guarantee pursuant to the Respondents letter dated August 24, 2012. By the letter dated June 15, 2012, addressed to the VIL, the Respondents had alleged that there were certain deficiencies in respect of the project and also called upon VIL to rectify alleged

deficiencies. VIL responded pursuant to its letter dated June 21, 2012 that there were no deficiencies on its part and if it had not been able to achieve any of the milestones in terms of the LoA, such non non-achievement was due to *force majeure* events. On August 24, 2012 the Respondents sent a notice for cancellation of LoA and encashing the bank guarantee of ₹ 78.94 million given by VIL in favour of the Respondents for the performance of the terms and conditions of the LoA. VIL and Chhattisgarh Power Venture Private Limited filed a petition (no. 93/2012) against the Respondents before the Calcutta High Court. The Calcutta High Court has allowed the petition and granted injunction restraining the Respondents from taking any steps in this matter. Calcutta High Court has decided interim matter and directed Respondents to give 15 days notice in advance to VIL and Chhattisgarh Power Ventures Private Limited before invoking bank guarantee.

11. VIL has filed a suit in the High Court of Calcutta seeking an order that the agreement with India Rating and Research Limited (formerly Fitch Ratings India Private Limited) (“**IRRL**”) dated September 2, 2007 be declared as terminated and consequently for an order restraining IRRL from publishing any ratings and for perpetual decree restraining IRRL and its nominees from publishing, issuing or releasing any ratings of the loan and financial assistance availed by VIL. The High Court of Calcutta through its order dated October 10, 2012 extended the interim injunction granted by the division bench of the High Court at Calcutta restraining IRRL from publishing, issuing or releasing the ratings of VIL or the loan or financial assistance availed by VIL till December 16, 2012 or until further orders whichever is earlier, however permitting IRRL to publish its inability to publish the rating at this time in view of the order of the High Court at Calcutta dated October 10, 2012. This suit before the High Court of Calcutta is pending for the final hearing and disposal.

*Litigation of Videocon Telecommunications Limited (“**VTL**”), a Videocon Group entity and a step down subsidiary of VIL, whose outcome would have a material adverse effect on the business of VIL and its subsidiary, Videocon International Electronics Limited*

1. Department of Telecommunication had issued Unified Access Service License (“**UASL**”) to provide second-generation (“**2G**”) mobile telecommunications services to several operators including Videocon Telecommunications Limited through press release dated January 10, 2008. Comptroller Auditor General in its report of November 2010 stated that 85 of the 122 licenses granted to several operators including VTL were not eligible. The Centre for Public Interest Litigation and another and Dr. Subramanian Swamy filed public interest litigation through their respective writ petition before the Supreme Court of India, among other things, seeking cancellation of 2G spectrum licenses already issued. The Supreme Court through its order dated February 02, 2012, considered these writ petitions and declared the license granted to the respondents including VTL on or after the press release dated January 10, 2008 and the subsequent allocation of spectrum to the licensees as illegal and hence quashed. The Supreme Court of India’s judgment reasoned that the allocation of 2G spectrum pursuant to the UASL was unconstitutional and arbitrary. The Supreme Court further directed that its order of quashing the Telecom Licenses and the allocation of the spectrum shall be operative after four months i.e. from February 2, 2012. Pursuant to which the VTL filed two review petitions in the matter of VTL v. Dr. Subramanian Swamy & Ors. (review petition no. 630 of 2012) and in the matter of VTL v. Centre for Public Interest Litigation & Ors. (review Petition no. 631 of 2012) before the Supreme Court of India seeking review of the order/judgment of the Supreme Court of India dated February 2, 2012. These review petitions were dismissed by the Supreme Court on April 4, 2012. On April 24, 2012, the Supreme Court of India modified its order and postponed the operation of its order of quashing of the Telecom Licenses and the allocation of the spectrum to September, 7 2012. Subsequently on August 27, 2012 the Supreme Court of India modified its order further and postponed the operation of its Order of quashing of the Telecom Licenses and the allocation of the spectrum to January 11, 2013. Hence, the licensees are entitled to continue till January 18, 2013. The Department of Telecommunications, has issued a 'Notice Inviting Applications (bearing file no. 3-16/2012-Fin./Auction) dated September 28, 2012 for auction of spectrum in 1800 Mhz and 800 Mhz bands. VTL has been declared the provisional winner of 2G spectrum in six circles in 1800 Mhz, namely, Bihar, Gujarat, Haryana, Madhya Pradesh, Uttar Pradesh (East) and Uttar Pradesh (West).
2. VTL filed petitions in relation to 10 service areas (petition nos. 41/2011, 42/2011, 47/2011, 62/2011, 63/2011, 64/2011, 82/2011, 83/2011, 84/2011, 85/2011) (Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Karnataka, Kolkata, Madhya Pradesh, North East, Uttar Pradesh (East), West Bengal) before the Telecom Dispute Settlement Appellate Tribunal (“**TDSAT**”) against the Union of India challenging the notices issued by Department of Telecommunications (“**DoT**”) imposing liquidated damages for a total sum of ₹ 357.50 million. VTL has made part/full payment of the liquidated damages imposed by the DoT in

some of the matters and has also challenged the notices before the TDSAT. By its judgment dated January 13, 2012, the TDSAT has set aside the demands of DoT in respect of 10 circles and directed DoT to give opportunity to the licensee before raising fresh demands for liquidated damages. The TDSAT, through its said judgment has also directed DoT to refund the amount of ₹ 242.30 million paid by VTL as liquidated damages in respect of 10 circles along with 12% interest and VTL has been directed to deposit bank guarantees for the amount of liquidated damages originally demanded.

3. VTL filed petitions (nos. 421/2012, 422/2012, 423/2012, 424/2012, 425/2012, 426/2012 and 427/2012) against the Union of India in seven service areas (Bihar, Gujarat, Kerala, Orissa, Rajasthan, Tamilnadu, Uttar Pradesh (West)) challenging the notice issued by DoT for payment of liquidated damages for an aggregate sum of ₹ 82 million for failure to meet the roll-out obligations as stipulated in the license agreement. The notices issued by the DoT are been challenged by VTL on the ground that: (a) there has been a delay in the allocation of start-up spectrum; (ii) delay in SACFA clearance should have been calculated on the actual maximum delay and not the average delay; (iii) delay in meeting 10% roll-out obligations was on account of delay in security clearance of radio equipment; and (iv) delay in meeting 10% roll-out obligations was on account of introduction by the DoT of new and onerous conditions in the license agreement (for example testing, security clearance of equipment). VTL has sought to quash the demand notice issued by the DoT, and stay the operation of the demand notice. The petition was admitted on July 11, 2012. The matters are pending before TDSAT.

II. Litigation involving Chhattisgarh Power Ventures Private Limited

Litigation against Chhattisgarh Power Ventures Private Limited

1. A petition (no. 93/2012) was filed by VIL and Chhattisgarh Power Ventures Private Limited against Coal India Limited and Mahanadi Coalfields Limited a subsidiary of Coal India Limited (the “**Respondents**”) before the High Court of Calcutta seeking an order of injunction restraining the Respondents from cancelling the LoA and encashing the bank guarantee pursuant to the Respondents letter dated August 24, 2012. By the letter dated June 15, 2012 addressed to the VIL, the Respondents had alleged that there were certain deficiencies in respect of the project and also called upon VIL to rectify alleged deficiencies. VIL responded pursuant to its letter dated June 21, 2012 that there were no deficiencies on its part and if it had not been able to achieve any of the milestones in terms of the LoA, such non-achievement was due to *force majeure* events. On August 24, 2012 the Respondents sent a notice for cancellation of LoA and encashing the bank guarantee of ₹ 78.94 million given by VIL in favour of the Respondents for the performance of the terms and conditions of the LoA. VIL and Chhattisgarh Power Venture Private Limited filed a petition (no. 93/2012) against the Respondents before the High Court of Calcutta. The High Court of Calcutta has passed an interim order and directed the Respondents to give 15 days notice in advance to VIL and Chhattisgarh Power Ventures Private Limited before invoking the bank guarantee.

III. Litigation involving Pipavav Energy Private Limited

Litigation against Pipavav Energy Private Limited

1. M/s Valtimet of France (“**Valtimet**”) had served a notice of arbitration dated February 22, 2012 on VIL and M/s Pipavav Energy Private Limited (“**PEPL**”), a wholly owned subsidiary of VIL, to resolve issues arising out of a letter of award dated March 30, 2010 (including amendments thereto) placed by PEPL on Valtimet for supply of titanium tubes at a total order value of USD 4.11 million. VIL filed regular civil suit no. 139/2012 in the court of Civil Judge Junior Division, Paithan and obtained an ad-interim ex-parte injunction against Valtimet. On June 6, 2012, Valtimet issued a notice of withdrawal of notice of arbitration against VIL and issued a fresh notice of arbitration of even date against PEPL only.

IV. Litigation involving Value Industries Limited

Litigation against Value Industries Limited

1. Value Industries Limited (“**Value Industries**”) has filed an appeal on January 28, 2011 before the CIT(A), Mumbai challenging the order and demand notice dated December 27, 2010 issued by the Additional Commissioner of Income Tax, Mumbai. The demand notice was issued against Value Industries in relation to improper determination of income for the assessment year 2008-2009. Value Industries has challenged among other things the disallowance of amount under Section 14A of the Income Tax Act, disallowance of

brought forward loss and short credit of minimum alternate tax. The Commissioner of Income Tax (Appeals) through order dated February 21, 2012, directed the Additional Commissioner of Income Tax, Mumbai to restrict the disallowance of amount under Section 14A of the Income Tax Act to the extent of 0.5 % of average of the value of investment amount. In respect of other disallowances, the Commissioner of Income Tax (Appeals) directed the Additional Commissioner of Income Tax, Mumbai to verify the claim of Value Industries and to allow the same, provided it is in accordance with the provisions of the Income Tax Act and the matter is currently pending. The tax amount involved in the matter is ₹ 26.66 million.

2. Value Industries has filed an appeal on April 29, 2011, before the CIT(A), Mumbai challenging the order and demand notice dated March 23, 2011, issued by the Deputy Commissioner of Income Tax, Mumbai. The demand notice was issued against Value Industries in relation to improper determination of income for the assessment year 2009-2010. Value Industries challenged among other things the disallowance of amount under section 14A of the Income Tax Act and short credit of minimum alternate tax. The tax amount involved in the matter is ₹ 11.02 million. The matter is currently pending.
3. Tusker Overseas Inc. (“**Tusker**”), a joint venture company incorporated in the Cayman Islands by Value Industries, among others, has availed financial assistance of USD 100 million from ICICI Bank UK PLC, London and ICICI Bank, Canada and invested an amount equivalent to US\$ 25.18 million in two other companies forming part of the Promoter Group in India. The RBI, through its letter dated March 23, 2009 alleged that the loans raised by Tusker and invested in the equity share capital of Indian companies cannot be considered as bonafide business activity in terms Regulation 6 of FEMA 120/RB 2000 dated July, 7 2004, as amended. The RBI also alleged that investing back in the stocks of Indian companies also violates the provisions of Regulation 7 of said notification. RBI referred the matter to the Directorate of Enforcement (“**DOE**”). The aforesaid companies, through their representatives, are making necessary appearances and submitting relevant documents along with explanations as required, to DOE. The matter is pending with the DOE for final decision.

V. Litigation involving Videocon Global Limited (“VGL”) (British Virgin Islands)

Litigation against VGL

1. Goldman Sachs International, and VGL had entered into USD/INR currency option transactions which are governed by the ISDA Agreement. Further differences have arisen between the parties and Goldman Sachs has filed a claim no. 2012 folio 1049 before the High Court of Justice Queens Bench Division, London claiming a sum of USD 4.07 million together with accrued interest thereon from VGL and VIL (in the capacity of the alleged guarantor to the said transactions). VGL and VIL have denied the claim and the matter is pending before the High Court of Justice Queens Bench Division, London.

VI. Litigation involving Quadrant Televentures Limited

Litigation against QTL

1. The income tax department has filed an appeal before the Income Tax Appellate Tribunal, Chandigarh against an order dated March 28, 2005 passed by the CIT(A), Chandigarh. The CIT(A), Chandigarh allowed an appeal filed by QTL challenging the order dated March 30, 2004 passed by the DCIT, among other things, for allowing expenses in proportion to the business income and disallowance of other expenses for the assessment year 2001-2002. The tax amount (including interest) involved in the matter is ₹ 12.68 million. The matter is currently pending.
2. The Wireless Finance Division of Department of Telecommunications has claimed an outstanding amount of ₹ 29.58 million towards the spectrum charges dues from year 2001 to year 2005 through their letter 1020/48/2005-WFD dated October 7, 2005 which was responded by QTL on October 25, 2005, confirming that the total dues amounted to ₹ 0.03 million only and such amount has been paid. The Wireless Finance Division of Department of Telecommunications has subsequently claimed ₹ 39.31 million through letter number 1020/48/2005-WFD dated September 13, 2006, towards the Spectrum Charges dues from year 2001 to year 2006 which was responded by QTL on October 31, 2006. During the year ended March 31, 2008, out of the above demand, QTL has deposited ₹ 1.80 million under protest towards the interest due till August 31, 2006. Wireless Finance Division of Department of Telecommunications has updated their claim to ₹ 70.60 million towards spectrum charges dues from January 1, 2000, to September 30, 2008, through letter number 1020/29/WR/07-08 dated October 24, 2008, against which QTL made a written

representation through its letter dated December 8, 2008 and August 12, 2009. Subsequently DOT has revised their demand to ₹ 70.53 million through letter no 1020/48/WFD/2005-06/ dated September 6, 2010 to which QTL has made representations through letter dated September 23, 2010, February 3, 2011 and March 17, 2011.

3. During the year ended March 31, 2007, Bharat Sanchar Nigam Limited (“BSNL”) has raised supplementary bill dated August 10, 2006, for ₹ 167.61 million towards Inter-connect Usage Charges (“IUC”) and Access Deficit Charges (“ADC”) for the period November 14, 2004 to August 31, 2005, on QTL. BSNL further raised invoices to the tune of ₹ 99.35 million on similar grounds for the period from September 1, 2005 to February 28, 2006. These charges are on account of unilateral declaration of QTL’s Fixed Wireless and Wire line Phone services as Limited Mobility Services by BSNL. QTL has submitted its reply to BSNL on August 23, 2006 asking for the calculation/basis for the additional amount raised towards IUC and ADC by BSNL for ₹ 167.61 million. Subsequently, BSNL issued a disconnection notice on August 26, 2006 which required the payment of ₹ 208.24 million (including ₹ 167.61 million). QTL has submitted details to BSNL for payments already made for ₹ 40.62 million. QTL has approached TDSAT on the subject matter and a stay order was granted on QTL’s petition no. 232 of 2006 against the disconnection notice on September 21, 2006. BSNL Jalandhar office subsequently raised a supplementary bill dated March 20, 2007 for ₹ 5.20 million to which QTL has submitted its reply on March 23, 2007 intimating that the matter being sub-judice and pending decision by the TDSAT, no coercive action be taken against QTL. The hearing on the matter has been completed and the TDSAT has pronounced the judgment on May 21, 2010 in QTL’s favour and has directed that BSNL and QTL should exchange relevant information and reconcile the differences. In the absence of information from BSNL, QTL is not in a position to determine the liability with respect to this matter.
4. QTL received a show cause notice dated June 4, 2007, from the DoT for non fulfilment of first year’s roll-out obligations of UASL agreement for Punjab Service Area, where in the licensee as per the terms of the license agreement was required to ensure that at least 10% of the District Headquarter / Towns are covered in the first year of the date of migration to UASL which commences from the date of Test Certificate issued by Telecom Engineering Centre. In the show cause notice, DoT has alleged that QTL has violated the conditions of UASL and accordingly liquidated damages of ₹ 70 million has been imposed which was responded by QTL on September 27, 2007.
5. QTL received a demand of ₹ 433.16 million from BSNL on dated December 20, 2008, on account of unilateral revision of access charges through its letter dated April 28, 2001, for the period from June 2001 to May 2003, in contravention of the Interconnect Agreement and TRAI Regulations. QTL, Association of Unified Service Providers of India (“AUSPI”) (erstwhile Association of Basic Telephone Operators) and other Basic Service Operators contested aforesaid revision in the rates of access charges before the TDSAT. TDSAT through its reasoned and detailed judgement dated April 27, 2005 allowed the refund claims and struck down the unilateral revision in the rates of access charges by BSNL and held that the TRAI is the final authority for fixing of access charges and access charges would be payable as rates prescribed by the TRAI and as per the Interconnect agreements. BSNL preferred an appeal in the Supreme Court against the order of TDSAT and an interim stay was granted on October 19, 2006. Therefore, aggrieved by such unilateral action on the part of BSNL by raising aforesaid demand and disturbing the status-quo, applications were moved by QTL, AUSPI and other Operators in the Supreme Court through C.A no.5834-5836 of 2005 that was listed for hearing on February 9, 2009 and the Supreme Court passed an order clarifying its previous order of October 19, 2006 and stayed the refunds claim against the BSNL there by upholding the TDSAT order dated April 27, 2005 whereby BSNL is refrained from raising the access charges demand.
6. On October 20, 2012, Huawei Telecommunications (India) Company Private Limited (“Huawei”) filed a winding up petition against QTL before the Bombay High Court under section 433(e) read with sections 434(1)(a) and 439 of the Companies Act, 1956, alleging that QTL has failed to make payment of an aggregate sum of ₹ 198.98 million (inclusive of interest) due to be paid by QTL to Huawei on account of managed services and installation and commissioning services. Additionally, Huawei has also filed a company application seeking interim relief through appointment of a provisional liquidator and an injunction restraining QTL from selling, transferring, alienating or creating any third party interest on its assets. The winding up petition is pending for admission before the Bombay High Court.

Amount Owed To Small Scale Undertakings/Creditors

Our Company does not owe any amount to any micro, small and medium enterprises or other creditors which is outstanding for more than 30 days.

Material Developments

Except as stated in “***Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments After September 30, 2012 that May Affect our Future Results of Operations***” on page 201, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the GoI and various governmental agencies required for our present business and except as disclosed in this Draft Red Herring Prospectus, no further material approvals are required for carrying on our present business operations.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

I. Incorporation Details of our Company

1. Certificate of incorporation dated November 22, 2002 issued to our Company by the RoC.
2. Certificate for commencement of business dated June 17, 2003 issued to our Company by the RoC.

II. Approvals Related to the Issue

Corporate Approvals

1. The Board has, pursuant to its resolution dated October 8, 2012, authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.
2. The shareholders of our Company have, pursuant to their resolution dated October 11, 2012 under Section 81(1)(A) of the Companies Act, authorized the Issue.

In-principle listing approval

In-principle approval from the BSE dated [●].

MIB Approval

Our Company shall make an application to the MIB, seeking its approval in relation to the Issue, details of which shall be disclosed in the Red Herring Prospectus.

III. Approvals in relation to our Operations

Following are details of the approvals received by our Company for its business.

Licenses

- License agreement dated December 28, 2007 with the President of India acting through Director BP&L, MIB, GoI, pursuant to which our Company has been granted the license (under Section 4 of the Telegraph Act and the Indian Wireless Telegraphy Act, 1933) to establish, maintain and operate a DTH platform on the terms and conditions set out in the DTH License Agreement. For details, see “**History and Other Corporate Matters – Other Material Agreements**” on page 93.
- Certificate from the Ministry of Communications and Information Technology, GoI (“MIT”) under the Indian Telegraph Act, 1885, dated December 12, 2008, permitting our Company to establish, maintain and work wireless telegraphs in India. This license is renewed annually and is currently valid until December 31, 2012.
- License dated November 2, 2007, issued by the Wireless Planning and Coordination Wing (“WPC”) for establishing a wireless telegraph station at Greater Noida, Uttar Pradesh.
- Approval dated November 14, 2007, from the Standing Advisory Committee of Radio Frequency Allocation (“SACFA”) for installation of wireless station at 1D, Udyog Vihar, Industrial Area, Greater Noida, Gautam Budh Nagar Uttar Pradesh.

Importer Exporter Code

Nature	Date of Certificate	Registration No.	Issuing Authority
Certificate of Importer-Exporter Code (IEC)	November 16, 2007	0307064417	Office of Joint Director General of Foreign Trade, Ministry of Commerce

Environmental Approvals

Following are approvals obtained with respect to our Company's facility situated at Greater Noida, District Gautam Buddh Nagar, Uttar Pradesh:

Approval	Ref. No.	Date of Issue	Validity
Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981	G-4/25/2010	March 22, 2012	From January 1, 2012 to December 31, 2012
Consent to operate under Water (Prevention and Control of Pollution) Act, 1974	G-4/25/2010	March 22, 2012	From January 1, 2012 to December 31, 2012

Intellectual Property

Patents

Our Company has filed eight applications (No. 247352 to 247359), all dated August 24, 2012, before the Patent Office, Kolkata, to obtain a patent registration in respect of the design of the 'satellite box', in Class 14-01 under Section 5 of the Designs Act, 2000.

Trademarks

Following are details of trademarks registered in the name of our Company, under the Trade Marks Act, 1999, as amended ("**Trademarks Act**").

S. No.	Trade Mark	Class	Registration Number	Date of Registration	Date of Expiry
1.	'CV'	38	1658226	December 24, 2010	February 26, 2018
2.	'CV'	41	1658227	January 13, 2011	February 26, 2018
3.	'D2H' (colour label)	9	1715060	January 13, 2011	July 28, 2018
4.	'D2H' (colour label)	38	1715061	March 11, 2010	July 28, 2018
5.	'D2H' (colour label)	41	1715062	March 15, 2010	July 28, 2018
6.	'Direct Hai Correct Hai'	9	1715063	March 15, 2010	July 28, 2018
7.	'Direct Hai Correct Hai'	38	1715064	March 11, 2010	July 28, 2018
8.	'Direct Hai Correct Hai'	41	1715065	March 15, 2010	July 28, 2018
9.	'D2H' (black and white)	9	1715066	July 26, 2010	July 28, 2018
10.	'D2H' (black and white)	38	1715067	January 28, 2011	July 28, 2018
11.	'D2H' (black and white)	41	1715068	January 28, 2011	July 28, 2018
12.	'MYD2H'	9	1727355	March 30, 2010	September 1, 2018
13.	'MYD2H'	38	1727356	March 29, 2010	September 1, 2018
14.	'MYD2H'	41	1727357	March 29, 2010	September 1, 2018
15.	'D2H' alongwith Arc (colour)	9	1818952	February 28, 2011	May 15, 2019
16.	'D2H' alongwith Arc (colour)	38	1818953	February 28, 2011	May 15, 2019
17.	'D2H' alongwith Arc (colour)	41	1818954	February 28, 2011	May 15, 2019
18.	'D2H'	41	1821941	February 18, 2011	May 26, 2019
19.	Bubble device theme again	9	1827253	February 28, 2011	June 9, 2019
20.	Bubble device theme again	38	1827254	February 28, 2011	June 9, 2019
21.	Bubble device theme again	41	1827255	February 28, 2011	June 9, 2019

S. No.	Trade Mark	Class	Registration Number	Date of Registration	Date of Expiry
22.	YANGSTAN	38	1831752	February 28, 2011	June 23, 2019
23.	YANGSTAN	41	1831753	February 28, 2011	June 23, 2019

CE India Limited (formerly Videocon India Limited) and our Company have entered into a deed of trademark usage license dated September 11, 2009, whereby CE India Limited, being the exclusive owner of the trademarks 'Videocon' and 'V', has permitted our Company to use the said trademarks for its 'd2h' business, on a non exclusive basis, including for the purposes of advertising, marketing, promotions, products, services, website, bills, documents and all related d2h business materials. Pursuant to this agreement, our Company has the license to use the trademarks 'Videocon' and 'V' for a period of four years, effective from the financial year 2010, subject to further renewal of the license on mutually acceptable terms. We have entered into an agreement dated July 21, 2008 with Mr. Saurabh Pradipkumar Dhoot, whereby our Company has been authorised by Mr. Saurabh Pradipkumar Dhoot to apply and obtain registrations of the "d2h", "D2H" and "Direct Hai Correct Hai" trademarks, under the Trade Marks Act.

Pending Approvals

1. Our Company has made an application dated January 6, 2012 to the Office of the Registering Officer, Noida, Gautam Buddh Nagar, Uttar Pradesh, for obtaining a registration under the Contract Labour (Regulation and Abolition) Act, 1970 on January 6, 2012 with respect to our facility situated at Greater Noida, District Gautam Buddh Nagar, Uttar Pradesh.
2. Further, our Company has made applications for registration of the following trademarks under the Trademarks Act, which are pending registration as on date of this Draft Red Herring Prospectus:

Sl. No.	Date of Application	Trademark applied for	Class
1.	April 4, 2008	'Vandemaharashtra' word	38, 9, 16 and 41
2.	May 15, 2009	'D2H' alongwith arc (black and white)	9, 38 and 41
3.	May 26, 2009	'D2H'	9 and 38
4.	September 7, 2011	'V-FLEX'	9, 38 and 41
5.	November 24, 2011	'Demand2have'	9, 38 and 41
6.	November 24, 2011	'Telly Belly Award'	9, 38 and 41

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Corporate Approvals

- Our Board of Directors has, pursuant to its resolution dated October 8, 2012, authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.
- Our shareholders have, pursuant to a resolution dated October 11, 2012, under Section 81(1A) of the Companies Act, authorized the Issue.
- Resolution dated December 13, 2012 of our Committee of Directors, approving this Draft Red Herring Prospectus.

In-principle Listing Approval

- We have received an in-principle approval from the BSE for the listing of our Equity Shares pursuant to a letter dated [●]. BSE is the Designated Stock Exchange.

Prohibition by the SEBI, the RBI or Governmental Authorities

Our Company, our Promoters, our Promoter Group, our Directors, our Group Entities and persons in control of the Company are not prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities. Neither our Promoters, nor any of our Directors or persons in control of the Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities. However, in the past, our Group Entity, VIL and Mr. Venugopal Nandlal Dhoot (who forms part of our Promoter Group), among others, were debarred from accessing the capital markets for a period of three years commencing April, 2001. For details, see “*Outstanding Litigation and Material Developments*” on page 202.

None of our Directors are in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Neither our Company, nor our Promoters, Group Entities, nor our Directors, nor the relatives (as per the Companies Act) of our Promoters, have been detained as wilful defaulters by the RBI or any other governmental authorities. For further details, see “*Risk Factors*” and “*Our Promoters and Group Entities*” on pages xii and 106, respectively.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26 (2) of the SEBI ICDR Regulations as described below:

“An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if the issue is made through the book building process and the issuer undertakes to allot, at least seventy five percent of the net offer to public, to qualified institutional buyers and to refund full subscription money if it fails to make the said minimum allotment to qualified institutional buyers.”

We are eligible for the Issue as per Regulation 26(2) of the SEBI ICDR Regulations as the Issue is being made through the Book Building Process, with not less than 75% of Issue being Allotted to QIBs, failing which the entire subscription monies shall be refunded.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Issue shall be not less than 1,000, otherwise, the entire application money will be

refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default ('officer who is default' shall include all officers as defined under Section 5 of the Companies Act) shall, on and from expiry of eight days, be liable to repay such application money, with interest at the rate prescribed under Section 73 of the Companies Act.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, BEING ENAM SECURITIES PRIVATE LIMITED* AND UBS SECURITIES INDIA PRIVATE LIMITED AND THE BOOK RUNNING LEAD MANAGERS, BEING IDBI CAPITAL MARKET SERVICES LIMITED, SBI CAPITAL MARKETS LIMITED AND YES BANK LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS AND THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, ENAM SECURITIES PRIVATE LIMITED* AND UBS SECURITIES INDIA PRIVATE LIMITED AND THE BOOK RUNNING LEAD MANAGERS, IDBI CAPITAL MARKET SERVICES LIMITED, SBI CAPITAL MARKETS AND YES BANK LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 14, 2012 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED**

DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND UNTIL DATE SUCH REGISTRATION IS VALID – NOTED FOR COMPLIANCE;
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE;
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS;
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS;
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION WILL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE;
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION;
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE;

11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - A. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - B. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE), AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

** The merchant banking business of Enam Securities Private Limited, a JGCBRLM, has vested with Axis Capital Limited, which is in the process of completing the formalities of SEBI registration, under the SEBI (Merchant Bankers) Regulations, 1992, as amended.*

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE JGCBRLMs AND THE BRLMs ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Caution – Disclaimer from our Company, the JGCBRLMs and the BRLMs

Our Company, our Directors, the JGCBRLMs and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.videocond2h.com, would be doing so at his or her own risk.

The JGCBRLMs and the BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the JGCBRLMs, the BRLMs and our Company dated December 12, 2012, and the Underwriting Agreement to be entered into among the Underwriters and our Company.

All information shall be made available by our Company, the JGCBRLMs and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Our Company and the Syndicate shall not be liable to the Bidders for any failure in uploading the Bids, due to faults in any software/hardware system, or otherwise.

The JGCBRLMs, the BRLMs and their respective associates may engage in transactions with, and perform services for our Company, our Group Entities and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or our Group Entities or our respective affiliates or associates for which they have received, and may in future receive compensation.

Bidders that bid in the Issue will be required to confirm, and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Price Information of Past Issues handled by the JGCBRLMs and the BRLMs

1. Past issues handled by Enam

(a) Price information of past issues handled by Enam

Issue Name	Issue size (₹ Cr.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
Tara Jewels Limited	220.00	230.00	6-Dec-12	242.00	229.90	(0.04)%	5,930.90	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
NBCC Limited	124.97	106 ¹	12-Apr-12	101	96.95	(8.54)%	5,276.85	96.35	5,200.60	94.75	5,239.15	85.50	4,907.80
MT Educare Limited	99.00	80	12-Apr-12	86.05	90.35	12.94%	5,276.85	107.90	5,200.60	107.10	5,239.15	91.35	4,907.80
TD Power Systems Limited	227.00	256	8-Sep-11	260	275.25	7.52%	5,153.25	287.30	5,031.95	260.75	4,945.90	256.05	4,979.60
Future Venture India Limited	750.00	10	10-May-11	9	8.20	(18.00)%	5,541.25	8.30	5,486.35	8.10	5,473.10	9.30	5,521.05
Punjab & Sind Bank	470.82	120 ²	30-Dec-10	144	127.15	5.96%	6,101.85	118.85	5,762.85	119.75	5,691.05	105.45	5,505.90
A2Z Maintenance & Engineering Services Limited	776.25	400 ³	23-Dec-10	500	328.55	(17.86)%	5,980	327.15	6,157.60	304.25	5,863.25	302.35	5,743.25
Claris Lifesciences Limited	300.00	228	20-Dec-10	224.40	205.85	(9.71)%	5,947.05	204.85	6,101.85	199.10	5,762.85	185.35	5,691.05
Coal India Limited	15,199.44	245 ⁴	4-Nov-10	291	342.55	39.82%	6,281.80	317.20	6,121.60	310.80	5,865.75	320.40	5,992.25
Prestige Estates Projects Limited	1,200.00	183	27-Oct-10	190	193.15	5.55%	6,012.65	202.50	6,273.20	187.85	5,988.70	160.15	5,751.95

Price information for the above issues, except for Claris Lifesciences Limited, is that on NSE (source: www.nseindia.com) and Benchmark Index considered in NIFTY.

Claris Lifesciences Limited being listed only on BSE, the price information is that on BSE (source: www.bseindia.com) and the Benchmark Index considered is Sensex.

1. Price for Retail Individual Bidders and Eligible Employees was 100.70 per equity share
2. Price for Retail Individual Bidders and Eligible Employees was 114 per equity share

3. Price for Eligible Employees was 380 per equity share
4. Price for Retail Individual Bidders and Eligible Employees was 232.75 per equity share

(b) Summary statement of price information of past issues handled by Enam

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2012-2013	1	220.00	0	0	1	0	0	0	0	0	0	0	0	0
2011-2012	4	1,200.93	0	0	2	0	0	2	0	0	2	0	0	2
2010-2011	15	24,025.61	0	0	6	0	3	6	0	1	8	0	2	4

Note: Whenever 30th calendar day from listing day is a holiday, the closing data of the next trading date/day has been considered.

2. Past issues handled by UBS

(a) Price information of past issues handled by UBS

Issue Name	Issue size (₹ Cr.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
Orient Green Power Co. Ltd.	900.0	47.0	8-Oct-10	45.7	44.7	-5%	6,103.5	41.2	6,076.0	40.7	5,987.7	39.1	6,312.5
Prestige Estates Projects Ltd	1,200.0	183.0	27-Oct-10	190.0	193.2	6%	6,012.7	205.9	6,312.5	187.9	5,988.7	160.2	5,752.0

Source: www.nseindia.com

(b) Summary statement of price information of past issues handled by UBS Securities

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2010-2011	2	2,100.0	-	-	1.0	-	-	1.0	-	-	2.0	-	-	-
2011-2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com

Note: In the event any day falls on a holiday, the price/ index of the immediately preceding working day has been considered.

3. Past issues handled by IDBI Capital

(a) Price information of past issues handled by IDBI Capital

Issue Name	Issue size (₹ Cr.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
NBCC Limited	127.20	106	12-Apr-12	101	96.95	(8.54)%	5,276.85	98.20	5,290.85	96.05	5,248.15	86.55	4,928.90
SRS Limited	203.00	58	16-Sep-11	68	33.25	(42.67)%	5,084.25	33.85	4,835.40	30.10	4,751.30	35.60	5,132.30
Aanjaneya Lifecare Limited	117.00	234	27-May-11	218	311.10	32.95%	5,526.60	355.25	5,625.45	364.40	5,581.10	376.55	5,574.85
MOIL Limited	1,237.95	375	15-Dec-10	565	465.05	24.01%	5,892.30	448.85	6,011.60	453.95	6,157.60	442.15	5,751.90
Gujrat Pipavav Port Limited	553.85	46	9-Sep-10	56.10	54.05	17.50%	5,640.05	54	5,884.95	54.70	6,029.50	59.75	6,103.45

Issue Name	Issue size (₹ Cr.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
SJVN Limited	1,043.91	26	20-May-10	27.10	22.10	(3.46)%	4,947.60	24.20	5,066.55	24.10	4,987.10	24.10	5,262.60
ARSS Infrastructure Projects Limited	103.00	450	3-Mar-10	630	737.45	63.88%	5,088.10	750.40	5,137.00	908.90	5,205.20	991.75	5,290.50
JSW Energy Limited	2,651.00	100	4-Jan-10	106	100.85	0.85%	5,232.20	117.70	5,233.95	111.60	5,036	107.35	4,830.10
Astec Lifesciences Limited	61.50	82	25-Nov-09	83	84	2.44%	5,108.15	86.90	5,108.90	87.70	5,105.70	82.05	5,178.40
Rishabhdev Technocable Limited	22.62	33	29-Jun-09	42	42	(17.58)%	14,785.74	17.45	13,769.15	20.30	14,744.92	18.40	15,331.94

Notes:

In case of discounts given to certain categories of investors, the undiscounted issue price has been taken as the issue price.

Issue size has been taken net of promoter's contribution, if any.

If the 10th, 20th, and 30th calendar day from listing day is not a working day, closing price on previous working day has been taken.

All prices are according to trades on NSE and the benchmark index is the Nifty. If the stock is not listed on the NSE (Rishabhdev), the BSE prices are taken and SENSEX is the benchmark.

(b) Summary statement of price information of past issues handled by IDBI Capital

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2012-2013	2	146.20	-	-	-	-	-	1	-	-	1	-	-	-
2011-2012	2	320	-	1	-	-	1	-	-	1	-	1	-	-
2010-2011	3	12,835.71	-	-	1	-	-	2	-	-	1	-	1	1
2009-2010	4	2,838.12	-	-	1	1	-	2	-	1	-	1	-	2

Note:

Total funds raised are taken as the sum of Individual Issue Size.

4. Past issues handled by SBICAP

(a) Price information of past issues handled by SBICAP

Issue Name	Issue size (₹ Mn.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
Goenka Diamonds & Jewels Limited	126.51	135.00	16-Apr-10	130.00	127.85	-5.30%	17,591.18	113.65	17,745.28	103.05	17,087.96	97.95	16,835.56
SJVN Limited	1,062.73	26.00	20-May-10	27.10	25.10	-3.46%	4,947.60	24.70	5,086.30	24.10	4,987.10	24.10	5,262.60
Jaypee Infratech Limited	2,257.60	102.00	21-May-10	98.00	91.45	-10.34%	4,931.15	83.50	5,086.30	76.20	5,000.30	86.30	5,353.30
Microsec Financial Services Limited	147.50	118.00	05-Oct-10	135.10	110.90	-6.02%	20,407.71	91.00	20,497.64	88.60	20,303.12	79.40	20,465.74
Electrosteel Steels Limited	285.28	11.00	08-Oct-10	12.35	11.25	2.27%	20,250.26	10.80	20,168.89	10.95	20,005.37	11.12	20,852.38
Tecpro Systems Limited	267.91	355.00	12-Oct-10	399.40	407.85	14.89%	20,203.34	399.95	20,260.58	425.50	20,355.63	418.20	20,875.71
A2Z Maintenance & Engineering services limited	776.25	400.00	23-Dec-10	390.00	328.90	-17.78%	19,982.88	327.35	20,561.05	302.85	19,196.34	302.85	19,007.53
Punjab & Sind Bank	470.82	120.00	30-Dec-10	146.10	127.05	5.88%	20,389.07	118.55	19,224.12	119.85	19,092.05	110.20	18,395.97

Issue Name	Issue size (₹ Mn.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
PTC India Financial Services Limited	433.48	28.00	30-Mar-11	26.75	24.90	-11.07%	5,787.65	23.40	5,842.00	22.05	5,729.10	22.20	5,785.45

Note: The 10th, 20th and 30th calendar day computation includes the listing day. If either of the 10th, 20th or 30th calendar days is a trading holiday, the next trading day is considered for the computation.

(b) Summary statement of price information of past issues handled by SBICAP

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2010-2011	9	5,828.08	0	0	6	0	0	3	0	2	5	0	0	2
2011-2012	0	0.00	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	0	0.00	-	-	-	-	-	-	-	-	-	-	-	-

Note: The 30th calendar year computation does not include the listing day. If the 30th calendar day is trading holiday, the next trading day is considered for the computation.

5. Past issues handled by YES Bank

(a) Price information of past issues handled by YES Bank

Issue Name	Issue size (₹ Mn.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
A2Z Maintenance and Engineering Services Limited	7,762.50	400 ⁽¹⁾	23-Dec-10	390.00	328.90	(17.8)%	19,982.88	327.35	20,561.05	302.85	19,196.34	302.85	19,007.53
C. Mahendra Exports Limited	1,650	110	20-Jan-11	111.00	110.85	0.77%	19,046.54	159.65	18,327.76	167.05	17,592.77	207.50	18,438.31

Source: www.bseindia.com

1. A discount of 5% to the issue price was given to the employees at the time of allotment

Notes:

a. Benchmark index is Sensx.

b. In case 10th day, 20th day or 30th day is not a trading day, closing price on BSE of next trading day is considered

c. 10th listing day has been taken as listing date plus 9 calendar days

d. 20th listing day has been taken as listing date plus 19 calendar days

e. 30th listing day has been taken as listing date plus 29 calendar days

(b) Summary statement of price information of past issues handled by YES Bank

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Mn.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2010-2011	2	9,412.50	-	-	1	-	-	1	-	-	1	1	-	-
2011-2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes: Based on the date of listing

Wherever 30th calendar day from listing day is a holiday, the closing data of the next trading date / day has been considered.

Track records of past issues handled by the JGCBRLMs and the BRLMs

For details regarding the track record of the JGCBRLMs and the BRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, refer to the websites of the JGCBRLMs and the BRLMs, as set forth in the table below:

Name of the JGCBRLM/BRLM	Websites
Enam	www.enam.com
UBS	www.ubs.com
IDBI Capital	www.idbi.com
SBICAP	http://www.sbicans.com/UploadPdf/Track%20Record%20Equity%20Issues.pdf
YES Bank	http://www.yesbank.in/index.jsp?navigationUrl=%2FYES+Bank+Repository%2Fen%2FCorporate+Banking%2FInvestment+Banking%2FMerchant+Banking+-+Track+record+of+public+issues

Disclaimer in Respect of Jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families (“HUFs”), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, permitted insurance companies and pension funds and, subject to the approval of the RBI, to Eligible NRIs, Eligible QFIs and Foreign Institutional Investors (“FIIs”) applying under the ‘portfolio investment scheme’ set out in the relevant schedules to the FEMA. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares issued hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was filed with the SEBI for the purpose of receiving its observations. Accordingly, the Equity Shares represented hereby may not be issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the SEBI at Corporation Finance Department, Securities and Exchange Board of India, SEBI Bhawan, C – 4A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC situated at the address mentioned below.

Registrar of Companies, Maharashtra

100, Everest
Marine Drive, Mumbai 400 002
Maharashtra, India

Listing

Application has been made to the Stock Exchange for obtaining permission for listing of the Equity Shares being issued and sold in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchange, our Company shall forthwith repay, without interest, all moneys received from the applicants in reliance of the Red Herring Prospectus. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest at the rate prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 12 Working Days of the Bid/Issue Closing Date.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of: (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the legal counsels, the Bankers to our Company, the Bankers to the Issue, lenders, Monitoring Agency, industry sources (where such reports have been used); and (b) the JGCBRLMs, the BRLMs, the Syndicate Members and the Registrar to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Khandelwal Jain & Co., Chartered Accountants and Kadam & Co., Chartered Accountants, our Auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in “**Financial Statements**” on page 124 and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in “**Statement of Tax Benefits**” on page 48 and such consent and report shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Expert Opinion

Except for the report of [●] in respect of the IPO Grading of the Issue (a copy of which will be annexed to the Red Herring Prospectus as “*Annexure I*”), furnishing the rationale for its grading and except for the reports of the Auditors of our Company on the restated financial statements and the “*Statement of Tax Benefits*”, included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of the Issue include, among others, lead management fees, underwriting and selling commission, registrar’s fees, advertisement and marketing expenses, printing and distribution expenses, legal fees, SEBI filing fees, bidding software expenses, depository charges and listing fees of the Stock Exchange.

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

(₹ in million)			
Activity	Estimated expenses*	As a % of the total estimated Issue expenses	As a % of the total Issue size
Fees payable to the JGCBRLMs and the BRLMs	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar	[●]	[●]	[●]
Underwriting commission, fees payable to the Bankers to the Issue, brokerage and selling commission (including commission payable to the members of the Syndicate and the SCSBs, and processing fees to SCSBs for ASBA Applications, as applicable)**	[●]	[●]	[●]
IPO Grading expense	[●]	[●]	[●]
Others (legal fees, listing fees, printing and stationery expenses etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

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

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

Fees, Brokerage and Selling Commission

The total fees payable to the JGCBRLMs, the BRLMs and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the engagement letters with (i) the JGCBRLMs dated August 1, 2012; (ii) IDBI Capital dated August 9, 2012; (iii) SBICAP dated October 8, 2012; and (iv) YES Bank dated November 1, 2012, copies of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue including fees for processing of Bid-cum-Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement to be signed among our Company and the Registrar to the Issue, a copy of which shall be made available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment Advice by registered post/speed post (subject to postal rules).

Particulars regarding Public or Rights Issues during the Last Five Years

There have been no public or rights issues undertaken by our Company during the five years preceding the date of this Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares since our incorporation.

Previous Issues Otherwise than for Cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash.

Capital Issues in the Preceding Three Years

Except as disclosed in “*Capital Structure*” and “*Our Promoters and Group Entities*” on pages 30 and 106, respectively, Our Company and our Group Entities have not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis Objects

Our Company has not completed any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus.

Performance vis-s-vis Objects: Last Issue of Group Entities or Associate Companies

Except as stated in “*Our Promoters and Group Entities*” on page 106, none of our Group Entities have made any public or rights issues in the 10 years preceding the date of this Draft Red Herring Prospectus.

Outstanding Debentures, Bonds or Redeemable Preference Shares

As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding debentures, bonds or redeemable preference shares.

Partly Paid-Up Shares

As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares of our Company are not listed on any stock exchange and hence no stock market data is available.

Mechanism for Redressal of Investor Grievances by our Company

The agreement dated December 13, 2012 between the Registrar to the Issue and our Company, provides for retention of records with the Registrar to the Issue for a minimum period of three years from the last date of dispatch of letters of Allotment, demat credit or refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such name of the sole or first Bidder, Bid-cum-Application Form number, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate, as the case may be, where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Disposal of Investor Grievances by our Company and Listed Group Entities

We estimate that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ms. Amruta Karkare, Company Secretary, as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Ms. Amruta Karkare
Company Secretary and Compliance Officer
1st Floor, Techweb Centre, New Link Road
Oshiwara Jogeshwari (West)
Mumbai 400 102, Maharashtra, India
Tel: (+91 22) 42 555 062
Fax: (+91 22) 2288 0515
Email: ipo@d2h.com

For details on mechanism for redressal of investor grievances by listed Group Entities, see “*Our Promoters and Group Entities*” on page 106.

Changes in Auditors

There has been no change in our Auditors during the three years preceding the date of this Draft Red Herring Prospectus.

Capitalization of Reserves or Profits

We have not capitalised our reserves or profits at any time during the five years preceding the date of this Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ 7,000 million. The Issue will constitute [●]% of the post-Issue paid-up Equity Share capital of the Company.

Our Company is considering a Pre-IPO Placement of up to 10,000,000 Equity Shares aggregating up to ₹ 500 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue size constituting at least 25% of the post-Issue paid-up Equity Share capital of our Company.

The Issue is being made through the Book Building Process.

	QIBs⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation ⁽²⁾	Not less than [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Issue less allocation to QIBs and Retail Individual Bidders.	Not more than [●] Equity Shares available for allocation or Issue less allocation to QIBs and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/allocation	Not less than 75% of the Issue being available for allocation to QIBs. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only.	Not more than 15% of the Issue.	Not more than 10% of the Issue.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For the method of proportionate Basis of Allotment to Retail Individual Bidders, see “ <i>Issue Procedure – Illustration of Allotment to Retail Individual Bidders</i> ” on page 281.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the size of this Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of this Issue, subject to applicable limits.	Such number of Equity Shares, whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share	[●] Equity Shares and in multiples of one Equity Share	[●] Equity Shares which shall not be less than the

	QIBs⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
	thereafter	thereafter	minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply ⁽³⁾	Public financial institutions as specified in section 4A of the Companies Act, scheduled commercial banks, Mutual Fund registered with SEBI, FIIs and sub-account registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), VCFs, AIFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals and Eligible QFIs.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	The entire Bid Amount will be payable at the time of submission of the Bid-cum-Application Form to the SCSB or the member of the Syndicate at the Syndicate ASBA Bidding Location or the Syndicate, as the case may be. In case of ASBA Bidders, SCSBs will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid-cum-Application Form ⁽⁴⁾ .		

⁽¹⁾ The Company may, in consultation with the JGCBRLMs and the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. For details, see "Issue Procedure" on page 250.

⁽²⁾ Subject to valid Bids being received at or above the Issue Price. The Issue is being made in accordance with Rule 19(2)(b)(i) of the SCRR and under the SEBI Regulations, where the Issue will be made through the Book Building Process. Not less than 75% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that the Company may, in consultation with the JGCBRLMs and the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to QIBs (other than Anchor Investors) and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIBs (other than Anchor Investors) in proportion to their Bids. Further, not more than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The allotment to each Retail Individual Bidders shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.

⁽³⁾ In case of joint Bids, the Bid-cum-Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid-cum-Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

⁽⁴⁾ Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid-cum-Application Forms. The balance, if any, shall be paid within the two Working Days of the Bid/Issue Closing Date.

If not less than 75% of the Issue cannot be Allotted to QIBs, the entire application money will be refunded. In the event aggregate demand in the QIB Portion has been met, under-subscription, if any, in any category would

be met with spill-over from other categories at the discretion of the Company in consultation with the JGCBRLMs and the BRLMs and the Designated Stock Exchange.

Withdrawal of the Issue

The Company in consultation with the JGCBRLMs and the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event the Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The JGCBRLMs and the BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The Company shall also inform the same to the Stock Exchange on which the Equity Shares are proposed to be listed.

If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an issue/offer for sale of the Equity Shares, the Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/Issue Programme

BID/ISSUE OPENS ON	[●]*
BID/ISSUE CLOSES ON	[●]**

* The Company may, in consultation with the JGCBRLMs and the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI Regulations.

** The Company may, in consultation with the JGCBRLMs and the BRLMs, consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations.

An indicative timetable in respect of the Issue is set out below.

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchange	On or about [●]

The above timetable is indicative and does not constitute any obligation on the Company, the JGCBRLMs or the BRLMs. Whilst the Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 12 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by the Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable law.

Except in relation to the Bids received from Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Bid/Issue Period as mentioned above at the bidding centres and designated branches of SCSBs as mentioned on the Bid-cum-Application Form. On the Bid/Issue Closing Date, the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until (i) 4.00 p.m. (IST) in case of Bids by QIBs and Non-Institutional Bidders, and (ii) until 5.00 p. m. (IST) or such extended time as permitted by the Stock Exchange, in case of Bids by Retail Individual Bidders after taking into account the total number of applications received up to the closure of timings and reported by the JGCBRLMs and the BRLMs to the Stock Exchange. It is clarified that Bids not uploaded on the electronic bidding system would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (IST) on the Bid/Issue Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient

time. Such Bids that cannot be uploaded will be rejected and will not be considered for allocation under the Issue. Bids will be accepted only on Business Days, i.e., Working Days. Neither the Company nor any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchange only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the JGCBRLMs and the BRLMs to the Stock Exchange.

The Company in consultation with the JGCBRLMs and the BRLMs, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the Face Value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release and also by indicating the changes on the websites of the JGCBRLMs and the BRLMs and at the terminals of the Syndicate Members.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid-cum-Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchange may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid-cum-Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

TERMS OF THE ISSUE

The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Companies Act, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the Equity Listing Agreement, the terms of the Red Herring Prospectus and the Prospectus, Bid-cum-Application Form, the Revision Form and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchange, the RoC, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable, or such other conditions as may be prescribed by SEBI, the RBI and/or any other authorities while granting its approval for the Issue.

Ranking of Equity Shares

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and shall rank *pari-passu* with the existing Equity Shares of the Company including rights in respect of dividend. The Allottees upon Allotment of Equity Shares under the Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see “**Main Provisions of Articles of Association of our Company**” on page 285.

Mode of Payment of Dividend

The Company shall pay dividends on its Equity Shares, if declared, to its shareholders in accordance with the provisions of the Companies Act, the Memorandum of Association, the Articles of Association and the provisions of the Listing Agreement. See, “**Dividend Policy**” on page 123.

Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

The Price Band and the minimum Bid Lot will be decided by the Company in consultation with the JGCBRLMs and the BRLMs and will be advertised in [●] edition of English national daily [●], [●] edition of Hindi national daily [●] and [●] edition of Marathi national daily [●], each with wide circulation, at least five Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchange for the purpose of upload on its website. The Price Band along with certain financial ratios shall be pre-filled in the electronic Bid-cum-Application Forms shall be made available on the website of the Stock Exchange.

Compliance with SEBI Regulations

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time including the SEBI ICDR Regulations.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;

- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreement and the Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see "**Main Provisions of Articles of Association of Our Company**" on page 285.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. Allotment in the Issue will be in multiples of one, subject to (i) a minimum Allotment of [●] Equity Shares in the QIB Portion and the Non-Institutional Portion and (ii) a minimum Allotment of [●] Equity Shares in the Retail Portion, subject to availability of Equity Shares in the Retail Portion. For the method of proportionate Basis of Allotment to Retail Individual Bidders, see "**Issue Procedure-Illustration of Allotment to Retail Individual Bidders**" on page 281. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

Nomination

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office or to the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive minimum subscription of 90% of the Issue, including through devolvement of the Underwriter, within 60 days of the Bid/Issue Closing Date, our Company will refund the entire subscription amount received within 70 days of the Bid/Issue Closing Date. If there is a delay beyond eight days from the expiry of 70 days from the Bid/Issue Closing Date, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to pay interest prescribed under Section 73 of the Companies Act. Further in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares are Allotted in the Issue will be not less than 1,000.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of Equity Shares

Except for lock-in of the pre-Issue Equity Shares, Promoter's minimum contribution and Anchor Investor lock-in in the Issue as detailed in "*Capital Structure*" on page 30, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. For details, see "*Main Provisions of the Articles of Association of Our Company*" on page 285.

Option to receive Equity Shares in dematerialized form

Allotment of Equity Shares will only be in dematerialized form. The Equity Shares will be traded on the dematerialized segment of the Stock Exchange.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that QIBs (other than Anchor Investors) and Non-Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders can participate in the Issue through the ASBA process as well as the non-ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to non-ASBA Bidders. However, there is a common Bid-cum-Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate at the Syndicate ASBA Bidding Locations) as well as for non-ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid-cum-Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs.

ASBA Bidders may submit ASBA Bids to a Designated Branch (a list of such branches is available on the website of the SEBI (www.sebi.gov.in) or to the Syndicate at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Non-ASBA Bidders are required to submit Bids to the Syndicate, only on a Bid-cum-Application Form bearing the stamp of a member of the Syndicate. ASBA Bidders are advised not to submit Bid-cum-Application Forms to Escrow Collection Banks, unless such Escrow Collection Banks are also SCSBs.

All Bidders are required to pay the full Bid Amount or, in case of ASBA Bids, ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of making the Bid.

Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

Further, SEBI pursuant to a circular CIR/CFD/14/2012 dated October 4, 2012 has introduced the mechanism for submission of Bid-cum-Application Forms through the nationwide broker network of the Stock Exchanges, which is applicable in all public issues where offer documents are filed with the relevant Registrar of Companies on or after January 1, 2013. Accordingly, specific disclosures will be made subject to implementation of such mechanism by SEBI and the Stock Exchanges.

Book Building Procedure

The Issue is being made through the Book Building Process wherein not less than 75% of the Issue shall be available for allocation to QIBs on a proportionate basis, provided that the Company may, in consultation with the JGCBRLMs and the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not more than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.

If not less than 75% of the Issue cannot be allotted to QIBs, the entire application money will be refunded. In the event aggregate demand in the QIB Portion has been met, under-subscription, if any, in any category would be allowed to be met with spill over from any other category or combination of categories at the discretion of the Company in consultation with the JGCBRLMs and the BRLMs and the Designated Stock Exchange.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid-cum-Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid-cum-Application Form is exactly the same as the PAN of the sole/ first Bidder in whose name the relevant beneficiary account is held. In case of joint Bids, the Bid-cum-Application Form should contain only the name of the first Bidder

whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid-cum-Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

Bid-cum-Application Form

Please note that there is a common Bid-cum-Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate at the Syndicate ASBA Bidding Locations) as well as for non-ASBA Bidders. The prescribed colour of the Bid-cum-Application Form for the various categories is as follows:

Category	Colour of Bid-cum-Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis*	White
Eligible NRIs, Eligible QFIs, FIIs or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors**	White

* Bid-cum-Application Forms will also be available on the website of the BSE (www.bseindia.com).

** Bid-cum-Application Forms for Anchor Investors shall be made available at the offices of the JGCBRLMs and the BRLMs.

All non-ASBA Bidders are required to submit their Bids through the Syndicate only. ASBA Bidders are required to submit their Bids through the SCSBs (in physical or electronic form) or with the Syndicate at the Syndicate ASBA Bidding Locations, authorising SCSBs to block funds that are available in the ASBA Account specified in the Bid-cum-Application Form. Non-ASBA Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate will, upon request, acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder. The Bidder should preserve this acknowledgment slip and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid-cum-Application Form is submitted to a member of the Syndicate only at the Syndicate ASBA Bidding Locations. ASBA Bidders should also ensure that Bid-cum-Application Forms submitted to the member of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB where the ASBA Account, as specified in the Bid-cum-Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid-cum-Application Forms (a list of such branches is available on the website of SEBI (www.sebi.gov.in)). ASBA Bidders bidding directly through the SCSBs should ensure that the Bid-cum-Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

Upon completion and submission of the Bid-cum-Application Form to a Syndicate or the SCSB, the Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon the filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form.

Who can Bid?

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended ("**Contract Act**"), including minors having valid depository accounts as per Demographic Details provided by Depositories;
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of Sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares under their respective constitutional or charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs cannot participate in the Issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts of FIIs registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
- Venture Capital Funds and Alternative Investment Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- Eligible QFIs;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in Equity Shares;
- Scientific and/or industrial research organisations authorized in India to invest in Equity Shares;
- Insurance companies registered with IRDA;
- Provident Funds with a minimum corpus of ₹ 250 million and who are authorized under their constitutional documents to hold and invest in Equity Shares;
- Pension Funds with a minimum corpus of ₹ 250 million and who are authorized under their constitutional documents to hold and invest in Equity Shares;
- National Investment Fund;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Insurance funds set up and managed by the army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India; and
- Any other person eligible to Bid in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing regulations, OCBs cannot participate in the Issue.

Participation by associates and affiliates of the JGCBRLMs, the BRLMs and the Syndicate Members

The JGCBRLMs, the BRLMs and the Syndicate Members shall not be allowed to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the

JGCBRLMs, the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

The JGCBRLMs, the BRLMs and any persons related to the JGCBRLMs, the BRLMs or the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be attached with the Bid-cum-Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

NRIs Bidding on repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to the Non-Resident External ("NRE") or Foreign Currency Non Resident ("FCNR") bank accounts maintained with authorized dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000, as amended ("**Authorized Dealer**"). NRIs Bidding on repatriation basis are advised to use the Bid-cum-Application Form for Non-Residents (Blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be.

NRIs Bidding on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as the Non-Resident Ordinary Rupee Account ("NRO")/Non-Resident (Special) Rupee account ("NRSR")/ Non-Resident Non-Repatriable Term Deposit Account ("NRNR") accounts. NRIs Bidding on non-repatriation basis are advised to use the Bid-cum-Application Form for Residents (White in colour).

Bids by FIIs

In case of Bids made by SEBI-registered FIIs, a certified copy of the certificate of registration issued by SEBI is required to be attached to the Bid-cum-Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. The issue of Equity Shares to a single FII should not exceed 10% of total

post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up share capital of the Company or 5% of the total paid-up share capital of the Company in case such sub-account is a foreign corporate or a foreign individual. As of now, the aggregate FII holding in the Company cannot exceed 49% of the total paid-up share capital of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the “**SEBI FII Regulations**”), an FII, as defined in the SEBI FII Regulations, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the JGCBRLMs, the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation or claim or claim on or an interest in, the Company.

Bids by Anchor Investors

Anchor Investors are allowed to participate in the QIB Portion for up to 30% of the QIB Portion in accordance with the SEBI ICDR Regulations. Only QIBs as defined in Regulation 2(1) (zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI ICDR Regulations are eligible to invest. The QIB Portion will be reduced in proportion to allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- (i) Anchor Investor Bid-cum-Application Forms will be made available for the Anchor Investor Portion at the offices of the JGCBRLMs and the BRLMs.
- (ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 30% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.
- (iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (iv) Bidding for Anchor Investors will open one Working Day before the Bid/Issue Opening Date and be completed on the same day.
- (v) Our Company in consultation with the JGCBRLMs and the BRLMs will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
 - a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100.00 million;
 - minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor, and
 - minimum of five and maximum of 25 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor.
- (vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made

available in the public domain by the JGCBRLMs and the BRLMs before the Bid/Issue Opening Date, through intimation to the Stock Exchange.

- (vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (viii) If the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price will be payable by the Anchor Investors within two Working Days from the Bid/Issue Closing Date. If the Issue Price is lower than the Anchor Investor Issue Price, Allotment to successful Anchor Investors will be at the higher price, *i.e.*, the Anchor Investor Issue Price.
- (ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (x) The JGCBRLMs, the BRLMs, our Promoters, Promoter Group, Group Entities or any person related to them will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the JGCBRLMs and the BRLMs and made available as part of the records of the JGCBRLMs and the BRLMs for inspection by SEBI.
- (xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- (xii) For more information, see –“ *Payment into Escrow Account for Non-ASBA Bidders*” on page 272.

Anchor Investors are not permitted to Bid in the Issue through the ASBA process.

Bids by Eligible QFIs

Eligible QFIs are permitted to invest in the equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have also been permitted to invest in equity shares of Indian companies which are offered to the public in India in accordance with the SEBI Regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital of the Indian company respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap. An Eligible QFI may make investments in the equity shares of an Indian company through both the FDI route and the QFI route. However, the aggregate holding of such Eligible QFI shall not exceed 5% of the paid-up capital of the Indian company at any point of time.

QFIs shall be eligible to Bid under the Non-Institutional Bidders category. Further, SEBI in its circular dated January 13, 2012 has specified, amongst other things, eligible transactions for Eligible QFIs (which includes investment in equity shares in public issues to be listed on recognized stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors.

Eligible QFIs shall open a single non interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase of equity shares (including investment in equity shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time.

Eligible QFIs who wish to participate in the Issue are advised to use the Bid-cum-Application Form meant for Non-Residents (blue in colour). Eligible QFIs shall compulsorily Bid through the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the “**SEBI VCF Regulations**”) and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

All Non-Resident Bidders including Eligible NRIs, Eligible QFIs, FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. There is no reservation for Eligible NRIs, Eligible QFIs, FIIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid-cum-Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee are required to be attached to the Bid-cum-Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30% of the paid-up share capital of the investee company or 30% of the banks’ own paid-up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 2, 2012 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid-cum-Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “**IRDA Investment Regulations**”), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of unit-linked insurance plans); and
- (c) the industry sector in which the investee company operates: 10% of the insurer’s total investment

exposure to the industry sector (25% in case of unit-linked insurance plans).

With effect from August 1, 2008, no investment may be made in an initial public offer if the issue size including offer for sale is less than ₹ 2,000 million. In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, with effect from December 26, 2008, providing that exposure of an insurer to an infrastructure company may be increased to not over 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. In case of an initial public offer of a wholly owned subsidiary of a corporate or public sector enterprise, this track record would be applied to the holding company. This limit of 20% would be combined for debt and equity taken together without sub-ceilings. Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid-cum-Application Form. Failing this, the Company reserves the right to reject any Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. The Company, the JGCBRLMs and the BRLMs are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. Retail Individual Bidders may revise their Bids during the Bid/Issue Period and may withdraw their Bids until the finalization of the Basis of Allotment. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. Where the Bid Amount is above ₹ 200,000, non-QIBs, must ensure that they apply only through the ASBA process and such Bidders applying through the ASBA process will be considered for allocation under the Non-Institutional Portion. Furthermore, in case of non-ASBA Bids, if the Bid Amount is above ₹ 200,000, the Bid is liable to be rejected. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid for and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs, excluding Anchor Investors):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **QIBs and Non Institutional Bidders cannot withdraw or lower the size of their Bids at any stage after submission of the Bid and is required to pay the Bid Amount upon submission of the Bid. QIBs (other than Anchor Investors) and Non Institutional Bidders are mandatorily required to submit their Bid through the ASBA process.**

In case of revision in Bids (*i.e.*, increase in the Bid size), the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a downward revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

- (c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least ₹ 100 million. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. Bids by Anchor Investors under the Anchor Investor Portion

and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion under the Anchor Investor Portion. **Anchor Investors are not allowed to submit their Bid through the ASBA process. Anchor Investors cannot withdraw or lower the size of their Bids and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable within two Working Days from the Bid/Issue Closing Date. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.**

Information for the Bidders:

- (a) The Company, the JGCBRLMs and the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in three daily national newspapers, one each in English, Hindi and Marathi, each with wide circulation. This advertisement shall be in the prescribed format.
- (b) The Company will file the Red Herring Prospectus with the RoC at least three Working Days before the Bid/Issue Opening Date.
- (c) The Company in consultation with the JGCBRLMs and the BRLMs will decide the Price Band and the minimum Bid Lot and these shall be advertised in [●] edition of English national daily [●], [●] edition of Hindi national daily [●] and [●] edition of Marathi national daily [●], each with wide circulation, at least five Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchange for the purpose of upload on its website. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (d) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be published in three national newspapers, one each in English, Hindi and Marathi, each with wide circulation and also by indicating the change on the websites of the JGCBRLMs and the BRLMs and at the terminals of the Syndicate.
- (e) Copies of the Bid-cum-Application Form and copies of the Red Herring Prospectus will be available with the members of the Syndicate. Copies of the Bid-cum-Application Form and copies of the Red Herring Prospectus for Anchor Investors can be obtained from the JGCBRLMs and the BRLMs. For ASBA Bidders, physical Bid-cum-Application Forms will be available with the Designated Branches of the SCSBs, Syndicate (at the Syndicate ASBA Bidding Locations) and at the Registered Office of the Company. Electronic Bid-cum-Application Forms will be available on the websites of the Stock Exchange and the Designated Branches of the SCSBs.
- (f) QIBs (other than Anchor Investors) and Non Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders have the option to Bid through the ASBA process or the non-ASBA process.
- (g) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the JGCBRLMs, the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs or the Syndicate (only at the Syndicate ASBA Bidding Locations) to register their Bids.
- (h) Bidders applying through the ASBA process also have an option to (i) submit the Bid-cum-Application Form in electronic form; or (ii) submit Bids through the Syndicate at the Syndicate ASBA Bidding Locations.
- (i) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms submitted to the members of the Syndicate should bear the stamp of the member of the Syndicate; otherwise they are liable to be rejected. Bid-cum-Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch and/or a member of the Syndicate at the Syndicate ASBA Bidding Locations, if not, the same are liable to be rejected. Bid-cum-Application Forms submitted by Bidders whose beneficiary account is inactive shall be rejected.

- (j) ASBA Bids can be submitted (i) in physical mode, to a member of the Syndicate at the Syndicate ASBA Bidding Locations; or (ii) either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. ASBA Bids in electronic mode can be submitted only to the SCSBs with whom the ASBA Account is maintained and not to a member of the Syndicate. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- (k) ASBA Bidders should also ensure that Bid-cum-Application Forms submitted to the members of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB where the ASBA Account, as specified in the Bid-cum-Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid-cum-Application Forms (a list of such branches is available on the website of SEBI (www.sebi.gov.in)). The relevant branch of the SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid-cum-Application Form. ASBA Bidders bidding directly through the SCSBs should ensure that the Bid-cum-Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained. For ASBA Bids submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid-cum-Application Form, before entering the ASBA Bid into the electronic bidding system.
- (l) Except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Bidders, or in the case of a Bid in joint names, the first Bidder, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Bid-cum-Application Form without the PAN is liable to be rejected. The beneficiary accounts of Bidders for whom PAN details have not been verified will be “suspended for credit” by the Depositories, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

The Bidders should note that in case the DP ID, Client ID and PAN mentioned in the Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchange by the Syndicate do not match with the DP ID, Client ID and PAN available in the database of Depositories, the Bid-cum-Application Form is liable to be rejected and the Company and members of the Syndicate shall not be liable for losses, if any.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Marathi language daily newspaper, each with wide circulation.

Method and Process of Bidding

- (a) The Company in consultation with the JGCBRLMs and the BRLMs shall decide the Price Band and the minimum Bid Lot and these shall be advertised in [●] edition of English national daily [●], [●] edition of Hindi national daily [●] and [●] edition of Marathi daily [●], each with wide circulation, at least five Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchange for the purpose of upload on its website. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be published in two national newspapers and one regional newspapers, one each in English, Hindi and Marathi, each with wide circulation and also by indicating the change on the websites of the JGCBRLMs and the BRLMs and at the terminals of the Syndicate.
- (c) During the Bid/Issue Period, non-ASBA Bidders should approach the Syndicate or their authorized

agents to register their Bids. The Syndicate shall accept Bids from all non-ASBA Bidders and the ASBA Bidders at the Syndicate ASBA Bidding Locations and they shall have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders should approach the Designated Branches or the Syndicate (for the Bids to be submitted at the Syndicate ASBA Bidding Locations) to register their Bids. With respect to ASBA Bidders, the Bid-cum-Application Form or the Revision Form shall be submitted (i) either in physical form to the Designated Branches or in electronic form through the internet banking facility available with the SCSBs or any other electronically enabled mechanism for bidding; or (ii) to the Syndicate at the Syndicate ASBA Bidding Locations.

- (d) Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled “**Bids at Different Price Levels and Revision of Bids**” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (e) The Bidder cannot Bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “**Build up of the Book and Revision of Bids**”. However, QIBs and Non Institutional Bidders cannot lower the size of their Bids at any stage after submission of the Bid.
- (f) Except in relation to the Bids received from the Anchor Investors, the Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“**TRS**”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
- (g) The JGCBRLMs and the BRLMs shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/Issue Period i.e., one working day prior to the Bid/Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- (h) Along with the Bid-cum-Application Form, all non-ASBA Bidders will make payment in the manner described in “**Issue Procedure – Issue Procedure – Escrow Mechanism – Terms of payment and payment into the Escrow Accounts**” on page 261.
- (i) Upon receipt of the Bid-cum-Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid-cum-Application Form, prior to uploading such Bids with the Stock Exchange.
- (j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchange.
- (k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid-cum-Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (l) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Bid-cum-Application Form, as the case may be. Once the Basis of Allotment is finalized, the

Registrar to the Issue shall send an appropriate request to the SCSBs for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID-CUM-APPLICATION FORMS TO THE ESCROW COLLECTION BANKS, EXCEPT IN THE CASE OF ASBA BIDS IN THE EVENT SUCH ESCROW COLLECTION BANKS ARE ALSO SCSBs. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bids at Different Price Levels

- (a) The Company reserves the right to revise the Price Band in consultation with the JGCBRLMs and the BRLMs without the prior approval of, or intimation, to the Bidders, during the Bid/Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the Face Value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.
- (b) The Company, in consultation with the JGCBRLMs and the BRLMs will finalize the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- (c) The Company, in consultation with the JGCBRLMs and the BRLMs, can finalize the Anchor Investor Issue Price within the Price Band, without the prior approval of, or intimation, to the Anchor Investors.
- (d) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (e) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid-cum-Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIBs) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- (f) In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at the Cut-off Price, such Retail Individual Bidders will receive refunds of the excess amounts in the manner provided in the Red Herring Prospectus.
- (g) In accordance with the SEBI ICDR Regulations, QIB Bidders and Non-Institutional Bidders are not permitted to withdraw or lower the size of their Bids at any stage. QIB Bidders and Non-Institutional Bidders may revise their Bids upwards during the Bid/Issue Period. Such upward revision must be made using the Revision Form. Retail Individual Bidders may revise their Bids during the Bid/Issue Period and may withdraw their Bids until finalization of the Basis of Allotment.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, see “*Payment Instructions*” in this section.

Electronic Registration of Bids

- (a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchange.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- (c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted.

- (d) None of the JGCBRLMs, the BRLMs, the Company or the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members or the SCSBs, (ii) the Bids uploaded by the Syndicate Members or the SCSBs; (iii) the Bids accepted but not uploaded by the Syndicate Members or the SCSBs; or (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts.
- (e) The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the SCSBs, (iii) the Bids accepted but not uploaded by the SCSBs and (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the full Bid Amount has been blocked in the relevant ASBA Account.
- (f) The Stock Exchange will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorized agents and the SCSBs during the Bid/Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data into the on-line facilities for Book Building on a regular basis. On the Bid/Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchange.
- (g) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand and price as available on the website of the Stock Exchange would be made available at the Bidding centres during the Bid/Issue Period.
- (h) At the time of registering each non-ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
 1. Bid-cum-Application Form number;
 2. PAN (of the sole/first bidder);
 3. Investor Category and sub-category;
 4. DP ID and Client ID;
 5. Bid Amount;
 6. Cheque number;
 7. Number of Equity Shares Bid for; and
 8. Price per Equity Share.

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

1. Bid-cum-Application Form Number;
2. PAN (of the sole/first bidder);
3. Investor Category and sub-category;
4. DP ID and Client ID;
5. Number of Equity Shares Bid for;
6. Price per Equity Share;
7. Bid Amount; and
8. Bank account number.

With respect to ASBA Bids submitted to the members of Syndicate at the Syndicate ASBA Bidding Locations, at the time of registering each Bid, the members of Syndicate shall enter the following details on the on-line system:

1. ASBA Form number;
2. PAN (of the sole/first bidder);
3. Investor category and sub-category;
4. DP ID;
5. Client ID;
6. Number of Equity Shares Bid for;
7. Price per Equity Share;

8. Bank code for the SCSB where the ASBA Account is maintained;
9. Name of Syndicate ASBA Bidding Location;
10. Bid Amount; and
11. Bank Account Number.

- (i) TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated / Allotted either by the Syndicate or the Company.
- (j) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (k) In case of QIBs, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) members of the Syndicate (only at the Syndicate ASBA Bidding Locations) have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. Further, QIB Bids can also be rejected on technical grounds listed herein. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed herein. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid-cum-Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- (l) The permission given by the Stock Exchange to use its network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, JGCBRLMs and/or the BRLMs are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.
- (m) Only Bids that are uploaded on the online IPO system of the Stock Exchange shall be considered for allocation/ Allotment. Members of the Syndicate and the SCSBs will be given up to one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic bid details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such bids are liable to be rejected.
- (n) The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details.
- (o) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchange.

Build up of the book and revision of Bids

- (a) Bids received from various Bidders through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchange's mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the JGCBRLMs and the BRLMs at the end of the Bid/Issue Period.
- (c) During the Bid/Issue Period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form. However, QIBs and Non Institutional Bidders cannot lower the size of their Bids at any stage after submission of the Bid. Retail Individual Bidders may revise their Bids during the Bid/Issue Period and withdraw their Bids until finalization of the Basis of Allotment
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the

Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

- (e) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or unblocked by the SCSBs, as the case may be.
- (h) The Company in consultation with the JGCBRLMs and the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000.
- (i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of non-ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIBs. In such cases, the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
- (j) When a Bidder revises his or her Bid, he or she should surrender the earlier TRS and request for a revised TRS from the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

- (a) Based on the demand generated at various price levels, the Company, in consultation with the JGCBRLMs and the BRLMs, shall finalize the Issue Price and the Anchor Investor Issue Price.
- (b) If not less than 75% of the Issue cannot be Allotted to QIBs, the entire application money will be refunded. In the event aggregate demand in the QIB Portion has been met, under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company in consultation with the JGCBRLMs and the BRLMs and the Designated Stock Exchange.
- (c) Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

- (d) Allocation to Anchor Investors shall be at the discretion of the Company in consultation with the JGCBRLMs and the BRLMs, subject to compliance with the SEBI ICDR Regulations.
- (e) QIBs (including QIBs Bidding in the Anchor Investor Portion) and Non Institutional Bidders shall not be allowed to withdraw or lower the size of their Bids at any stage after submission of the Bid. Retail Individual Bidders may revise their Bids during the Bid/Issue Period and withdraw their Bids until finalization of the Basis of Allotment.
- (f) The Basis of Allotment shall be put up on the website of the Registrar to the Issue.

Signing of the Underwriting Agreement and the RoC Filing

- (a) The Company, the JGCBRLMs, the BRLMs and the Syndicate Members intend to enter into an Underwriting Agreement after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, the Issue size, and underwriting arrangements and will be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall upload the same on its website. On the basis of the approved Basis of Allotment, the Company shall pass necessary corporate action for Allotment of Equity Shares.
- (b) Pursuant to confirmation of corporate actions with respect to Allotment of Equity Shares, the Registrar to the Issue will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.
- (d) The Issuance of Allotment Advice is subject to "**Notice to Anchor Investors - Allotment Reconciliation**" as set forth below.

Notice to Anchor Investors: Allotment Reconciliation

A physical book will be prepared by the Registrar to the Issue on the basis of Bid-cum-Application Forms received from Anchor Investors. Based on the physical book and at our discretion in consultation with the JGCBRLMs and the BRLMs, selected Anchor Investors will be sent Allotment advice indicating the number of Equity Shares that may be allocated to them post the Anchor Investor Bid/Issue Period. If the Issue Price is higher than the Anchor Investor Issue Price, Anchor Investors will be sent revised Allotment advice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and date for payment of the balance amount (which shall be two Working Days from the Bid/Issue Closing Date). Anchor Investors will be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised Allotment advice within the date referred to in the revised Allotment advice. The dispatch of an Allotment advice or any revision thereof will constitute a valid, binding and irrevocable contract for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and for Allotment to such Anchor Investors. Final allocation is subject to the Bid-cum-Application Form being valid in all respect with receipt of stipulated documents, Issue Price being finalized at a price not higher than the Anchor Investor Issue Price and Allotment by the Board.

Designated Date and Allotment of Equity Shares:

- (a) The Company will ensure that: (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company will ensure the credit to the successful Bidder's depository account is completed within two Working Days from the date of Allotment.
- (b) In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to the Issue.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Bid-cum-Application Form in the prescribed form;
- (d) Ensure that the details about PAN, DP ID and Client ID are correct and the Bidders depository account is active as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted to the Syndicate (only at the Syndicate ASBA Bidding Locations) or at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account;
- (f) With respect to Bids by ASBA Bidders ensure that the Bid-cum-Application Form is signed by the holder of the ASBA Account in case the applicant is not the holder. Ensure that you have mentioned the correct ASBA Account number in the Bid-cum-Application Form;
- (g) QIBs (other than Anchor Investors) and Non Institutional Bidders should submit their Bids through the ASBA process only;
- (h) Ensure that you request for and receive a TRS for all your Bid options;
- (i) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the Bid-cum-Application Form under the ASBA process to the respective Designated Branch of the SCSB or a Member of the Syndicate (only at the Syndicate ASBA Bidding Locations);
- (j) Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid-cum-Application Form to the Syndicate;
- (k) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- (l) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (m) Submit revised Bids to the same member of the Syndicate/SCSB through whom the original Bid was placed and obtain a revised TRS;
- (n) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for

transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

- (o) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (p) Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- (q) Ensure that the name(s) given in the Bid-cum-Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid-cum-Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid-cum-Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders;
- (r) Ensure that the category and sub-category are indicated;
- (s) Ensure that in case of Bids under power of attorney or Bids by limited companies, corporate, trusts etc., relevant documents are submitted;
- (t) Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
- (u) Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchange by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database;
- (v) In relation to the ASBA Bids, ensure that you use the Bid-cum-Application Form bearing the stamp of the relevant SCSB and/ or the Designated Branch and/ or the Syndicate Member (except in case of electronic ASBA Forms);
- (w) In relation to the ASBA Bids, ensure that your Bid-cum-Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with a member of the Syndicate at the Syndicate ASBA Bidding Locations, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to the Company or the Registrar to the Issue;
- (x) ASBA Bidders bidding through a Syndicate Member should ensure that the Bid-cum-Application Form is submitted to a member of the Syndicate only at the Syndicate ASBA Bidding Locations and that the SCSB where the ASBA Account, as specified in the Bid-cum-Application Form, is maintained has named at-least one branch at the Syndicate ASBA Bidding Locations for the members of the Syndicate to deposit Bid-cum-Application Forms (a list of such branches is available on the website of SEBI (www.sebi.gov.in));
- (y) ASBA Bidders should ensure that the Bid-cum-Application Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder;
- (z) Ensure that you have mentioned the correct ASBA Account number in the Bid-cum-Application Form;
- (aa) In relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the Bid-cum-Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid-cum-Application Form; and
- (bb) In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch or

from the member of the Syndicate at the Syndicate ASBA Bidding Locations, as the case may be, for the submission of your Bid-cum-Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;
- (d) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
- (e) Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs only;
- (f) Do not submit the Bid-cum-Application Forms to Escrow Collection Bank(s);
- (g) Do not Bid on a Bid-cum-Application Form that does not have the stamp of the Syndicate or the SCSBs;
- (h) Anchor Investors should not Bid through the ASBA process;
- (i) QIBs and Non Institutional Bidders should not withdraw or lower the size of their Bids at any stage after submission of the Bid;
- (j) Do not Bid at the Cut-off Price (for QIBs and Non-Institutional Bidders, for Bid Amount in excess of ₹ 200,000);
- (k) Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
- (l) Do not fill up the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (m) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- (n) Do not submit the Bids without the full Bid Amount;
- (o) Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- (p) Do not submit Bids on plain paper or on incomplete or illegible Bid-cum-Application Forms or on Bid-cum-application Forms in a colour prescribed for another category of Bidder;
- (q) Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;
- (r) Do not submit more than five Bid-cum-Application Forms per ASBA Account;
- (s) Do not submit ASBA Bids with a member of the Syndicate at a location other than at the Syndicate ASBA Bidding Locations; and
- (t) Do not submit ASBA Bids with a member of the Syndicate at the Syndicate ASBA Bidding Locations unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Bid-cum-Application Form, has named at-least one branch in the relevant Syndicate ASBA Bidding Location, for the members of the Syndicate to deposit ASBA Bid-cum-Application Forms (a list of such branches is available on the website of SEBI (www.sebi.gov.in)).

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM

Bids must be:

- (a) made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable.
- (b) completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate and/or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid-cum-Application Forms or Revision Forms.
- (c) information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- (d) for Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 200,000. Retail Individual Bidders may Bid at the Cut-off Price.
- (e) for Non-Institutional Bidders and QIBs, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations. Bids must be submitted through ASBA process only.
- (f) for Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 100 million. Bids by various schemes of a Mutual Fund in the Anchor Investor Category shall be considered together for the purpose of calculation of the minimum Bid Amount of ₹ 100 million.
- (g) in single name or as joint Bids. In case of joint Bids, the Bid-cum-Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid-cum-Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.
- (h) thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and Client ID provided by them in the Bid-cum-Application Form, and as entered by Syndicate or SCSB while registering the Bid, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and none of the JGCBRLMs, the BRLMs, the Registrar to the Issue, the Escrow Collection Banks, the SCSBs or the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID-CUM-APPLICATION FORM ARE EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IN CASE OF JOINT BIDS, THE BID-CUM-APPLICATION FORM SHOULD CONTAIN ONLY THE NAME OF THE FIRST BIDDER WHOSE NAME SHOULD ALSO APPEAR AS THE FIRST

HOLDER OF THE BENEFICIARY ACCOUNT HELD IN JOINT NAMES. THE SIGNATURE OF ONLY SUCH FIRST BIDDER WOULD BE REQUIRED IN THE BID-CUM-APPLICATION FORM AND SUCH FIRST BIDDER WOULD BE DEEMED TO HAVE SIGNED ON BEHALF OF THE JOINT HOLDERS.

Bidders may note that in case the DP ID, Client ID and PAN mentioned in the Bid-cum-Application Form, as the case may be and entered into the electronic bidding system of the stock exchange by the members of the Syndicate or the SCSBs do not match with the DP ID, Client ID and PAN available in the Depository database, the Bid-cum-Application Form is liable to be rejected.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid-cum-Application Form, the Bidder would be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/ Allotment Advice would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, refunds may be delayed if bank particulars obtained from the Depository are incorrect. In such an event, the address and other details given by the non-ASBA Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder's sole risk and neither the Company nor the Escrow Collection Banks, Registrar to the Issue, the JGCBRLMs and the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the Bidder and the DP ID and Client ID, then such Bids are liable to be rejected.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission.

There is no reservation for Eligible NRIs, Eligible QFIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Eligible QFIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form.
- (b) With respect to Bids by insurance companies registered with the IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged along with the Bid-cum-Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be

lodged along with the Bid-cum-Application Form.

- (d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid-cum-Application Form.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application form, subject to such terms and conditions that the Company, the JGCBRLMs and the BRLMs may deem fit.

Submission of Bid-cum-Application Forms or Revision Forms

With respect to non-ASBA Bidders, the Bid-cum-Application Form or Revision Form duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the Bid-cum-Application Form or the Revision Form shall be submitted (i) either in physical form to the Designated Branches or in electronic form through the internet banking facility available with the SCSBs or any other electronically enabled mechanism for bidding; or (ii) to the Syndicate at the Syndicate ASBA Bidding Locations.

PAYMENT INSTRUCTIONS

Escrow Mechanism for non-ASBA Bidders

The Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the Bid-cum-Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the ASBA Account specified in the Bid-cum-Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. In the event of withdrawal or rejection of the Bid-cum-Application Form or for unsuccessful Bid-cum-Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Bids by ASBA Bidder, as the case may be.

In case of Bids by FIIs, a special Rupee Account should be mentioned in the Bid-cum-Application Form, for blocking of funds, along with documentary evidence in support of the remittance.

In case of Bids by Eligible NRIs applying on repatriation basis, a NRE Account or a FCNR Account, maintained with banks authorized to deal in foreign exchange in India, should be mentioned in the Bid-cum-

Application Form for blocking of funds, along with documentary evidence in support of the remittance.

In case of Bids by Eligible NRIs applying on a non-repatriation basis, a NRE Account or a FCNR Account maintained with banks authorized to deal in foreign exchange in India or a NRO Account, should be mentioned in the Bid-cum-Application Form for blocking of funds, along with documentary evidence in support of the remittance.

Payment into Escrow Account for non-ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid-cum-Application Form.
2. The Bidders shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid-cum-Application Form, the Bid of the Bidder shall be rejected. Bid-cum-Application Forms accompanied by cash/ stockinvest/money orders/postal orders will not be accepted.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident Retail Individual Bidders: “Escrow Account – BBCL Public Issue – R”
 - (b) In case of Non-Resident Retail Individual Bidders: “Escrow Account – BBCL Public Issue – NR”
4. Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid-cum-Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price within two Working Days from the Bid/Issue Closing Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
5. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of resident Anchor Investors: “Escrow Account – BBCL Public Issue – Anchor Investor – R”
 - (b) In case of non-resident Anchor Investors: “Escrow Account – BBCL Public Issue – Anchor Investor – NR”
6. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
7. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
8. The monies deposited in the Escrow Account will be held for the benefit of the non-ASBA Bidders until the Designated Date.

9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

10. Payments made through cheques without the Magnetic Ink Character Recognition (“**MICR**”) code will be rejected.
11. Bidders are advised to provide the number of the Bid-cum-Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid-cum-Application Form.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single name or as joint Bids. In case of joint Bids, the Bid-cum-Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid-cum-Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and the QIB Portion (excluding the Anchor Investor Portion) will not be treated as multiple Bids.

After submitting an ASBA Bid either in physical or electronic mode, where such ASBA Bid has been uploaded with the Stock Exchange, an ASBA Bidder cannot Bid (either in physical or electronic mode) to either the same or another Designated Branch of the SCSB or to the Syndicate at the Syndicate ASBA Bidding Locations. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected before entering the Bid into the electronic Bidding system or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in “*–Build Up of the Book and Revision of Bids*” on page 263. However, QIBs and Non Institutional Bidders cannot lower the size of their Bids at any stage after submission of the Bid.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Bid-cum-Application Forms with respect to any single ASBA Account.

Duplicate copies of Bid-cum-Application Forms downloaded and printed from the website of the Stock Exchange bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

The Company, in consultation with the JGCBRLMs and the BRLMs, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedure which would be followed by the Registrar to the Issue to detect multiple Bids is given below:

1. All Bids will be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.
2. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the Bidders for whom submission of PAN is not mandatory such as the Central or State

Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Bid-cum-Application Forms will be checked for common DP ID and Client ID.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in Sikkim, the Bidders, or in the case of a Bid in joint names, the first Bidder, should mention his/ her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid-cum-Application Form without the PAN is liable to be rejected, except for (i) residents in the state of Sikkim; (ii) the employees of the Central or State Governments; and (iii) the officials appointed by the courts, who are exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e., either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Withdrawal of ASBA Bids

Withdrawal by Retail Individual Bidders

Retail Individual Bidders may withdraw their Bids until the finalisation of the Basis of Allotment. ASBA Bidders can withdraw their Bids during the Bid/Issue Period by submitting a request for the same to the concerned SCSB or the concerned member of the Syndicate, as applicable, who shall do the requisite, including deletion of details of the withdrawn Bid-cum-Application Form from the electronic bidding system of the Stock Exchange. Further, the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded the Bid-cum-Application Form to it.

In case such an ASBA Bidder wishes to withdraw the Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'.

Withdrawal by QIBs and Non-Institutional Bidders

QIBs (including QIBs Bidding in the Anchor Investor Portion) and Non-Institutional Bidders are not permitted to withdraw or lower the size of their Bids at any stage after submission of the Bid.

REJECTION OF BIDS

The Company has a right to reject Bids based on technical grounds. In case of QIBs (other than Anchor Investors), the Company, in consultation with the JGCBRLMs and the BRLMs, may at the time of submission of the Bid, reject such Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. Consequent refunds shall be made by RTGS/NEFT/NECS/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by ASBA Bidder by the SCSB, the Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on the following technical grounds:

- DP ID and Client ID not mentioned in the Bid-cum-Application Form;
- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids by ASBA Bidders, the amounts mentioned in the Bid-cum-Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However, a limited liability partnership can apply in its own name;
- Bids by persons not competent to contract under the Contract Act (other than minors having valid depository accounts as per Demographic Details provided by Depositories);
- PAN not mentioned in the Bid-cum-Application Form except for Bids by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Signature of sole or first Bidder, as the case may be, missing;
- Submission of more than five Bid-cum-Application Forms per ASBA account;
- Bids by Bidders whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Bids at the Cut-off Price by Non-Institutional Bidders and QIBs;
- Bids for a Bid Amount of more than ₹ 200,000 by Retail Individual Bidders applying through the non-ASBA process;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not indicated;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Bid-cum-Application Forms do not have the stamp of the JGCBRLMs, the BRLMs or Syndicate Members or the SCSBs;
- Bid-cum-Application Forms do not have Bidder's depository account details or the details given are incomplete or incorrect;
- Bid-cum-Application Forms not being signed by the ASBA account holder, if the account holder is different from the ASBA Bidder;
- Bid-cum-Application Form submitted to the members of the Syndicate does not bear the stamp of the members of the Syndicate. ASBA Bids submitted directly to the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the members of the Syndicate, as the case may be;
- Bid-cum-Application Forms submitted under the ASBA process not having details of the ASBA Account to be blocked;
- Bid-cum-Application Forms submitted under the ASBA process not containing the authorization for blocking the Bid Amount in the bank account specified in the Bid-cum-Application Form;
- Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Forms;
- In case no corresponding record is available with the Depositories that matches the DP ID, Client ID and PAN;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the Bid-cum-Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Decrease in the size of the Bids by QIBs or Non Institutional Bidders;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- With respect to ASBA Bids, where no confirmation is received from SCSB for blocking of funds;
- Bids by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through

- ASBA process;
- Bids by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied by cheque(s) or demand draft(s);
- ASBA Bids submitted to a member of the Syndicate at locations other than at the Syndicate ASBA Bidding Locations and Bid-cum-Application Forms, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to the Company or the Registrar to the Issue;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminal of the Stock Exchange;
- Bids by QIBs submitted after 3 pm on the QIB Bid/Issue Closing Date, Bids by Non-Institutional Bidders submitted after 3 pm on the Bid/Issue Closing Date, and Bids by Retail Individual Bidders submitted after 3 pm on the Bid/Issue Closing Date unless extended by the Stock Exchange, as applicable;
- Bids by persons in the United States excluding ‘qualified institutional buyers’ as defined in Rule 144A of the U.S. Securities Act;
- Bids by persons in the United States in relation to which the relevant Bidder has not delivered a representation letter substantially containing the representations, warranties and agreements contained in the Bid-cum-Application Form or which, in the judgment of the JGCBRLMs and the BRLMs, may result in a violation of applicable foreign or Indian securities laws;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and
- Bids by OCBs.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID-CUM-APPLICATION FORM ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGE BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE APPLICATION IS LIABLE TO BE REJECTED.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in the Issue shall be only in a dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated June 12, 2009 among NSDL, the Company and the Registrar to the Issue; and
- Agreement dated October 15, 2012 among CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the DP ID and Client ID) appearing in the Bid-cum-Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint Bids, the Bid-cum-Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid-cum-Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.
- (e) If incomplete or incorrect details are given under the heading ‘Bidders Depository Account Details’ in the

Bid-cum-Application Form or Revision Form, it is liable to be rejected.

- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL and CDSL. The Stock Exchange where the Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of the Company would be in dematerialized form only for all Bidders in the demat segment of the Stock Exchange.
- (i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Non-ASBA Bidders must note that on the basis of Bidder's DP ID and Client ID provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf to make refunds.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall despatch refund orders for all amounts payable to unsuccessful non-ASBA Bidders and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

Mode of making refunds for non-ASBA Bidders

The payment of refund, if any, for non-ASBA Bidders would be done through various modes by any of the following:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.
2. Direct Credit – Applicants having bank accounts with the Refund Bank(s), as per the Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Bidders having a bank account with a bank branch which is RTGS-enabled as per the information available on the RBI's website and whose refund amount exceeds ₹ 0.2 million, will be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Any bank charges levied by the Refund Bank will be borne by the Company. Any bank charges levied by the Bidders' bank receiving the credit will be borne by the respective Bidders.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of the RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amount specified in the Bid-cum-Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to non-ASBA Bidders, the Company shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchange within 12 Working Days from the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI ICDR Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 12 Working Days of the Bid/Issue Closing Date;
- With respect to non-ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% p.a. for any delay beyond 15 days from the Bid/Issue Closing Date, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years.”

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- Not more than 10% of the Issue size shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allotment to each Retail Individual Bidders shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For the method of proportionate Basis of Allotment to Retail Individual Bidders, see *“Illustration of Allotment to Retail Individual Bidders”* in this section.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Individual Bidders will be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares, and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

C. For QIBs (other than Anchor Investors)

- Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful QIBs will be made at the Issue Price.
- The QIB Portion will be available for Allotment to QIBs who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:
 - (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor Portion).
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds will be available for Allotment to all QIBs as set out in (b) below;
- (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs.
 - (iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIBs on a proportionate basis.
- The aggregate Allotment to QIBs shall be not less than 75% of the Issue or not less than [●] Equity Shares.

D. For Anchor Investors

- Allocation of Equity Shares to Anchor Investors, if any, at the Anchor Investor Issue Price will be at the discretion of the Company, in consultation with the JGCBRLMs and the BRLMs, subject to compliance with the following requirements:
 - (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - (b) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
 - (c) allocation to Anchor Investors shall be on a discretionary basis and subject to:
 - (i) a maximum number of two Anchor Investors for allocation up to ₹ 100 million;
 - (ii) a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹ 2,500 million subject to minimum allotment of ₹ 50 million per such Anchor Investor; and
 - (iii) a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 2,500 million subject to minimum allotment of ₹ 50 million per such Anchor Investor.
- The number of Equity Shares allocated to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the JGCBRLMs and the BRLMs before the Bid/Issue Opening Date by intimating the same to the Stock Exchange.

Method of Proportionate Basis of Allotment in the Issue

1. Allotment to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

2. Subject to valid Bids being received, allocation of Equity Shares to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.
3. In the event of the Issue being over-subscribed, our Company will finalize the basis of Allotment in consultation with the JGCBRLMs, the BRLMs and the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the JGCBRLMs, the BRLMs and the Registrar to the Issue will be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.
4. The Allotment to be made in marketable lots (subject to Allotment being made to Retail Individual Bidders in accordance to paragraph 2 above), on a proportionate basis is explained below:
 - a) Bidders will be categorised according to the number of Equity Shares applied for.
 - b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
 - c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
 - d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.
 - e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
 - f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to Retail Individual Bidders

A.

- (1) Total no. of specified securities on offer at ₹ 600 per equity share: 10 million specified securities.
- (2) Specified securities on offer for retail individual investors' category: 3.5 million specified securities.
- (3) The issue is over-subscribed 2.5 times whereas the retail individual investors' category is oversubscribed 4 times.
- (4) Issuer decides to fix the minimum application / bid size as 20 specified securities (falling within the range of ₹ 10,000 - 15,000). Application can be made for a minimum of 20 specified securities and in multiples thereof.
- (5) Assume that a total of 100,000 retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1 - 16 bid lots, based on the maximum application size of up to ₹ 200,000.
- (6) Out of the 100,000 investors, there are five retail individual investors A, B, C, D and E who have applied as follows: A has applied for 320 specified securities. B has applied for 220 specified

securities. C has applied for 120 specified securities. D has applied for 60 specified securities and E has applied for 20 specified securities.

- (7) As per allotment procedure, the allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares, and the remaining available shares, if any, shall be allotted on a proportionate basis.

The actual entitlement shall be as follows:			
Sr. No.	Name of Investor	Total Number of specified securities applied for	Total number of specified securities eligible to be allotted
1	A	320	20 specified securities (i.e. the minimum bid lot) + 38 specified securities $\{[(35,00,000 - (1,00,000 * 20)) / \{140,00,000 - (1,00,000 * 20)\}] * 300 \text{ (i.e. } 320-20)$
2	B	220	20 specified securities (i.e. the minimum bid lot) + 25 specified securities $\{[(35,00,000 - (1,00,000 * 20)) / \{140,00,000 - (1,00,000 * 20)\}] * 200 \text{ (i.e. } 220-20)$
3	C	120	20 specified securities (i.e. the minimum bid lot) + 13 specified securities $\{[(35,00,000 - (1,00,000 * 20)) / \{(140,00,000 - (1,00,000 * 20)\}] * 100 \text{ (i.e. } 120-20)$
4	D	60	20 specified securities (i.e. the minimum bid lot) + 5 specified securities $\{[(35,00,000 - (1,00,000 * 20)) / \{(140,00,000 - (1,00,000 * 20)\}] * 40 \text{ (i.e. } 60-20)$
5	E	20	20 specified securities (i.e. the minimum bid lot)

B.

- Total no. of specified securities on offer at ₹ 600 per share: 10 million specified securities.
- Specified securities on offer for retail individual investors' category: 3.5 million specified securities.
- The issue is over subscribed 7 times whereas the retail individual investors' category is over subscribed 9.37 times.
- Issuer decides to fix the minimum application / bid size as 20 specified securities (falling within the range of ₹ 10,000 - 15,000). Application can be made for a minimum of 20 specified securities and in multiples thereof.
- Assume that a total of 200,000 retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1 - 16 bid lots, based on the maximum application size of up to ₹ 200,000, as per the table shown below.
- As per allotment procedure, the allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares.
- Since the total number of shares on offer to retail individual investors is 3,500,000 and the minimum bid lot is 20 shares, the maximum no. of investors who can be allotted this minimum bid lot will be 175,000. In other words, 175,000 retail applicants will get the minimum bid lot and the remaining 25,000 retail applicants will not get allotment.

The details of allotment shall be as follows:				
No. of Lots	No. of Shares at each lot	No. of retail Investors applying at each lot	Total No. of Shares applied for at each lot	No. of investors who shall receive minimum bid-lot (to be selected on lottery)
A	B	C	D=(B*C)	E
1	20	10,000	2,00,000	$8,750 = (1,75,000/2,00,000) * 10,000$
2	40	10,000	4,00,000	8,750
3	60	10,000	6,00,000	8,750
4	80	10,000	8,00,000	8,750
5	100	20,000	20,00,000	17,500
6	120	20,000	24,00,000	17,500
7	140	15,000	21,00,000	13,125
8	160	20,000	32,00,000	17,500
9	180	10,000	18,00,000	8,750

The details of allotment shall be as follows:				
No. of Lots	No. of Shares at each lot	No. of retail Investors applying at each lot	Total No. of Shares applied for at each lot	No. of investors who shall receive minimum bid-lot (to be selected on lottery)
10	200	15,000	30,00,000	13,125
11	220	10,000	22,00,000	8,750
12	240	10,000	24,00,000	8,750
13	260	10,000	26,00,000	8,750
14	280	5,000	14,00,000	4,375
15	300	15,000	45,00,000	13,125
16	320	10,000	32,00,000	8,750
Total	2,00,000	328,00,000	1,75,000	

Letters of Allotment or Refund Orders or instructions to the SCSBs

The Registrar to the Issue shall give instructions for credit to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise eligible to get refunds through direct credit, RTGS and NEFT. The Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or first Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 15 days from the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar to the Issue, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid-cum-Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar to the Issue.

The Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depository accounts will be completed within 12 Working Days of the Bid/Issue Closing Date. The Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days from the Bid/Issue Closing Date, whichever is later.

The Company will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKINGS BY THE COMPANY

The Company undertakes the following:

- That if the Company does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed are taken within 12 Working Days of the

Bid/Issue Closing Date;

- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- That no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;
- That adequate arrangement shall be made to collect all Bid-cum-Application Forms under the ASBA process and to consider them similar to non-ASBA Bids while finalising the Basis of Allotment; and
- The Company shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

Utilization of Issue proceeds

The Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilized, under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested;
- the utilization of monies received under Promoter's contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilized, under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- the details of all unutilized monies out of the funds received under Promoter's contribution shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act, and the SEBI ICDR Regulations, the main provisions of the Articles of Association, relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures, their consolidation or splitting are as provided below. Each provision below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

- I. The Regulations contained in Table 'A' in the first Schedule of the Companies Act, 1956 shall apply to the Company to the extent which they are not modified, amended or altered by these Articles.
- II. The marginal notes hereto shall not affect the construction hereof any provision.
1. For the purposes of these Articles, in addition to the terms defined in the introduction to these Articles and in the text of these Articles, whenever used in these Articles, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

The Company means **Bharat Business Channel Limited**.

“**Act**” means the Companies Act, 1956, as now enacted or as the same may from time to time be amended, re-enacted or replaced.

“**Annual General Meeting**” means a meeting of the members held in accordance with provisions of Section 16 of the Act.

“**The Articles**” or “**these Articles**” shall mean the Articles of Association of the Company for the time being in force.

“**Auditors**” means and include those persons appointed, as such for the time being, by the Company.

“**Board**” means meeting of the Directors duly called and constituted or, as the case may be, the Directors assembled at a Board or the Directors of the Company collectively.

“**Capital**” means the share capital for the time being raised or authorized to be raised for the purpose of the Company.

“**Directors**” means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board.

“**Dividend**” includes bonus and interim dividend.

“**Electronic mode**” means any communication by way of electronic media like tele-conferencing, video-conferencing and any other electronic media.

“**Extraordinary General Meeting**” mean an Extra Ordinary General Meeting of the members duly called and constituted and any adjourned meeting thereof.

“**General Meeting**” means a meeting of the Members.

“**Member**” means the duly registered holder, from time to time, of the shares of the Company and includes every person whose name is entered as a Beneficial Owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

“**Month**” means a calendar month.

“**Office**” means the Registered Office for the time being of the Company.

“**Paid up**” includes credited as paid-up.

“Register of Members” means the Register of Members to be kept pursuant to Section 150 of the Act.

“Registrar” means the Registrar of Companies.

"Secretary" means the Company Secretary appointed in pursuance of Section 383 A of the Act;

“Share” means Share in the Capital of a Company and includes stock except where a distinction between stock and share is expressed or implied.

“Year” means the Calendar Year and **“Financial Year”** shall have the meaning assigned thereto by section 2(7) of the Act.

3. Subject to these Articles, the Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act and these Articles, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction is given, as the Directors shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meeting of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act.

SHARES AND CERTIFICATE

10. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep branch Register of Members in any state of country outside India of the members resident in that state of country.
11. Save and except for dematerialization of shares held in fungible form with a depository, the shares in the capital shall be numbered progressively according to their several denominations and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
12. Further issue of shares
 1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then :
 - a. Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid-up on those shares at the date;
 - b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined;
 - c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any Member may renounce the shares offered to him;
 - d. After the expiry of the time specified in the aforesaid notice, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may

think in their sole discretion, fit.

2. Notwithstanding anything contained in subclause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
 - a. If a special resolution to that effect is passed by the Company in General Meeting, or
 - b. Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - a. To extend the time within which the offer should be accepted; or
 - b. To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company:
 - a. To convert such debentures or loans into shares in the Company ; or
 - b. To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a. Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf ; and
- b. In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of debentures or raising of the loans.

13. Shares at the disposal of the Directors

Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

14. Any application signed by or on behalf of an applicant for shares in the Company, followed by an

allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles, and every person who, thus or otherwise, accepts any shares and whose name is in the Register shall, for the purposes of these Articles, be a member.

15. The money (if any) which the Board shall, on the allotment of any shares being made by them require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall, immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Subject to the provisions of the Companies Act and other applicable laws, the Company may make at the time of issue of shares, a difference with the holders of such share in the amount of calls to be paid and the time of payment of such calls

16. Every member, or his heirs, executors or administrators, shall pay to the Company the portion of the Capital presented by his share or shares which may, for the time being, remain unpaid thereon in such amounts, at such time or times and in such manner as the Board shall, from time to time in accordance with the Companies regulations, require or fix for payment thereof.
17. Limitation of time for issue of certificates

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission , sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue. Where the securities are dealt with in a depository, the Company shall intimate the details of allotment of securities to depository immediately on allotment of such securities. Furthermore, the Company shall comply with the provisions of Sections 113 of the Act.

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving or other metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

18. Issue of new Certificate in place of one defaced, lost or destroyed
 - a. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the Company deem adequate, being given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations or requirements of any stock exchange or the Rules made under the Act or the rules

made under the Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

- b. No certificate of any share or shares shall be issued either in exchange of or those which are sub-divided or consolidated.
- c. When a new share certificate has been issued in pursuance of clause (b) of the Article, it shall state on the face of it and against the stub or counter foil to the effect that it is "Issued in lieu of Share Certificate No. sub-divided/placed on consolidation of shares".
- d. If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any as to evidence and indemnity and as to the payment of out of pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.
- e. When a new share certificate has been issued in pursuance of Clause (d) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is a duplicate issued in lieu of Share Certificate No.". The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

UNDERWRITING OR BROKERAGE

- 26. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration for his subscribing or agreeing to subscribe (whether absolutely or conditionally for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, such that the commission shall not exceed five percent of the price at which the shares are issued, in the case of shares and two and a half percent of the price at which the debentures are issued, in the case of debentures. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
- 27. The company may also, on any issue of shares or debentures, pay such brokerage as may be lawful to be given only to the authorized broker of the recognized stock exchanges.
- 38. Payment in anticipation of call may carry interest:
 - (i) The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
 - (ii) The members shall not be entitled to any voting rights in respect of the moneys so paid by them until the same would but for such payment, become presently payable.
 - (iii) the provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

LIEN

- 39. Company's Lien on shares/debentures: The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/debentures and no

equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/debentures. Unless otherwise agreed the registration of a transfer of Shares/debentures shall operate as a waiver of the Company's lien if any, on such Shares/debentures. The Directors may at any time declare any Shares/debentures wholly or in part to be exempt from the provisions of this clause.

40. For the purpose of enforcing such lien the Board may sell the Shares subject, thereto in such manner as they shall think fit, and for that purpose may cause to be issued duplicate certificate in respect of such Shares and may authorize one of their Members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have expired, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.
41. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amounts in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable existed upon the Shares before sale) be paid to the persons entitled to the Shares at the date of the sale.

FOREFEITURE OF SHARES

42. If any member fails to pay any call or, installment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board may during such time as the call or installment remains unpaid give notice requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
43. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate not exceeding 15 per cent per annum, as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid, are to be paid. The notice shall state that, in the event of non-payment at or before the time and at the place appointed, the Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
44. If the requirements of any such notice as aforesaid shall not be complied with, every or any Shares in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
45. When any Share shall have been so forfeited notice of the forfeiture to the member in whose name it stood at the time of forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members but forfeiture shall not be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
46. Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such a manner as the Board shall think fit.
47. Any member whose Shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand, all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture, together with interest thereon from the time of forfeiture until payment, at such rate not exceeding 15 percent per annum as per the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
48. The forfeiture of a Share involves extinction, at the time of the forfeiture, of all interest in and claims and demands against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.

49. A declaration in writing that the declarant is a Director or Secretary of the Company and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.
50. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the register in respect of the Shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the applicant of the purchase money and after his name has been entered in the Register in respect of such Shares, the validity of the sale shall not be impeached by any person and the claim of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
51. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the Shares shall (unless the same shall on demand by the company have been previously surrendered to, by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said Shares to the person entitled thereto.
52. The Board may at any time before any Shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

53. The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of Shares held in physical and dematerialized forms in any medium as may be permitted by law, including in any form of electronic medium. The Company shall be entitled to keep in any state or country outside India, a branch Register of Members resident in that state or country.
54. Instrument of transfer

The instrument of transfer shall be in writing and all the provisions of section 108 of the Companies Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and the registration thereof.
55. The instrument of transfer duly stamped and executed by the transferor or the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such Shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer the certificate or certificates of the Shares must be delivered to the Company. The transfer of the Shares shall be effected within one month from the date of the lodging the transfer with the Company.
56. The Board shall have power of giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Office of the Company is situated, to close the transfer books, the register of Members or Register of Debenture holders, at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.
57. Directors may refuse to register transfer:

Subject to the provisions of Section 111A of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of Shares, whether fully paid or not and the right of refusal shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor

notice of the refusal to register such transfer, provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the Shares. Transfer of Shares/debentures in whatever lot shall not be refused.

58. Where in the case of partly paid Shares, an application for registration is made by the transferor the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
59. In the case of the death of any one or more of the persons named in the Register of members as the joint-holders of any Share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such Share but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other.
60. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member shall be the only persons recognized by the Company in the name of such Member, and the Company shall not be bound to recognize such executors or administrators or holders of a succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased member, as a Member.
61. No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind.
- 61A. No fee on transfer or transmission; No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.
62. Subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect some person and get him approved by the Board to be registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favor of his nominee, an instrument of transfer in accordance with the provisions contained, and until he does so, he shall not be free from any liability in respect of the Shares.
63. A person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividends or moneys as hereinafter provided, be entitled to receive any dividends or other moneys payable in respect of the Shares.
64. The Company shall incur no liability whatever in consequence of its registration or giving effect, to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable rights, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

BORROWING POWER OF THE BOARD

66. Subject to the provisions of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow any sum or sums of money for the purposes of the Company, Provided, however, that where the moneys to be borrowed together with moneys already (apart from temporary loans obtained from the Company bankers in the ordinary course of business) exceed the aggregate of the Paid-Up Capital of the Company and its free reserves (not being reserves set apart for any specific purposes) the Board shall not borrow such moneys without the consent of the Company in General Meeting.
67. Subject to the provisions of the Articles hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such a manner and upon such terms and conditions in all respect as the resolution shall prescribe including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future) including its uncalled Capital for the time being and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
68. Term of issue of debenture
- Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
69. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly copied with, so far as they have to be complied with by the Board.
70. The Company shall, if at any time it issued debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or Country outside India a branch Register of Debenture-holders resident in that State or Country.

SHARE WARRANTS

71. The Company may issue share warrants subject to, and in accordance with the provisions of the Section 114 and 115 and accordingly the Board may in its discretion, with respect to any Share which is fully paid, upon application in writing signed by the persons registered as holders of the Share, and authenticate by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

72. The Company in general meeting may convert Paid-up Shares into stock and when any Shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to which the stock arose might have been transferred, if conversion had not taken place, or as near thereto as circumstances will admit. The company may at any time reconvert any stock into Paid-up Shares of any denomination.
73. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matter as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or

advantage.

MEETING OF MEMBERS

74. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General meetings other than Annual General Meetings shall be called Extra Ordinary General Meetings. Annual General Meetings of the Company shall be called within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the act to extend the time within which an Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the registered office of the company or as the Board may determine. The notice calling the meeting shall specify it as the Annual General Meeting and fix the time. Every member of the Company shall be entitled to attend either in person or by proxy and the auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and Audited Statements of Accounts, the Auditors Report (if not already incorporated in the Audited Statements of Account) the Proxy Register with proxies and the Register of Directors shareholdings; out of which the latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.
- 74A. A member of the Company may participate in a General Meeting through the electronic mode, subject to compliance with applicable law, including the provisions of General Circular No. 27/2011 dated May 20, 2011 and General Circular No. 55/2011 dated June 6, 2011 issued by the Ministry of Corporate Affairs. Further, pursuant to an initial public offering by the Company resulting in listing and trading its equity Shares any recognized stock exchanges in India, the Company shall mandatorily make available to the Members such video conferencing facilities in at least five places in India, in such manner that top five states or union territories based on maximum number of Members or at least 1,000 members, whichever is more, is covered. Subject to section 192A of the Act and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and any amendments thereto, voting by electronic mode for postal ballot is permitted.
75. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the Paid-up Capital as at that date and carries the right of voting in regard to the matter in respect of which the requisition has been made.
79. Twenty one days notice at least of every General Meeting, Annual or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted there at, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting called with the consent in writing of all the Members entitled to vote there at and in case of any other meeting, with the consent of members holding not less than 95 per cent of such part of the Paid-up Share Capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice.

In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts; Balance Sheets and Reports of the Board of Directors and Auditors, (ii) the declaration of dividend (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors is to be transacted and in the case of any other meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any therein of every Director, and the Manager (if any). Where any such item of special business relates to, or affects any other company, the extent of share holding interest in that other company of every Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such share holding interest is not less than 20 per cent of the paid up share capital of the other

company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid. The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

81. Five Members present in person, or such other number of Members as the law for the time being in force prescribes, shall be the quorum for a General Meeting.
82. A body corporate being a Member shall be deemed to be personally present, if it is represented in accordance with Section 187 of the Act.
93. No member shall be entitled to vote either personally or by proxy at any General Meeting or meeting of class of shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid, on in regard to which, the Company has, and has exercised any right of lien.

DIRECTORS

108. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 255 of the Act, the number of Directors (including Debentures and Alternate Directors) shall not be less than three or more than twelve.
109.
 - a. The first Directors of the Company shall be:
 1. Mr. Venugopal Nandlal Dhoot
 2. Mr. Anirudh Venugopal Dhoot
 3. Mr. Suresh Madhava Hegde
 - b. The Board shall have the power to, at any time and from time to time, appoint any person as additional Director as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Directors so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.
 - c. The remuneration of the Directors shall in so far as it consists of monthly payments, be deemed to accrue from day to day.
110. In case the Company enters into a contract with any Government, Central, State or local, any bank or financial institution or any person or persons (hereinafter referred to as the "Appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Sections 255 of the Act, the power to agree that such Appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director(s) may not be liable to retire by rotation nor be required to hold any qualification Shares. The Directors may be removed from time to time by the Appointer entitled to appoint or nominate them and to appoint another or others in his or their places and also to fill in any vacancy, which may occur as a result of any such Director(s) ceasing to hold that office for any reason whatsoever. Unless otherwise agreed between the Directors appointed or nominated under this Article, they shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company including payment of remuneration and traveling expenses.
111. The Board may appoint any alternate Director to act for a Director (hereinafter called the "Original Director") during his absence, for a period of not less than three months from the state, in which meetings of the Board are ordinarily held. Alternate Directors so appointed shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which meetings of the Board are ordinarily held. If the terms of office of the Original Director is determined before he so returns to the State aforesaid, any provisions for the automatic reappointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate

Director.

112. Notwithstanding anything to the contrary contained in these Articles, so long as moneys remain owing by the Company to the Industrial Development Bank of India, Industrial Finance Corporation of India, The Industrial Credit & Reconstruction Corporation of India Ltd, Life Insurance Corporation of India, Unit Trust of India, General Insurance Corporation of India, National Insurance Company Ltd, The Oriental Fire & General Insurance Co Ltd, The New India Assurance Co. Ltd, United India Insurance Company Ltd or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as "the Corporation") out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continue to hold debentures/shares in the Company as result of under writing or by subscription or private placement, or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or directors, whole-time or non-whole time (which Director or directors is/are hereinafter referred to as "**Nominee Directors**") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or her or their places. The Board of Directors of the Company shall have no power to remove office of the Nominee Directors At the option of the Corporation such Nominee directors shall not be required to hold any share qualification in the Company. Also, at the option of the Corporation such Nominee Directors shall not be liable to retirement by rotation of Directors. The Company agrees that if the Board of Directors of the Company has constituted or proposes to constitute any management committee or other committee (so it shall, if so required by the Corporation include the Nominee Director as a member of such management committee or other committees. Subject as aforesaid the nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other director of the Company. The Nominee director(s) so appointed shall hold the said office only so long as any money remains owing by the Company to the Corporation or so long as the Corporation hold or continues to hold debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the company arising out of the guarantee is outstanding and the Nominee Director(s) so appointed in exercise of the said power shall vacate such office, immediately the moneys owing by the Company to the Corporation are paid off or on the corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the company arising out of the guarantee furnishing by the Corporation. The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director(s) is/are, Member(s) as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Nominee Director(s) shall be entitled to the same sitting fees, commission, remuneration and expense as are applicable to other Directors of the other expenses to the Nominee Director(s) directly, but the commission, remuneration or other monies and fees to which the Nominee Director(s) is/are entitled shall accrue due to the Corporation and shall accordingly be paid by the Company directly to the Corporation.

Provided that if any such Nominee Directors is an office of the Corporation the sitting fees, in relation to such Nominee director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

An expense that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be, to such nominee director(s). Provided also that in the event of the Nominee Director being appointed as whole time director(s). Such Nominee Director(s) shall exercise such powers and duties as may be approved by the Corporation and have such right as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time director(s) shall be entitled to receive such remuneration, fees, commission, and monies as may be approved by the Corporation.

- 113 Subject to the provisions of Section 261, 264 and 284(6), and other applicable provisions the Board shall have power at any time and from time to time to appoint any other qualified person to be a

Director to fill a casual vacancy. Any person so appointed shall hold office, only upto the date which the Director in whose place he is appointed would have held office if it had not been vacated by him.

114. Director shall not be required to hold any share qualification.
118. Subject to Section 283 (2) and 314 of the act, office of a Director shall become vacant it;
- a. he is found to be of unsound mind by a court of competent jurisdiction;
 - b. he has applied to be adjudicated on insolvent;
 - c. he is adjudged an insolvent; or
 - d. he fails to pay calls made on him in respect of shares of the Company held by him whether alone or jointly with others, within six months the date fixed for the payment of such calls unless the Central Government has by notification .in the Official Gazette removed the disqualification incurred by such failure; or
 - e. he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors (or a continuous period of three months, whichever is longer, without leave of absence from the Board; or
 - f. he becomes disqualified by an order of the court under Section 203 of the Act; or
 - g. he is removed in pursuance of Section 284; or
 - h. he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a Director) accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
 - i. he acts in contravention of Section 299 of the Act; or
 - j. he is convicted by a court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
 - k. having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company: or
 - l. he resigns his office by a notice in writing addressed to the Company.
125. At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. Any Director appointed under Article 111 and the Managing Director for the time being, shall not be subject to retirement under this clause and shall not be taken into account in determining number of Directors liable to retire.
126. A retiring Director shall be eligible for reappointment.
133. The Board of Directors shall exercise the following powers on behalf of the Company and it shall do so only by means of resolution passed by the Board at its meetings:
- a. make calls on shareholders in respect of money unpaid on the shares in the Company.
 - b. issue debentures or authorize buy back
 - c. borrow moneys, otherwise than on debentures;
 - d. invest the funds of the Company;

- e. make loans

Provided that the Board may, by a resolution passed at a meeting, delegate to any committee of Directors, the managing Director, the manager or any other principal officer of the Company, the powers specified in (c), (d) and (e) on such conditions as the Board may prescribe, subject to Section 292 of the Act.

134. The Company shall not appoint or employ, or continue the appointment or employment of a person as its managing Director who:
- a. is an undischarged insolvent, or has at any time been adjudged an insolvent:
 - b. suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them or
 - c. is, or has at any time been convicted by a Court of an offence involving moral turpitude.
135. The Directors may meet together as a Board for the discussion of business from time to time, and shall so meet at least once in every quarter and at least four such meetings shall be held every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The Directors may participate in a meeting of the Board or any committee thereof, through electronic mode, subject to compliance with applicable law, including the provisions of General Circular No. 28/2011 dated May 20, 2011 and General Circular No. 55/2011 dated June 6, 2011 issued by the Ministry of Corporate Affairs. The notice of the meeting must inform the Directors regarding the availability of participation through video conferencing, provided that, every Director must personally attend at least one meeting of the Board or a Committee thereof, in a financial year.
147. The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as are not by the act or any other acts or by the Memorandum or by these Articles required to be exercised by the Company in the General Meeting subject nevertheless to the provisions of these Articles, the Act, or any other and to such regulations being not inconsistent with the aforesaid regulations or provisions as maybe prescribed by the Company in General Meeting shall invalidate any prior acts of the Board which would have been valid if that regulation had not been made. Provided that the powers specified in Section 292 of the Act, shall be exercised only at a meeting of the Board unless the same be delegated to the extent therein stated.

DIVIDENDS

153. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of Capital paid up or credited as Paid up on Shares held by them respectively.
154. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly.
155. The Company in General Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board.
156. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:
- a. If the Company has not provided for depreciation for any previous financial year or years it shall before declaring or paying dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or

years.

- b. If the Company has incurred any loss in any previous financial year or years, the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of section 205 of the Act, or against both.
- 157. The Board may from time to time, pay to Members such interim dividend as in their judgment the position of the Company justifies.
 - 158. Where any sum is paid in advance of calls, such sum may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.
 - 159. The Board may retain the dividends payable upon Shares in respect of which any person is, under the Articles entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a member, in respect of such Shares or shall duly transfer the same.
 - 160. Any one of the several persons who are registered as joint holders of any Share may give effectual receipts for all dividends or bonus and payments on account of dividend or bonus or other moneys payable in respect of such Shares.
 - 161. The Board may deduct from any dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company subject to section 205A of the Act.
 - 162. A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
 - 163. Unless otherwise directed by the Board, any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant and sent through post to the one named first in the Register; in respect of joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost of the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
 - 164. Unpaid or unclaimed dividend
 - (i) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 (seven) days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank, to be called “Bharat Business Channel Limited Unpaid Dividend Account” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
 - (ii) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under section 205C of the Act.
 - (iii) No unclaimed or unpaid dividend shall be forfeited by the Board.
 - (iv) No unpaid dividend shall bear interest as against Company, subject to provision of Companies Act.

ACCOUNTS

167. The Company shall keep at the Office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with section 209 of the act with respect to:
- a. all sums of money received and expended by the company and the matters in respect of which the receipts and expenditure take place.
 - b. all sales and purchases of goods by the Company.
 - c. the assets and liabilities of the Company.

If the Board decides to keep all or any of the books of account at any place other than the Office of the Company, the Company shall within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

The Company shall preserve in good order the books of accounts relating to period of not less than eight years preceding the current year, together with the vouchers relevant to any entry in such books of accounts.

Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account, relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its Office or other place in India, at which the Company's books of account are kept as aforesaid.

The books of account shall give a true and fair view of the state of the affairs of the Company or branch office as the case may be and explain its transactions. The books of account and other books and papers shall be open to inspection by any Director during business hours.

168. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company shall be open to the inspection of Members not being Directors and no Member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by law or authorized by the Board.
169. The Directors shall from time to time in accordance with section 210, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such balance sheets, profit & loss accounts and reports as is required by these sections.
170. A copy of every such profit and loss account and balance sheet (including the auditor's report and every other document required by law to be annexed or attached to the balance sheet) shall at least twenty one days before the meeting in which the same are to be laid before the members of the Company, to holders of debentures issued by the Company, to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meetings of the Company.

SECTION IX – OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 p.m. on Working Days during the Bid/Issue Period.

Material Contracts to the Issue

1. Engagement Letter dated August 1, 2012 for appointment of Enam and UBS as JGCBRLMs.
2. Engagement Letters dated August 9, 2012, October 8, 2012 and November 1, 2012 for appointment of IDBI Capital, SBICAP and YES Bank as BRLMs.
3. Issue Agreement dated December 12, 2012 between our Company, the JGCBRLMs and the BRLMs.
4. Agreement dated December 13, 2012 executed between our Company and the Registrar to the Issue.
5. Escrow Agreement dated [●] among our Company, the JGCBRLMs, the BRLMs, the Escrow Collection Banks and the Registrar to the Issue.
6. Syndicate Agreement dated [●] between our Company and the members of the Syndicate.
7. Underwriting Agreement dated [●] among our Company, the Underwriters and the Registrar to the Issue.

Material Documents

1. Our Memorandum of Association and Articles of Association, as amended until date.
2. Our certificate of incorporation dated November 22, 2002
3. Board resolution and shareholders' resolution of our Company, dated October 8, 2012 and October 11, 2012, respectively, authorizing the Issue and other related matters.
4. Resolution of the IPO Committee of the Board of Directors dated December 13, 2012 approving the Draft Red Herring Prospectus.
5. Report of the Auditors dated October 8, 2012, prepared as per Indian GAAP and mentioned in the "**Financial Statements**" on page 124.
6. Copies of annual reports of our Company for the last five financial years and financial statements for the six months ended September 30, 2012.
7. The statement of tax benefit report dated October 23, 2012 prepared by the Auditors as mentioned in "**Statement of Tax Benefits**" on page 48.
8. Consent of the Auditors for inclusion of their report on accounts in the form and context in which they appear in this Draft Red Herring Prospectus.
9. Consents of Bankers to our Company, the JGCBRLMs, the BRLMs, lenders, Syndicate Members, Registrar to the Issue, Bankers to the Issue, legal counsels, IPO Grading Agency, Monitoring Agency, Directors of our Company, Company Secretary and Compliance Officer, as referred to act, in their respective capacities.
10. The DTH License Agreement dated December 28, 2007 among our Company and the President of India acting through Director, B P & L, MIB, Government of India.
11. The K_u-Band Lease Agreement dated April 19, 2012 among our Company and the Department of Space, Government of India.
12. Quotation dated November 23, 2012, received from TEL, for purchase of consumer premises equipment through the proceeds of the Issue.
13. In-principle listing application dated [●] filed with the BSE.
14. In-principle listing approval dated [●] received from the BSE.
15. Tripartite Agreement dated June 12, 2009 among our Company, NSDL and the Registrar to the Issue.
16. Tripartite Agreement dated October 15, 2012 among our Company, CDSL and the Registrar to the Issue.
17. Due diligence certificate dated December 14, 2012 to the SEBI from the JGCBRLMs and the BRLMs.
18. IPO Grading Report by [●] dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules or regulations issued thereunder, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

(Mr. Saurabh Pradipkumar Dhoot)

(Whole-time Director)

(Mr. Shivratan Jeetmal Taparia)

(Independent Director)

(Mr. Pradeep Ramwilas Rathi)

(Independent Director)

(Mr. Nabankur Gupta)

(Independent Director)

AND

Mr. Avanti Kanthaliya

(General Manager – Finance and Accounts)

(Mr. Karunchandra Srivastava)

(Independent Director)

Place: Mumbai, India
Date: December 14, 2012

ANNEXURE I

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