

## IMPORTANT NOTICE

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**The issuance of the Bonds pursuant to this Offering Circular is in relation to the exchange offer of the Existing FCCBs (as defined in the Offering Circular). Please refer to the Exchange Offer and Consent Solicitation Memorandum dated 16 November 2015, as supplemented on 26 November 2015 and 9 December 2015.**

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Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities, or Credit Suisse (Singapore) Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and Credit Suisse (Singapore) Limited or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the issuer in such jurisdiction.

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## VIDEOCON INDUSTRIES LIMITED

*(incorporated on 4 September 1986 with limited liability under the laws of the Republic of India)*

### **U.S.\$97,200,000 4.30 per cent. Convertible Bonds due 2020** **Convertible into ordinary shares of Videocon Industries Limited** **Issue Price: 100 per cent.**

The U.S.\$97,200,000 4.30 per cent. Convertible Bonds due 2020, to be exchanged with the Existing FCCBs (the “**Bonds**”) will be issued by Videocon Industries Limited (the “**Company**” or the “**Issuer**”).

The Bonds will bear interest at the rate of 4.30 per cent. per annum, calculated and payable semi-annually in arrear on 30 June and 30 December in each year (each, an “**Interest Payment Date**”), save that the final payment of interest will be made on the Maturity Date (as defined herein) in respect of the period from (and including) 30 June 2020 to (but excluding) the Maturity Date. The Bonds are convertible at any time on and after 9 February 2016 up to the close of business on 21 December 2020 by holders of the Bonds (the “**Bondholders**”) into fully paid equity shares with full voting rights with a par value of Rs.10 each of the Company (the “**Shares**”) at an initial Conversion Price (as defined in the terms and conditions of the Bonds (the “**Terms and Conditions of the Bonds**”)) of Rs.134.7240 per Share with a fixed rate of exchange on conversion of Rs.66.1390 to U.S.\$1.00. The Conversion Price is subject to adjustment in certain circumstances (see “**Terms and Conditions of the Bonds — Adjustments to Conversion Price**”). The closing price of the Shares on the National Stock Exchange of India Limited (the “**NSE**”) on 18 December 2015 was Rs.121.9 per Share and the closing price of the Shares on BSE Limited (the “**BSE**”) and together with NSE, the “**Stock Exchanges**”) on 18 December 2015 was Rs.121.20 per Share.

The Bonds will have the benefit of (a) the Personal Guarantee from Mr Venugopal N. Dhoot and Mr Saurabh P. Dhoot and (b) the Share Pledge over 40 per cent. of the equity shares of Videocon Telecommunications Limited. For further details of the Personal Guarantee and the Share Pledge, see “**Terms and Conditions of the Bonds — Negative Pledge, Personal Guarantee and Share Pledge**”.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed in U.S. dollars on 31 December 2020 (the “**Maturity Date**”) at 100 per cent. of their principal amount. The Bonds may be redeemed, in whole but not in part, at any time at the option of the Company, subject to the satisfaction of certain conditions, at 100 per cent. of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption, if less than 10 per cent. of the aggregate principal amount of the Bonds originally issued is outstanding. The Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 30 December 2018 but not less than seven business days prior to the Maturity Date, subject to the satisfaction of certain conditions, at 100 per cent. of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption, if the Closing Price (as defined herein) of the Shares for each of the 40 consecutive Trading Days (as defined herein) prior to the date upon which such notice for redemption is given was at least 130 per cent. of the Conversion Price (as defined herein) (translated into U.S. dollars at the Fixed Exchange Rate, as defined herein). The Bonds may also be redeemed in whole, but not in part, at any time at the option of the Company, subject to the satisfaction of certain conditions, at 100 per cent., of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption, in the event of certain changes relating to taxation in India and subject to receipt of any necessary regulatory approval. The Company will, at the option of any holder of any Bonds, redeem all or some only of such holder's Bonds at 100 per cent. of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption, upon a Delisting (as defined herein) of the Shares or suspension of trading for a period equal to or exceeding 30 consecutive Trading Days or upon the occurrence of a Change of Control (as defined herein) in respect of the Company and subject to receipt of any necessary regulatory approval.

The Company will, at the option of any Bondholder, redeem all or some only of such holder's Bonds on 30 June 2016 (the “**Put Option Date**”) at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of such payment).

**The issuance of the Bonds pursuant to this Offering Circular is in relation to the exchange offer of the Existing FCCBs. Please refer to the Exchange Offer and Consent Solicitation Memorandum dated 16 November 2015, as supplemented on 26 November 2015 and 9 December 2015, for further details of the Exchange Offer and proposed Consent Solicitation.**

Application will be made to The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Bonds on the Official List of the SGX-ST. Such approval will be granted when the Bonds have been admitted to the Official List of the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, its associated companies or the Bonds. The Company has obtained in-principle approvals from the Stock Exchanges for listing of the Shares issuable upon conversion of the Exchange Bonds. The issue of Bonds was authorised by a resolution of the Board of Directors (as defined herein) passed on 15 May 2015 and by a resolution of the Shareholders (as defined herein) passed on 27 June 2015. The Stakeholder's Relationship Committee of the Board of Directors passed a resolution dated 16 November 2015 for the launch of the offering of the Bonds (the “**Offering**”). The floor price for the conversion of the Bonds is Rs.132.40.

#### **FOR A DISCUSSION OF CERTAIN RISK FACTORS RELATING TO THE BONDS, SEE “RISK FACTORS”.**

The Bonds will be represented initially by a single Global Certificate (as defined herein) in registered form, deposited with, and registered in the name of a nominee of, the common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”), together, the “**Clearing Systems**”) on or about the Closing Date for the accounts of their respective accountholders.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States. For a description of certain restrictions on offers, sales and transfers of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “**Plan of Distribution**”. The Bonds may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

A copy of this Offering Circular will be delivered to the Stock Exchanges, the Reserve Bank of India (the “**RBI**”) and the Registrar of Companies, Maharashtra, India and the Securities and Exchange Board of India for their information.

Sole Bookrunner



The Company accepts full responsibility for the information contained in this Offering Circular and, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Company, the Bonds and the Shares which is material in the context of the issue and offering of the Bonds. The statements contained in this Offering Circular relating to the Company, its Subsidiaries and Associates (collectively, the “**Group**”) (each as defined in this Offering Circular), the Bonds and the Shares are in every material particular true and accurate and not misleading and the opinions and intentions expressed in this Offering Circular with regard to the Company, the Group, the Bonds and the Shares are honestly held, have been reached after considering all relevant circumstances and information which is presently available to the Company, and are based on reasonable assumptions. There are no other facts in relation to the Company, the Group, the Bonds and the Shares the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements. Where information contained in the Offering Circular includes extracts from summaries of information and data from various published and private sources, the Company accepts full responsibility for accurately reproducing such summaries and data.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Company, Credit Suisse (Singapore) Limited (the “**Sole Bookrunner**”), DB Trustees (Hong Kong) Limited (the “**Trustee**”), the Agents (as defined in the Terms and Conditions of the Bonds) or any of their respective affiliates or advisers to subscribe for or purchase, any Bonds, and may not be used for the purpose of an offer to, or a solicitation by, any person in any jurisdiction in which such offer or invitation would be unlawful. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Company and the Sole Bookrunner to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see “Plan of Distribution”. The Company has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

None of the Sole Bookrunner, the Trustee or any of the Agents nor any of their respective affiliates or advisers has separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Bookrunner, the Trustee, the Agents or any of their respective affiliates or advisers as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Bonds or the Shares. Each person receiving this Offering Circular acknowledges that such person has not relied on the Sole Bookrunner, the Trustee or the Agents or on any person affiliated with the Sole Bookrunner, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision and each such person must rely on its own examination of the Company and the merits and risks involved in investing in the Bonds.

**The Bonds and the Shares to be issued upon conversion of the Bonds have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Bonds or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.**

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company, the Sole Bookrunner, the Trustee, the Agents or any of their respective affiliates or advisers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Company since the date hereof or the date upon which this

Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, the Sole Bookrunner accepts no responsibility whatsoever for the contents of this Offering Circular or for any other statement, made or purported to be made by the Sole Bookrunner or on its behalf in connection with the Company or the issue and offering of the Bonds. The Sole Bookrunner accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company, the Sole Bookrunner, the Trustee or the Agents makes any representation as to the accuracy of that information.

The Ministry of Finance of India has issued certain amendments that provide that erstwhile Overseas Corporate Bodies, as defined under applicable regulations in India, that are not eligible to invest in India, and entities prohibited from buying, selling or dealing in securities by the Securities and Exchange Board of India (“**SEBI**”) under the Securities and Exchange Board of India Act, 1992, as amended (“**SEBI Act**”), shall not be eligible to participate in an offering of foreign currency convertible bonds. Each purchaser of the Bonds is deemed to have acknowledged, represented and agreed that it is eligible to invest in India under applicable law, including under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended (the “**FCCB Scheme**”), and has not been prohibited by SEBI from buying, selling or dealing in securities.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws and regulations.

Certain statements in this Offering Circular constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s and the Group’s present and future business strategies and the environment in which the Company and the Group will operate in the future. Important factors that could cause the Company’s and the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, *inter alia*, the condition of, and changes in, India’s political and economic status. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and “Business”. These forward-looking statements speak only as at the date of this Offering Circular. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

## CONVENTIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**Bondholders**” and “**holders**” are to holders of the Bonds; all references to “**India**” are to the Republic of India and its territories and possessions; all references to the “**U.S.**” and “**United States**” are references to the United States of America and its territories and possessions; all references to the “**United Kingdom**” are to the United Kingdom of Great Britain and Northern Ireland and its territories and possessions; and all references to the “**CPC**” are to the Indian Code of Civil Procedure, 1908, as amended.

The Company prepares its financial statements in accordance with generally accepted accounting principles in India (“**Indian GAAP**”). The Company’s financial statements included in this Offering Circular include (a) its audited consolidated financial statements as at and for the twelve months ended 31 December 2011, the eighteen months ended 30 June 2013 and the eighteen months ended 31 December 2014 (the “**Audited Consolidated Financial Statements**”), (b) its unaudited unconsolidated condensed financial information as at and for the six months ended 30 June 2015 (the “**Six-Month Unaudited Unconsolidated Condensed Financial Information**” and (c) its unconsolidated financial results for the three-months and nine-months ended 30 September 2015 (the “**Nine Month Unaudited Unconsolidated Financial Results**”). Each of the Audited Consolidated Financial Statements, the Six-Month Unaudited Unconsolidated Condensed Financial Information and the Nine-Month Unaudited Unconsolidated Financial Results have been prepared in accordance with Indian GAAP. The fiscal year of the Company changed from the twelve months period ended 30 September to the fifteen months period ended 31 December with effect from 2010. Subsequently, the fiscal year of the Company changed from the twelve months period ended 31 December 2011 to the eighteen months period ended 30 June 2013 and changed again to be the eighteen months period ended 31 December 2014. All references herein to “**Fiscal Year**” or “**FY**” are to the periods for which financial statements have been presented in the Audited Consolidated Financial Statements, all references to “**six months ended 30 June 2015**” are to the period for which financial statements have been presented in the Six-Month Unaudited Unconsolidated Condensed Financial Information and all references to “**nine months ended 30 September 2015**” are to the period for which financial statements have been presented in the Nine-Month Unaudited Unconsolidated Financial Results.

All references herein to “**Indian Rupees**” and “**Rs.**” are to the lawful currency of India, all references to “**U.S. dollars**” and “**U.S.\$**” are to the lawful currency of the United States, all references to “**€**” and “**Eur**” are to Euros and all references to “**S\$**” are to Singapore dollars. No representation is made that the Indian Rupee, Euro or United States dollar amounts referred to herein could have been or could be converted into United States dollars, Euros or Indian Rupees, as the case may be, at any particular rate or at all.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### Enforceability of Civil Liabilities

The Company is a limited liability company incorporated under the laws of India. All the Directors of the Company (the “**Directors**”) and the key managerial personnel, named herein, unless otherwise specified are residents of India and a substantial portion of assets of the Company and such persons are located in India. As a result, it may be difficult for investors to effect service of process upon the Company or such persons outside India or to enforce judgments obtained against such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the CPC.

Section 13 of the CPC provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable,

(iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India. A foreign judgment which is conclusive under Section 13 of the CPC may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Under Section 14 of the CPC, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; such presumption may be displaced by proving want of jurisdiction.

Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards.

The United Kingdom, Singapore and Hong Kong among other jurisdictions have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the CPC but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment which could also increase risks relating to foreign exchange. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered. Any such amount may be subject to income tax in accordance with applicable laws.

## DEFINITIONS, GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

*In this Offering Circular, unless the context otherwise requires, the following terms shall have the meaning set out below:*

### Definitions and Abbreviations

|                                           |                                                                                                                                                |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Articles/Articles of Association .</b> | The articles of association of the Company, as amended                                                                                         |
| <b>Associate . . . . .</b>                | As defined under Section 2(6) of the Companies Act, 2013                                                                                       |
| <b>Board of Directors/Board . . . . .</b> | The board of directors of the Company or a committee constituted thereof                                                                       |
| <b>BSE . . . . .</b>                      | BSE Limited                                                                                                                                    |
| <b>Company . . . . .</b>                  | Videocon Industries Limited, which is the issuer of the Bonds                                                                                  |
| <b>Companies Act . . . . .</b>            | The Companies Act, 2013 and/or the Companies Act, 1956 as applicable                                                                           |
| <b>Companies Act, 2013 . . . . .</b>      | The Companies Act, 2013, as amended and to the extent effective, read with the rules, regulations, clarifications and modifications thereunder |
| <b>Companies Act, 1956 . . . . .</b>      | The Companies Act, 1956, as amended and to the extent effective, read with the rules, regulations, clarifications and modifications thereunder |
| <b>Consolidated FDI Policy . . . . .</b>  | Consolidated Foreign Direct Investment Policy issued in May 2015, as amended                                                                   |
| <b>CPC . . . . .</b>                      | Code of Civil Procedure, 1908                                                                                                                  |
| <b>Depositories . . . . .</b>             | National Securities Depository Limited and Central Depository Services (India) Limited                                                         |
| <b>Depositories Act . . . . .</b>         | The Depositories Act, 1996, as amended                                                                                                         |
| <b>Depository . . . . .</b>               | A body corporate registered under SEBI (Depositories and Participant) Regulations, 1996, as amended                                            |
| <b>Dhoot Family . . . . .</b>             | Mr. Venugopal N. Dhoot, Mr. Rajkumar N. Dhoot, Mr. Pradipkumar N. Dhoot, their spouses and relatives as defined in the Companies Act           |
| <b>Director(s) . . . . .</b>              | Director(s) of the Company, unless otherwise specified                                                                                         |
| <b>ECB Policy . . . . .</b>               | RBI Circular on External Commercial Borrowings (ECB) Policy — Revised Framework, dated 30 November 2015                                        |
| <b>Erstwhile Listing Agreement . . .</b>  | Listing agreement executed by the Company with each of the Stock Exchanges                                                                     |
| <b>Existing FCCBs . . . . .</b>           | U.S.\$200,000,000, 6.76 per cent. convertible bonds due 2015, issued on 15 December 2010                                                       |

|                                                          |                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Exchange Offer and Consent Solicitation</b> . . . . . | Exchange offer and consent solicitation as contemplated in relation to the Existing FCCBs and as explained in the Exchange Offer and Consent Solicitation Memorandum dated 16 November 2015, as supplemented on 26 November 2015 and 9 December 2015                                |
| <b>FCCB</b> . . . . .                                    | Foreign currency convertible bond                                                                                                                                                                                                                                                   |
| <b>FCCB Scheme</b> . . . . .                             | Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended                                                                                                                                                     |
| <b>FDI</b> . . . . .                                     | Foreign Direct Investment                                                                                                                                                                                                                                                           |
| <b>FEMA</b> . . . . .                                    | The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder                                                                                                                                                                                        |
| <b>FEM Securities Regulations</b> . . . .                | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended                                                                                                                                                        |
| <b>FEM Transfer Regulations</b> . . . .                  | Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended                                                                                                                                                                               |
| <b>FII</b> . . . . .                                     | Foreign Institutional Investor (as defined under Section 2(f) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India                                                    |
| <b>FIPB</b> . . . . .                                    | Foreign Investment Promotion Board                                                                                                                                                                                                                                                  |
| <b>FPI</b> . . . . .                                     | Foreign Portfolio Investors                                                                                                                                                                                                                                                         |
| <b>GDR</b> . . . . .                                     | Global Depository Receipt                                                                                                                                                                                                                                                           |
| <b>IAS</b> . . . . .                                     | International Accounting Standards                                                                                                                                                                                                                                                  |
| <b>ICAI</b> . . . . .                                    | Institute of Chartered Accountants of India                                                                                                                                                                                                                                         |
| <b>ICDR Regulations</b> . . . . .                        | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended                                                                                                                                                             |
| <b>IFRS</b> . . . . .                                    | International Financial Reporting Standards                                                                                                                                                                                                                                         |
| <b>Indian Income Tax Act</b> . . . . .                   | The Income Tax Act, 1961, as amended                                                                                                                                                                                                                                                |
| <b>Indian GAAP</b> . . . . .                             | Generally Accepted Accounting Principles in India                                                                                                                                                                                                                                   |
| <b>Intesa</b> . . . . .                                  | Intesa Sanpaolo S.p.A. For further details, please see “ <i>Risks relating to our business — The Existing FCCBs may be determined to be in default and an injunction has been issued against the Trustee and the Company restraining them from declaring an event of default.</i> ” |
| <b>Memorandum/Memorandum of Association</b> . . . . .    | The memorandum of association of the Company as amended                                                                                                                                                                                                                             |
| <b>MoF</b> . . . . .                                     | The Ministry of Finance, Government of India                                                                                                                                                                                                                                        |

|                                               |                                                                                                                                                                           |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>NELP</b> .....                             | New Exploration Licensing Policy                                                                                                                                          |
| <b>NSE</b> .....                              | National Stock Exchange of India Limited                                                                                                                                  |
| <b>Promoter</b> .....                         | A person who is a “promoter” of the Company as defined in the ICDR Regulations                                                                                            |
| <b>Promoter Group</b> .....                   | Promoters including the Dhoot Family and all other entities within the meaning of Regulation 2(1)(zb) of the ICDR Regulations                                             |
| <b>RBI</b> .....                              | The Reserve Bank of India                                                                                                                                                 |
| <b>Registered Office</b> .....                | The registered office of the Company being 14 km Stone, Aurangabad — Paithan Road, Village — Chittegaon, Taluka — Paithan, Dist. Aurangabad — 431 105, Maharashtra, India |
| <b>SEBI</b> .....                             | The Securities and Exchange Board of India, constituted under the SEBI Act                                                                                                |
| <b>SEBI Act</b> .....                         | The Securities and Exchange Board of India Act, 1992, as amended                                                                                                          |
| <b>SEBI Listing Regulations</b> .....         | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015                                                                |
| <b>Securities Act</b> .....                   | United States Securities Act of 1933, as amended                                                                                                                          |
| <b>SGX-ST</b> .....                           | The Singapore Exchange Securities Trading Limited                                                                                                                         |
| <b>Shareholder</b> .....                      | A holder of Shares                                                                                                                                                        |
| <b>Shares</b> .....                           | Equity shares in the Company with a par value of Rs.10 each                                                                                                               |
| <b>sq. km.</b> .....                          | Square kilometres                                                                                                                                                         |
| <b>Stock Exchanges</b> .....                  | The BSE and the NSE                                                                                                                                                       |
| <b>Subsidiaries</b> .....                     | The direct and indirect Indian and foreign subsidiaries of the Company, with the term ‘subsidiary’ as defined under Section 2(87) of the Companies Act, 2013              |
| <b>Takeover Regulations</b> .....             | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended                                                |
| <b>UNCITRAL</b> .....                         | United Nations Commission on International Trade                                                                                                                          |
| <b>Videocon International</b> .....           | Videocon International Limited (amalgamated with Videocon Industries Limited)                                                                                             |
| <b>VIL</b> .....                              | Videocon Industries Limited                                                                                                                                               |
| <b>VTL</b> .....                              | Videocon Telecommunications Limited                                                                                                                                       |
| <b>“we” or “our” or “us” or “Group”</b> ..... | Videocon Industries Limited, its Subsidiaries and its Associates                                                                                                          |

## Technical and Industry Terms

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AC</b> . . . . .                    | Alternating Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Brent</b> . . . . .                 | Brent is an accepted world grade of crude oil and a benchmark basket of oils produced in the North Sea that is important in determining prices in Europe, Africa and the Middle East. Brent crude is considered a medium grade of light sweet crude                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Contingent Resources</b> . . . . .  | Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status |
| <b>CPT</b> . . . . .                   | Colour picture tube                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>CRT</b> . . . . .                   | Cathode ray tube                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>DC</b> . . . . .                    | Direct Current                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>EDGE</b> . . . . .                  | Enhanced Data rates for GSM Evolution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>EPC</b> . . . . .                   | Engineering, procurement and construction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>GSM</b> . . . . .                   | Global System for Mobile Communications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>LED</b> . . . . .                   | Light emitting diodes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>OEM</b> . . . . .                   | Original equipment manufacturing which is an arrangement whereby a company manufactures products, or components that are used in products sold by another company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>MMBBL</b> . . . . .                 | Million Barrels                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>MMBtu</b> . . . . .                 | Million British Thermal Units                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>MoPNG</b> . . . . .                 | Ministry of Petroleum and Natural Gas                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>MW</b> . . . . .                    | Megawatt                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Tapis and Minas crude</b> . . . . . | Tapis crude is a Malaysian crude oil used as a pricing benchmark in Singapore. While it is not traded on a market like Brent crude, it is often used as an oil marker for Asia<br><br>Minas crude (Sumatran Light) produced inland on the island of Sumatra in Indonesia, includes all grades of Indonesian crude oil including Indonesian Minas crude                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>UASL</b> . . . . .                  | Unified (Access Service) License                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>ULAS</b> . . . . .                  | Unified License (Access Service)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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## SUMMARY

### Overview

Videocon Industries Limited was incorporated with limited liability in India on 4 September 1986. Our Shares were listed on the BSE in 1993 and on the NSE in 1996. Our business currently comprises five core businesses: the Consumer Electronics Business, the Oil & Gas Business, the Power Business, the Telecommunications Business and the Insurance Business.

For the Fiscal Years 2013 and 2014, our consolidated total income was Rs.196,960.48 million and Rs.345,712.16 million respectively, and our net loss for the Fiscal Year 2013 was Rs.28,261.19 million, and net profit for the Fiscal Year 2014 was Rs.51,196.39 million. For the Fiscal Years 2013 and 2014, 96.7 per cent. and 94.4 per cent. of our consolidated gross sales were generated within India, respectively.

### *Consumer Electronics Business*

We manufacture, assemble and distribute a comprehensive range of consumer electronics products and home appliances, including finished goods such as televisions, home entertainment systems, refrigerators, washing machines, air conditioners and other small household appliances and components such as glass shell (panels and funnels), compressors and motors. We believe we are one of the largest manufacturers of colour televisions in India and one of the largest distributors of consumer electronics products and household appliances in India. We believe we are also the leading manufacturer in India of glass for use in CPTs.

### *Oil & Gas Business*

Our Oil & Gas Division was established in October 1994 when we signed the Production Sharing Contract for the Ravva Oil & Gas Offshore Field in the State of Andhra Pradesh, as a 25 per cent. non-operating partner. In 2006, we diversified internationally by successfully bidding for exploration interests in Offshore Blocks JPDA Block 06-103 in Timor Sea, Oman Block 56 in Sultanate of Oman.

In 2008 and 2009, we secured a participating interest in Brazilian deep water offshore projects, where Petrobras and Anadarko respectively acted as operators.

### *Power Business*

In October 2011, we commissioned a 5.75 MW (AC) capacity solar PV power project in Village Majra, District Warora, Maharashtra and a 5.75 MW (AC) capacity solar PV power project in Village Betwasiya, District Jodhpur, Rajasthan. In January 2012, we commissioned a 5.01 MW (DC) capacity solar PV power project in Gujarat.

The Company is also considering the development of two 1,200 MW coal-fired thermal electricity power projects—the Pipavav Power Project and the Chhattisgarh Power Project. However, no final decisions have been made on the development time frame.

### *Telecommunications Business*

We operate the GSM mobile services in our Telecommunications Business through VTL, which is a subsidiary of the Company. In 2013, VTL was declared as a successful bidder of spectrum in six circles, namely, Bihar, Gujarat, Haryana, Madhya Pradesh & Chhattisgarh, Uttar Pradesh (East) and Uttar Pradesh (West), in 1,800 Mhz category. On 3 March 2013, VTL was awarded the ULAS for these six circles, effective from 16 February 2013, which is valid for a period of 20 years. VTL has also been allotted 5Mhz spectrum in 1,800 Mhz category in each of these six circles. As of 31 December 2014, we have, directly and through our subsidiaries, invested Rs.65,002.03 million and also given advances of Rs.340.46 million to VTL, which operates our Telecommunications Business.

Our telecommunications business generated gross revenues of Rs.5,165.21 million and EBITDA of Rs. -140.96 million for the 6 month period ended 30 June 2015. We are ramping up our GSM business since obtaining ULAS in six circles effective from 16 February 2013 and our GSM subscriber base has increased from 6.81 million as at 31 December 2014 to 7.97 million as at 30 June 2015.

### ***Insurance Business***

We entered into a joint venture with Liberty Citystate Holdings Pte Limited (“**Liberty Citystate**”), a member of the Liberty Mutual Group, to setup a non-life insurance company, Liberty Videocon General Insurance Company Limited, on 16 December 2010. Under the terms of the agreement, Liberty Citystate will hold directly or indirectly a maximum of 26.0 per cent. of equity interest (maximum permitted under applicable law at that time) and our Company will hold a minimum of 74.0 per cent. equity interest in the joint venture. We currently hold a 81.90 per cent. stake in the joint venture and the remaining equity is owned by Liberty Citystate.

Set out below are the segment revenue breakdowns for the Fiscal Years 2013 and 2014:

|                                                    | <b>18 Months ended<br/>30 June 2013</b> | <b>18 Months ended<br/>31 December 2014</b> |
|----------------------------------------------------|-----------------------------------------|---------------------------------------------|
|                                                    | <i>(Rs. Million)</i>                    |                                             |
| Consumer Electronics and Home Appliances . . . . . | 167,800.19                              | 175,675.44                                  |
| Crude Oil and Natural Gas. . . . .                 | 19,700.64                               | 18,985.90                                   |
| Telecommunications. . . . .                        | 6,053.46                                | 12,933.36                                   |
| Power . . . . .                                    | 688.86                                  | 612.70                                      |
| Others . . . . .                                   | (4.62)                                  | 1,745.46                                    |
| Total . . . . .                                    | 194,238.53                              | 209,952.86                                  |

## SUMMARY OF THE TERMS OF THE OFFERING

*The following is a summary of the terms of the Bonds. This summary is derived from, and should be read in conjunction with, the full text of the “Terms and Conditions of the Bonds” and the Trust Deed constituting the Bonds, which prevail to the extent of any inconsistency with the terms set out in this section. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Terms and Conditions of the Bonds.*

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Company</b> . . . . .                    | Videocon Industries Limited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Bonds</b> . . . . .                      | U.S.\$97,200,000 4.30 per cent. Convertible Bonds due 2020, convertible into fully-paid ordinary shares with a par value of Rs.10 each of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Exchange Offer</b> . . . . .             | The issuance of the Bonds pursuant to this Offering Circular is in relation to the exchange offer of the Existing FCCBs. Please refer to the Exchange Offer and Consent Solicitation Memorandum dated 16 November 2015, as amended and supplemented.                                                                                                                                                                                                                                                                                                                                          |
| <b>Issue Price of the Bonds</b> . . . . .   | The Bonds will be issued at 100 per cent. of their principal amount.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Closing Date</b> . . . . .               | 30 December 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Maturity Date of the Bonds</b> . . . . . | 31 December 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Interest</b> . . . . .                   | The Bonds will bear interest at the rate of 4.30 per cent. per annum, calculated semi-annually and payable in arrear on 30 June and 30 December of every year except that the last payment of interest will be made on the Maturity Date in respect of the period from (and including) 30 June 2020 to (but excluding) the Maturity Date.                                                                                                                                                                                                                                                     |
| <b>Status of the Bonds</b> . . . . .        | The Bonds will constitute direct, unsubordinated, unconditional and (subject to “— Negative Pledge” below) secured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to “— Negative Pledge” below, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and secured obligations. |
| <b>Personal Guarantee</b> . . . . .         | Mr. Venugopal N. Dhoot and Mr. Saurabh P. Dhoot, members of the Issuer’s Promoter and Promoter Group, have extended an unconditional and irrevocable guarantee dated 24 December 2015 (the “ <b>Guarantee</b> ”), guaranteeing the due discharge and payment of the Bond Obligations (as defined in the Security Trust Deed) by the Issuer, subject to the terms and conditions of the Guarantee, in favour of the Security Trustee.                                                                                                                                                          |

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Security</b> .....            | The Issuer, its subsidiaries, Videocon International Electronics Limited and Jumbo Techno Services Private Limited, and its associate companies, KAIL Limited and Evans Fraser and Company India Limited (collectively, the “ <b>Pledgors</b> ”), being legal and beneficial owners of securities of the Issuer’s subsidiary, Videocon Telecommunications Limited, have pledged their respective rights, title, interests, benefits and claims in such securities by way of an exclusive first ranking fixed charge in favour of the Security Trustee subject to the terms of a pledge deed dated 24 December 2015 (the “ <b>Pledge</b> ”). The Pledge operates as continuing security offered by the Pledgors, subject to the terms of the Pledge, for the due discharge and payment of the Bond Obligations by the Issuer.                                                                          |
| <b>Redemption Reserve</b> .....  | <p>The Issuer shall ensure that on each Redemption Reserve Date there is placed in the Redemption Reserve Account an amount in Indian Rupees equal to U.S.\$2,000,000 (a “<b>Redemption Reserve Amount</b>”). The Redemption Reserve Amounts shall be applied, towards payment and corresponding redemption of Bonds to be redeemed upon the exercise of the Bondholder Put Option pursuant to Condition 8.7. The Redemption Reserve Account shall not be subject to any pledge or other encumbrance and shall only be used for the purposes described in Condition 8.</p> <p>“<b>Redemption Reserve Account</b>” means a segregated Indian Rupee bank account in the Issuer’s name with a reputable commercial bank in India.</p> <p>“<b>Redemption Reserve Date</b>” means each of the following dates, namely 31 January 2016, 29 February 2016, 31 March 2016, 30 April 2016 and 31 May 2016.</p> |
| <b>Rating of the Bonds</b> ..... | The Bonds are not, and are not expected to be, rated by any rating agency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Conversion Right</b> .....    | The Bonds are convertible by Bondholders into Shares, at any time on and after 9 February 2016, up to the close of business on 21 December 2020 or, if the Bonds shall have been called for redemption before the relevant Maturity Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof. Under the Depositories Act, a Bondholder exercising its Conversion Right (as defined in the Conditions) for Shares will be required to open a depository account with a depository participant, for the purpose of receiving delivery of the Shares.                                                                                                                                                                                                                                                                           |
| <b>Conversion Price</b> .....    | The Conversion Price (as defined in the Conditions) will initially be Rs.134.7240 per Share with a fixed rate of exchange on conversion of Rs.66.1390 = U.S.\$1.00. The Conversion Price will be subject to adjustment for, among other things, subdivision or consolidation of Shares, bonus issues, dividends, rights issues, distributions and other dilutive events as further described under “Terms and Conditions of the Bonds — Adjustments to Conversion Price”. In addition, the Conversion Price may be adjusted on a Change of Control.                                                                                                                                                                                                                                                                                                                                                   |

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Floor Price</b> . . . . .                             | The floor price for the conversion of the Bonds is Rs.132.40.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Negative Pledge</b> . . . . .                         | Pursuant to the Terms and Conditions, so long as any Bond remains outstanding the Company will not, and will procure that none of its Subsidiaries will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest on its undertaking, assets or revenues to secure certain types of indebtedness as further described under “Terms and Conditions of the Bonds — Negative Pledge”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Redemption at the option of the Company</b> . . . . . | On or at any time after 30 December 2018 but not less than seven business days prior to the Maturity Date, the Company may, having given not less than 30 nor more than 60 days’ notice to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), redeem the Bonds in whole but not in part at 100 per cent. of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) on the date fixed for redemption, provided that no such redemption may be made unless the Closing Price of the Shares (translated into U.S. dollars at the Prevailing Rate) for each of the 40 consecutive Trading Days prior to the date upon which notice of such redemption is given pursuant to Condition 17, was at least 130 per cent. of the Conversion Price in effect on such Trading Day (translated into U.S. dollars at the Fixed Exchange Rate). See “Terms and Conditions of the Bonds — Redemption Purchase and Cancellation — Redemption at the Option of the Issuer”. |
| <b>Clean-up call</b> . . . . .                           | The Bonds may also be redeemed, in whole but not in part, at the option of the Company at any time, subject to the satisfaction of certain conditions, at 100 per cent. of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) on the date fixed for such redemption, if less than 10 per cent. in aggregate principal amount of the Bonds originally issued is outstanding. See “Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Issuer”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Final Redemption</b> . . . . .                        | Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at 100 per cent. of its principal amount on the relevant Maturity Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

**Redemption for Taxation  
Reasons . . . . .**

At any time the Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) redeem all, and not some only, of the Bonds at 100 per cent. of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption, if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that the Company has or will become obliged to pay additional amounts pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 30 December 2015, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Upon such notice being given, a Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply, in which case such Bondholder will not be entitled to receive payment of such additional amounts as a result of changes affecting taxes in India and payment of all amounts shall be made subject to deduction or withholding of the taxation required to be withheld or deducted by the Government of India or any authority thereof or therein having power to tax. See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Taxation Reasons".

**Bondholder Put Option . . . . .**

The Issuer will, at the option of the holder of any Bond, redeem all or some only of such holder's Bonds on 30 June 2016 (the "**Put Option Date**") at 100 per cent. of their principal amount together with any accrued but unpaid interest. See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Bondholder Put Option".

**Redemption for Change of  
Control . . . . .**

Upon the occurrence of a Relevant Event and to the extent permitted by applicable law, each Bondholder will have the right at such Bondholder's option to require the Company to redeem all or some only of such Bondholder's Bonds on the Relevant Event Put Date at 100 per cent. of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption. See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Change of Control".

|                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Delisting and Suspension of Trading Put Right . . . . .</b>                  | Unless the Bonds have been previously converted, redeemed, and/or purchased and cancelled, in the event that the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 consecutive Trading Days on both the BSE and the NSE, each Bondholder shall have the right, at such Bondholder's option, to require the Company to redeem all or some only of such Bondholder's Bonds at 100 per cent. of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption. See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Delisting and Suspension Put Right". |
| <b>RBI Approval Required for Early Redemption. . . . .</b>                      | Under current regulations of the RBI applicable to FCCBs, the Company will require the prior approval of the RBI before providing notice for or effecting any redemption prior to the relevant Maturity Date (other than in relation to any redemption pursuant to exercise of the Bondholder Put Option, for which RBI approval has already been obtained), including upon an event of default and the Company will use its best endeavours to obtain such approval if required.                                                                                                                                                                                                                                                    |
| <b>Form and Denomination of Bonds . . . . .</b>                                 | The Bonds will each be issued in registered form in denominations of U.S.\$150,000 each and integral multiples of U.S.\$1,000 each in excess thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                                 | The Bonds will be represented by a single global certificate (the " <b>Global Certificate</b> ") which on the Closing Date will be deposited with, and registered in the name of, a nominee of a common depository for the Clearing Systems.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Events of Default . . . . .</b>                                              | For a description of certain events that will permit acceleration of repayment of principal and interest on the Bonds, see "Terms and Conditions of the Bonds — Events of Default".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Share Ranking . . . . .</b>                                                  | Shares issued upon conversion of the Bonds will be fully paid with full voting rights and will rank <i>pari passu</i> with the Shares in issue on the relevant Conversion Date but shall not be entitled to any rights, the record date for which preceded the relevant Conversion Date. See "Description of the Share Capital — Dividends" and "Terms and Conditions of the Bonds — Conversion".                                                                                                                                                                                                                                                                                                                                    |
| <b>Market for the Shares, Listing and Share Ownership Restrictions. . . . .</b> | The outstanding Shares of the Company are listed on the NSE and the BSE. The Shares issued on conversion are expected to be listed on the NSE and the BSE and will be tradable on such stock exchange once listed thereon, which is expected to occur within 30 days after the relevant Conversion Date.                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                 | There are certain restrictions applicable to investments in shares and other securities of Indian companies, including the Shares, by persons who are not residents of India. See "Foreign Investment and Exchange Controls".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Clearance</b> . . . . .                | The Bonds will be cleared through the Clearing Systems. The Clearing Systems each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Indian Taxation</b> . . . . .          | All payments in respect of the Bonds by the Company will be made free from any restriction or condition and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of India or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. The Company will gross up the net taxable amount to the extent set out in Condition 9 of the Terms and Conditions of the Bonds and will be required to account separately to the Indian tax authorities for any withholding taxes applicable to payments attributable to such tax. The Bonds will have the benefit of the tax concessions available under the provisions of Section 115AC of the Indian Income Tax Act. Under current Indian laws, tax is not payable by the recipients of dividends on Shares. See “Taxation”. |
| <b>Offer and Selling Restrictions</b> . . | There are restrictions on the offer, sale and/or transfer of the Bonds in, among others, the United Kingdom, the United States, the European Economic Area, India, Hong Kong, Japan and Singapore. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “Plan of Distribution”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Listing</b> . . . . .                  | <p>Application will be made for the listing and quotation of the Bonds on the Official List of the SGX-ST.</p> <p>The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.</p> <p>Application will be made for the listing of the Shares issuable upon conversion of the Bonds on each of the NSE and the BSE.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Trustee</b> . . . . .                  | DB Trustees (Hong Kong) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Principal Agent</b> . . . . .          | Deutsche Bank AG, Hong Kong Branch                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Registrar</b> . . . . .                | Deutsche Bank Luxembourg S.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Security Trustee</b> . . . . .         | Madison Pacific Trust Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Governing Law</b> . . . . .            | The Bonds and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, the laws of England.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Government of India Approvals.</b>   | The FCCB Scheme, the FEM Transfer Regulations and ECB Policy permit Indian companies in the infrastructure and manufacturing sectors to issue foreign currency convertible bonds (the “FCCB” or “FCCBs”) up to U.S.\$750 million in the infrastructure and manufacturing sectors under the “automatic route” (i.e., without the prior approval of the RBI), subject to compliance with certain conditions specified therein. The Company is undertaking the issue of the Bonds in accordance with these guidelines and regulations and in accordance with RBI approval no. FED.CO.ECBD.6562/03.02.766/2015-16, dated 8 December 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Lock-up</b> .....                    | The Company and certain Promoters of the Company have agreed, subject to certain exceptions, not to (a) issue, offer, sell, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Bookrunner between 16 December 2015 and the date which is 90 days after the Closing Date (both dates inclusive) except for (i) the Bonds and the Shares issued on conversion of the Bonds, (ii) the Shares issued pursuant to the U.S.\$200,000,000 6.75 per cent. convertible bonds due 2015 of the Company, and (iii) any inter-se transfers between the Promoters. See “Plan of Distribution”. |
| <b>Common Code for the Bonds.</b> . . . | 133457801                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>ISIN for the Bonds.</b> .....        | XS1334578017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## RISK FACTORS

*The risks described below should be carefully considered before making an investment decision. The risks described below are not the only ones relevant to the Issuer, the Group or the Bonds. Additional risks not presently known to the Issuer or that it currently deems immaterial may also impair the Group's business operations. The Group's business, financial condition or results of operations could be materially and adversely affected by any of these risks, which may, as a result, affect the Issuer's ability to pay interest on, and repay the principal of, the Bonds.*

*This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own investment views prior to making any investment decision.*

### **Risks relating to our Business**

***The Existing FCCBs may be determined to be in default and an injunction has been issued against the Trustee and the Company restraining them from declaring an event of default.***

As a result of the dispute with Intesa and the non-payment of amounts claimed in accordance with the terms of the Patronage Letters (as described in the following risk factor below titled "An Italian Court has ordered that the Company pay Intesa Sanpaolo S.p.A. approximately €38 million, which order may be enforced against us. Intesa has also sought winding-up proceedings against the Company in the Bombay High Court"), proceedings are pending before the Indian Courts, in relation to the Courts of Milan, by an ex parte order, having held the Company to be in default of the obligations under the Patronage Letters. As a result, our Company may be held to be in default under certain of our existing indebtedness, including a cross-default under the terms and conditions of the Existing FCCBs. Any default or declaration of an event of default under the Existing FCCBs could cross-default other indebtedness and have an adverse effect on the Company's financial condition, business and reputation.

DB Trustees (Hong Kong) Limited ("DB"), acting as trustee of the Existing FCCBs, is aware of the proceedings with Intesa. Pursuant to various letters addressed to the Company, DB has sought to establish whether there was any non-performance of payment obligations by the Company, for the purposes of establishing whether an event of default had occurred under the Existing FCCBs. The Company is of the view that there is no event of default or potential event of default under the Existing FCCBs as a result of the dispute with Intesa and that such dispute and the consequent legal proceedings do not trigger any cross-default provision under the terms and conditions of the Existing FCCBs. Pursuant to a suit filed by an individual Bondholder, an ad-interim injunction has been issued by the City Civil Court, Calcutta, India against DB and the Company, restraining them from declaring an event of default under the Existing FCCBs until the Intesa proceedings in the Indian Courts are concluded.

For further details of the Intesa litigation and the injunction against DB and the Company, see "Outstanding Litigation and Material Developments". Also see "Certain of our bank facilities have been in default in the past and our existing bank facilities may currently be in default".

***The events of default contained in the Bonds have been changed from the position agreed in the Existing FCCBs.***

The terms of the Bonds specifically carve out the Intesa proceedings from the events of default. As a result, holders who exchange the Existing FCCBs for the Bonds will not be able to instruct the Trustee to serve a notice of default if the Patronage Letters are declared due and payable in India. Bondholders should also note that the events of default in the terms and conditions of the Bonds contain cross acceleration provisions rather than cross default provisions. Consequently, the Bonds cannot be accelerated as a result of any default under our other existing financing documents, but only in the event that any indebtedness under such financing documents is in fact accelerated. See Condition 10.1.5 of "Terms and Conditions of the Bonds".

***Certain of our bank facilities have been in default in the past and some of our existing bank facilities are currently in breach of certain covenants.***

In addition to the potential cross-defaults of our existing bank facilities as a result of the Intesa action and the resulting default under the Existing FCCBs, we are in breach of one of our domestic stand-by letter of credit bank facilities in relation to undertakings given for our exit from the telecom business. Further, our subsidiary, VTL, is in breach for its non-maintenance of a stipulated financial ratio under a consortium rupee lending arrangement, due to the cancellation of the telecom licenses by the Supreme Court in 2012. Although the lenders of the Company have been informed about the status and reasons for such breaches, and none of the lenders have initiated any action for declaring an event of default, we cannot assure you that such proceedings will not be taken in the future.

Further, the Auditors reported that the Company had made defaults in repayment of long term loans and interest during the Fiscal Year 2013 and 2014 (see the Standalone Audit Report for the Fiscal Year 2013 and 2014).

If an existing bank facility is in default or in future goes into default, our other lenders may declare a default and accelerate payment of our outstanding loans at any time. As disclosed above, the Bonds will only cross-accelerate if another lender serves a notice of acceleration of its loan. In the event of acceleration of outstanding loans, we may not have sufficient liquidity to repay such loans and may not be able to refinance them in the market. In addition, the existence of such defaults may discourage new lenders from providing us with finance and may increase our cost of funding.

***An Italian Court has ordered that the Company pay Intesa approximately €38 million, which order may be enforced against us. Intesa has also sought winding-up proceedings against the Company in the Bombay High Court.***

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

VDC ceased to be our subsidiary in March 2008, which was notified to Intesa. Subsequently, VDC allegedly defaulted under the terms of the Intesa Loan Agreement. Intesa therefore sought to enforce the Patronage Letters in April 2011 alleging continued default under the Intesa Loan Agreement, including as a result of VDC ceasing to be a subsidiary of the Company, and subsequently initiated injunction proceedings in the Court of Turin, Italy demanding that the Company fulfil its obligations under the Patronage Letters. The Court of Turin, Italy passed an ex-parte decree against us ordering that we pay Intesa the principal amount of the loan of €35 million along with other interests and costs incurred, aggregating €36.2 million.

Intesa filed a suit on 21 August 2012 in the Bombay High Court against us and served a notice of motion for interim relief seeking an order to the effect that the judgment passed by the Court of Turin, Italy be declared as valid, binding, conclusive and enforceable against the Company and that we be directed to secure the payment due to Intesa by restraining us from alienating or disposing of our assets and property. The Bombay High Court has not granted this ad-interim relief sought by Intesa.

Intesa also served on the Company a legal notice dated 3 July 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 Intesa Loan Agreement and the Patronage Letters and reserving its right to initiate winding up proceedings against the Company in the event that such payment was not made within three weeks of the receipt of the notice. Intesa subsequently filed a winding up petition on 18 October 2012 in the Bombay High Court against us. The Bombay High Court, by its order dated 5 December 2013, directed the Company to deposit the claimed amount, failing which the winding up petition filed by Intesa would be admitted in the Bombay High Court. On an appeal by the Company, this order dated 5 December 2013 was upheld by a division bench of the Bombay High Court on 19 July 2014.

We subsequently filed a special leave petition before the Supreme Court. The Supreme Court, by an order dated 22 September 2014, issued a stay on the Bombay High Court order dated 19 July 2014 and directed that a fixed deposit already made with the State Bank of India and maturing on 7 October 2014 be renewed and a lien over such deposit be created in favour of the registrar of the Supreme Court. Accordingly, we have created such lien over an amount equivalent to approximately Rs.2,574.22 million and submitted fixed deposit receipts to the Supreme Court. The order dated 19 July 2014 of the Bombay High Court has been stayed until the final hearing of the special leave petition before the Supreme Court. The matter is pending before the Supreme Court of India.

We have not made any provision in our financial statements for any payments regarding the Intesa case. If we were to lose the case the fixed deposit with the Supreme Court would be paid to Intesa, costs may be awarded against us and cross defaults may occur with respect to other indebtedness. Such events could have a material adverse effect on our financial condition and results of operations.

For further details of the Intesa litigation, see “*Outstanding Litigation and Material Developments*”.

***We have made significant investment, directly and indirectly, in our subsidiary, VTL, which provides telecommunication services. VTL has significant accumulated losses, and its ability as going concern is dependent on its ability to fund its operating requirements.***

We have, directly and through our other subsidiaries, invested Rs.69,502 million and advanced loans to our subsidiary, VTL, as at 30 June 2015.

VTL provided 2G mobile telecommunications services in India under the prior licensing regime before the Supreme Court of India cancelled all 21 of the UASL and ordered that the Department of Telecommunications conduct a new auction for UASL by 31 August 2012. Subsequently, DoT conducted auction and VTL was declared as a successful bidder of spectrum in six circles, namely, Bihar, Gujarat, Haryana, Madhya Pradesh & Chhattisgarh, Uttar Pradesh (East) and Uttar Pradesh (West), in 1,800 MHz category. On 3 March 2013, VTL was awarded the ULAS (earlier known as UASL) for these six circles effective 16 February 2013 which are valid for a period of 20 years. VTL has also been allotted 5Mhz spectrum in 1,800Mhz category in each of these six circles. VTL operates our Telecommunications Business and is currently continuing its business as a going concern. However, it has incurred a significant loss over the last few years, although this loss has narrowed in the last 12 months. As VTL has significant accumulated losses, its ability to continue as a going concern is dependent on our ability to fund its operating requirements. VTL is confident of mobilising necessary resources for continuing its operations as per the business plan. Accordingly, we have not made provision for diminution in the value of investment and advances to VTL. However, we may need to continue to provide support and advances to VTL in the future. Any diminution in value or requirements for increased funding could have a material adverse effect on our financial condition and results of operations.

As a result of the accumulated losses of VTL, Khandelwal Jain & Co., and Kadam & Co., the Company’s independent statutory auditors, were unable to provide an unqualified audit opinion on the non-consolidated financials statements for Fiscal Years 2013 and 2014. For further details regarding the auditors’ qualification, see the following risk factor.

***The audit reports to our non-consolidated financial statements for the period ended 31 December 2014 and 30 June 2013 have been qualified.***

Khandelwal Jain & Co., and Kadam & Co., the Company’s independent statutory auditors, were unable to produce an unqualified audit opinion on the financial statements of the Fiscal Years 2013 and 2014. The auditors were unable to express an opinion on the extent of the realisability of the Company’s investments in, and advancements to, VTL given the accumulated losses incurred by VTL. The auditors have come to the view that the consequential effect of such investments and advancements on our assets and liabilities and loss for the two periods could not be ascertained. On this basis, the auditors qualified their audit report on the non-consolidated financial statements for the Fiscal Years 2013 and 2014. However, the management of VTL is of the view that VTL will be able to continue its operations in view of its business plan, the increasing subscriber base, management of costs and the additional capital infusion in VTL restricting further borrowings and related costs. In addition, the management of VTL is confident that the value of the six ULAS shall exceed the investment made in VTL. Therefore, the financial statements have been prepared by VTL on a going concern basis and no impairment of the asset has been made in our financial statements.

There can be no assurance that the VTL business will continue to improve or that any third party will be interested in purchasing the VTL business. The Group may need to continue supporting VTL through loans and further investments and the auditors may need to continue to qualify future audit reports.

Investors should refer to the audit reports contained in the annual reports of the Company for Fiscal Years 2013 and 2014 and pay particular attention to the auditors’ statements regarding their qualified opinion.

***Significant litigation matters could result in large costs and distraction to our Group's business.***

In addition to the litigation by Intesa described above, our Group is subject to various pending or threatened legal actions in the ordinary course of business and some of our directors (including the Chairman) are subject to ongoing criminal proceedings.

See "Outstanding Litigation and Material Developments" for a list of the material outstanding or pending litigation against our Group and our directors.

In particular:

- the Company and certain Promoter Group entities have been issued show cause notices in relation to violations of FEMA;
- criminal proceedings are ongoing against Videocon International in relation to violations of the erstwhile Foreign Exchange Regulation Act, 1973;
- winding-up petitions have been made against the Company for failure to pay a facility to Morgan Securities & Credits Private Limited and in relation to the Intesa proceedings;
- Whirlpool are undertaking civil proceedings against members of the Promoter Group for breach of copyright on certain washing machine designs; and
- There are outstanding SEBI proceedings against certain then directors and officers (including the Chairman) in relation to alleged fraudulent and unfair trade practices relating to the Indian securities markets arising from certain securities trades made in 1998.

Litigation is always subject to many uncertainties and outcomes that are not predictable. The Company and our Promoter Group will be required to comply with the findings and judgments that may be passed by the relevant courts in such litigation and sanctions regarding our directors could include imprisonment and/or a ban from acting as a director on our board. We cannot predict the outcome of the litigation we are currently involved in or if unsuccessful in some cases, the potential quantum of damages. There can be no assurance that the result of ongoing or future litigation will not be material.

We have concluded that on balance the Company's prospects with respect to the legal proceedings described above are good and therefore no provision in the financial statements has been considered necessary. However, as no provisions have been made, any adverse findings and monetary judgements against the Group will have a direct and potentially material impact on our financial condition and results of operations.

***The Group's accounting periods have changed in recent years. As a result, financial results may not be directly comparable across financial reporting periods.***

The Company's financial statements included in this Offering Circular include its audited consolidated financial statements as at and for the twelve months ended 31 December 2011, the eighteen months ended 30 June 2013 and the eighteen months ended 31 December 2014. The fiscal year of the Company changed from the twelve months period ended 30 September to the twelve months period ended 31 December with effect from 2010. Subsequently, the fiscal year of the Company changed from the twelve months period ended 31 December to the eighteen months period ended 30 June and changed again to be the eighteen months period ended 31 December 2014. Given the changes in year end and the 18 month financial periods, the audited financials for 2013 and 2014 are not comparable to previous audited annual results of the Group. As a result, investors should take great care when reviewing and comparing financial results of the Group across different periods.

Additionally, the Company does not prepare interim period consolidated financials. Hence, this Offering Circular only includes the standalone financials for the six month period ending 30 June 2015 and for the nine months period ending 30 September 2015 which does not provide a complete picture of the Company's consolidated operations or performance.

***Our substantial indebtedness could adversely affect our financial condition.***

As at 31 December 2014, we had total consolidated indebtedness of approximately Rs.450 billion. We may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including, but not limited to, the following:

- we will be required to dedicate a substantial portion of our cash flow to the repayment of our existing debts, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future may be impaired;
- fluctuations in market interest rates will affect the cost of our borrowings to the extent not covered by interest rate hedge agreements, as a portion of our indebtedness is payable at variable rates;
- there would be an adverse effect on our business and financial condition if we were unable to service our indebtedness or obtain additional financing, as needed;
- our ability to satisfy our obligations under the Bonds and other debt, including our ability to redeem the Bonds at maturity may be limited;
- we are vulnerable to adverse general economic and industry conditions;
- we will have limited flexibility in planning for or reacting to changes in our businesses and the industry in which we operate; and
- we will be placed at a competitive disadvantage compared to our competitors that have less debt.

In the future, we may incur substantial additional indebtedness and contingent liabilities. The terms of the Bonds do not limit us from incurring additional debt and contingent liabilities. Any such indebtedness could increase the risks that we face as a result of our already substantial indebtedness and leverage.

***We require consents from our existing lenders to issue the Bonds. If we do not have all lenders' consents at the time we issue the Bonds, we may be in default of our existing loans.***

The issue of the Bonds requires the consent of several of our Indian lenders under the Group's major financing facilities. We are seeking the consent of all of these lenders. While we expect to have received these consents at the time of issue of the Bonds, there is a risk that we may not receive written consent or no objection certificates in time. If the Bonds are issued without consent of all of the required banks, we may be in default of certain of our loan facilities, including cross defaults under our loan facilities. We are subject to financial covenants and other covenants under our loan agreements; breach of these covenants may cause default under such agreements including cross defaults under our indebtedness and adversely affect our business and prospects.

We are subject to a number of financial and other restrictive covenants under the loan agreements to which we are a party. These covenants provide, among other things, that we cannot alter our capital structure, make any material modifications to our senior management, raise any further borrowings, or undertake any new project or expansion of existing projects without the consent of our lenders. See the section titled "Description of Material Indebtedness." Additionally, some of the loan agreements provide for the appointment of nominee directors by the lenders. These covenants place limits on our ability to deal freely with our business and assets, reduce our operational and financial flexibility and limit our ability to raise debt in the future.

Under certain of our loan agreements, if an event of default occurs we are not permitted to declare any dividend to our Shareholders without the prior consent of the lenders. Further, under certain of our loan agreements, if the Promoter shareholding falls below 51 per cent. or the Dhoot Family ceases to exercise management control, we may be required to immediately repay the amount outstanding. In addition, we have certain loan agreements which contain terms providing that our lenders have the right to convert the amounts outstanding in their respective loan into Shares upon the occurrence of certain events of default.

Some of our loan documents also require us to be in compliance with certain financial covenants. Our growing presence in capital intensive sectors such as oil and gas will result in us continuing to require high levels of debt financing. However, there is no assurance that we will be able to maintain our debt levels within the limits of our existing financial covenants and, if we breach any financial covenants, there is no assurance that we will be able to obtain the consents necessary to waive such breaches. Any such breach of covenants could result in a default, which could in turn trigger cross-defaults under our other financing documents. An event of default under any financing document, if not cured or waived, could result in acceleration of all or part of our financial indebtedness and the enforcement by our creditors of any security interests created by us in connection with such financing. It could also adversely affect our ability to raise financing in the future, and more generally could adversely affect our business and prospects.

***We may not be able to generate sufficient cash flows to meet our outstanding debt obligations.***

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond its control. In particular, cash flows will be dependent on our lenders' ongoing willingness and ability to support our Group's capital expenditure plans for our businesses, in particular as our oil and gas businesses grow.

In the past we experienced constraints on our liquidity and as a result were forced to delay payments on some of our domestic loans, although none of the loans were accelerated as a result of such delays. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

***We experienced a net loss for the fiscal year ended 30 June 2013.***

For the fiscal year ended 30 June 2013, our Group recorded a consolidated net loss of Rs.28,261.19 million. These losses were primarily due to losses in our Telecommunication Business. Details as to the recent financial and operating performance of our Group are set out in "Selected Financial Information". Our Group recorded a consolidated net profit of Rs.51,196.39 million for the fiscal year ended 31 December 2014 and Rs.210.47 million (on a non-consolidated basis) for the six months ended 30 June 2015, respectively. However, no assurance can be given that the difficulties experienced in recent past years will not recur or that our Group will not experience further losses in the future.

***We are re-orienting the strategy of our Oil and Gas business operations.***

Our future prospects will depend upon the ability to transform and develop our Oil and Gas Business operations successfully. In recent years, we have made a series of strategic investments in our Oil and Gas Business and management expects a significant portion of our future revenue to be generated from the oil and gas operations. Our future prospects will also depend upon our ability to develop and commercialise production of the Oil and Gas Business. Our Group is not yet producing oil and gas at all of its oil and gas fields as a number of such fields are under development. Such development is capital intensive and will require significant new financing. If we are unable to develop and implement this division's business strategy as planned, we may not be able to meet our ongoing debt obligations and if we are not able to finance the growth of our Oil and Gas Business at a reasonable cost or at all, our growth may be constrained and our results of operations may be affected.

***We may have difficulty in managing the increased scale of our operations as a result of our diversification into new business sectors.***

We have expanded our Oil and Gas Business internationally by acquiring interests in oil blocks in Brazil, Australia, East Timor and Indonesia. We have also diversified into the telecommunication, power and insurance businesses. As a result, the scale of our operations and the diversity of our business has increased substantially. Our management team has limited operating history or track record in certain of the businesses into which we have diversified, which may impair our ability to manage our business and assess our prospects. If we are unable to manage our growth effectively or to integrate the new operations fully with our existing business, our results of operations may be adversely affected.

***We may be required to reduce our equity interest in the insurance business.***

For our insurance business, we entered into a joint venture with Liberty Citystate Holdings Pte Limited (the “**Liberty Citystate**”), a member of the Liberty Mutual Group on 16 December 2010 to enter into the non-life insurance business. Under the terms of the agreement, Liberty Citystate will hold directly and indirectly a maximum of 26.0 per cent. of equity interest (maximum permitted under applicable law) and the Company will hold a minimum of 74.0 per cent. equity interest in the joint venture. The Indian Parliament recently passed the Insurance (Amendment) Act 2015 which increased the foreign shareholding limit in non-life insurance business to 49 per cent. Consequent to this change in law, we may need to divest our stake in the joint venture, subject to the joint venture agreement, if requested, by Liberty Citystate.

***We have diversified into businesses that are highly competitive and regulated, which may adversely affect our business.***

Some of the markets that we operate in are highly competitive and regulated. The Telecommunications Business and Power Business also have relatively long gestation periods. Moreover, the success of our diversification efforts also requires us to rely on third parties. For example, developing the Telecommunications Business requires us to depend on the availability of vendors to supply the necessary equipment, effective marketing and distribution plans and proper delivery of customer service. We do not have control over third parties in such matters and therefore these businesses are challenging and prone to delays and cost overruns. Thus, any delay in our plans, cost overruns or any inability to capture and expand market share could substantially impact our financial condition and results of operations.

***We operate in many developing countries and are subject to risks relating to conducting business in such countries.***

We have significant operations in emerging markets, such as Brazil, Indonesia and East Timor. Our oil and gas assets are located in Brazil, Indonesia, East Timor and Australia. These risks may include, amongst others:

- civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- default by Government bodies, who may be the only authorised trading counterparties in certain regulated markets;
- relatively less developed legal systems and business practices, which may give rise to difficulties in enforcement of agreements entered into with counter parties;
- changes in duties payable and taxation rates;
- imposition of restrictions on currency conversion or the transfer of funds;
- fluctuation in currency values;
- limitations and/or bans on imports and exports;
- expropriation or nationalisation of private enterprises or confiscation of private property or assets;
- reversal or change of laws, regulations or policies;
- relatively less developed business and communication infrastructure, which may hamper our efficiency and internal controls; and
- reinstatement of commodity boards or state monopolies for any of our products.

Should any of the aforementioned risks materialise and exceed the coverage of, or are not covered by, our insurance policies, our results of operations and financial position may be adversely affected.

***We engage in transactions with the Promoter Group entities including related parties and conflicts of interest may arise between us.***

We have undertaken in the past, and will continue to undertake, transactions with some of the members of the Promoter Group. Whilst such transactions are compliant with Indian accounting and regulatory standards, such standards may not be comparable with those of other countries such as the United States. For example, Indian regulations do not require independent valuations or shareholder approvals for transactions other than transaction with related parties. For example, certain of our consumer electronic products and household appliances (including components) are sourced from manufacturing facilities owned by the Promoter Group, so we engage in transactions on a continuing basis with certain Promoter Group entities. Certain Promoter Group entities also hold licences for the production of consumer products that compete with our products. In addition, in the past, we have made loans and advances to, and given guarantees for, and have received loans and advances from and benefited from guarantees given by certain Promoter Group entities (see note 44 to the consolidated Financial Statements for the year ended 31 December 2014). Some of these loans and advances are undocumented and may therefore be more difficult to enforce than if they were documented. Conflicts of interest may arise between us and members of the Promoter Group. There can be no assurance that transactions with members of the Promoter Group will continue to be at arm's length to us and if there are transactions which are not at arm's length, such transactions may not necessarily benefit the Shareholders of the Company.

***We are influenced by our controlling Shareholders who have interests in similar lines of business and whose interests may be adverse to those of our other Shareholders.***

Our controlling Shareholders have the ability to exert significant influence over us. We are controlled by the Promoter Group which, as of 30 September 2015, beneficially owned 65.60 per cent. of our issued Shares. As a result of its interest, the Promoter Group has the ability to exert significant influence over our business and certain actions requiring Shareholders' approval, including but not limited to the election of directors, the declaration of dividends, the appointment of management and other policy decisions. The interests of the Promoter Group may conflict with the interests of our other Shareholders. Such a concentration of ownership may also delay, prevent or deter a change in control of the Company.

In addition, the Promoter Group will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority Shareholders, which may adversely affect our future financial performance or the price of our Shares.

Under our Articles of Association, so long as Mr. Venugopal N. Dhoot and his relatives and entities ultimately promoted or controlled by Mr. Venugopal N. Dhoot and his relatives (the "**Promoter Group**"), hold not less than 9.0 per cent. of the total paid up equity share capital, they will be entitled to appoint such number of persons as shall together with the Managing Director or Managing Director and Chairman not exceed one third of the total number of the Directors of the Company and to remove such persons from office. Further, as long as Promoter Group holds not less than 26.0 per cent. of the total paid up equity share capital, the Managing Director or Managing Directors of the Company appointed by the Board need to be acceptable to the Promoter Group.

Accordingly, our Promoter Group has the ability to exercise significant influence over matters requiring Shareholders' or Directors' approval, even if their ownership interest in our equity share capital is reduced significantly.

***We may not be able to raise additional capital in the future on favourable terms or at all.***

We may require additional funds in the future in order to develop our business further, sustain our working capital requirements or to finance future capital expenditure or investment plans or to refinance existing debt. Additional equity financing will be dilutive to the holders of our Shares and certain equity financing such as preference shares may create rights and preferences superior to those enjoyed by equity Shareholders. Debt financing may involve restrictions on our commercial, financing and investment activities. Additional equity or debt financing may not be available to us on favourable terms or at all. If we are unable to raise additional funds as needed, the scope of our operations may be reduced and, as a result, we may be unable to fulfill our long term plans.

***We are subject to operational risks and our insurance may not be adequate.***

The operation of each of our businesses involves many risks and hazards, including the breakdown, failure or substandard performance of equipment, delay in delivery of equipment or improper installation or operation of equipment, difficulties in upgrading or expanding existing facilities, capacity constraints, labour disturbances, fire, natural disasters such as earthquakes, adverse weather conditions or flooding, environmental hazards and industrial accidents.

Our oil & gas business carry additional risks such as blowouts, cratering, uncontrollable flows of oil or gas, release of hazardous materials, other environmental risks and fires that can result in injury to persons as well as damage to or destruction of wells, equipment, reserves and production facilities and may result in suspension of operations and the imposition of civil or criminal penalties. Insurance may not be available to adequately cover all such risks.

In addition, the insurance coverage for our facilities is subject to periodic renewal. Numerous factors outside our control can affect market conditions, which in turn can affect the availability of insurance coverage as well as premium levels for policies. Our insurance coverage is also subject to certain exclusions, limitations and deductibles. If the availability of insurance coverage is reduced significantly, we may become exposed to certain risks for which we are not or could not be insured. Also, if premiums for the insurance coverage required for these facilities increase significantly, we could incur substantially higher costs for such coverage or may decide to reduce the coverage amounts, either of which could have an adverse effect on their financial condition and results of operations.

We maintain insurance which we believe is typical in our industry at their respective locations in India and the oil and gas industry in India in amounts that we believe to be commercially appropriate. Such insurance, however, may not provide adequate coverage in certain circumstances. We do not carry business interruption insurance with respect to our operations. The occurrence of a significant event for which we are not adequately insured against could materially adversely affect our operations and financial condition. In addition, in the future, some or all of our insurance coverage may become unavailable or may not be available on commercially reasonable terms.

***We are exposed to fluctuations in foreign exchange rates.***

We have a number of outstanding loans that are denominated in U.S. dollars. We do not have any currency hedging arrangements in relation to foreign currency borrowings made by us or our overseas subsidiaries. We are exposed to fluctuations in the exchange rate between the U.S. Dollar and the Indian Rupee. Any adverse currency movements may have a negative effect on our business.

***The trademarks currently used on our key brands are not owned by us.***

The Videocon trademark, which is a brand name that we use extensively, is beneficially owned and controlled by the controlling Shareholders and licensed to us. Under the license agreement for the Videocon brand, if members of the Dhoot family (including any companies owned and controlled directly or indirectly by any or all of them and/or by any or all of their blood and marital relations) cease to be our largest shareholder, the license will cease to be perpetual and will automatically be converted to a five-year license and the royalty payment will be calculated based on the then current market value determined by a recognised independent expert instead of the nominal fee that we currently pay which would cause us to incur substantial additional costs. Also, in the case of such eventuality, on expiry of such five-year term, we would be at risk of losing our right to use the Videocon brand. The cost of establishing a new brand would be substantial and would have an adverse effect on our sales, especially in our Consumer Electronics Business and Telecommunications Business.

The Videocon brand has been pledged as collateral for a loan taken by us. In the event of default, the term lenders may exercise this pledge and we may be unable to use the brand. If the licensor decides to sell the Videocon brand, our license agreement includes an option for us to purchase the brand subject to the discharge of the pledge. If it cannot be discharged, we may be unable to purchase the brand.

If we were sued for trademark infringement, we could be liable to pay substantial damages or account for the profits made from sales of goods manufactured under these brands or be forced to stop using or pay additional license fees.

***We require certain approvals and licenses in the ordinary course of business which if suspended, revoked, not granted or not renewed, could adversely affect our business.***

We require various statutory and regulatory permits, licenses and approvals to carry out our business and operations. A majority of these approvals are granted for a limited duration and require renewal. In respect of the Company's manufacturing facilities at Shahjahanpur, Rajasthan and Chittagaon, Maharashtra, the consents to operate issued under the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 have expired. While we have applied for renewal of consents to operate, we cannot assure you that such renewed registrations will be issued or granted to it in a timely manner, or at all. If we are not able to renew the approvals that have been granted to us in a timely manner, then our business and operations may be adversely affected. Moreover, any revocation of the approvals by the relevant regulatory authority would impair our operations and consequently have an adverse effect on our business.

The approvals mentioned above are subject to numerous conditions and we cannot assure you that these will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our activities, any of which could adversely affect our business.

***We are subject to environmental, safety and health regulations that may require us to expend significant capital expenditures for compliance and face fines or restrictions for non-compliance.***

We are subject to various environmental, safety and health regulations. We must comply with various environmental regulations, including regulations concerning air emissions, water pollution and discharge of waste effluent, toxic chemicals, and noise pollution. We have installed various types of anti-pollution equipment and systems at our manufacturing facilities, which we believe satisfy local regulatory requirements, for the treatment of waste chemicals, gases and liquid effluent and the disposal of solid waste. However, we cannot be certain that no environmental claims will be brought against us in the future or that local or national Governments will not increase the applicable environmental standards. Clean-up and remediation costs of the sites in which our facilities are located and related litigation could materially and adversely affect the cash flow, results of operations and financial condition. We must also comply with safety and health regulations, which have been increasingly stringent in India and may become significantly more stringent in the future.

The adoption of new environmental, safety and health regulations, new interpretations of existing laws, increased Governmental enforcement of or other developments in the future may require additional capital expenditure or additional operating expenses in order to comply with such laws and to maintain current operations. Furthermore, if the measures implemented by us to comply with these new laws and regulations are deemed insufficient by the Government, compliance costs may significantly exceed current estimates. If we fail to meet safety, health and environmental requirements, we may be subject to administrative, civil and criminal proceedings initiated by the Government, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties, as well as orders that could limit or halt our operations.

Our oil and gas operations, for example, are subject to extensive regulations pertaining to pollution and protection of the environment and the safety and health of our employees, including routine operational safety, platform certification, tank inspection and implement Jaipur fire investigation recommendations, Compliance with revised Oil Industry Safety Directorate ("OISD") requirements.

Ravva JV continues to endeavour to sustain the safety and integrity of the facilities in line with international standards, accurate data collection for better reservoir management to extend the recovery of residual reserves, and maintain the direct operating cost in line with international benchmarks.

We incur, and expect to continue to incur, significant capital and operating costs to comply with these requirements, including costs to reduce air emissions and discharges to the sea and to remedy contamination at various facilities where products or wastes have been handled or disposed. We could be required to incur significant costs, including clean up costs, fines and civil and criminal sanctions, if we fail to comply with these laws and regulations or the terms of the permits. Our oil and gas operations expose us to risks inherent in the use of hazardous materials, including pipeline and storage tank leaks and ruptures, explosions and releases of hazardous or toxic substances. These operating

risks can cause personal injury, property damage and contamination to the environment, and may result in the temporary shutdown of affected facilities and the imposition of penalties. Any failure to comply with present or future environmental, safety and health regulations could result in the imposition of fines against us, or in orders requiring the suspension of production or cessation of operations.

### **Risks relating to Our Consumer Electronics Business**

#### ***Some of the brand names licensed to us may be adversely affected by events beyond our control.***

We share the rights to use some of our licensed brands with the Promoter Group. The actions of these other companies are not within our control and could adversely affect the brands.

There can be no assurance that these brand names will not be adversely affected by events such as actions by the Promoter Group that are beyond our control, customer complaints (either with or without merit) or adverse publicity from any other sources. Any damage to any one or more of these brand names, if not sufficiently remedied, could have a material adverse effect on our business, financial condition and results of operations.

#### ***We rely on income generated by licensed brand names.***

We rely on the income generated by manufacturing and sales under licensed international brand names for a significant proportion of our income. If the marketability of the licensed brand names diminishes, this could have an adverse effect on our sales and results of operations.

Our brand license agreements contain stipulations relating to achieving minimum sales performance; minimum marketing and advertising expense budgets; and the manner of operating and management of the brands. Expiry or termination of the licenses granted to us to use licensed brands or, if we are unable to renew the licenses at all or on suitable terms or if we cannot find suitable alternative brands, may result in increased costs and have a material adverse effect on our business and results of operations.

#### ***We are subject to risks of assuming product liability, warranty and recall costs, which may adversely affect our results of operations and financial condition.***

Our products are covered under warranty and we are subject to risks and costs associated with product liability, warranty and recall.

If any of our products are found to be defective, it may generate adverse publicity and we may be required to undertake corrective actions or recall our products. As a result, our business, results of operations and financial condition may be adversely affected. Further, any defect in our products or after-sales services provided by authorised dealers or third parties could also result in customer claims for damages. Such actions and claims could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products.

#### ***We rely on our distribution network for marketing, sale and distribution of our products and underperformance of our distribution network may adversely affect our sales and results of operations.***

Our products are sold and serviced through a network of dealers and authorised service centers across India and we rely on these networks of authorised dealers for marketing, sale and distribution of our products and providing after sales service. Some of these service centers are operated by us while the others are owned and operated by franchisees. Any failure on the part of our distribution and service network in performing their functions and providing high quality service to customers could adversely affect our reputation, sales and results of operations. If we do not succeed in maintaining the stability of our distribution network and expanding our distribution network, our market share may decline, which may affect the results of our operations and financial condition.

#### ***The loss or shutdown of operations at any of our manufacturing facilities or any accidents or damage to our manufacturing equipment, plant and machinery or information technology systems may have an adverse effect on our business, financial condition and results of operations.***

We operate three manufacturing facilities for finished products across India at Chittegaon in Maharashtra, Shahjahanpur in Rajasthan and Bharuch in Gujarat. These manufacturing facilities are subject to operating risks, such as breakdowns or accidents or failure of equipment, power supply or

processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, natural disasters and industrial accidents. Our manufacturing facilities are also subject to operating risk arising from compliance with the directives of relevant Government authorities. The occurrence of any of these risks could significantly affect our operations by causing production to shut down or slow down.

Furthermore, we are dependent on our information technology systems for managing key business processes such as product design and development, customer and dealer management, transaction processing, accounting and production. Any failure in our information technology systems may adversely impact our ability to manufacture our products, manage our dealers and provide service to our customers, any of which may have a material adverse effect on our reputation, business, financial condition and results of operations.

***The consumer electronic products and household appliances businesses are highly competitive.***

The markets for consumer electronic products and household appliances are highly competitive and we have experienced pressure on our prices and margins. We expect that technological advances and aggressive pricing strategies developed by our competitors will intensify competition in respect of our products. We have numerous domestic and foreign competitors, some of which may have greater financial, technical and other resources than we do.

***We may not be able to adjust our product mix in line with market demand or keep pace with technological changes.***

Our future success will depend in part on our ability to develop and market products which meet changing customer demands and our ability to anticipate and respond to technological developments and changes in manufacturing processes. There can be no assurance that we will be successful in developing new products or that we will keep pace with technological changes taking place in the market or that we will be cost competitive. If we fail to make an adjustment to our product mix in a timely and cost-effective manner, or to produce and market products that capture market demand, our overall profitability could be adversely affected. We have recently launched 4K2K TVs, Oxy Fryer and Side-by-Side Refrigerator and will continue to introduce new products and new models of existing products in the future. However, there can be no assurance that new products launched by us now or in the future will be successful or that any initial success will be maintained. If unsuccessful, our business and financial condition and results of operations will be adversely affected. If the demand for alternatives to one of our products is created it may impact the market for our products, and our results of operations may be adversely affected.

In addition, a substantial portion of our business depends on the sales of consumer electronic products. As new features and applications of electronics products are frequently introduced, there can be no assurance that we will be equipped with the technologies and/or licenses required for developing and manufacturing electronics products that meet new standards. If the industrial standards of electronics products change substantially in the future and we are unable to provide new products on a timely basis or at all, our business and results of operations may be adversely affected.

***We do not usually enter into long-term supply contracts. Our inability to renew existing contracts or enter into new contracts may adversely impact our results of operations.***

We do not have long-term contracts for purchase of components with our suppliers. As a result, we cannot provide any assurance that these arrangements will be continued in future. Any delay in the supply of components would affect our production and thus, accordingly, affect our sales and results of operations.

We also sell and distribute consumer electronic products and home appliances which are manufactured by external parties. However, we do not have long-term contracts in place to guarantee the continuous supply of these products from such parties and therefore we cannot provide any assurance that these arrangements will be continued. Therefore, we cannot be certain that they will always have capacity available to meet our requirements and we have no protection against an increase in the price of these products.

Certain of our products are sold to vendors on an OEM basis. We do not have long-term contracts with purchasers of our products. The absence of purchase orders from a significant customer or from a number of customers could adversely affect our results of operations.

***Tax exemptions that currently benefit us will expire.***

We currently benefit from exemptions available in the state of Maharashtra from sales tax on goods manufactured at our Chittegaon plant. The incentive is available by way of exemption from payment of sales tax for a period of 18 years from 1 June 1999. Pursuant to the Maharashtra Value Added Tax (Levy, Amendment and Validation) Act, 2009, the amendments were made to Section 93 of the Maharashtra Value Added Tax Act, 2002 whereby we will have to pay tax at the tax ratio determined in accordance with the said notification. The tax ratio for colour televisions is 5.56 per cent. There is no expectation that the exemptions above will be renewed or that we will be entitled to new preferential treatments, except where additional investment is made, and if not, our results of operations and financial condition may be materially adversely affected.

***We may be involved in intellectual property disputes.***

The manufacturing of consumer electronic products involves the use of certain intellectual property rights. Our ability to compete successfully depends on our ability to operate our business without infringing the proprietary rights of others. We have no means of knowing what patent applications have been filed until the applications or resulting patents (if granted) are made available to the public. If a third party makes a valid claim against us or our customers, we may be required to discontinue using process technologies, limit our sales to certain areas, pay substantial monetary damages, seek to develop non-infringing technologies, or seek to acquire licenses to the infringed technology which may not be available on commercial terms acceptable to us or at all. Litigation may also be necessary to defend ourselves against claimed infringements of the rights of others; this could result in substantial costs to us and divert our resources. If any of these developments take place, our business, financial condition and results of operations may be adversely affected.

***We may not be able to protect intellectual property with respect to certain of our products.***

We have access to intellectual property rights and information with respect to certain of our products from the Promoter Group and other corporates owning international brands. There is no assurance that either we or the Promoter Group or owners of international brands will be able to prevent the misappropriation or unauthorised use of these intellectual property rights. There can be no assurance that we or the Promoter Group or the owners of international brands will be successful in any intellectual property enforcement action and, even if we are successful, we may have to incur significant costs and time to litigate our claims. Seeking patents or trademark registration protection can be expensive and time consuming. There is no assurance that patents or trademark registration will be issued from pending or future applications or that, if patents are issued or trademark registration granted, they will provide meaningful protection or commercial advantage. There can also be no assurance that any patent or trademark rights acquired will be upheld in the future.

***Our glass shell business is declining and is vulnerable to changes in products and product preferences.***

Our glass shell manufacturing operations are primarily focused on producing glass for CRTs. The TV market is continuing to shift, with increasing penetration by flat panel display TVs. While the focus of our glass shell manufacturing currently remains on the CRT market, the market is continuing to significantly decline. We may not be able to reconfigure our glass production to manufacture glass for flat panel display TVs. If the demand for CRTs continues to significantly decrease due to the market changes and if we are unable to penetrate new product markets successfully, our results of operations could be adversely affected.

***Our glass shell operations may be disrupted by interruptions in the supply of raw materials and utility supplies.***

Our glass shell manufacturing operates on a continuous basis and any interruption could result in damage to our facilities, particularly to our furnaces. Therefore, if there are interruptions in the supply of raw materials, energy or power, or water, our production would be adversely affected and our facilities, particularly our furnaces, could suffer physical damage. Any shutdown of our furnaces or production stoppage would have an adverse effect on our financial condition and results of operations.

***Our operations may be disrupted by labour unrest.***

A significant number of our employees in India are members of labour unions. These unions (except certain unions, of which some of our employees in our Shahjahnpur manufacturing facility in Rajasthan, are members) are specific to the local area in which each plant is situated and are not

currently national organisations. If our relationship with our employees deteriorates and there is labour unrest resulting in a work stoppage, slowdown or a strike, our production facilities may not be able to continue operations at the normal level, or at all, and this would have an adverse effect on our financial condition and results of operations. Although we have not faced any incident of labour unrest in the past, there is no assurance that we will not face any labour unrest in the future.

## **Risks related to Our Oil & Gas Business**

***Reserve and resource figures in Ravva Oil & Gas Field and other oil assets are given as estimates and may not be accurate.***

We have derived the reserves and resource figures of the Ravva Oil & Gas Field from the calculations and estimates provided by Cairn India Limited (the “CIL”), the operator of the Ravva JV and the report prepared by DeGolyer & MacNaughton, a reputed firm of international petroleum engineers (the “D&M Report”). According to the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers, the definitions of reserves estimated in the D&M Report are expressed as gross reserves, which is defined as the total estimated petroleum to be produced from the field after 31 March 2015, and contingent resources are expressed as gross contingent resources, which are defined as the total estimated petroleum that is potentially recoverable from known accumulations after 31 March 2015. We derive our estimates of contingent resources in our other oil assets to the extent of the total estimated petroleum that is potentially recoverable from the known accumulations, but which are not considered to be commercially recoverable, as estimated by the respective operators. Contingent resource figures are estimates and there can be no assurance that the reserves or resources exist, which will be potentially recovered or can be brought into profitable production. The quantities of contingent resources estimates that might actually be recovered should they be developed may differ significantly from the estimates presented. Furthermore, a decline in the market price of oil and gas could render new discoveries containing relatively lower quantities of oil and gas uneconomic to recover. The fall in oil prices over the past 12 months after oil prices have been above U.S.\$100/barrel in recent years, could have an impact in two ways. The first would be lower revenues from our share of revenue from the Ravva Oil and Gas Field. Secondly, the valuation of our international assets in Brazil and Indonesia could go down. This may be counter-acted by the fall in the prices of service/oil field equipment and consumables. Also a significant percentage of US shale oil assets may close down, taking up to half a million barrels of oil per day out of the market. The OPEC has recently decided against lowering production. Continuing military conflicts in oil export countries in the Middle East, are also expected to put a brake on falling oil prices.

***The Ravva Oil & Gas Field is considered to be in a mature and declining phase.***

The long reservoir production performance classifies the Ravva Oil & Gas Field as “mature”, which poses challenges in optimising the production and providing opportunities to maximise the reserves. Apart from the reservoir, production facilities such as platforms, subsea pipelines and onshore processing and storage plant and equipment are also ageing, and long term strategies are required to meet the sustained production requirements in order to maintain their integrity.

The oil producing wells are declining in production at the rate of 30 per cent. annually, with increases in water cuts. Infill wells drilled after 3D and 4D seismic studies have shown drastically reduced oil production after a few months of producing at forecast levels. The satellite gas wells have recently suffered interruptions due to incursion of water. Uncertainty in the Government’s policy on extension of petroleum exploration permits/licenses is also an obstacle to significant further exploration investments. Exploration in areas other than the prolific Middle Miocene and early Oligocene, have not yielded any significant hydrocarbons.

Though the Ravva PSC is due to expire in October 2019, the PSC also stipulates that the contract may be extended by the Government for a further period not exceeding 5 years. The Ravva JV intends to approach the Government to extend the period beyond 2019 after the Government’s policy in this regard is in place. There can be no assurance that the Government will agree to provide such an extension in time, or at all. Further, even if such an extension was granted, there can be no assurance that the conditions imposed by the Government, if any, will allow the continuation of operations in the Ravva Oil & Gas Field without affecting the profitability of the operations.

The Ravva Oil & Gas Field is currently the only source of revenue in our Oil and Gas Business. The project has generated revenues of more than U.S.\$15.358 billion, of which U.S.\$3.018 billion represents contract costs which are recoverable by the contractors. The Government's share of the profit petroleum is payable based on computation of a post-tax rate of return achieved by the companies on an aggregate basis for the respective years. Currently the share of profit petroleum payable to the Government is at a rate of 60 per cent (the rate will remain at 60 per cent. even if the post tax rate of return falls below 40 per cent.). As of 31 March 2015 Government has earned profit petroleum of U.S.\$6.862 billion, with the balance going to the contractors.

There can be no assurance that any of our other oil assets will generate revenue before the Ravva Oil & Gas Field ceases to generate revenue, or at all, which may materially adversely affect the results of our operations and financial condition.

***We will be responsible for abandonment costs connected with the Ravva Oil & Gas Field.***

We are responsible for our share of the costs associated with abandoning and reclaiming wells, facilities and pipelines which the Ravva JV uses for the production of oil and gas. These costs are typically incurred at the end of the productive life of the field. Although abandonment was initially contemplated in Ravva, the production still continues, in view of recoverable reserves. Thus, it requires considerable investment to be continued to meet both integrity and performance requirements of the field as per Good International Petroleum Industry Practices. For further details, please see "Business—Oil & Gas Business—Ravva Oil & Gas Field—Abandonment Costs."

We have made provisions and given corporate guarantees in respect of certain of our contingent liabilities and the Oil and Natural Gas Corporation Limited (the "**ONGC**"), Videocon Petroleum Limited, the name of which was subsequently changed to Petrocon India Limited, Command Petroleum (India) Pty Limited, whose names subsequently changed to CIL and Ravva Oil (Singapore) Pte Limited, (the "**ROS**") (together referred to as the "**Contractor Parties**") created sinking funds in which funds are kept to meet abandonment costs obligations. If the sinking funds are not adequate to meet such actual abandonment costs, we would be required to fund our share of any shortfall, which could have an adverse effect on our financial condition and results of operations.

***The price of gas from the Ravva Oil & Gas Field is being negotiated.***

The sale of gas from existing discoveries at the Ravva Oil & Gas Field is governed by (i) a gas sales contract between the Contractor Parties and GAIL (India) Limited ("**GAIL**") dated 27 June 1997, as amended, for the existing gas (the "**Existing Gas Sales Contract**") and (ii) a gas sales contract between the Contractor Parties and GAIL dated 9 April 2001, as amended, for the gas produced in the satellite fields (the "**Satellite Gas Sales Contract**", and together with the Existing Gas Sales Contract, the "**Ravva Gas Sales Contracts**"). The price of gas produced by the Ravva JV was set for the first five years period at U.S.\$3.5/MMBtu for the Existing Gas Sales Contract and U.S.\$4.3/MMBtu for the Satellite Gas Sales Contract, respectively. After the expiry of this five-year period, the Contractor Parties served a notice to the Government of India seeking to raise the price payable under the Ravva Gas Sales Contracts. With respect to the Existing Gas Sales Contract, the revised price of U.S.\$4.2 per MMBtu has been due since 1 December 2008. However, GAIL is depositing the margin to a gas pool account, due since April 2010, pending the Government's approval. A final decision in this regard is pending and any unfavourable decision may have an adverse impact on us. See "Business — Oil & Gas Business — Ravva Oil & Gas Field — Sales.

***We are exposed to the Government of India in respect of sales of oil and gas.***

The purchasers of petroleum products of the Ravva JV are public sector refineries which include Chennai Petroleum Corporation Limited (the "**CPCL**"), Mangalore Refineries & Petrochemicals Limited, (the "**MRPL**"), Indian Oil Corporation (the "**IOC**") and Hindustan Petroleum Corporation Limited (the "**HPCL**"), in the case of crude oil, and GAIL, in the case of natural gas. All of these purchasers are Government controlled entities. In addition, the largest partner in the Ravva JV is ONGC, a company in which the Government of India has a majority stake. Our results of operations and financial position may be adversely affected if there is any change in the Government of India's policy on the oil and gas industry in India.

***The regulatory regime in India's oil and gas industry may be different to that prevailing in other countries.***

We are governed in India by a legal and regulatory environment which in some respects may be materially different from that which prevails in other countries. The Government of India directly participates in the oil and gas exploration, development and production industry and it has indirect impact through environmental laws and regulations on the industry. While many of the Government of India's policies have been liberalised and there has been a move towards market orientation, the Ravva JV continues to be subject to limitations on the export of crude oil and natural gas.

The Government of India has the option to take delivery of its share of crude oil and gas from the Ravva Oil & Gas Field either in kind or in cash. We and the other Contractor Parties cannot increase the production rate at the Ravva Oil & Gas Field without the consent of the Government of India. In addition, the Government of India mandates that we sell nearly all of the crude oil we produce to public sector refineries in India and that we sell much of the natural gas we produce from the Ravva Oil & Gas Field (with the exception of the gas from the satellite fields) to GAIL. Further, pursuant to the petroleum mining leases in which we have an interest, the Government of India retains the ability to direct the Ravva JV's actions in certain circumstances such as requiring the Ravva JV to conduct tests and surveys, to act in such a manner as to prevent damage to mineral formations, to limit wastage and/or to limit production temporarily. We cannot provide any assurance that future Government policies will not have an adverse effect on the Ravva JV.

***The oil and gas industry is extremely competitive and we may not be successful when tendering for further exploration blocks.***

There is no certainty that we will be successful in securing further exploration blocks, or that we will be successful in discovering further oil or gas deposits, or that any deposits which are discovered will be commercially viable.

The Indian oil and gas industry is extremely competitive, especially with regard to the exploration and development of new sources of oil and natural gas. The New Exploration Licensing Policy ("NELP") was implemented in 1994 whereby private participation in the allocation of exploration was permitted through competitive bidding. The Government of India now automatically approves 100 per cent. foreign equity ownership in exploration activities conducted under the NELP. This policy is aimed at encouraging foreign oil companies to invest in India. In addition, new domestic and foreign entrants, including the world oil majors, may seek to participate in the exploration and development of new blocks in India. The increased competition could adversely affect our expansion plans by limiting the number of new exploration blocks that will be available to us in the future. For example, further licensing rounds under the NELP may involve many of the large international oil companies seeking to acquire licenses for exploration through their subsidiaries and joint ventures.

Internationally, state-owned corporations in each country are tending to dominate oil and gas domestic production, thereby reducing the number and quality of prospects open to bidding by independent exploration and production companies. Therefore, there may be greater competition among independent companies for the blocks which come available, and we may not be successful in securing good quality projects. Even if we successfully secure new projects, those projects may be more speculative than those we can normally obtain if there is less competition.

***We do not control our exploration and production joint ventures.***

We are non-operating investors in our oil and gas ventures. We do not have a controlling interest in any of our oil and gas ventures. Typically in the exploration phase of any project, a party may undertake work outside the agreed scope of work on an own cost basis. It cannot require consortium members to provide funding for such additional works. In the production phase of any project, key decisions are taken on the basis set out in the consortium agreements, but typically these agreements require unanimous consent. Therefore, we have no control over our exploration and production assets other than that conferred by our percentage interest in the projects. This results in limited freedom in managing the projects in which we participate.

***The pricing of oil and gas is subject to variation and depends on a number of factors beyond our control.***

The price and demand for oil and gas is highly dependent on a number of factors, including worldwide supply and demand levels, energy policies of Governments and oil-producing cartels, the weather, competitiveness of alternative energy sources, global economic and political developments and the

trading patterns of the commodity futures markets. Changes in oil and gas prices can have an impact on the valuation of our oil and gas reserves. International oil and gas prices have fallen sharply in recent months and may continue to fall in the future as well. Lower oil and gas prices will adversely affect our revenue, business and financial condition. Even relatively modest declines in crude oil and/or natural gas prices may adversely affect our business, revenues and profits. Lower oil and gas prices may result in the write-off of higher cost reserves and other assets and may lower our earnings or cause losses. Lower oil and gas prices may also reduce the amount of oil and natural gas we can produce economically and render existing contracts that we have entered into uneconomical.

Further the Ravva crude price, which on average is U.S.\$3 per barrel above rated Brent is proving unprofitable for Indian refineries, which have now equipped facilities for refining lower cost 'sour' crude. This may result in Ravva JV lowering its price in order to compete and sell crude to its customers.

Ravva gas prices are revised in accordance with the Ravva PSC and do not qualify for revised prices announced by the Government. Ravva JV has to negotiate with GAIL, for securing price revisions. This also has an adverse affect on revenues from sale of Ravva gas.

***The exploration and production of oil and gas and other natural resources involves a high degree of risk and resulting losses may cause material liabilities that are not covered by insurance.***

The exploration and production of oil and gas and other natural resources involves a high degree of risk. We have secured participations in oil and gas projects in Brazil, East Timor, Australia, and Indonesia. We may continue to seek further oil and gas exploration opportunities. Tendering for exploration blocks, surveying and examining data, exploring, risk appraising and developing wells may involve substantial expenditure, which will need to be funded from operating cash flows and other cash sources, which may adversely affect our results of operations. In addition, exploration may be unprofitable and result in a total loss of investment. We may be unable to identify commercially exploitable deposits or successfully drill, complete or develop oil and gas reserves. Completed wells which are drilled may never produce oil or gas, or may not produce sufficient quantities to be profitable or commercially viable.

In addition, the costs of drilling, completing and operating wells could be subject to shortages of, or delays in obtaining, equipment, and the inadequacy or unavailability of, or other problems with, transportation facilities. Breakdowns in our equipment or that of contractors, or in the infrastructure on which we rely, could disrupt our operations and adversely affect our business. In particular, our computers, telecommunications and electronic systems and equipment are vulnerable to breakdowns, disruptions or other problems that may adversely affect our operations.

Our operations may be disrupted by a variety of risks and hazards which are beyond our or other partners' control, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, earthquakes, unusual or unexpected geological formations, flooding and extended interruptions due to hazardous weather conditions, explosions and other accidents. These risks and hazards could result in oil spills, blowouts, cratering, fires, equipment failure and loss of well control which can damage or destroy wells or other production facilities and/or cause personal injury, environmental damage, business interruption, monetary losses and possible legal liability. In addition, offshore operations are subject to marine perils, including severe storms and other adverse weather conditions, vessel collisions, and Governmental regulations as well as interruptions or termination by Governmental authorities based on environmental and other Governmental considerations.

We believe that the operators of the respective oil and gas assets maintain insurance coverage against some, but not all, potential losses. For example, we have no insurance coverage for loss of profits or earnings, damaged or destroyed data or records, or damage or loss due to pollution or contamination arising out of our onshore exploration and production activities. Losses and liabilities arising from such events may significantly reduce our revenue or increase our costs (for example, by incurring extra costs on site restoration, disaster recovery and workers' compensation or rehabilitation) and have a material adverse effect on our results of operations and financial condition.

***Exploration and production of oil in deep waters involves risk.***

Exploration and production of oil involves risks that are increased when carried out in deep and ultra-deep waters. Some of our exploration and expected production activities are or will be carried out in deep and ultra-deep waters. Our activities, particularly in deep and ultra-deep waters, present

several risks, such as the risk of oil spills, explosions on platforms and in drilling operations and natural disasters. The occurrence of any of these events or other incidents could result in personal injuries, loss of life, severe environmental damage with the resulting containment, clean-up and repair expenses, equipment damage and liability in civil and administrative proceedings.

Our insurance policies do not cover all liabilities, and insurance may not be available for all risks. There can be no assurance that incidents will not occur in the future, that insurance will adequately cover the entire scope or extent of our losses or that we will not be found liable in connection with claims arising from these and other events.

***Maintaining our long-term growth objectives for oil production depends on our joint ventures' ability to successfully develop our reserves.***

Our ability to maintain our long-term growth objectives for oil and gas production is highly dependent upon our joint ventures' ability to successfully develop our existing reserves and, in the long term, to obtain additional reserves. The development of our existing reservoirs has demanded and will continue to demand significant capital investments. A primary operational challenge, will be (i) securing the critical resources that are necessary to meet our production targets, (ii) allocating our resources to build the necessary equipment and deploy such equipment at considerable distances from the shore and (iii) securing a qualified labour force and offshore oil services to develop reservoirs of such size and magnitude in a timely manner. We cannot guarantee that we will have or will be able to obtain, in the time frame that we expect, sufficient resources necessary to exploit the reservoirs, in particular in deep waters, that have been licensed and granted to us, or that may be licensed to us in the future.

Our exploration activities also expose us to the inherent risks of drilling, including the risk that we may not discover commercially productive crude oil or natural gas reserves. The costs of drilling wells are often uncertain, and numerous factors beyond our control (such as unexpected drilling conditions, equipment failures or incidents, and shortages or delays in the availability of drilling rigs and the delivery of equipment) may cause drilling operations to be curtailed, delayed or cancelled. In addition, increased competition in the oil and gas sector may increase the costs of obtaining additional acreage in bidding rounds for new concessions. We may not be able to maintain our long-term growth objectives for oil production unless we conduct successful exploration and development activities of our large reservoirs in a timely manner

***Our future prospects largely depend on our capital expenditures, which are subject to various risks.***

Our ability to maintain and increase our revenues, profit and cash flows depends upon continuous capital spending, which is subject to a number of contingencies, some of which are beyond our control. These variables include: cash flows from operations, the availability and terms of external financing, our ability to execute our project plans and commence production on time, weather conditions, the availability of services and facilities, approvals required from the India and foreign governments for certain capital expenditures and investments, and economic, political and other conditions in India and overseas jurisdictions where we have operations or assets.

Therefore, our actual capital expenditures and investments in the future may differ significantly from our current planned amounts. If we are unable to obtain sufficient funding for our operations or development plans, our business, revenues, profit and cash flows could be adversely affected.

***Our projects may not be completed on time or within budget.***

We are involved with a variety of projects at any given time, including exploration and development projects, and the construction and expansion of project facilities. Project delays may adversely affect expected revenues and cost overruns may adversely affect project economics. Our ability to complete projects on time and within budget depends on many factors beyond our control, including the need for government and regulatory approvals, especially the approvals from environmental agencies, the availability of equipment and personnel, weather, accident, equipment breakdown, unexpected or uncontrollable increases in the costs of materials or labour and processing capacity.

***Brazilian political and economic conditions and investor perceptions of these conditions may have a direct impact on our business and may have a material adverse effect on us.***

The Brazilian federal government's economic policies may have important effects on companies operating in Brazil, including us. Our financial condition and results of operations may be adversely affected by the following factors and the Brazilian federal government's response to these factors:

- exchange rate movements and volatility;
- inflation;
- financing of government current account deficit;
- price instability;
- interest rates;
- liquidity of domestic capital and lending markets;
- tax policy;
- regulatory policy for the oil and gas industry, including pricing policy;
- allegations of corruption against political parties, elected officials or other public officials, including allegations made in relation to the Lava Jato investigation; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian federal government will implement changes in policy or regulations that may affect any of the factors mentioned above or other factors in the future may lead to economic uncertainty in Brazil and increase the volatility of the Brazilian securities market and securities issued abroad by Brazilian companies, which may have a material adverse effect on our results of operations and financial condition.

***Allegations of political corruption against the Brazilian federal government and the Brazilian legislative branch could create economic and political instability.***

In the past, members of the federal government and the Brazilian legislative branch have faced allegations of political corruption. As a result, a number of politicians, including senior federal officials and congressman, resigned or have been arrested. Currently, elected officials and other public officials in Brazil are being investigated for allegations of unethical and illegal conduct identified during the Lava Jato investigation being conducted by the Office of the Brazilian Federal Prosecutor. The potential outcome of these investigations is unknown, but they have already had an adverse impact on the image and reputation of the implicated companies (including Petróleo Brasileiro S.A. (“**Petrobras**”)), in addition to the adverse impact on the general market perception of the Brazilian economy. These proceedings, their conclusions of further allegations of illicit conduct could have additional adverse effects on the Brazilian economy. We cannot predict whether such allegations will lead to further instability or whether new allegations against Brazilian government officials will arise in the future. In addition, we cannot predict the outcome of any such allegations nor their effect on the Brazilian economy.

In particular, the Group is a partner with Petrobras in the Sergipe Concession and has other operating arrangements in Brazil with Petrobras. There are several ongoing criminal investigations against Petrobras employees and companies involved with Petrobras. However, companies operating in Brazil including the Company, particularly in the oil and gas industry, are likely to come under greater scrutiny as a result of the scandal and the recent implementation of Brazil’s Clean Company Act.

***The recent rating downgrade to Brazil may have a negative impact on our Oil & Gas Business.***

Standard & Poor’s downgraded Brazil’s credit rating to junk grade on 9 September 2015. Other credit rating agencies have not yet followed with their own downgrades. The S&P downgrade may have a negative impact on our Oil & Gas business. Asset prices may decline sharply. Further fallout from the downgrade will depend on how other major ratings agencies respond. Any further downgrades will have an adverse impact on the Brazilian economy and potentially on our operations and projects in Brazil.

**Risks relating to Our Telecommunications Business**

***Rapid technological changes may increase competition and render our technologies, products or services obsolete.***

The telecommunication services industry is characterised by rapid technological change and significant capital requirements. For example, the “WiFi” and “WiFi Max” technology which allows for voice data transfer has now been tested and handsets have been developed and are being made

available. “TD-LTE” technology may also permit fourth-generation mobile service providers to offer significantly faster data transfer speeds and more capacity, as well as the scalability for early adopters in India to establish market share quickly. Given the fast pace of technological innovation in the telecommunications sector, we face the risk of technology becoming obsolete and may need to invest significantly large amounts to upgrade our networks or use new technologies.

We face the risk of unforeseen complications in the deployment of these new services and technologies, and there is no assurance that the estimate of the necessary capital expenditure to offer such services will not be exceeded. New services and technologies may not be developed and/or deployed according to expected schedules or may not achieve commercial acceptance or be cost-effective. The failure of our services to achieve commercial acceptance could result in additional capital expenditures or a reduction in profitability. Any such change could materially and adversely affect our financial condition and results of operations.

***We depend on interconnection with our competitors’ networks and associated infrastructure as well as roaming arrangements with other telecommunications operators.***

Our ability to provide commercially viable telecommunications services depends, in part, upon our interconnection arrangements with other telecommunications operators. The framework by which interconnection charges are made is regulated by the relevant Government authorities. We are also dependent upon roaming agreements with other telecommunications operators, under which customers of these other telecommunications operators are permitted to roam on our networks, as a source of revenue. If these roaming agreements were to terminate, or if the other telecommunications operators were to deploy incompatible technologies, our roaming revenue and profits may be materially reduced, and our customer base may also be impacted.

***Our ability to deliver services may be interrupted due to a systems failure or shutdown of the networks.***

Our services are currently carried through wireless and fixed-line telecommunications networks, as well as through our transmission networks comprised of optical fiber cable, microwave, submarine cable and satellite transmission links. The operation of these networks may be vulnerable to damage or interruptions due to adverse weather conditions, earthquakes, fires, floods, power loss, telecommunications failures, software flaws, transmission cable cuts or similar events. Any failure of the networks, servers, or any link in the delivery chain that results in an interruption in the operation or provision of any operators were to deploy incompatible technologies, our roaming revenue and profits may be materially reduced, of our services, whether from operational disruption, natural disaster, military or terrorist activity, or otherwise, could damage our ability to attract and retain subscribers and materially and adversely affect our financial condition, results of operations and prospects.

***We may be adversely affected by changes in the tariff structures for our services.***

We are subject to regulations on our tariff structures. There can be no forecast or assurance on the timing, likelihood or likely magnitude of any future tariff adjustments generally or the extent of any potential impact such tariff adjustments, including any increase in applicable service taxes, would have on our business. There is no assurance that our business, financial condition and results of operations will not be materially and adversely affected by any Government-mandated or other tariff adjustments in the future.

***We face significant and intense competition in our markets, which could result in decreases in current and potential customers, revenue and profitability.***

We face significant competition in our markets. In particular, competition is expected to intensify among providers of mobile telecommunications services, and this may continue to drive down prices for services and handsets. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new services, pricing strategies by competitors and changes in consumer preferences and economic, political and social conditions in the markets in which we operate. Any failure by us to compete effectively, including in terms of pricing of services, acquisition of new subscribers and retention of existing subscribers, could have an adverse effect on our financial condition and results of operations.

We also compete with companies such as Bharat Sanchar Nigam Limited (“BSNL”), which is state-owned enterprises controlled by the Government of India and which may enjoy certain advantages. For example, BSNL is not required to pay entry fees, giving it a significant competitive edge over other mobile operators. These companies also have interconnection benefits. There can be no assurance that we will be able to compete successfully with the Government of India operators and, if the Government of India does not ensure a level playing field, our business, results of operations, financial condition and prospects could be adversely impacted.

***Concerns about health risks relating to the use of mobile handsets may adversely affect our prospects.***

Media and other reports have linked radio frequency emissions from mobile handsets to various health concerns, including cancer, and to interference with various electronic medical devices, including hearing aids and pacemakers. We are not aware of any definitive studies showing that radio frequency emissions cause health problems, but concerns over radio frequency emissions may discourage the use of mobile handsets, which could have a material adverse effect on our business, financial condition and results of operations. Research and studies are ongoing, and there is no assurance that further research and studies will not demonstrate a link between radio frequency emissions and health concerns.

**Risks relating to India**

***Our growth is dependent on the Indian economy and a slow-down in the Indian economic growth and other political and economic factors may adversely affect the Group’s business and results of operations.***

Our performance and the growth of our business is dependent on the performance of the Indian economy as a significant portion of the Group’s assets are located in India and a substantial portion of the Group’s revenues are derived from the domestic market. India’s economy has been adversely affected by the recent global economic uncertainties and liquidity crisis, volatility in interest rates, currency exchange rates, commodity and electricity prices, Government regulations and policies, adverse conditions affecting agriculture, inflation and various other factors. Risk management techniques by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy and consider future expansion plans.

Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, would have an impact on the growth of the Indian economy, and the Government of India policy may change in response to such conditions. While the Indian Government has generally been keen on encouraging private participation in the industrial sector, any adverse change in policy could result in a further slowdown of the Indian economy which could have a material adverse effect on the Group’s business. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into industrial development, and there is no assurance that the Government will provide policies to support industrial development or encourage private capital investment in the future. Any downturn in the macroeconomic environment in India could materially and adversely affect the price of the Shares and the Bonds and our business, financial condition and results of operations.

***Political instability or significant changes in the Government of India and State Governments could delay the further liberalisation of the Indian economy and adversely affect economic conditions in India generally and our business.***

For the Fiscal Years 2013 and 2014, 96.7 per cent. and 94.4 per cent., respectively of our gross sales were derived from the Indian market. The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of the Bonds may be affected by changes in the Government of India policy, taxation, social and civil unrest and other political, economic and other developments in or affecting India. Changes in Government policies and protests against privatisations, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. The Company cannot assure Bondholders that the

policy on liberalisation of India's economic and financial sectors and deregulation will be continued. A significant change in India's economic liberalisation and deregulation policies could disrupt or adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased. India has been following a course of economic liberalisation and the Group's businesses could be significantly influenced by economic policies followed by the Indian government. Further, businesses are also influenced by regulations and conditions in the various states where the Group operates.

***If regional hostilities, terrorist attacks or social unrest in India increase, our business could be adversely affected and the trading price of the Bonds and the Shares could decrease.***

The Asian region has experienced instances of civil unrest, terrorist attacks and hostilities among neighbouring countries. Military activity or terrorist attacks in India in the future could influence the Indian economy by creating a greater perception that investments in Indian companies involve higher degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy, our business, financial condition and results of operations, our future financial performance and the trading price of the Shares and the Bonds.

Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business and future financial performance and the trading price of the Shares and the Bonds.

***Natural disasters could have a negative impact on the Indian economy and cause our business to suffer.***

India has experienced significant natural disasters such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy and infrastructure. Further, prolonged spells of below normal rainfall levels or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of the Shares and the Bonds.

***Financial instability in countries other than India could disrupt Indian markets and our business, and cause the trading price of the Bonds and the Shares to decrease.***

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, including emerging market countries in Asia. Further, the global financial crisis has had a significant impact on the Indian economy as well as the stability of the Indian financial markets. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This, in turn, could have a negative impact on the movement of exchange rates and interest rates in India. In short, any significant financial disruption could have an adverse effect on our business, financial condition, results of operations, future financial performance and the trading price of the Shares and the Bonds.

***There may be less company information available in the Indian securities markets than securities markets in more developed countries.***

The Shares are not listed on any stock exchange outside India. There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants than that of markets in other more developed economies. SEBI is responsible for monitoring disclosure and other regulatory standards for the Indian securities market. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed countries, which could adversely affect the market for the Shares. As a result, investors may have access to less information about our business, financial condition and results of operation, on an ongoing basis, than investors may in the case of companies subject to reporting requirements of other countries.

***Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and the trading price of the Bonds and the Shares.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms on which such additional financing is available. This could have an adverse effect on our business, financial condition, results of operations and future financial performance and our ability to obtain financing to fund our growth, as well as the trading price of the Bonds and the Shares.

***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 Offering Circular.***

Our financial statements included in this Offering Circular are prepared and presented in conformity with Indian GAAP and no attempt has been made to reconcile any of the information relating to us given in this Offering Circular 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 Offering Circular. In making an investment decision, potential investors must rely upon their own examination of our Company. See "Summary of Principal Differences between Indian GAAP and IFRS".

***Public companies in India, including our Company, shall be required to prepare financial statements under Indian Accounting Standards. In addition, all income-tax assesseees in India, including our Company, will be required to follow the Income Computation and Disclosure Standards.***

The Ministry of Corporate Affairs, Government of India, has through a notification dated 16 February 2015, set out the Ind AS and the timeliness for their implementation. Given that Ind AS is different in many respects from Indian GAAP under which our financial statements are currently prepared, our financial statements for the period commencing from 1 April 2016 may not be comparable to our historical financial statements.

Further, we have made no attempt to quantify or identify the impact of the differences between Ind AS and Indian GAAP as applied to our financial statements and there can be no assurance that the adoption of Ind AS will not affect our reported results of operations or financial condition. In addition, our management may also have to divert its time and other resources for the successful and timely implementation of Ind AS. Any failure to successfully adopt Ind AS may have an adverse effect on the trading price of our Equity Shares and/or may lead to regulatory action and other legal consequences. Moreover, our transition to IND AS reporting may be hampered by increasing competition and increased costs for the relatively small number of Ind AS-experienced accounting personnel available as more Indian companies begin to prepare Ind AS financial statements. Any of these factors relating to the use of Ind AS may adversely affect our financial condition and results of operations.

Further, the Ministry of Finance has issued a notification dated 31 March 2015 notifying 10 Income Computation and Disclosure Standards ("ICDS"), thereby creating a new framework for the computation of taxable income. The ICDS came into force with effect from 1 April 2015 and shall apply to the assessment year 2016-17 and subsequent assessment years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations will have the effect of requiring taxable income to be recognised earlier, higher overall levels of taxation to apply or both. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for MAT, which the Company currently pays.

We have made no attempt to quantify or identify the impact of the computation of taxable income following ICDS. It is possible that the resultant computation of taxable income based on the ICDS and net income based on our Company's financial statements may be significantly different, and, if they differ, we may be required to recognise taxable income earlier and/or pay higher overall taxes.

***Companies operating in India are subject to a variety of central and state government taxes and surcharges. Further, any change in tax laws, may result in an increase in the tax liabilities of the Company and thus adversely affect the Company's financial results.***

Tax and other levies imposed by the Government of India and state governments that affect our tax liability include: (a) income tax; (b) excise duty; (c) value added tax; (d) turnover tax; (e) service tax; and (f) customs duties and other special taxes, duties and surcharges, which are introduced on a temporary or permanent basis.

The Government of India and state government tax scheme in India is extensive and subject to change. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect the Company's competitive position and profitability. For instance, the statutory corporate income tax in India is currently 30 per cent. of the total taxable income for domestic companies and includes a 12 per cent. surcharge and a 3 per cent. education cess, resulting in an effective tax rate of 34.61 per cent. The provisions of the Indian Income Tax Act are amended on an annual basis by the Finance Act.

The Government of India or state governments may, in the future, increase corporate income tax or other taxes or cesses that they currently impose. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could have a material adverse effect on our business, financial condition and results of operations. Further, the Company claims certain tax benefits under the Indian Income Tax Act, relating to various business activities, which decrease its overall effective tax rates. There can be no assurance that these tax incentives will continue to be available to the Company in the future. The non-availability of these tax incentives could adversely affect the Company's financial condition and results of operations.

***Inflation in India may adversely affect the Company's business.***

India has experienced in the past high rates of inflation. The Company can provide no assurance that such high rates of inflation will not occur in the future. In addition, the Government has taken measures to control inflation, which have included tightening monetary policy by raising interest rates, restricting the availability of credit and inhibiting economic growth. Inflation, measures to combat inflation and public speculation about possible governmental actions to combat inflation have also contributed significantly to economic uncertainty in India and heightened volatility in the Indian capital markets.

Periods of higher inflation may also slow the growth rate of the Indian economy. Moreover, the reporting currency of the Company's financial statements is the Rupee, and fluctuations in the value of the Rupee that result from inflation, could affect the Company's results of operations and financial condition. Further, inflation could cause a rise in the price of transportation, wages or any other of the Company's expenses. If the Company is unable to reduce costs or pass our increased costs along to customers, the Company's results of operations and financial condition may be materially and adversely affected. Also, a rise in interest rates will impact interest payable on any future debt, thus increasing the cost of new financing, increasing our interest expense and hindering our ability to implement our growth strategies. Such a rise in interest rates could materially and adversely affect the Company's results of operations and financial condition.

***Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions constrain the Company's ability to obtain foreign currency denominated debt financing on competitive terms and refinance existing indebtedness. In addition, it cannot be assured that any required regulatory approvals will be granted to the Company without onerous conditions, within a reasonable time or at all. Limitations on foreign debt may have an adverse effect on business growth, financial condition and results of operations.

***Political, economic or other factors that are beyond our control may have an adverse impact on our business, financial condition, results of operations and prospects.***

The following risks may have an adverse impact on our business, financial condition, results of operations and cash flows, should any of them materialise:

- increase in interest rates may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- a downgrade of India's sovereign rating by international credit rating agencies may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- a decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy as well as the valuation of the Indian Rupee, which may adversely impact our financial condition; and
- an epidemic outbreak of an infectious disease or any other serious public health crisis in India, or in South Asia or the world in general, could have a negative impact on global economies, financial markets and business activities worldwide.

***Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate laws, may adversely affect our business, results of operations, financial condition and prospects.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

For instance, the Companies Act 2013, read with the rules issued thereunder, contains significant changes to Indian company law, including in relation to the issue of capital by companies, related party transactions, corporate governance, audit matters, shareholder class actions and restrictions on the number of layers of subsidiaries. Moreover, effective April 1, 2014, companies exceeding certain net worth, revenue or profit thresholds are required to spend at least 2 per cent. of average net profit before tax from the immediately preceding three fiscal years on corporate social responsibility projects, failing which an explanation is required to be provided in such companies' annual reports. We may incur increased costs and other burdens relating to compliance with these new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business and results of operations.

### **Risks relating to the Bonds and Shares**

***The Bonds are highly complex and may not be a suitable investment for all investors.***

The Bonds are highly complex equity-linked securities and each potential investor in the Bonds must determine the suitability of such an investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of the relevant financial markets; and
- have experience in buying complex securities, including convertible bonds, and securities issued by issuers operating in high risk sectors and geographies.

***There are limitations on the ability of Bondholders to exercise their Conversion Rights.***

The Bonds are convertible into Shares at the option of the Bondholders pursuant to the Terms and Conditions. Bondholders will be able to exercise their right to convert the Bonds into Shares (the "**Conversion Right**") only within the conversion period specified in the Terms and Conditions and will not be able to exercise their Conversion Right during any closed period specified in the Terms and Conditions.

***The Bonds are subject to a floor price of Rs.132.40 per Share, below which the initial Conversion Price cannot be adjusted.***

The conversion price at which the Bonds may be converted into Shares (the “**Conversion Price**”) is subject to adjustment in certain circumstances described in the Terms and Conditions. However, the Company will not issue Shares upon the conversion of the Bonds at a Conversion Price (as adjusted in accordance with the Terms and Conditions) which is below the floor price of Rs.132.40 per Share. In the event of any adjustments to the Conversion Price (and any analogous events in relation thereto), the Bonds may be converted at a reduced Conversion Price into legally issued, fully-paid and non-assessable Shares provided such reduced Conversion Price is permitted under applicable laws and regulations.

***Bondholders will have no rights as Shareholders until they acquire the Shares upon conversion of the Bonds.***

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Bondholders who acquire Shares upon the exercise of a Conversion Right will be entitled to exercise the rights of holders of Shares only as to actions for which the applicable record date occurs after the date of conversion of the Bonds to Shares (the “**Conversion Date**”).

***RBI approval is required for repayment of the Bonds prior to maturity including upon an event of default.***

Under the guidelines on policies and procedures for external commercial borrowings issued by the RBI, any prepayment of an external commercial borrowing prior to its stated maturity requires the prior approval of the RBI. Therefore, any repayment of the Bonds prior to maturity as a result of early redemption pursuant to Condition 8 or acceleration of the Bonds pursuant to Condition 10 would require the prior approval of the RBI (other than in relation to any redemption pursuant to exercise of the Bondholder Put Option, for which RBI approval has already been obtained). There can be no assurance that RBI approval of such action would be obtained in a timely manner or at all. We may not be able to redeem all or any of such Bonds or pay all amounts due under the Bonds if the requisite RBI regulatory approval is not received.

***Upon a change of control or delisting of the Shares from the NSE and the BSE, or upon acceleration following an event of default, we may not be in a position to redeem or repay the Bonds.***

Upon a change of control of our Company, or a delisting of the Shares from the BSE and the NSE, Bondholders may require us to redeem in whole or in part only of such Bondholders’ Bonds. Upon an acceleration of the Bonds following an event of default, we may be required to pay all amounts then due under the Bonds. See “Terms and Conditions of the Bonds”. We may not be able to redeem all or any of such bonds or pay all amounts due under the Bonds if (i) the requisite RBI regulatory approval is not received or (ii) early redemption is not permitted by the RBI or (iii) we do not have sufficient cash flow to redeem or repay the Bonds.

***There is no existing market for the Bonds and an active market for the Bonds may not develop, which may cause the price of the Bonds to fall.***

The Bonds are a new issue of securities for which there is currently no trading market. Application will be made for the listing of the Bonds on the SGX-ST. No assurance can be given that an active trading market for the Bonds will develop, or as to the liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which Bondholders will be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall. If an active trading market were to develop, the Bonds could trade at prices that may be lower than the initial offering price of the Bonds.

Whether or not the Bonds will trade at lower prices depends on many factors, including (i) the market for similar securities, (ii) general economic conditions, (iii) our financial condition, results of operations and future prospects, (iv) the exchange rate between the U.S. dollar and the Indian Rupee, and (v) the market price of the Shares. In addition, the market for debt securities in emerging markets

has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. There can be no assurance that the markets for the Bonds, if any, will not be subject to similar disruptions. Any disruptions in these markets may have an adverse effect on the market price of the Bonds.

***Bondholders will bear the risk of fluctuation in the price of the Shares.***

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares and it is impossible to predict whether the price of the Shares will rise or fall. The price of the Shares has fallen from Rs.199.80 on 12 January 2015 to Rs.115.45 on 20 August 2015, based on the year to date high and low prices. Trading prices of the Shares on the NSE and the BSE may fluctuate as a result of several factors, including:

- volatility in the Indian and the global securities markets or in the Indian Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;
- perceptions about our future performance or the performance of Indian companies in general;
- the performance of our competitors and the perception in the market about investments in the sectors in which we operate;
- adverse media reports about the Group or the sectors in which we operate;
- announcement by third parties of any significant claims or proceedings against the Group; and
- changes in the estimates of our performance or recommendations by financial analysts.

There can be no assurance that the price at which the Shares have historically traded will correspond to the price at which the Shares will trade in the market subsequent to the issue of the Bonds.

Further, the potential dilution as a result of conversion of the Bonds into Shares is significant and may put pressure on the Share price if a large number of Bondholders decide to convert and sell the Shares in the open market.

Any decline in the price of the Shares may have an adverse effect on the market price of the Bonds.

***Investors may be subject to Indian taxes arising out of capital gains on the sale of the Shares.***

Capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised 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 an Indian stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India irrespective of whether such gain was liable for tax in their own jurisdiction upon the sale of the shares.

***Bondholders may face uncertainties in their ability to convert Bonds into Shares and any such conversion may be subject to delay.***

India's restrictions on foreign ownership of Indian companies limit the number of shares that may be owned by foreign investors and, in certain scenarios, require the Government of India's approval for foreign ownership. Investors who convert Bonds into Shares will be subject to Indian regulatory restrictions on foreign ownership upon such conversion. It is possible that the conversion process may be subject to delays.

***Fluctuations in the exchange rate between the Rupee and U.S. dollar may have a material adverse effect on the value of the Bonds or the Shares, independent of the operating results of our Company.***

Investors that purchase the Bonds are required to pay for them in U.S. dollars. Investors are subject to currency fluctuation risk and convertibility risk since the Shares are quoted in Rupees on the Indian stock exchanges on which they are listed. Any dividend in respect of the Shares will be held in Indian Rupees and subsequently converted to the appropriate foreign currency for repatriation. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and may fluctuate substantially in the future. As per the noon buying rate in the City of New York from RBI website, the Rupee lost approximately 2.26 per cent. of its value relative to the U.S. dollar from 1 January 2014 to 31 December 2014. The Rupee has lost approximately 5.88 per cent. in value against the U.S. dollar since 1 January 2015 to an exchange rate as at 15 December 2015 of Rs.67.0435 = U.S.\$1.00.

***The ability to sell Shares to a resident of India is subject to certain pricing restrictions.***

A person resident outside India (including a Non-Resident Indian) is generally permitted to transfer by way of sale the shares held by him to any other person resident in India without the prior approval of the RBI or the Foreign Investment Promotion Board (the “FIPB”). However, the price at which the transfer takes place must comply with the pricing guidelines prescribed by the RBI in its circular dated 15 July 2014. The pricing guidelines stipulate that where the shares of an Indian company are traded on a stock exchange, the sale of shares shall be at a price determined on the basis of the ICDR Regulations and in other cases it shall not be less than the fair value of the shares determined by a SEBI registered merchant banker or a chartered accountant as per any internationally accepted pricing methodology on arm’s length basis.

Investors who convert Bonds into Shares will be subject to the above pricing restrictions on a sale of such Shares to residents of India.

***The Company’s ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of future dividend payments, if any, will depend upon the Company’s future earnings, financial condition, cash flows, working capital requirements, the terms and conditions of its indebtedness and capital expenditures. Any declaration and payment as well as the amount of any dividend will also be subject to the constitutional and contractual documents including the financing documents of the Company and applicable laws and regulations in India, including in the case of any final dividend, the approval of Shareholders. There can be no assurance that the Company will or will have the ability to, declare and pay any dividends on the Shares at any point in the future.

***The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.***

In certain circumstances, the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Bondholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or

prefunding to it, in breach of the terms of the trust deed, as amended or supplemented dated on or about the Closing Date and made between the Company and the Trustee (the “**Trust Deed**”) and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

***Future issues or sales of Shares or issues of securities convertible or exchangeable into Shares may significantly affect the trading price of the Bonds or the Shares and such issues or sales may not result in an adjustment to the Conversion Price pursuant to provisions in the Terms and Conditions of the Bonds and the Trust Deed.***

A future issue by us of Shares or other securities convertible into, or exchangeable with, Shares, or the disposal of Shares by any of its major Shareholders or the perception that such issues or sales may occur, may significantly affect the trading price of the Bonds or the Shares. There is no restriction on our ability to issue Shares, and there can be no assurance that it will not issue Shares or that such issue will result in an adjustment to the Conversion Price pursuant to the provisions in the Terms and Conditions of the Bonds and the Trust Deed.

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

Our Company is subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our Company’s circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of Shareholders to sell the Shares or the price at which Shareholders may be able to sell their Shares at a particular point in time. For further details, see “The Securities Market of India”.

***It may take up to 30 days after the relevant Conversion Date before the Shares arising from the conversion of the Bonds are listed on the NSE and the BSE and credited to a Bondholder’s securities account.***

The Company has undertaken to cause, as soon as practicable, and in any event not later than 30 days after the relevant Conversion Date, the relevant securities account of the Bondholder exercising his Conversion Right, or of his nominee, to be credited with the Shares arising from the conversion of the Bonds. Within this time period, the price of the Shares may fluctuate and this may have an adverse effect on the price that the Bondholder anticipates to receive from the transfer of any Shares. The Company has also undertaken in the Trust Deed to obtain and maintain a listing for all the Shares issued on the exercise of Conversion Rights on the NSE and the BSE. Shares issued upon conversion of the Bonds will have to be listed on the NSE and the BSE before they are tradable on such stock exchanges, which listing is expected to occur within 30 days after the relevant Conversion Date. However, there is no assurance that the approval of the NSE and the BSE will be obtained within such a time frame. If there is any delay in obtaining the approval of the NSE and the BSE to list such Shares, such Shares shall not be tradable on the NSE and the BSE until the listing occurs.

***The Bonds are subject to modification by a majority of Bondholders without the consent of all Bondholders.***

The terms and conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

## MARKET PRICE INFORMATION AND OTHER INFORMATION CONCERNING THE SHARES

The Shares are listed on both the BSE and the NSE on the date of this Offering Circular.

The Shares have been listed on the BSE and the NSE since 1993 and 1996, respectively. As the Shares are actively traded on the Stock Exchanges, the stock market data has been provided separately for each of the Stock Exchanges.

The following tables set forth the reported intra-day high and low prices of the Shares on the Stock Exchanges and the number of Shares traded on the days such high and low prices were recorded, for the Calendar Years 2011, 2012, 2013 and 2014:

### NSE

| Calendar Year  | High (Rs.) | Date of High    | Volume on Date of High (No. of Shares) | Low (Rs.) | Date of Low      | Volume on Date of Low (No. of Shares) | Average Price for the Year (Rs.)* |
|----------------|------------|-----------------|----------------------------------------|-----------|------------------|---------------------------------------|-----------------------------------|
| 2011 . . . . . | 225.40     | 5 January 2011  | 466,979                                | 163.50    | 24 November 2011 | 5,155,943                             | 186.77                            |
| 2012 . . . . . | 246.00     | 3 December 2012 | 2,868,387                              | 164.70    | 26 July 2012     | 457,798                               | 178.66                            |
| 2013 . . . . . | 242.80     | 4 January 2013  | 372,717                                | 157.00    | 9 December 2013  | 541,155                               | 194.33                            |
| 2014 . . . . . | 211.35     | 10 June 2014    | 1,017,758                              | 154.60    | 12 December 2014 | 230,677                               | 170.03                            |

*Note:*

\* *Average of the daily closing prices*

*(Source: www.nseindia.com)*

### BSE

| Calendar Year  | High (Rs.) | Date of High    | Volume on Date of High (No. of Shares) | Low (Rs.) | Date of Low      | Volume on Date of Low (No. of Shares) | Average Price for the Year (Rs.)* |
|----------------|------------|-----------------|----------------------------------------|-----------|------------------|---------------------------------------|-----------------------------------|
| 2011 . . . . . | 225.35     | 5 January 2011  | 170,110                                | 162.00    | 24 November 2011 | 16,645                                | 186.57                            |
| 2012 . . . . . | 246.25     | 3 December 2012 | 1,432,029                              | 161.10    | 26 July 2012     | 12,106                                | 178.22                            |
| 2013 . . . . . | 242.45     | 4 January 2013  | 159,363                                | 153.00    | 9 December 2013  | 170,866                               | 193.46                            |
| 2014 . . . . . | 211.05     | 10 June 2014    | 414,600                                | 154.95    | 16 December 2014 | 50,761                                | 170.00                            |

*Note:*

\* *Average of the daily closing prices*

*(Source: www.bseindia.com)*

The following tables set forth the reported intra-day high and low prices of the Shares on the Stock Exchanges, the number of Shares traded on the days such high and low prices were recorded and the volume of Shares traded in each month during 2015:

## NSE

| Month Year           | High (Rs.) | Date of High      | Volume on<br>Date of<br>High (No.<br>of Shares) | Low (Rs.) | Date of Low       | Volume on<br>Date of<br>Low (No.<br>of Shares) | Average<br>Price for<br>the Period<br>(Rs.)* | Total<br>Volume of<br>Shares<br>Traded in<br>the Period |
|----------------------|------------|-------------------|-------------------------------------------------|-----------|-------------------|------------------------------------------------|----------------------------------------------|---------------------------------------------------------|
| January 2015 . . . . | 199.80     | 12 January 2015   | 4,855,812                                       | 157.85    | 7 January 2015    | 197,900                                        | 166.77                                       | 19,240,053                                              |
| February 2015. . . . | 182.55     | 3 February 2015   | 5,561,605                                       | 157.55    | 2 February 2015   | 183,485                                        | 162.36                                       | 11,019,020                                              |
| March 2015 . . . . . | 163.20     | 2 March 2015      | 201,934                                         | 143.00    | 27 March 2015     | 297,392                                        | 154.48                                       | 7,265,961                                               |
| April 2015 . . . . . | 167.30     | 20 April 2015     | 1,166,402                                       | 147.10    | 27 April 2015     | 152,569                                        | 156.25                                       | 6,551,187                                               |
| May 2015 . . . . .   | 157.30     | 12 May 2015       | 512,421                                         | 145.80    | 6 May 2015        | 129,919                                        | 149.09                                       | 2,697,978                                               |
| June 2015 . . . . .  | 158.00     | 30 June 2015      | 237,669                                         | 134.40    | 17 June 2015      | 526,100                                        | 146.51                                       | 5,489,891                                               |
| July 2015 . . . . .  | 162.40     | 15 July 2015      | 228,418                                         | 145.20    | 3 July 2015       | 126,844                                        | 155.20                                       | 3,782,651                                               |
| August 2015 . . . .  | 156.35     | 3 August 2015     | 156,956                                         | 115.45    | 20 August 2015    | 853,351                                        | 145.08                                       | 11,983,550                                              |
| September 2015. . .  | 147.00     | 14 September 2015 | 441,296                                         | 132.50    | 29 September 2015 | 832,268                                        | 140.40                                       | 8,260,099                                               |
| October 2015 . . . . | 140.50     | 13 October 2015   | 713,312                                         | 133.05    | 28 October 2015   | 192,015                                        | 135.99                                       | 6,044,472                                               |
| November 2015 . . .  | 143.00     | 26 November 2015  | 1,770,306                                       | 129.50    | 10 November 2015  | 694,831                                        | 132.30                                       | 7,485,724                                               |

*Note:*

\* Average of the daily closing prices

(Source: [www.nseindia.com](http://www.nseindia.com))

## BSE

| Month Year           | High (Rs.) | Date of High      | Volume on<br>Date of<br>High (No.<br>of Shares) | Low (Rs.) | Date of Low       | Volume on<br>Date of<br>Low (No.<br>of Shares) | Average<br>Price for<br>the Period<br>(Rs.)* | Total<br>Volume of<br>Shares<br>Traded in<br>the Period |
|----------------------|------------|-------------------|-------------------------------------------------|-----------|-------------------|------------------------------------------------|----------------------------------------------|---------------------------------------------------------|
| January 2015 . . . . | 199.80     | 12 January 2015   | 1,382,771                                       | 157.70    | 7 January 2015    | 37,269                                         | 166.82                                       | 5,334,769                                               |
| February 2015. . . . | 182.90     | 3 February 2015   | 1,415,341                                       | 157.60    | 2 February 2015   | 90,675                                         | 162.15                                       | 4,074,964                                               |
| March 2015 . . . . . | 163.20     | 2 March 2015      | 66,849                                          | 143.00    | 27 March 2015     | 127,627                                        | 154.09                                       | 2,260,786                                               |
| April 2015 . . . . . | 167.35     | 20 April 2015     | 331,991                                         | 146.70    | 27 April 2015     | 56,640                                         | 156.21                                       | 2,557,535                                               |
| May 2015 . . . . .   | 157.20     | 12 May 2015       | 138,473                                         | 145.05    | 4 May 2015        | 107,060                                        | 148.98                                       | 723,219                                                 |
| June 2015 . . . . .  | 157.50     | 30 June 2015      | 34,103                                          | 134.10    | 17 June 2015      | 103,198                                        | 146.23                                       | 1,038,157                                               |
| July 2015 . . . . .  | 163.00     | 16 July 2015      | 64,959                                          | 145.65    | 3 July 2015       | 28,879                                         | 155.03                                       | 1,654,823                                               |
| August 2015 . . . .  | 156.40     | 3 August 2015     | 40,484                                          | 40,484    | 20 August 2015    | 249,921                                        | 144.73                                       | 2,243,552                                               |
| September 2015. . .  | 146.20     | 14 September 2015 | 22,396                                          | 22,396    | 29 September 2015 | 143,486                                        | 139.43                                       | 1,113,608                                               |
| October 2015 . . . . | 140.45     | 21 October 2015   | 76,377                                          | 133.20    | 28 October 2015   | 25,193                                         | 135.67                                       | 606,156                                                 |
| November 2015 . . .  | 143.10     | 26 November 2015  | 251,347                                         | 129.50    | 11 November 2015  | 14,040                                         | 131.93                                       | 868,222                                                 |

*Note:*

\* Average of the daily closing prices

(Source: [www.bseindia.com](http://www.bseindia.com))

For as long as the Shares are listed and traded on the BSE and the NSE, the trading and closing price of the Shares will be available on [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively.

## DIVIDENDS AND DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders. Dividends may be paid out of the profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both.

The Company does not have a formal dividend policy. The declaration and payment of dividend is recommended by the Board and approved by its Shareholders, at their discretion, and depends on a number of factors, including but not limited to its profits, capital requirements and overall financial condition. All the dividend payments are made in cash to the Shareholders.

The table below sets forth the details of the dividends declared by the Company on its Shares for the Fiscal Years 2009, 2010, 2011, 2013 and 2014:

| <b>Fiscal Year</b>        | <b>Date of Declaration<br/>of Dividend</b> | <b>Number of<br/>Outstanding<br/>Shares</b> | <b>Dividend per<br/>Share (Rs.)</b> | <b>Dividend<br/>Paid (in Rs.<br/>million)<sup>#</sup></b> |
|---------------------------|--------------------------------------------|---------------------------------------------|-------------------------------------|-----------------------------------------------------------|
| 2009 .....                | 30 March 2010                              | 231,265,091                                 | 2.00                                | 462.53                                                    |
| 2010 .....                | 29 June 2011                               | 301,963,634                                 | 1.00                                | 301.97                                                    |
| 2011 .....                | 29 June 2012                               | 318,758,875                                 | 0.50                                | 159.39                                                    |
| 2013 <sup>(1)</sup> ..... | 28 December 2013                           | 318,771,669                                 | 2.00*                               | 198.77                                                    |
| 2014 <sup>(2)</sup> ..... | 27 June 2015                               | 334,458,875                                 | 2.00*                               | 230.14                                                    |

*Notes:*

\* The dividend was declared only to non-Promoter shareholders.

(1) The figures provided for Fiscal Year 2013 are for a period of 18 months, i.e., for the period 1 January 2012 to 30 June 2013.

(2) The figures provided for Fiscal Year 2014 are for a period of 18 months i.e. for the period from 1 July 2013 to 31 December 2014.

# Excluding dividend distribution tax.

The declaration and payment of dividend by the Company is governed by the applicable provisions of the Companies Act and the Articles of Association. For further details, see “Description of the Share Capital”. The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of the Company or dividend amounts, if any, in the future. There is no assurance that any future dividend will be declared or paid or that the same rate of payment will be maintained.

For information relating to taxes payable on dividends, see “Taxation”.

## **USE OF PROCEEDS**

The Company will not receive any proceeds from the issue of the Bonds, which will be issued in exchange for part of the Company's existing U.S.\$200,000,000 6.75 per cent. Convertible Bonds due 2015.

## SELECTED FINANCIAL INFORMATION

The following selected financial information of the Company for the twelve months ended 31 December 2011, the eighteen months ended 30 June 2013 and the eighteen months ended 31 December 2014, the six months ended 30 June 2015 and the nine months ended 30 September 2015 should be read in conjunction with the respective Audited Consolidated Financial Statements, the Six-Month Unaudited Unconsolidated Condensed Financial Information and the Nine-Month Unaudited Unconsolidated Financial Results and the schedules and notes thereto, included elsewhere in this Offering Circular.

The selected audited consolidated profit and loss account of the Company for the twelve months ended 31 December 2011, the eighteen months ended 30 June 2013 and the eighteen months ended 31 December 2014 and the selected audited balance sheet of the Company as at 31 December 2011, 30 June 2013 and 31 December 2014 set forth below have been derived from the Audited Consolidated Financial Statements, which have been prepared in accordance with Indian GAAP and have been jointly audited by Khandelwal Jain & Co. and Kadam & Co., the Company's independent statutory auditors.

The selected unaudited unconsolidated condensed financial information of the Company for the six months ended 30 June 2015 set forth below has been derived from the Six-Month Unaudited Unconsolidated Condensed Financial Information, which was prepared in accordance with Indian GAAP. The Six-Month Unaudited Unconsolidated Condensed Financial Information has been reviewed by Kadam & Co. and relied upon by Khandelwal Jain & Co., the Company's independent statutory auditors.

The selected unaudited unconsolidated financial results of the Company for the nine months ended 30 September 2015 set forth below has been derived from the Nine-Month Unaudited Unconsolidated Financial Results, which was prepared in accordance with Indian GAAP pursuant to Clause 41 of the Erstwhile Listing Agreements with the Stock Exchanges in India. The Nine-Month Unaudited Unconsolidated Financial Results have been reviewed by Kadam & Co., the Company's independent statutory auditor.

Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IAS/IFRS or other accounting principles. Indian GAAP differs in certain material respects from IAS and IFRS. For a discussion of significant differences between Indian GAAP and IAS and IFRS, see "Summary of Significant Differences between Indian GAAP and IFRS".

*As a result of the accumulated losses of VTL, Khandelwal Jain & Co., and Kadam & Co., the Company's independent statutory auditors, were unable to provide (a) an unqualified audit opinion on the stand-alone financial statements for the Company for Fiscal Years 2013 and 2014 or (b) an unqualified review opinion on the 6 month interim period ending 30 June 2015 and the nine month period ending 30 September 2015. For further details, see the risk factor on VTL and the auditors' qualified opinion in "Risk Factors — Risks relating to our Business".*

**Nine-month Unaudited Unconsolidated Financial Results**  
For the quarter and nine months ended 30 September 2015

Rs. in Crore

| Particulars                                                                                                     | Quarter ended |            |            | Nine months ended |            | 18 Months ended |
|-----------------------------------------------------------------------------------------------------------------|---------------|------------|------------|-------------------|------------|-----------------|
|                                                                                                                 | 30.09.2015    | 30.06.2015 | 30.09.2014 | 30.09.2015        | 30.09.2014 | 31.12.2014      |
|                                                                                                                 | Unaudited     | Unaudited  | Unaudited  | Unaudited         | Unaudited  | Audited         |
| <b>1. . . . . Income from operations</b>                                                                        |               |            |            |                   |            |                 |
| a) Net sales/income from operations (net of excise duty)                                                        | 3,110.63      | 3,113.00   | 3,187.31   | 9,302.90          | 9,385.61   | 18,904.35       |
| b) Other operating income                                                                                       | 7.26          | 6.10       | 11.29      | 24.23             | 35.11      | 63.25           |
| Total income from operations (net)                                                                              | 3,117.89      | 3,119.10   | 3,198.60   | 9,327.13          | 9,420.72   | 18,967.60       |
| <b>2. . . . . Expenses</b>                                                                                      |               |            |            |                   |            |                 |
| a) Cost of materials consumed                                                                                   | 1,005.29      | 986.30     | 1,016.86   | 2,974.50          | 3,006.98   | 6,055.01        |
| b) Purchases of stock-in-trade                                                                                  | 998.25        | 982.92     | 1,004.43   | 2,959.80          | 2,983.11   | 5,962.13        |
| c) Changes in inventories of finished goods, work-in-progress and stock-in-trade                                | (4.87)        | 1.91       | (17.74)    | (5.34)            | (99.19)    | (103.58)        |
| d) Employee benefits expense                                                                                    | 70.08         | 70.49      | 73.16      | 214.26            | 215.93     | 436.17          |
| e) Depreciation and amortisation expense                                                                        | 185.36        | 180.07     | 180.58     | 524.65            | 554.64     | 985.81          |
| f) Other expenses                                                                                               | 437.14        | 483.24     | 563.21     | 1,427.61          | 1,640.35   | 3,273.71        |
| Total expenses                                                                                                  | 2,691.25      | 2,704.93   | 2,820.50   | 8,095.48          | 8,301.82   | 16,609.25       |
| <b>3. . . . . Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)</b>  | 426.64        | 414.17     | 378.10     | 1,231.65          | 1,118.90   | 2,358.35        |
| <b>4. . . . . Other income</b>                                                                                  | 173.81        | 190.63     | 209.26     | 577.91            | 565.10     | 1,165.14        |
| <b>5. . . . . Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>       | 600.45        | 604.80     | 587.36     | 1,809.56          | 1,684.00   | 3,523.49        |
| <b>6. . . . . Finance costs</b>                                                                                 | 589.13        | 590.72     | 585.67     | 1,771.20          | 1,750.12   | 3,518.90        |
| <b>7. . . . . Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b> | 11.32         | 14.08      | 1.69       | 38.36             | (66.12)    | 4.59            |
| <b>8. . . . . Exceptional items</b>                                                                             | —             | —          | —          | —                 | —          | —               |
| <b>9. . . . . Profit/(Loss) from ordinary activities before tax (7+8)</b>                                       | 11.32         | 14.08      | 1.69       | 38.36             | (66.12)    | 4.59            |
| <b>10. . . . . Tax expense</b>                                                                                  | 3.75          | 3.49       | 0.35       | 9.74              | (12.74)    | 1.55            |
| <b>11. . . . . Net Profit/(Loss) from ordinary activities after tax (9-10)</b>                                  | 7.57          | 10.59      | 1.34       | 28.62             | (53.38)    | 3.04            |
| <b>12. . . . . Extraordinary items (net of tax expenses)</b>                                                    | —             | —          | —          | —                 | —          | —               |
| <b>13. . . . . Net Profit/(Loss) for the period (11-12)</b>                                                     | 7.57          | 10.59      | 1.34       | 28.62             | (53.38)    | 3.04            |
| <b>14. . . . . Paid-up equity share capital (FV Rs.10/- per share)</b>                                          | 334.46        | 334.46     | 318.76     | 334.46            | 318.76     | 334.46          |
| <b>15. . . . . Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year</b>     | —             | —          | —          | —                 | —          | 10,028.09       |
| <b>16.i. . . . . Earnings per share (before extraordinary items) (of Rs. 10/- each) (not annualised)</b>        |               |            |            |                   |            |                 |
| a) Basic                                                                                                        | 0.23          | 0.32       | 0.04       | 0.86              | (1.67)     | 0.08            |
| b) Diluted                                                                                                      | 0.23          | 0.32       | 0.04       | 0.86              | (1.67)     | 0.08            |
| <b>16.ii. . . . . Earnings per share (after extraordinary items) (of Rs. 10/- each) (not annualised)</b>        |               |            |            |                   |            |                 |
| a) Basic                                                                                                        | 0.23          | 0.32       | 0.04       | 0.86              | (1.67)     | 0.08            |
| b) Diluted                                                                                                      | 0.23          | 0.32       | 0.04       | 0.86              | (1.67)     | 0.08            |

## Six-Month Unaudited Unconsolidated Financial Information

### Unaudited Standalone Condensed Balance Sheet as at June 30, 2015

| Particulars                                | At the end of<br>the Current<br>Interim<br>Period as at<br>June 30, 2015<br>(Reviewed) | At the end of<br>the Previous<br>Financial<br>Year As at<br>December 31,<br>2014<br>(Audited) |
|--------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| <i>(Rs. in Million)</i>                    |                                                                                        |                                                                                               |
| <b>I. EQUITY AND LIABILITIES</b>           |                                                                                        |                                                                                               |
| 1) Shareholders' Funds                     |                                                                                        |                                                                                               |
| a) Share Capital . . . . .                 | 3,344.59                                                                               | 3,344.59                                                                                      |
| b) Reserves and Surplus . . . . .          | 100,491.38                                                                             | 100,280.91                                                                                    |
|                                            | 103,835.97                                                                             | 103,625.50                                                                                    |
| 2) Non-Current Liabilities                 |                                                                                        |                                                                                               |
| a) Long Term Borrowings . . . . .          | 182,490.17                                                                             | 180,258.37                                                                                    |
| b) Deferred Tax Liability (Net) . . . . .  | 7,152.45                                                                               | 7,092.51                                                                                      |
| c) Long Term Provisions . . . . .          | 2,005.35                                                                               | 1,971.06                                                                                      |
|                                            | 191,647.97                                                                             | 189,321.94                                                                                    |
| 3) Current Liabilities                     |                                                                                        |                                                                                               |
| a) Short Term Borrowings . . . . .         | 47,624.23                                                                              | 46,440.44                                                                                     |
| b) Trade Payables . . . . .                | 11,386.60                                                                              | 11,524.70                                                                                     |
| c) Other Current Liabilities . . . . .     | 32,468.73                                                                              | 29,785.60                                                                                     |
| d) Short Term Provisions . . . . .         | 943.78                                                                                 | 963.15                                                                                        |
|                                            | 92,423.34                                                                              | 88,713.89                                                                                     |
| <b>TOTAL . . . . .</b>                     | <b>387,907.28</b>                                                                      | <b>381,661.33</b>                                                                             |
| <b>II. ASSETS</b>                          |                                                                                        |                                                                                               |
| 1) Non-Current Assets                      |                                                                                        |                                                                                               |
| a) Fixed Assets                            |                                                                                        |                                                                                               |
| i) Tangible Assets . . . . .               | 57,974.49                                                                              | 58,778.75                                                                                     |
| ii) Intangible Assets . . . . .            | 455.91                                                                                 | 547.60                                                                                        |
| iii) Capital work-in-progress . . . . .    | 7,008.12                                                                               | 7,292.92                                                                                      |
| b) Non-Current Investments . . . . .       | 57,198.61                                                                              | 56,208.88                                                                                     |
| c) Long Term Loans and Advances . . . . .  | 70,803.27                                                                              | 79,170.73                                                                                     |
|                                            | 193,440.40                                                                             | 201,998.88                                                                                    |
| 2) Current Assets                          |                                                                                        |                                                                                               |
| a) Current Investments . . . . .           | 60.26                                                                                  | 60.39                                                                                         |
| b) Inventories . . . . .                   | 24,253.13                                                                              | 24,040.99                                                                                     |
| c) Trade Receivables . . . . .             | 28,530.54                                                                              | 28,627.62                                                                                     |
| d) Cash and Bank Balances . . . . .        | 22,899.68                                                                              | 24,496.96                                                                                     |
| e) Short Term Loans and Advances . . . . . | 117,535.67                                                                             | 101,252.44                                                                                    |
| f) Other Current Assets . . . . .          | 1,187.60                                                                               | 1,184.05                                                                                      |
|                                            | 194,466.88                                                                             | 179,662.45                                                                                    |
| <b>TOTAL . . . . .</b>                     | <b>387,907.28</b>                                                                      | <b>381,661.33</b>                                                                             |

**Unaudited Standalone Condensed Statement of Profit and Loss  
as at June 30, 2015**

| Particulars                                                                               | 6 months of<br>the current<br>financial year<br>ended June<br>30, 2015 | Corresponding<br>6 months of<br>the previous<br>financial year<br>ended<br>December 31,<br>2013 | 18 months<br>period of the<br>previous<br>financial year<br>ended<br>December 31,<br>2014 |
|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
|                                                                                           | (Reviewed)                                                             | (Reviewed)                                                                                      | (Audited)                                                                                 |
|                                                                                           | (Rs. in Million)                                                       |                                                                                                 |                                                                                           |
| I. INCOME                                                                                 |                                                                        |                                                                                                 |                                                                                           |
| Revenue from Operations . . . . .                                                         | 64,725.44                                                              | 65,759.21                                                                                       | 195,006.59                                                                                |
| Less: Excise Duty . . . . .                                                               | 2,632.98                                                               | 1,668.73                                                                                        | 5,330.56                                                                                  |
| Net Revenue from Operations . . . . .                                                     | 62,092.46                                                              | 64,090.48                                                                                       | 189,676.03                                                                                |
| Other Income . . . . .                                                                    | 4,041.02                                                               | 3,827.11                                                                                        | 11,651.42                                                                                 |
| Total Income . . . . .                                                                    | <u>66,133.48</u>                                                       | <u>67,917.59</u>                                                                                | <u>201,327.45</u>                                                                         |
| II. EXPENSES                                                                              |                                                                        |                                                                                                 |                                                                                           |
| Cost of Materials Consumed . . . . .                                                      | 19,692.04                                                              | 20,439.36                                                                                       | 60,550.05                                                                                 |
| Purchase of Stock-in-Trade . . . . .                                                      | 19,615.51                                                              | 19,735.18                                                                                       | 59,621.35                                                                                 |
| Changes in Inventories of Finished Goods,<br>Work-in-Process and Stock-in-Trade . . . . . | (4.66)                                                                 | 50.22                                                                                           | (1,035.79)                                                                                |
| Production and Exploration Expenses - Oil and Gas. . .                                    | 3,623.71                                                               | 5,053.44                                                                                        | 13,381.98                                                                                 |
| Employee Benefits Expense . . . . .                                                       | 1,441.83                                                               | 1,452.20                                                                                        | 4,361.74                                                                                  |
| Finance Costs . . . . .                                                                   | 11,820.72                                                              | 11,788.02                                                                                       | 35,188.96                                                                                 |
| Depreciation and Amortisation . . . . .                                                   | 3,392.92                                                               | 2,610.97                                                                                        | 9,858.11                                                                                  |
| Other Expenses . . . . .                                                                  | 6,281.00                                                               | 6,307.77                                                                                        | 19,355.10                                                                                 |
| Total Expenses . . . . .                                                                  | <u>65,863.07</u>                                                       | <u>67,437.16</u>                                                                                | <u>201,281.50</u>                                                                         |
| III. Profit/(Loss) Before Tax . . . . .                                                   | 270.41                                                                 | 480.43                                                                                          | 45.95                                                                                     |
| IV. Tax Expenses . . . . .                                                                | 59.94                                                                  | 102.31                                                                                          | 15.55                                                                                     |
| V. Profit/(Loss) for the Period . . . . .                                                 | <u>210.47</u>                                                          | <u>378.12</u>                                                                                   | <u>30.40</u>                                                                              |
| VI. Earnings per Equity Share of face value Rs.10/- each<br>Basic and Diluted . . . . .   | 0.63                                                                   | 1.19                                                                                            | 0.08                                                                                      |

**Audited Consolidated Financial Statements for Fiscal Year 2011, Fiscal Year 2013 and Fiscal Year 2014**

**Statement of Profit and Loss**

|                                                                                            | <b>Fiscal Year</b>                                  |                                             |                                                     |
|--------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------|-----------------------------------------------------|
|                                                                                            | <b>(Consolidated) (Audited)</b>                     |                                             |                                                     |
|                                                                                            | <b>12 Months<br/>ended 31<br/>December<br/>2011</b> | <b>18 Months<br/>ended 30<br/>June 2013</b> | <b>18 Months<br/>ended 31<br/>December<br/>2014</b> |
|                                                                                            | <i>(in Rs. million)</i>                             |                                             |                                                     |
| <b>Income</b>                                                                              |                                                     |                                             |                                                     |
| Revenue from Operations . . . . .                                                          | 136,845.07                                          | 194,238.53                                  | 209,952.86                                          |
| Less: Excise Duty . . . . .                                                                | 2,692.48                                            | 6,181.09                                    | 5,330.56                                            |
| Net Revenue from Operations . . . . .                                                      | 134,152.59                                          | 188,057.44                                  | 204,622.30                                          |
| Other Income . . . . .                                                                     | 1,375.74                                            | 8,903.04                                    | 141,089.86                                          |
| Total Income . . . . .                                                                     | <u>135,528.33</u>                                   | <u>196,960.48</u>                           | <u>345,712.16</u>                                   |
| <b>Expenses</b>                                                                            |                                                     |                                             |                                                     |
| Cost of Materials Consumed . . . . .                                                       | 40,562.96                                           | 56,643.70                                   | 60,550.05                                           |
| Purchase of Stock-in-Trade . . . . .                                                       | 39,909.38                                           | 59,134.62                                   | 59,666.53                                           |
| Changes in Inventories of Finished Goods, Work-in-Process<br>and Stock-in-Trade . . . . .  | (137.64)                                            | (578.21)                                    | (1,047.76)                                          |
| Production and Exploration Expenses - Oil and Gas . . . . .                                | 9,007.76                                            | 26,602.34                                   | 34,575.09                                           |
| Access Charges, License Fees and Network Expenses . . . . .                                | 11,381.39                                           | 9,505.34                                    | 13,139.53                                           |
| Employee Benefits Expense . . . . .                                                        | 3,875.25                                            | 5,708.88                                    | 6,265.74                                            |
| Finance Costs . . . . .                                                                    | 15,563.88                                           | 40,774.95                                   | 49,717.68                                           |
| Depreciation and Amortisation . . . . .                                                    | 9,160.75                                            | 13,255.70                                   | 15,364.77                                           |
| Other Expenses . . . . .                                                                   | 17,932.71                                           | 28,949.73                                   | 32,599.99                                           |
| Total Expenses . . . . .                                                                   | <u>147,256.44</u>                                   | <u>239,997.05</u>                           | <u>270,831.62</u>                                   |
| Profit/(Loss) Before Tax . . . . .                                                         | (11,728.11)                                         | (43,036.57)                                 | 74,880.54                                           |
| Add: Share in Profit/(Loss) of Associates . . . . .                                        | (0.19)                                              | (5.09)                                      | 6.05                                                |
| Add: Profit/(Loss) on Disposal/Dilution of holding in<br>Subsidiaries/Associates . . . . . | 49.74                                               | (1,032.21)                                  | (8.18)                                              |
| Tax Expenses . . . . .                                                                     | 1,964.31                                            | (12,005.08)                                 | 25,215.86                                           |
| Profit/(Loss) Before Minority Interest . . . . .                                           | (13,642.87)                                         | (32,068.79)                                 | 49,662.55                                           |
| Add: Minority Interest . . . . .                                                           | 5.21                                                | 3,807.60                                    | 1,533.84                                            |
| Profit/(Loss) for the Period . . . . .                                                     | <u>(13,637.66)</u>                                  | <u>(28,261.19)</u>                          | <u>51,196.39</u>                                    |

## Balance Sheet

|                                                           | As at                    |              |                     |
|-----------------------------------------------------------|--------------------------|--------------|---------------------|
|                                                           | (Consolidated) (Audited) |              |                     |
|                                                           | 31 December<br>2011      | 30 June 2013 | 31 December<br>2014 |
|                                                           | (in Rs. million)         |              |                     |
| <b>Equity and Liabilities</b>                             |                          |              |                     |
| 1) Shareholders' Funds                                    |                          |              |                     |
| a) Share Capital . . . . .                                | 3,339.36                 | 3,340.94     | 3,344.59            |
| b) Reserves and Surplus . . . . .                         | 69,450.43                | 43,796.04    | 98,707.84           |
|                                                           | 72,789.79                | 47,136.98    | 102,052.43          |
| 2) Share Application Money Pending Allotment . . . . .    | 5,448.74                 | —            | —                   |
| 3) Minority Interest . . . . .                            | 104.10                   | 2,079.81     | 953.12              |
| 4) Non-Current Liabilities                                |                          |              |                     |
| a) Long-Term Borrowings . . . . .                         | 143,960.69               | 310,786.55   | 355,043.18          |
| b) Deferred Tax Liability (Net) . . . . .                 | 7,351.19                 | —            | 7,092.51            |
| c) Long-Term Provisions . . . . .                         | 1,299.74                 | 1,499.40     | 2,012.68            |
|                                                           | 152,611.62               | 312,285.95   | 364,148.37          |
| 5) Current Liabilities                                    |                          |              |                     |
| a) Short-Term Borrowings . . . . .                        | 79,567.71                | 58,083.65    | 46,440.44           |
| b) Trade Payables . . . . .                               | 14,151.46                | 15,775.64    | 17,346.79           |
| c) Other Current Liabilities . . . . .                    | 67,136.75                | 58,361.04    | 65,003.60           |
| d) Short Term Provisions . . . . .                        | 907.00                   | 966.43       | 2,207.53            |
|                                                           | 161,762.92               | 133,186.76   | 130,998.36          |
| Total . . . . .                                           | 392,717.17               | 494,689.50   | 598,152.28          |
| <b>Assets</b>                                             |                          |              |                     |
| 1) Non-Current Assets                                     |                          |              |                     |
| a) Fixed Assets                                           |                          |              |                     |
| i) Tangible Assets . . . . .                              | 73,864.49                | 75,715.31    | 71,901.42           |
| ii) Intangible Assets . . . . .                           | 18,682.30                | 23,226.54    | 21,390.96           |
| iii) Capital work-in-progress . . . . .                   | 55,223.46                | 95,252.89    | 109,869.56          |
| b) Pre-operative Expenditure Pending Allocation . . . . . | 2,165.20                 | 1,606.12     | 1,658.67            |
| c) Goodwill on Consolidation . . . . .                    | 77.91                    | 11,079.53    | 11,079.53           |
| d) Deferred Tax Assets (Net) . . . . .                    | —                        | 17,925.34    | —                   |
| e) Non-Current Investments . . . . .                      | 10,875.07                | 7,548.97     | 21,473.45           |
| f) Long-Term Loans and Advances . . . . .                 | 37,260.83                | 43,530.03    | 47,328.26           |
|                                                           | 198,149.26               | 275,884.73   | 284,701.85          |
| 2) Current Assets                                         |                          |              |                     |
| a) Current Investments . . . . .                          | 208.11                   | 632.49       | 2,202.97            |
| b) Inventories . . . . .                                  | 20,897.41                | 21,656.82    | 24,103.72           |
| c) Trade Receivables . . . . .                            | 28,153.11                | 29,433.94    | 30,135.66           |
| d) Cash and Bank Balances . . . . .                       | 12,255.92                | 9,004.12     | 61,545.11           |
| e) Short Term Loans and Advances . . . . .                | 132,109.77               | 157,122.59   | 194,562.47          |
| f) Other Current Assets . . . . .                         | 943.59                   | 954.81       | 900.50              |
|                                                           | 194,567.91               | 218,804.77   | 313,450.43          |
| Total . . . . .                                           | 392,717.17               | 494,689.50   | 598,152.28          |

## EXCHANGE RATES

Our Company prepares and publishes its financial statements in Rupees. The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar) based on the reference rates released by the RBI.

| <b>Period</b>                                | <b>Period End</b> | <b>Average*</b>             | <b>High</b> | <b>Low</b> |
|----------------------------------------------|-------------------|-----------------------------|-------------|------------|
|                                              |                   | <i>(Rs. per U.S.\$1.00)</i> |             |            |
| Calendar Year 2011 . . . . .                 | 53.27             | 46.67                       | 54.24       | 43.95      |
| Calendar Year 2012 . . . . .                 | 54.78             | 53.49                       | 57.22       | 48.68      |
| Calendar Year 2013 . . . . .                 | 61.90             | 58.63                       | 68.36       | 52.97      |
| Calendar Year 2014 . . . . .                 | 61.97             | 60.85                       | 62.99       | 58.43      |
| 2 January 2015 to 30 November 2015 . . . . . | 66.81             | 63.92                       | 66.81       | 61.41      |

*Note:*

\* Represents the average of the reference rates released by the RBI on the last day of each month during the period presented.

*(Source: [www.rbi.org.in](http://www.rbi.org.in))*

## BUSINESS

### Overview

Videocon Industries Limited was incorporated with limited liability in India on 4 September 1986. Our Shares were listed on the BSE in 1993 and on the NSE in 1996. Our business currently comprises five core businesses: the Consumer Electronics Business, the Oil & Gas Business, the Power Business, the Telecommunications Business and the Insurance Business.

For the Fiscal Years 2013 and 2014, our consolidated total income was Rs.196,960.48 million and Rs.345,712.16 million respectively, and our net loss for the Fiscal Year 2013 was Rs.28,261.19 million, and net profit for the Fiscal Year 2014 was Rs.51,196.39 million. For the Fiscal Years 2013 and 2014, 96.7 per cent. and 94.4 per cent. of our consolidated gross sales were generated within India, respectively.

### *Consumer Electronics Business*

We manufacture, assemble and distribute a comprehensive range of consumer electronics products and home appliances, including finished goods such as televisions, home entertainment systems, refrigerators, washing machines, air conditioners and other small household appliances and components such as glass shell (panels and funnels), compressors and motors. We believe we are one of the largest manufacturers of colour televisions in India and one of the largest distributors of consumer electronics products and household appliances in India. We believe we are also the leading manufacturer in India of glass for use in CPTs.

### *Oil & Gas Business*

Our Oil & Gas Division was established in October 1994 when we signed the Production Sharing Contract for the Ravva Oil & Gas Offshore Field in the State of Andhra Pradesh, as a 25 per cent. non-operating partner. In 2006, we diversified internationally by successfully bidding for exploration interests in Offshore Blocks JPDA Block 06-103 in Timor Sea, Oman Block 56 in Sultanate of Oman.

In 2008 and 2009, we secured a participating interest in Brazilian deep water offshore projects, where Petrobras and Anadarko respectively acted as operators.

### *Power Business*

In October 2011, we commissioned a 5.75 MW (AC) capacity solar PV power project in Village Majra, District Warora, Maharashtra and a 5.75 MW (AC) capacity solar PV power project in Village Betwasiya, District Jodhpur, Rajasthan. In January 2012, we commissioned a 5.01 MW (DC) capacity solar PV power project in Gujarat.

The Company is also considering the development of two 1,200 MW coal-fired thermal electricity power projects— the Pipavav Power Project and the Chhattisgarh Power Project. However, no final decisions have been made on the development time frame.

### *Telecommunications Business*

We operate the GSM mobile services in our Telecommunications Business through VTL, which is a subsidiary of the Company. In 2013, VTL was declared as a successful bidder of spectrum in six circles, namely, Bihar, Gujarat, Haryana, Madhya Pradesh and Chhattisgarh, Uttar Pradesh (East) and Uttar Pradesh (West), in 1,800 Mhz category. On 3 March 2013, VTL was awarded the ULAS for these six circles, effective from 16 February 2013, which is valid for a period of 20 years. VTL has also been allotted 5Mhz spectrum in 1,800 Mhz category in each of these six circles. As of 31 December 2014, we have, directly and through our subsidiaries, invested Rs.65,002.03 million and also given advances of Rs.340.46 million to VTL, which operates our Telecommunications Business.

Our telecommunications business generated gross revenues of Rs.5,165.21 million and EBITDA of Rs. -140.96 million for the 6 month period ended 30 June 2015. We are ramping up our GSM business since obtaining ULAS in six circles effective from 16 February 2013 and our GSM subscriber base has increased from 6.81 million as at 31 December 2014 to 7.97 million as at 30 June 2015.

## ***Insurance Business***

We entered into a joint venture with Liberty Citystate, a member of the Liberty Mutual Group, to setup a non-life insurance company, Liberty Videocon General Insurance Company Limited, on 16 December 2010. Under the terms of the agreement, Liberty Citystate will hold directly or indirectly a maximum of 26.0 per cent. of equity interest (maximum permitted under applicable law at that time) and our Company will hold a minimum of 74.0 per cent. equity interest in the joint venture. We currently hold a 81.90 per cent. stake in the joint venture and the remaining equity is owned by Liberty Citystate.

Set out below is the segment revenue breakdowns for the Fiscal Years 2013 and 2014:

|                                                    | <b>18 Months ended<br/>30 June 2013</b> | <b>18 Months ended<br/>31 December 2014</b> |
|----------------------------------------------------|-----------------------------------------|---------------------------------------------|
|                                                    | <i>(Rs. Million)</i>                    |                                             |
| Consumer Electronics and Home Appliances . . . . . | 167,800.19                              | 175,675.44                                  |
| Crude Oil and Natural Gas. . . . .                 | 19,700.64                               | 18,985.90                                   |
| Telecommunications. . . . .                        | 6,053.46                                | 12,933.36                                   |
| Power . . . . .                                    | 688.86                                  | 612.70                                      |
| Others . . . . .                                   | (4.62)                                  | 1,745.46                                    |
| Total . . . . .                                    | 194,238.53                              | 209,952.86                                  |

## **Competitive Strengths**

### ***Videocon is a recognised brand in India.***

We believe that the “Videocon” brand has strong recognition in India, as we have been an active market participant in the consumer electronics products and home appliances market for more than two decades in India. Our largest brand is the “Videocon” brand, under which we and some of the members of the Promoter Group have been manufacturing different products for more than two decades. In order to maintain such recognition, we have built a strong and extensive sales and distribution network as we believe that this is vital to success in India. As of 15 December 2015, we have approximately 52 branch offices supported by an extensive network of dealers and distributors, which are located in cities, towns and villages throughout India. These branch offices are supported by logistics infrastructure which comprises key warehouses in regions across India. As of 15 December 2015, we cater to our customers through more than 85 company-operated after-sales service centres and around 670 after-sales service centres operated by a member of the Promoter Group across India. We believe that this has enabled us to gain recognition as a reliable brand and provides us access to Indian consumers in sectors other than consumer durables.

### ***Our business is diversified.***

Our business currently comprises five core businesses, namely, the Consumer Electronics Business, the Oil & Gas Business, the Power Business, the Telecommunications Business and the Insurance Business. We believe that this diverse portfolio of businesses will reduce the risks to the Group from any volatility in one or more sectors. In recent years we have continued to build on our Consumer Electronics Business and have further developed our Oil & Gas Business, the Power Business and the Telecommunications Business. We believe that the diverse businesses in oil, gas and power generation enable us to take advantage of the growing demand for power in India, and oil and gas globally.

### ***Our products are marketed under various reputable and ‘well-recognised brand names.***

We have adopted a multi-brand strategy in India for our Consumer Electronics Business, which we believe is more effective in acquiring a greater aggregate share of the market than a strategy which focuses on the promotion of only one key brand. Our strategy enables us to target different socio-economic market segments while also maximising manufacturing efficiency by producing products under a spectrum of brands. Most of the consumer electronic and home appliance products which we sell are distributed in India under established brand names. Our largest brand is the “Videocon” brand, under which we and some of our companies have been manufacturing different products for more than two decades. We also manufacture products under a number of internationally recognised brands, for both our consumer electronics products and home appliances businesses. These

brands include Sansui, Hyundai and Kelvinator. We also produce products under the brand names “Electrolux”, “Philips” and “Kenstar”, which are marketed by the members of the Promoter Group. We rely on the sales generated by manufacturing and sales under brands which are licensed and not owned by us. For further details please see “— *Intellectual Property*”.

***We have strategically located manufacturing bases.***

Our Consumer Electronics manufacturing plants, as well as the manufacturing plants of the Promoter Group entities from which we procure certain components and finished goods, are strategically located across India close to key target markets, thus reducing distribution, transportation and warehousing expenditure, and allowing us to benefit from VAT exemptions by supplying goods that are sold in the same state in which they were manufactured.

***We have exploration blocks in diverse geographical locations and have interests in concessions with high potential.***

Since 2008, we have been entering into joint venture and investment arrangements with international oil and gas companies for exploration and development of oil and gas assets.

We have made recent discoveries in the Campos Basin and Sergipe Basin in Brazil and the Tarakan Basin in Indonesia. The Brazil discoveries in particular indicate that the concessions hold considerable reserves. We believe that the geographical diversity in our assets and the quality of our expected reserves will enable us to maximise the potential for revenue-generation over the medium-term.

***We benefit from high demand in the oil and gas industry.***

Our Oil & Gas Business benefits from high domestic demand. Demand for energy in the Indian market has consistently increased in recent years, in line with India’s economic and industrial development, and we believe that domestic demand will continue to grow in the future. Although the international price for oil has decreased recently, we expect domestic demand for oil and gas to continue to remain high and the price of oil to increase over time.

**Business Strategies**

We have different strategies to enhance our stakeholder value in each of our business segments:

***Consumer Electronics Business***

- *Become one of the world’s leading consumer electronics and home appliances manufacturers*

Our aim is to become one of the world’s leading consumer electronics and home appliances manufacturers. In India, we will continue to pursue our multi-brand marketing strategy, combined with some OEM manufacturing, to increase our market share.

- *Pursue production efficiency and cost competitiveness through process engineering innovation*

Since many household and consumer electronic products are, in many ways, commoditised, and further since many of our target emerging markets will inevitably be cost sensitive, we aim to be a highly cost competitive producer. We have research and development teams in India and China, which focus on innovation in process engineering. We believe we are well positioned in terms of human resources, management skills and technology strengths to continue to innovate in the consumer electronics field.

- *Increase penetration and sales within the domestic market*

We intend to increase our penetration in the Indian consumer electronics and home appliances market. We plan to achieve this through growth of our customer base and enlargement of our product portfolio. More widespread availability of electricity in rural areas in India means that these communities increasingly offer a first-time market for our products. In addition, greater spending power will increase both first-time sales and replacement sales. We believe that the further development of our multi-brand strategy is a key element in increasing sales within the domestic market. We already sell under various brand names in the consumer electronics product market, which enables us to target different socio-economic consumer segments.

- *Target high-growth markets and new products*

We plan to shift our focus to fast-growing market segments to include higher end products. We aim to continue to focus on the flat screen TV market. We believe that domestic demand for new products will increase in future years and plan to continue to offer a wide range of LED television models. For the domestic home appliances business, we have identified the air conditioner market as a high-growth market within India. As consumers become more affluent, we believe that the air conditioner market will grow substantially. We also anticipate a further shift in demand towards higher value split air conditioners. At present, the penetration level in the domestic market for air conditioners in India is extremely low and we believe there is great market potential for air conditioners in India. In addition, we also look to appeal to consumers who upgrade other home appliances, for example to larger frost-free refrigerators and automatic washing machines.

We are focused on expanding our e-commerce presence and we currently sell, either directly or through Promoter Group entities, the consumer electronics products, home appliances and other products through certain online market places.

We have recently started manufacturing smart phones in India and expect to increase our production capacity to up to 1 million units per month by the end of 2016.

We believe we are well-placed to take advantage of expected increases in demand in smart phone and e-commerce products and services.

## ***Oil & Gas Business***

- *Develop and invest in our existing Oil and Gas investments*

Through our subsidiaries and joint ventures, we have acquired participating interests in oil exploration blocks in Brazil, Indonesia, East Timor, and Western Australia (Offshore). The Brazil developments in particular have significant development potential with substantial reserves discovered in the Sergipe concession. We intend to invest approximately U.S.\$1.9 billion, over the next 3 years, in the development of our Oil and Gas developments. Commercial production is expected to begin at our Brazil operations in 2019/2020 and in Indonesia commercial production is expected in 2018/2019. Once commercial production has begun, we expect our Oil and Gas Business will contribute a greater proportion of revenues to the Group's consolidated performance over the medium-term. See Risks Factors — *"Risks related to Our Oil & Gas Business"*.

- *Identify further oil and gas blocks that are suitable for exploration and production and acquire further oil assets and/or entities, which own interests in such oil assets*

We aim to identify further oil and gas blocks that are suitable for exploration and have potential for production. Should such blocks become available on terms that are attractive to us we plan to bid for the rights to exploit the hydrocarbons contained within them. We continue to evaluate growth opportunities for our Oil & Gas Business, including through potential mergers and acquisitions of entities in various parts of the world which own interests in oil assets. See, Risk Factors — *"We may face uncertainties associated with our expansion plans through future mergers and acquisitions"*.

- *Manage the Ravva Oil & Gas Field*

Although the Ravva Oil & Gas Field is now considered to be in a matured and declining phase, the Ravva JV is managing the remaining resources and plans to maximise the available returns of the development. See Risk Factors — *"The Ravva Oil & Gas Field is considered to be in a matured and declining phase"*.

## **Telecommunications Business**

- *Maximise the value of the Telecommunications Business*

We are making efforts to maximise the value of the Telecommunications Business, including through the continued growth of our mobile services. In addition, as a result of the recent finalisation of the Government's spectrum trading guidelines, we are considering opportunities to increase revenues through spectrum sharing and trading. Although no arrangements have been finalised, we are in discussions with several operators about spectrum sharing.

We believe our existing spectrum circles are very valuable. While we have not entered into any agreement to sell the Telecommunications Business, we would consider the sale of all or part of the Telecommunications Business under the right circumstances.

- *Enhance the ability to provide the necessary telecommunications facilities to meet the requirements of a developing market*

Technological developments characterised by an increasing demand for wireless services and by the convergence of technologies, such as between fixed line and wireless, between data and voice, and between communications, computing, consumer electronics, entertainment and the internet, have accelerated the pace of change in the telecommunications industry. In light of this rapidly changing operating environment, we intend to further enhance our ability to provide the necessary telecommunications facilities to meet the requirements of a developing market. In order to meet the challenges of competition and enhance our long-term growth prospects, we aim to:

- provide a stabilised network from the beginning, resulting in enhanced customer experience; and
- enhance the network and service infrastructure to service customers better throughout India.

## **Consumer Electronics Business**

We believe we are one of the largest manufacturers of colour TVs in India, and one of the largest distributors of consumer electronics products and home appliances in India. A substantial portion of the home appliances that we distribute are currently made to our specifications and to our order by the Promoter Group entities. We maintain a vertically integrated operation, whereby we manufacture, procure, distribute, market and sell products under the "Videocon" brand, and under licensed brands, including Sansui and Hyundai.

We also manufacture finished goods on an OEM basis and components for third parties. We also produce products under the brands "Electrolux", "Philips" and "Kenstar", which are marketed by members of the Promoter Group.

Revenues from consumers electronics business amounted to Rs.167,800.19 million, or 86.4 per cent. of our consolidated gross sales, and Rs.175,675.44 million, or 83.7 per cent. of our consolidated gross sales, for the Fiscal Years 2013 and 2014, respectively.

### ***Finished goods***

#### ***CRT TVs***

We are currently one of the largest CRT TVs manufacturers in India. Most of our colour TVs are sold in India. We offer more than 40 colour TV models ranging from 14" to 21", of which more than 28 models are categorised as slim and true flat CRTs. Our colour TVs incorporate a variety of features, such as picture-in-picture, surround sound and digital sensi eye. Sales of "slim" and "true flat" TVs have fallen in the past few years and we believe we might see continued fall in demand for these products.

### *LED TVs*

We recognise the prospect of increasing market penetration by flat panel displays and we offer more than 150 LED television models from 16" to 85". Our products include features such as 4KUHD, 3840\*2160 resolution, Built-in Satellite reception, 3D Smart TV, Motion Sensor, Voice control, Face recognition, High Definition Multimedia Interface, picture in picture features and unique picture quality improvement algorithms. We are also in the process of expanding our model range to meet the changing needs of the consumers, and continue our efforts in development and infusion of newer technologies in order to offer better products in the market.

Revenues from sales of TVs and home entertainment systems amounted to Rs.86,151.78 million, or 44.4 per cent. of our consolidated gross revenue, and Rs.85,217.13 million, or 40.6 per cent. of our consolidated gross revenue, for the Fiscal Years 2013 and 2014, respectively.

### *Components*

In addition to finished TVs, we manufacture TV components for our own models and for sale to third parties. In particular, we produce glass panels and funnels, the key components of CRTs, and other components for refrigerators, washing machines and air conditioners.

We believe we are one of the largest manufacturers of glass panels and funnels for colour TVs in India. We are selling panels and funnels internationally to the Chinese market. We offer a broad range of glass panels and funnels, with sizes ranging from 14" to 21". Our products include glass panels and funnels for true flat and slim CRTs.

Revenues from sales of these components amounted to Rs.15,538.10 million, or 8.0 per cent. of our consolidated gross revenue, and Rs.15,614.09 million, or 7.4 per cent. of our consolidated gross revenue, for the Fiscal Years 2013 and 2014, respectively.

### *Home Appliances*

We sell refrigerators, washing machines, air conditioners and a range of small domestic appliances, such as microwave ovens, water purifiers, air coolers, oxy fryers, dishwashers, monitors and others.

Revenues from sales of these home appliances amounted to Rs.65,399.09 million, or 33.7 per cent. of our consolidated gross revenue, and Rs.74,070.72 million, or 35.3 per cent. of our consolidated gross revenue, for the Fiscal Years 2013 and 2014, respectively.

### *Smart Phone Manufacturing*

With years of manufacturing experience in consumer electronics and home appliances, combined with advanced technology and processes, Videocon plans to expand into the manufacture of smart phones. We expect to produce 1 million units of smart phones per month by the end of 2016, including both 3G and 4G models.

At present, we have established an advanced manufacturing plant (8 lines) at Aurangabad with a manufacturing capacity of 800,000 units per month (feature & smart phones), which will be expanded further.

Videocon makes great efforts to replace outdated technology and stay updated with the latest technology. Our plants mainly focus on technology such as Non Conductive Vacuum Metallization (NCVM), advanced paint technologies and 3D foiling.

Currently, our smart phones range from 3.5 inch to 5.5 inch sizes. So far in 2015, we have introduced about 32 smart phone models to the market. Recently, we have launched Z45 Amaze (4.5"/3G), Z45 Dazzle (4.5"/3G), Z55 Dash (5"/3G), Z55 (5"/3G) Delite and U46 models under the Videocon and Sansui brands.

## ***Brands***

We have adopted a multi-brand marketing strategy in India. We have developed a diversified portfolio of well-recognised brands that are intended to appeal to a broad range of customers in India with differing socioeconomic backgrounds. Heading our portfolio is the Videocon brand, which has more than two decades of operating history, and we believe is recognised as one of the most reputable and trusted brands in India. We aim to position the Videocon brand as a high-end as well as mid-market brand, recognised for quality and value.

We also manufacture and sell certain other products in India under various other licensed brand names. Generally we pay our licensing partners a fixed percentage royalty for every product we sell. In the consumer electronics market, the Hyundai brand is mainly sold through retail outlets of the Promoter Group. Sansui is positioned as a Japanese brand which offers good value. The Kelvinator brand was re-launched in 2006 in the direct cool-segment of the refrigerator category and is positioned as a mass market brand below Videocon.

“Electrolux” and “Philips” brands produced by us, which are marketed by the members of the Promoter Group, are positioned at the high-end of the market.

## ***E-Commerce***

Videocon has recently endeavoured to expand its online presence. Videocon sells consumer electronics products, home appliances and other products, either directly or through Promoter Group, through certain online marketplaces. We also use certain teleshopping channels to sell our products. The product line has also been strengthened through our presence on various online portals. The Group’s sales have increased and our brand presence has been much more visible as a result of our e-commerce efforts.

Marketing through teleshopping ensures that the product features and usage are explained directly to customers. Orders are able to be fulfilled promptly by the robust supply chain across the nation, for both customer electronics or non-customer electronics products.

We intend to stay up-to-date with the latest technologies and continue to expand our reach nationwide through online marketplaces, teleshopping and mobile shopping apps.

## ***Intellectual Property***

We do not own the trademarks in respect of our major brands. We are not aware of any material intellectual property infringement by any third parties.

Our material trademark license agreements are described below:

### ***Videocon***

Mr. Pradipkumar N. Dhoot and Videocon India (now CE India Limited), as the licensors and the Company as the licensee entered into a trademark license agreement dated 15 December 2005 under which the licensors have granted to, among others, the Company the license to use the Videocon trademarks to manufacture, sell, market and distribute products in India and other countries by itself or affiliate group company as may be agreed to, as well as granting the licensee a right to grant sub-licenses to subsidiaries upon written notice to the licensor and to grant sub-licenses to third parties upon obtaining written consent from the licensors. The agreement is to remain in force perpetually unless terminated or converted into a term license in the event of a change of control due to the members of the Dhoot family (i.e. the Dhoot Family and any companies owned and controlled directly or indirectly by any or all of them and/or by any or all of their blood and marital relations), individually or collectively, ceasing to be the largest Shareholders of the Company and its subsidiaries, in which case the license shall be converted into a term license for five years and the license fees shall be calculated on the then current value to be determined by recognised independent experts.

### ***Hyundai***

Videocon Global Limited (“VGL”) as the licensee entered into a trademark license agreement dated 23 June 2014 with Hyundai Corporation, South Korea (“Hyundai”) as the licensor under which Hyundai appointed VGL as the exclusive licensee for the manufacture, marketing, developing and sales of Hyundai brand consumer electronics and home appliances products in India. Pursuant to this

license agreement, Promoter Group entities, including Videocon Industries Limited, are permitted to use the Hyundai trademark for manufacturing and selling Hyundai brand consumer electronics and home appliances in India. The licensor also maintains the right to terminate or withdraw the license agreement, at its sole discretion, during the subsistence of the license agreement. The license is subject to various obligations of the licensee, including, but not limited to a commitment to minimum sales targets, payment of minimum royalties and approval of the manner of use of the trademark. The license agreement expires on 30 June 2017.

#### *Sansui*

VGL has entered into a trademark license agreement with Sansui Acoustics Research Corporation (British Virgin Islands) effective from 1 April 2015. Under the agreement VGL has been granted the exclusive non-transferable right to use the trade mark ‘Sansui’ to directly or indirectly manufacture, introduce, advertise, promote and sell certain audio products, video products, colour televisions/flat panel display, white goods, IT products and others in India, Nepal, Pakistan, Afghanistan, Sri Lanka, Sultanate of Oman, Republic of Maldives. The term of this agreement is for an initial period of five years commencing from 1 April 2015. The license is subject to obligations of VGL to commit to a minimum expense budget, including, but not limited to, promotion and advertisement, maintenance of quality, and the management of the license agreement being entrusted to specified senior executives of the Company.

VGL has entered into an agreement dated 1 April 2005 with the Company authorising the Company to use the trademark ‘Sansui’ licensed to VGL by Sansui Acoustics Research Corporation (British Virgin Islands). The Company shall use the trademark as an agent of VGL and may sell products under the trademark by appointing its own dealers and contractors within the licensed territories. The agreement expires on 31 March 2017.

#### *Kelvinator*

Electrolux Home Products Inc. as the licensor and Electrolux Kelvinator Limited (now merged with us) as the licensee entered into a trademark license agreement dated 7 July 2005, under which the licensor granted to the Company an exclusive right and license to packing, sales, manufacturing, marketing, distributing and selling major appliances and usage of the Kelvinator trademark in India, Bangladesh, Bhutan, Nepal, Pakistan and Sri Lanka for the manufacture, packaging, sale, marketing, distribution and services of the trade marked products. The agreement remains in force until it is terminated by either party, following certain conditions set out in the agreement.

#### **Manufacturing**

We operate three manufacturing facilities in India. Through these manufacturing facilities, or by procuring the components and finished products from various manufacturers, including the Promoter Group entities, we manufacture and distribute goods in India under the “Videocon” brand as well as other licensed brands. We also manufacture finished goods on an OEM basis.

We operate three manufacturing facilities across India at Chittegaon, Aurangabad in Maharashtra, Shahjahanpur in Rajasthan and Bharuch in Gujarat, each of which Chittegaon and Bharuch manufacturing facilities accounts for more than 10.0 per cent. of annual net turnover or production, and the location and areas of which are set out below:

| Facility               | Address                                                                                                             | Area<br>(Approximate<br>Acres) |
|------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Chittegaon . . . . .   | 14 K.M. Stone, Aurangabad — Paithan Road, Village:<br>Chittegaon, Taluka: Paithan, District Aurangabad, Maharashtra | 262                            |
| Bharuch . . . . .      | Village Chavaj, Via. Society Area, Taluka & District Bharuch,<br>Gujarat                                            | 334                            |
| Shahjahanpur . . . . . | Vigyan Nagar, RICO Industrial Area, Shahjahanpur, District<br>Alwar, Rajasthan.                                     | 20                             |

### ***Key Components and Suppliers***

Our policies require us to maintain at least two alternative suppliers for each key component and raw material. We generally source components and materials from third parties at market prices based on purchase orders. Further, we procure the manufacture of products at plants operated by both the Promoter Group entities and others.

We have not experienced any significant delays in production due to disruption of supply of materials or components. We have maintained long-term relationships with major suppliers and believe that there are sufficient alternative suppliers for all of our important materials and components as of the date of this Offering Circular.

### ***Third-party Manufacturing***

In India, in addition to brand name manufacturing, we also manufacture products on an OEM basis. We produce OEM products to the specifications laid down by the OEM customers on a purchase order basis. We also produce TV components such as glass shells for third parties.

### ***Quality Control***

We have established a quality control system compatible with international standards. Our Bharuch glass plant is certified to ISO9001:2008 for quality management system, ISO14001:2004 for environmental management system and BS OHSAS18001:2007 for occupation health and safety management system, each of which is valid until January 2018. We have received an ISO9001:2008 certification, for manufacturing and sales of refrigerators at our Shahjahanpur plant. Besides this, our Chittegaon facility has received ISO9001:2008 certifications, for design and development and manufacture of window, split and tower type air conditioners from 0.8 tonnes to 3.5 tonnes capacity.

### ***Sales***

We currently distribute our products to independent dealers and distributors, mainly retail stores and chain stores, located in cities and rural areas in India. The dealers and distributors are largely non-exclusive. Our dealers and distributors are paid on the basis of commission, volume or cash discounts. Commission is generally paid on the basis of volume of products sold. As of 15 December 2015, we provide after-sales services to our customers, through 85 after-sales service centers owned and operated by the Company, and around 670 after-sales service centers owned and operated by franchisees. We sell glass directly to CRT manufacturers overseas.

### ***Competition***

Some of the major competitors in our Consumer Electronics Business include LG Electronics India Limited, Samsung India Electronics Private Limited, Sony India Private Limited, Mirc Electronics Limited, Panasonic India Private Limited, Voltas Limited and Toshiba India Private Limited.

### ***Distribution***

We believe that we operate an extensive distribution network in India. Our products are sold and serviced through a network of dealers and authorised service centers across India, and we rely on these networks of authorised dealers for the marketing, sale and distribution of our products and providing after-sales services. Some of them are operated by the Company while the others are owned and operated by the Promoter Group entities.

We structure our distribution network under six designated zones in India. This infrastructure comprises key warehouses in separate regions across India. Goods are generally stored in a centralised warehouse within each zone prior to being transferred to local branches, as necessary. As of 15 December 2015, we have approximately 52 branch offices throughout India, each of which is equipped with a distribution fleet and complete warehouse facilities. The billings are handled directly by each sales office.

We have implemented an inventory and sales monitoring system using the “mySAP” system at our plants. With the real time information collected by mySAP, we are able to plan our product delivery schedules better. The sales information compiled by mySAP also helps us to respond more quickly to our customers’ needs.

We have also implemented “STEP” which is an innovative & customised, in-house developed sales tool for providing day-to-day information required by the sales force on the field. This improves efficiency, enhances the ability and productivity of the sales force, leading to long-term business sustainability and customer satisfaction. This tool uses strength of Android, GPS Technology and GPRS coverage to deliver a high performance tool for the sales force.

### ***Research and Development***

We maintain research and development facilities in India and China. Our focus tends to be on developing existing technologies and product engineering innovation, aimed at improving production efficiency and lowering the cost of production. When we undertake research and development on product and product technology innovation, we may seek assistance from external research agencies. Our domestic technology center is located in Aurangabad, Maharashtra, India.

### ***Environmental Protection***

During our manufacturing process, we cause noise, pollution, and discharge waste water, exhaust gas, dust and solid wastes. In order to comply with Indian laws and regulations in respect of environmental protection, we have taken internal environmental protection control and monitoring measures.

We have set up an environmental protection committee at our glass-manufacturing facility in Bharuch as well as a number of specialised environmental protection management divisions and environment monitoring teams. We have also established an internal environmental management system. We recycle our industrial water and use solid wastes (slurry) to make bricks, which are then used in building construction. We have also planted some 100,000 teak and mahogany plants around the glass plants in order to improve their environment by keeping the area cooler, reducing dust and improving air quality.

The Company extracts the most value from resources, making the best use of renewable resources and minimizing waste produced. This concept is called “Resource Productivity”. The Company aims at drive-down of costs by reducing waste and pollution and by creating opportunities for growth through process and product innovations.

The Company has formed “Quality Circles” and “Team of Experts” selected from the employees, who are engaged in the manufacturing activities for time and motion study of the overall manufacturing process, and who give suggestions on ways and means for conservation of energy and power. The Company is also proposing to conduct an energy audit in the coming years.

### **Oil & Gas Business**

Our Ravva Oil & Gas Field is our only producing asset. We hold a 25 per cent. participating interest in an unincorporated joint venture originally established between ONGC (40 per cent.), Videocon Petroleum Limited, (the name of which was subsequently changed to Petrocon India Limited and which later amalgamated into the Company), Command Petroleum (India) Pty Limited (22.5 per cent.) (whose name subsequently changed to CIL) and ROS (12.5 per cent.), which is a Marubeni affiliate (together referred to as the “**Contractor Parties**”) in 1994. We acquired our interest in the Ravva Joint Venture with retrospective effect from 31 March 2004 as a result of a merger with Petrocon India Limited in 2004.

Details of the oil and gas assets acquired by the Company, our subsidiaries and our joint ventures are set out below:

| Asset<br>(discoveries) | Ravva Oil and<br>Gas Field                           | Campos Basin<br>(Wahoo) | Sergipe Basin<br>(Barra, Farfan,<br>Cumbe)            | Potiguar Basin                           | Nunukan Basin<br>(Badik) |
|------------------------|------------------------------------------------------|-------------------------|-------------------------------------------------------|------------------------------------------|--------------------------|
| Country . . . . .      | India                                                | Brazil                  | Brazil                                                | Brazil                                   | Indonesia                |
| Block details . . .    | 10 km Offshore,<br>Godavari Basin,<br>Andhra Pradesh | BM-C 30 (1 block)       | BM — Seal — 11<br>(4 blocks — 426,<br>497, 569 & 349) | BM-POT-16<br>(2 blocks — M760<br>& M663) | Nunukan Basin            |
| Reserves . . . . .     | Oil and Gas                                          | Oil                     | Oil and Gas                                           | Under Exploration                        | Oil and Gas              |
| Operator . . . . .     | CIL                                                  | Anadarko                | Petrobras                                             | Petrobras                                | PT Pertamina             |
| Participating          | 40% - ONGC                                           | 30% - Anadarko,         | 60% - Petrobras                                       | 30% - Petrobras,                         | 40% - Medco,             |
| Interest . . . . .     | 22.5% - CIL                                          | 25% - IBV Brazil*,      | 40% - IBV Brazil*,                                    | 20% - IBV Brazil*,                       | 35% - PT                 |
|                        | 12.5% - ROS                                          | 25% - BP 20% -          |                                                       | 30% - BP 20% -                           | Pertamina,               |
|                        | 25% - Videocon                                       | Maersk                  |                                                       | Petrogal                                 | 12.5% - BPRL,            |
|                        |                                                      |                         |                                                       |                                          | 12.5% - Videocon         |
|                        |                                                      |                         |                                                       |                                          | Indonesia Nunukan        |
|                        |                                                      |                         |                                                       |                                          | Inc.                     |
| Videocon's PI. . .     | 25%                                                  | 12.5 %                  | 20.0 %                                                | 10%                                      | 12.5 %                   |
| Area (sq. km). . .     | 331.26                                               | 716                     | 2,831                                                 | 1535                                     | 2,213                    |

\* 50:50 JV with Bharat Petro Resources Ltd for Brazilian blocks, which is a 100 per cent. subsidiary of BPCL

The sales volumes, average selling price and production expenses for the Oil & Gas Business for the Fiscal Years 2011, 2013 and 2014 are shown in the following table:

|                                                                                | Fiscal Year |           |           |
|--------------------------------------------------------------------------------|-------------|-----------|-----------|
|                                                                                | 2011        | 2013      | 2014      |
| <b>Production</b>                                                              |             |           |           |
| Crude Oil (MMBBL) . . . . .                                                    | 2.45        | 3.06      | 2.90      |
| Natural Gas (Million SCM) . . . . .                                            | 154.83      | 200.71    | 139.46    |
| <b>Less: Flared/Consumed/Normal Loss</b>                                       |             |           |           |
| Crude Oil (MMBBL) . . . . .                                                    | —           | 0.00      | 0.00      |
| Natural Gas (Million SCM) . . . . .                                            | 14.32       | 24.07     | 35.54     |
| <b>Sales: (in Quantity)</b>                                                    |             |           |           |
| Crude Oil (MMBBL) . . . . .                                                    | 2.50        | 2.62      | 2.87      |
| Natural Gas (Million SCM) . . . . .                                            | 140.51      | 176.64    | 103.93    |
| <b>Average Selling Price: (Rs.)</b>                                            |             |           |           |
| Crude Oil per Barrel . . . . .                                                 | 5,617       | 7,007     | 6,308     |
| Natural Gas per SCM. . . . .                                                   | 6           | 7         | 9         |
| <b>Sales: (Rs. Million)</b>                                                    |             |           |           |
| Crude Oil. . . . .                                                             | 14,038.52   | 18,392.30 | 18,092.42 |
| Natural Gas . . . . .                                                          | 896.12      | 1,308.34  | 893.48    |
| Production and Exploration Expenses for Oil and Gas<br>(Rs. Million) . . . . . | 9,007.76    | 26,602.34 | 34,575.09 |

The consolidated gross revenue from our Oil & Gas Business was Rs.19,700.64 million, or 10.1 per cent. of our consolidated gross revenue, and Rs.18,985.90 million, or 9.0 per cent. of our consolidated gross revenue, for the Fiscal Years 2013 and 2014, respectively.

The estimated capital expenditure for our oil & gas projects for the period from 2015 to 2017 is approximately U.S.\$1.9 billion, with the majority of this amount focused on the development of our Brazil operations.

\* Our capital expenditure plans are estimates only and are subject to change.

### ***Ravva Oil & Gas Field***

The Ravva Oil & Gas Field is located approximately 10 kilometers offshore in the Krishna Godavari basin in Andhra Pradesh in southern India. With 20 years of production history, the Ravva field has produced over 270MMbbls of oil as of 30 June 2015.

Under the terms of the joint operating Agreement between the contracting parties dated 28 October 1994 (the “**Ravva JOA**”), CIL is designated as the operator and is authorised to represent the other contracting parties for the performance of the Ravva JOA. Under the Ravva JOA, the rights, obligations and responsibilities of the parties are several and each contracting parties is required to keep the others indemnified against any claim, demand, action, liability or loan. The production sharing contract for Ravva Oil & Gas Fields (the “**Ravva PSC**”) between the contracting parties and the MoPNG dated 28 October 1994 provides that the MoPNG is the sole owner of the petroleum underlying the Ravva PSC and until national demand, as determined by MoPNG, is met each contracting parties shall offer for sale its participating interest of the crude oil for consumption within India.

The Ravva Oil & Gas Field produces crude using unmanned production platforms. Ravva Field facilities consist of 41 wells, including 17 oil producer wells, 4 gas producer wells, 9 water injection wells for pressure maintenance, as well as 8 oil shut-in wells and 3 gas shut-in wells. Considering the maturity of the field, long term strategic objectives are set out for the remaining part of the Ravva PSC period, including continued focus on reservoir studies for maximisation of recovery, identification of any upside potential and adoption and execution of robust asset integrity measures to ensure facilities comply with the latest international standards.

The oil and gas is processed onshore after being piped to the shore. The recovered and separated crude oil is piped to an offshore single-point mooring point and loaded into tankers for transport to a nearby refinery for sale. The gas produced is transmitted to an onshore gas processing system and is sold to GAIL. The oil producing wells are declining in production at the rate of 30 per cent. annually, with increase in water cuts. Infill wells drilled after 3D and 4D seismic studies have shown drastically reduced oil production.

### ***Oil and Gas pricing***

The oil price from Ravva Oil & Gas Field was fixed by the Government of India initially for five years in 1994 linked to the price of Arabic light crude oil. Thereafter, the Ravva JV got an award from an arbitral tribunal, fixing the price at the average price of Tapis and Minas crudes, as the specifications of Ravva crude approximation are better, less 60 cents per barrel, which is at a premium over the Brent crude price benchmark. The Ravva crude price, which on average is U.S.\$3 per barrel above rated Brent is proving unprofitable for Indian refineries, which have now equipped facilities for refining lower cost ‘sour’ crude. This may result in the Ravva JV lowering its price in order to compete and sell crude to its customers.

### ***Sales***

The oil sale agreements are currently being negotiated between the Ravva JV and the Government of India and have not been finalised. At present, sales of Ravva crude oil by the Ravva JV to MRPL, CPCL and HPCL are subject to the terms and conditions set out in letter agreements entered into on a shipment by shipment basis. The price paid for the Ravva crude oil is the price determined in accordance with the Ravva PSC.

The sale of gas from existing discoveries at the Ravva Oil & Gas Field is governed by (i) a gas sales contract between the Contractor Parties and GAIL (India) Limited (the “**GAIL**”) dated 27 June 1997, as amended, for the existing gas (the “**Existing Gas Sales Contract**”) and (ii) a gas sales contract between the Contractor Parties and GAIL dated 9 April 2001, as amended, for the gas produced in the satellite fields (the “**Satellite Gas Sales Contract**”, and together with the Existing Gas Sales Contract, the “**Ravva Gas Sales Contracts**”). The price of gas produced by the Ravva JV was set for the first five years of delivery by the Ravva PSC. After the expiry of this five-year period, the Contractor Parties served a notice to the Government of India seeking to raise the price payable under the Ravva Gas Sales Contracts. Prices are \$3.5/MMBtu for the Existing Gas Sales Contract and \$4.3/MMBtu for the Satellite Gas Sales Contract, respectively. With respect to the Existing Gas Sales Contract, the revised price of U.S.\$4.2 per MMBtu is due since 1 December 2008. However, GAIL is depositing the

margin to a gas pool account, due since April 2010, pending the Government approval. For satellite gas, the Government price revision is due since 1 April 2014 and the Government has been asked to match the price offered by another customer at U.S.\$1 per MMBTU over and above the Government determined price.

#### *Abandonment Costs*

The Contractor Parties are liable to contribute to abandonment costs at the Ravva Oil & Gas Field on expiry or termination of the Ravva PSC. We are responsible for our share of the costs associated with abandoning and reclaiming wells, facilities and pipelines which the Ravva JV uses for the production of oil and gas. These costs are typically incurred at the end of the productive life of the field. Contribution to the sinking fund and interest thereon are deductible as cost petroleum.

A study conducted by an expert has estimated the site restoration costs at U.S.\$116.76 million for Ravva JV, of which our share is U.S.\$29.19 million. Although we made the provision for abandonment costs from year to year in our accounts, we did not implement a specific policy for the same until 2009.

The total contribution to the sinking fund is U.S.\$72.75 million inclusive of accumulated interest. Contribution for the year 2016 is expected to be U.S.\$18.8 million. The total requirement for abandonment costs is estimated at U.S.\$116.76 million by 2019 of which our share of the abandonment costs will be 25 per cent. The deposits to the Sinking Reserve Fund Account are made in Indian Rupees. The last estimate of abandonment cost was made in 2013. A fresh estimate is proposed to be made next year and contributions will be adjusted accordingly.

#### *Other Oil and Gas Assets*

##### *Offshore Oil Blocks in Brazil*

In September 2008, VB (Brasil) acquired 100.0 per cent. stake in Encana Brasil Petroleo Limitada from Encana Corporation of Canada for a total consideration of U.S.\$283 million. Subsequently, the name of the company was changed to IBV Brasil Petroleo Ltda (“**IBV**”) and VB Brazil was merged into IBV.

IBV, incorporated in Brazil, is a 50:50 joint venture between our subsidiary, which is incorporated under the laws of British Virgin Islands and BPRL Ventures B.V., a wholly owned subsidiary of Bharat Petroleum Corporation Limited. IBV has interests in following three concessions with deep water offshore exploration blocks in Brazil.

The details of the Brazil concessions are as follows:

- BM-C-30 Campos (the “**Campos Concession**”)

The Campos Concession is in pre-development phase and covers an area of 716 sq. km. in the Campos Basin located offshore the Rio de Janeiro and Espirito Santo States in Brazil.

IBV holds 25.0 per cent., Anadarko Petroleum Corporation (“**Anadarko Corporation**”), as Operator holds 30.0 per cent., BP holds 25.0 per cent. and Maersk holds 20.0 per cent. interest.

A discovery of hydrocarbons has been made in Wahoo well prospect (BMC-30 Concession) in the Campos Basin. The Concession is presently in a five year evaluation phase.

Subsequent mapping by Maersk and velocity model studies by Anadarko Corporation have indicated an extension of the Wahoo structure to the extent of 60 per cent. to the South West, where Well Wahoo# 6 is proposed to be drilled.

- BM-SEAL-11 Sergipe (the “**Sergipe Concession**”)

The Sergipe Concession is in pre-development phase and covers an area of 2,831 sq. km. in the Sergipe Basin, which is located in the deep water north-eastern offshore section of the Brazilian Basin in Brazil. IBV holds 40.0 per cent. and the balance 60 per cent. is held by Petrobras, as Operator. This area comprises of four blocks SEAL-M-349, SEAL-M-426, SEAL-M-569 and SEAL-M-497.

The consortium has made discoveries in different structures in the Barra, Farfan, Cumbe, Papangu and Poco Verde areas which are all in different stages of appraisal and evaluation and are heading towards commercialization.

For more details on the risks involved in the Sergipe Concession and the arrangements with Petrobras, see “*Risk Factors — Risks related to our Oil & Gas Business*”.

- **BM-POT-16 Potiguar (the “Potiguar Concession”)**

The Potiguar Concession is in an exploration phase and covers an area of 1,535 sq. km. in the Potiguar Basin, located in the northeastern region of Brazil and lies partly onshore and offshore over most of the Rio Grande do Norte State in Brazil.

The commitment well, Ararauna well, was drilled and completed, in October 2013 in Block POT-M-760, with the discovery of thin oil bearing sands in Albion/Cenomaina age with 32.5 meters of column oil (gross pay) and 14.7 meters saturated porous vertical thickness oil (net pay). IBV holds 20.0 per cent., Petrobrasas Operator holds 60.0 per cent., and Petrogal Brasila Ltda holds 20.0 per cent. interest in the concession. Effective 1 January 2013, BP has acquired 30 per cent. of Petrobras’ interest in the concession.

The details of the deep water offshore exploration blocks are as follows:

- *BM-C-30 Concession, Campos Basin*

This block comprises of one Block C-M-101 where IBV has 25 per cent interest. An oil and gas discovery was made in the pre-salt section of Wahoo main structure of the block. Drill Stem testing revealed a flow of 7,500 bbls/day of oil.

- *BM-SEAL-11, Concession, Sergipe-Alagoas Basin*

This area comprises of four blocks SEAL-M-349, SEAL-M-426, SEAL-M-569 and SEAL-M-497 where our overseas subsidiary has 20 per cent. participating interest in the concession and is a party to five appraisal plans in discovery wells, following multiple discoveries in the Barra, Farfan and Cumbe areas of Blocks SEAL-M-426 and SEAL-M-349. These are now in pre-development stages.

#### *Oil Block in East Timor*

- **Block JPDA 06-103 in the Timor Sea**

On 15 November 2006, a consortium comprising Videocon JPDA 06-103 Limited (“**Videocon JPDA**”) (formerly known as Global Energy Inc.), which is our wholly-owned subsidiary, Oilex (JPDA 06-103) Limited (“**Oilex JPDA**”), Bharat Petroresources JPDA Limited (“**BPRL JPDA**”) and GSPC (JPDA) Limited (“**GSPC**”) was allotted the petroleum block JPDA 06-103, under a production sharing contract (the Joint Petroleum Development Area is known as “**JPDA PSC**”) by the Timor Sea Designated Authority (“**TSDA**”) for exploration. This block covers an area of 3,471 sq. km. and is located in the Timor Sea between Australia and Timor-Leste. Videocon JPDA originally had a participating interest of 25 per cent. in the JPDA PSC and then on-sold 5 per cent. of its participating interest to Pan Pacific Petroleum of Australia reducing its holding to 20 per cent.

The current participating interest in the JPDA 06-103 block is as follows:

|                                       |       |
|---------------------------------------|-------|
| Videocon JPDA . . . . .               | 20.0% |
| GSPC. . . . .                         | 20.0% |
| BPRL JPDA. . . . .                    | 20.0% |
| Oilex (JPDA 06-103) Limited . . . . . | 10.0% |
| Japan Energy . . . . .                | 15.0% |
| Pan Pacific . . . . .                 | 15.0% |

After two exploration wells at Lore and Lolotoe were drilled unsuccessfully, the work on the third well at Bazartate was suspended due to a dispute on the maritime boundary between the governments of Timor Leste and Australia. The Permit has been terminated on 15 July 2015, as notified by the regulator, ANP, on the grounds of breach for non-completion of the committed work programme under the JPDA PSC. The quantum of penalty sought by ANP for the unfulfilled work programme is U.S.\$17,018,790. The joint venture has confirmed to ANP that it does not accept the demand of penalty as ANP has failed to properly consider credit for excess exploration work carried out under the JPDA PSC, which the joint venture believes is greater than the amount set out in the Notice.

The joint venture is disputing the financial claim damages set out in the Notice and has sent a counter proposal to ANP to find an acceptable resolution as soon as possible. In the counter proposal submitted to ANP, the joint venture stated that it does not have accept any liability to the ANP. However, the joint venture in its counter offer offered an amount of U.S.\$1 million to the ANP in full and final satisfaction of the ANP's claims under the JPDA PSC. In response ANP has rebutted the joint venture's argument on exploration credit but provided a small reduction in the penalty claim. The joint venture has submitted a further counter-claim of U.S.\$2 million.

Once the claim amount has been agreed with the ANP, the joint venture expects to completely exit exploration and operations in this holding.

#### *Oil Block in Indonesia*

- **Nunukan Block in Indonesia**

In September 2009, Videocon Indonesia Nunukan Inc., our wholly-owned overseas subsidiary, entered into the joint operating agreement with Anadarko Indonesia, a wholly-owned subsidiary of Anadarko Corporation (the “**Nunukan JOA**”).

In December 2012, Anadarko, Operator, gave formal notice regarding its proposed sale of all of the issued share capital to PT Pertamina, a local company in Indonesia. Anadarko had a 35 per cent. participating interest in Nunukan Block. Pursuant to Article 13.2.7 of the Nunukan JOA, sale of all of the issued share capital to PT Pertamina, Anadarko entered into discussions with the JV about the close-out of the Anadarko stake sale to Pertamina Hulu Energi effective on 15 February 2013. As a result there was a change in control of the Anadarko Indonesia Nunukan Company which became 100 per cent. owned by PT Pertamina Hulu Energi. PT Pertamina Hulu Energi became the operator for Nunukan Block.

Videocon Indonesia NunukanInc holds 12.5 per cent. participating interest, with the other JV Partners holding BPRL Ventures Indonesia B.V 12.5 per cent., Pertamina 35.0 per cent. and Medco 40.0 per cent. interest.

In Nunukan Block, 3 Wells have been drilled. The well Badik-2 also consists of a side track portion (called Badik-2 Dir) which has been drilled as an exclusive operation, and also the wells Badik-3 and West Badik-1 were drilled under exclusive operations with Medco being the sole non-participant in all the three exclusive operations.

In Badik-2 and Badik-3, Videocon Indonesia Nunukan Inc and BPRL confirmed that each would maintain their participating interest level at 12.5 per cent. For West Badik-1 Well, Videocon confirmed its participating interest increased to 20.83 per cent. from 12.5 per cent., however, BPRL maintained their PI level at 12.5 per cent.

#### **Power Business**

We have commissioned three solar power projects through the Company and its step-down subsidiaries:

- On 14 October 2011, we commissioned a 5.75 MW (AC) capacity solar PV power project in Village Majra, District Warora, Maharashtra. The power is sold to NTPC Vidyut Vyapar Nigam Limited (“**NVVN**”) at a tariff rate of Rs.17.91 per unit. This solar power plant was designed and engineered by IBC Solar AG, Germany under a technical arrangement with the Company's EPC Contractor.

- On 14 October 2011, the Company through its step down subsidiary, Comet Power Private Limited commissioned a 5.75 MW (AC) capacity Solar PV power project in Village Betwasiya, District Jodhpur, Rajasthan. Upon commissioning of this project, a 49 per cent. equity stake in the subsidiary was sold to Ajmera Biofuel Limited, a step down subsidiary of Ajmera Realty Industries Limited. This solar power plant was designed and engineered by IBC Solar AG, Germany under a technical arrangement with the Company's EPC Contractor.
- On 27 January 2012, the Company through its step down subsidiary, Unity Power Private Limited, commissioned a 5.01 MW (DC) capacity solar PV power project at Anjar, Gujarat. The Company is currently holding a 26 per cent. equity stake in Unity Power Private Limited.

The Company is also considering the development of two 1,200 MW coal-fired thermal electricity power projects, the Pipavav Power Project and the Chhattisgarh Power Project. However, no final decisions have been made or the time frame for development confirmed.

Our Power Business generated gross revenues of Rs.688.86 million, or 0.35 per cent. of our consolidated gross revenue and Rs.612.70 million, or 0.29 per cent. of our consolidated gross revenue, for the Fiscal Years 2013 and 2014 respectively.

### **Telecommunications Business**

We operate the GSM mobile services in our Telecommunications Business through VTL. In January 2008 VTL was granted license by the Department of Telecommunications ("**DoT**"), Government of India to provide UASL in the 21 circles in India: VTL was also allotted spectrum in 20 circles. The Honourable Supreme Court of India, pursuant to its order dated 2 February 2012 ("**Judgment**"), quashed the UASL granted on or after 10 January 2008 pursuant to two press releases issued on 10 January 2008 and the subsequent allocation of spectrum to licensees which included the 21 UASLs issued and allocation of spectrum to the VTL. The Honourable Supreme Court of India also directed the Government of India to conduct fresh auction for spectrum allocation. The DoT, had issued a notice inviting fresh applications on 28 September 2012, for auction of spectrum in 1,800 MHz and 800 MHz bands. VTL participated in the said auction and was declared as successful bidder of spectrum in six circles, namely, Bihar, Gujarat, Haryana, Madhya Pradesh & Chhattisgarh, Uttar Pradesh (East) and Uttar Pradesh (West), in 1,800 MHz category. On 3 March 2013, VTL was awarded the ULAS for these six circles effective from 16 February 2013 which are valid for a period of 20 years. VTL has also been allotted 5Mhz spectrum in 1,800Mhz category in each of these six circles. VTL is also providing commercial services in relation to these circles.

As a result of the accumulated losses of VTL, Khandelwal Jain & Co., and Kadam & Co., the Company's independent statutory auditors, were unable to provide an unqualified audit opinion on the financial statements for Fiscal Years 2013 and 2014. For further details, see the risk factor on VTL and the auditors' qualified opinion in "Risk Factors — Risks relating to our Business".

VTL has on 24 November 2015, entered into an agreement with IDEA Cellular Limited to transfer rights to use 2x5 MHz spectrum in the 1800 MHz for Gujarat Service Area and UP (West) Service Area in terms of Guidelines for Trading of Access Spectrum by Access Service Providers.

VTL obtained National Long Distance ("**NLD**")/International Long Distance ("**ILD**") license on 18 March 2009, which allows VTL to offer long-distance domestic as well as international calls in all 22 circles across India. VTL is operating NLD Services and terminating ILD traffic on its own NLD networking across India. Additionally, the NLD and ILD License enables VTL to support its STD and ISD operations in three circles, namely, Gujarat, Haryana and Madhya Pradesh and Chhattisgarh, where we are already providing commercial services.

We provide mobile voice and data services through our 2.75G EDGE enabled network. We also provide the latest products and value-added information and entertainment services. We concluded tower rental agreements with a number of infrastructure providers, including Tower Vision India Private Limited, VIOM Networks Limited, Bharti Infratel Limited, Reliance Communications Limited, GTL Infrastructure Limited and Indus Towers Limited.

VTL has expanded its telecom network in 3 operating circles using a mix of its own sites and sites on ICR arrangements (contract signed under ULAS) with Tata Teleservices Limited.

VTL has signed Inter-Connection agreements with all the existing telecom service providers under UASL. VTL has also established point of inter-connect (“**POIs**”) with all the other operators for NLD/ILD services. VTL has signed Intra-circle Roaming agreements with Tata Teleservices Limited. As of 31 March 2015, VTL’s mobile services subscriber base was approximately 5.94 million subscribers.

Our telecommunication business generated gross revenue of Rs.6,053.46 million, or 3.1 per cent. of our consolidated gross revenue and Rs.12,933.36 million, or 6.2 per cent. of our consolidated gross revenue, for the Fiscal Years 2013 and 2014, respectively.

### **Non-Life Insurance Business**

We entered into a joint venture with Liberty Citystate, a member of the Liberty Mutual Group, to setup a non-life insurance company, Liberty Videocon General Insurance Company Limited, on 16 December 2010. Under the terms of the agreement, Liberty Citystate will hold directly and indirectly a maximum of 26.0 per cent. of equity interest (maximum permitted under applicable law at that time) and our Company will hold a minimum of 74.0 per cent. equity interest in the joint venture. We currently hold a 81.90 per cent. stake in the joint venture and the remaining equity is owned by Liberty Citystate.

On 22 May 2012, the joint venture company received a Certificate of Registration as a “General Insurance Company” from IRDA, and commenced operations on 1 January 2013. The joint venture provides multi-line general (Non-Life) insurance underwriting capabilities to various distribution channels across India.

As set out in the board approved business plan of the insurance joint venture, we expect that capital requirements (from both promoters) to support planned business growth will be around U.S.\$40 million (Rs.2,600 million) through the Fiscal Year 2015-16. The insurance joint ventures’ business plan is focused on primarily using brokers, agents, motor dealer agents, online internet and a direct sales force and insurance intermediaries to achieve growth in written premiums. In addition, we plan to focus on personal insurance policies such as motor insurance and health insurance in addition to commercial insurance policies such as fire, engineering, marine and liability insurance.

The Indian Parliament recently passed the Insurance (Amendment) Act which allows an increase in foreign shareholding in non-life insurance business to 49 per cent. Consequent to this change in law, we may be required to divest our stake in the joint venture, subject to the joint venture agreement, if requested, by Liberty Citystate.

### **Insurance**

We maintain insurance policies in respect of the fixed assets and inventories that we own or operate and that we consider would be exposed to material operational risks. The coverage of the insurance in respect of our facilities and equipment includes various risks relating to industrial accidents and acts of God. The insured amount is normally expected to cover the cost that is necessary for replacement of the plants and equipment concerned.

We have not taken out any insurance policies to cover product liabilities. As of the date of this Offering Circular, we are not aware of any product liability claim having ever been made against us.

We typically provide warranties on most of our products and such warranty terms extend for a term of one to five years. The Company has standard fire and special perils policies for plant and machinery covering the risk of loss of Electronic Goods Manufacturing/Assembly and also covering stock of raw materials, work-in-progress, finished goods lying in the warehouse and goods with vendors. In addition to standard fire and special perils policy, the Company also maintains other insurance policies, including marine insurance policy, burglary insurance policy, group personal accident policy and public liability insurance policy.

We maintain insurance which we believe is typical in our industry at their respective locations in India and the oil and gas industry in India in amounts that we believe to be commercially appropriate. Such insurance, however, may not provide adequate coverage in certain circumstances. We do not carry

business interruption insurance with respect to our operations. The occurrence of a significant event for which we are not adequately insured against could materially adversely affect our operations and financial condition. In addition, in the future, some or all of our insurance coverage may become unavailable or may not be available on commercially reasonable terms.

### Subsidiaries, Joint Ventures and Associates

Details of Subsidiaries, joint ventures and associates of the Company, as of 31 December 2014 are set out below:

| <b>Name of the Subsidiary</b>                                                                                     | <b>Country of Incorporation</b> | <b>Percentage of Ownership Interest as of 31 December 2014</b> |
|-------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------------|
| Chhattisgarh Power Ventures Private Limited . . . . .                                                             | India                           | 100%                                                           |
| Liberty Videocon General Insurance Company Limited . . . . .                                                      | India                           | 81.9%                                                          |
| Middle East Appliances LLC . . . . .                                                                              | Sultanate of Oman               | 100%                                                           |
| Pipavav Energy Private Limited . . . . .                                                                          | India                           | 100%                                                           |
| Prosperous Energy Private Limited . . . . .                                                                       | India                           | 100%                                                           |
| Videocon Electronics (Shenzhen) Limited<br>(Chinese Name-Weiyoukang Electronic (Shenzhen) Co.,<br>Ltd.) . . . . . | China                           | 100%                                                           |
| Videocon Global Limited . . . . .                                                                                 | British Virgin Islands          | 100%                                                           |
| Videocon Oil Ventures Limited . . . . .                                                                           | India                           | 100%                                                           |
| Videocon Hydrocarbon Holdings Limited <sup>(1)</sup> . . . . .                                                    | Cayman Islands                  | 100%                                                           |
| Videocon JPDA 06-103 Limited <sup>(2)</sup> . . . . .                                                             | Cayman Islands                  | 100%                                                           |
| Videocon Indonesia Nunukan Inc. <sup>(2)</sup> . . . . .                                                          | Cayman Islands                  | 100%                                                           |
| Videocon Energy Brazil Limited <sup>(2)</sup> . . . . .                                                           | British Virgin Islands          | 100%                                                           |
| Videocon Australia WA-388-P Limited <sup>(2)</sup> . . . . .                                                      | Cayman Islands                  | 100%                                                           |
| Videocon Mauritius Energy Limited <sup>(2)</sup> . . . . .                                                        | Mauritius                       | 100%                                                           |
| Videocon International Electronics Limited . . . . .                                                              | India                           | 100%                                                           |
| Jumbo Techno Services Private Limited <sup>(3)</sup> . . . . .                                                    | India                           | 100%                                                           |
| Senior Consulting Private Limited <sup>(3)</sup> . . . . .                                                        | India                           | 100%                                                           |
| Videocon Telecommunications Limited <sup>(3)</sup> . . . . .                                                      | India                           | 92.9%                                                          |
| Datacom Telecommunications Private Limited <sup>(4)</sup> . . . . .                                               | India                           | 92.9%                                                          |
| Videocon Energy Limited . . . . .                                                                                 | India                           | 100%                                                           |
| Proficient Energy Private Limited <sup>(5)</sup> . . . . .                                                        | India                           | 100%                                                           |
| Applied Energy Private Limited <sup>(6)</sup> . . . . .                                                           | India                           | 100%                                                           |
| Comet Power Private Limited <sup>(7)</sup> . . . . .                                                              | India                           | 51%                                                            |
| Indigo Energy Private Limited <sup>(8)</sup> . . . . .                                                            | India                           | 51%                                                            |
| Percept Energy Private Limited <sup>(8)</sup> . . . . .                                                           | India                           | 51%                                                            |

| <b>Name of the Associate/Joint Venture</b>                 | <b>Country of Incorporation</b> | <b>Percentage of Ownership Interest as of 31 December 2014</b> |
|------------------------------------------------------------|---------------------------------|----------------------------------------------------------------|
| IBV Brasil Petroleo Limitada <sup>(9)</sup> . . . . .      | Brazil                          | 50%                                                            |
| Videocon Infinity Infrastructure Private Limited . . . . . | India                           | 50%                                                            |
| Radium Energy Private Limited . . . . .                    | India                           | 26%                                                            |
| Unity Power Private Limited <sup>(10)</sup> . . . . .      | India                           | 26%                                                            |

#### Notes:

- (1) Subsidiary of Videocon Oil Ventures Limited
- (2) Subsidiary of Videocon Hydrocarbon Holdings Limited
- (3) Subsidiary of Videocon International Electronics Limited

- (4) Subsidiary of Videocon Telecommunications Limited
- (5) Subsidiary of Videocon Energy Limited
- (6) Subsidiary of Proficient Energy Private Limited
- (7) Subsidiary of Applied Energy Private Limited
- (8) Subsidiary of Comet Power Private Limited
- (9) Joint Venture of Videocon Energy Brazil Limited
- (10) Associate of Applied Energy Private Limited

## CAPITALISATION

The following table shows the Company's consolidated capitalisation as of 31 December 2014. The following tables should be read in conjunction with the financial statements and schedules thereto included elsewhere in this Offering Circular. All numbers herein are rounded (if necessary) down to the nearest second decimal point.

|                                                                     | <b>As of 31 December 2014</b>   |
|---------------------------------------------------------------------|---------------------------------|
|                                                                     | <i>(Audited) (Consolidated)</i> |
|                                                                     | <i>(in Rs. million)</i>         |
| Cash and Bank Balances . . . . .                                    | 61,545.11                       |
| <b>Long Term Borrowings</b>                                         |                                 |
| (including current maturities of Long-Term Borrowings)              |                                 |
| <b>Secured:</b>                                                     |                                 |
| Term Loans from Banks . . . . .                                     | 372,546.53                      |
| Term Loans from Financial Institutions . . . . .                    | 14,203.10                       |
| Vehicle Loans from Banks . . . . .                                  | 123.21                          |
| Loans from Others . . . . .                                         | 0.05                            |
| Deferred Payment Liabilities . . . . .                              | 7,146.20                        |
| <b>Unsecured:</b>                                                   |                                 |
| Term Loans from Banks . . . . .                                     | 175.00                          |
| Foreign Currency Convertible Bonds . . . . .                        | 12,402.72                       |
| Loans from Others . . . . .                                         | 33.83                           |
| Sales Tax Deferral . . . . .                                        | 16.64                           |
| <b>Short Term Borrowings</b>                                        |                                 |
| <b>Secured:</b>                                                     |                                 |
| Loans from Banks . . . . .                                          | 19,650.00                       |
| Working Capital Loans from Banks . . . . .                          | 10,913.12                       |
| <b>Unsecured:</b>                                                   |                                 |
| Loans from Banks . . . . .                                          | 1,249.93                        |
| Loans repayable on demand: From Others . . . . .                    | 14,627.39                       |
| Total Indebtedness . . . . .                                        | <u>453,087.72</u>               |
| <b>Equity:</b>                                                      |                                 |
| Authorised Capital                                                  |                                 |
| 500,000,000 Equity Shares of Rs. 10/- each . . . . .                | 5,000.00                        |
| 10,000,000 Redeemable Preference Shares of Rs. 100/- each . . . . . | 1,000.00                        |
| Issued, Subscribed and Paid-up Equity Shares                        |                                 |
| 334,458,875 Equity Shares of Rs. 10/- each . . . . .                | 3,344.59                        |
| Total Equity Share Capital . . . . .                                | 3,344.59                        |
| Total Issued and Subscribed Share Capital . . . . .                 | 3,344.59                        |
| Reserves and Surplus . . . . .                                      | 98,707.84                       |
| Total Shareholders' Funds . . . . .                                 | <u>102,052.43</u>               |
| Total Capitalisation (excluding cash and Bank Balances) . . . . .   | <u>493,595.04</u>               |

Other than as disclosed above, there has been no material change in the Company's consolidated capitalisation or indebtedness since 31 December 2014.

Our standalone capitalisation as of 30 June 2015 is set out below:

|                                                                     | <b>As of 30 June 2015</b> |                     |
|---------------------------------------------------------------------|---------------------------|---------------------|
|                                                                     | <b>(Unaudited)</b>        | <b>(Standalone)</b> |
|                                                                     | <i>(in Rs. million)</i>   |                     |
| Cash and Bank Balances . . . . .                                    |                           | 22,899.68           |
| <b>Long Term Borrowings</b>                                         |                           |                     |
| (including current maturities of Long-Term Borrowings)              |                           |                     |
| <b>Secured:</b>                                                     |                           |                     |
| Term Loans from Banks . . . . .                                     | 179,259.70                |                     |
| Term Loans from Financial Institutions . . . . .                    | 8,774.74                  |                     |
| Vehicle Loans from Banks . . . . .                                  | 88.58                     |                     |
| <b>Unsecured:</b>                                                   |                           |                     |
| Term Loans from Banks . . . . .                                     | 125.00                    |                     |
| Foreign Currency Convertible Bonds . . . . .                        | 12,480.48                 |                     |
| Sales Tax Deferral . . . . .                                        | 4.16                      |                     |
| <b>Short Term Borrowings</b>                                        |                           |                     |
| <b>Secured:</b>                                                     |                           |                     |
| Loans from Banks . . . . .                                          | 14,600.00                 |                     |
| Working Capital Loans from Banks . . . . .                          | 10,710.48                 |                     |
| <b>Unsecured:</b>                                                   |                           |                     |
| Loans from Banks . . . . .                                          | 11,150.00                 |                     |
| Loans repayable on demand: From Others . . . . .                    | 11,163.75                 |                     |
| Total Indebtedness . . . . .                                        |                           | <u>248,356.89</u>   |
| <b>Equity:</b>                                                      |                           |                     |
| Authorised Capital                                                  |                           |                     |
| 500,000,000 Equity Shares of Rs. 10/- each . . . . .                | 5,000.00                  |                     |
| 10,000,000 Redeemable Preference Shares of Rs. 100/- each . . . . . | 1,000.00                  |                     |
| Issued, Subscribed and Paid-up Equity Shares                        |                           |                     |
| 334,458,875 Equity Shares of Rs. 10/- each . . . . .                | 3,344.59                  |                     |
| Total Equity Share Capital . . . . .                                | 3,344.59                  |                     |
| Total Issued and Subscribed Share Capital . . . . .                 | 3,344.59                  |                     |
| Reserves and Surplus . . . . .                                      | 100,491.38                |                     |
| Total Shareholders' Funds . . . . .                                 | 103,835.97                |                     |
| Total Capitalisation (excluding Cash and Bank Balances). . . . .    |                           | <u>329,293.18</u>   |

Other than as disclosed above, there has been no material change in the Company's standalone capitalisation or indebtedness since 30 June 2015.

The following table shows changes in the capital structure of our Company over the last five Fiscal Years.

| <b>Date</b>                | <b>Particulars of Issue</b>                                                                                                               | <b>Number of<br/>Shares allotted</b> | <b>Nominal Value<br/>of Shares<br/>allotted</b> | <b>Total Numbers<br/>of Shares<br/>outstanding</b> |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------|----------------------------------------------------|
| 22 April 2010 . . . . .    | Allotment of Shares on rights basis                                                                                                       | 51,392,243                           | 513,922,430*                                    | 282,657,334                                        |
| 7 July 2010 . . . . .      | Allotment of Shares on preferential basis                                                                                                 | 7,541,300                            | 75,413,000                                      | 290,198,634                                        |
| 7 December 2010 . . . . .  | Allotment of Shares pursuant to option exercised by Bennett, Coleman and Company Limited to subscribe to Shares pursuant to warrants held | 11,765,000                           | 117,650,000                                     | 301,963,634                                        |
| 27 July 2011 . . . . .     | Conversion of 6.75% FCCBs                                                                                                                 | 491,230                              | 4,912,300                                       | 302,454,864                                        |
| 22 August 2011 . . . . .   | Conversion of 6.75% FCCBs                                                                                                                 | 188,935                              | 1,889,350                                       | 302,643,799                                        |
| 31 October 2011 . . . . .  | Conversion of 6.75% FCCBs                                                                                                                 | 377,870                              | 3,778,700                                       | 303,021,669                                        |
| 22 May 2012 . . . . .      | Allotment of Shares represented by the issue of GDRs                                                                                      | 15,750,000                           | 157,500,000                                     | 318,758,875                                        |
| 14 August 2014 . . . . .   | Forfeiture of Partly Paid Shares                                                                                                          | (12,794)                             | (127,940)                                       | 318,771,669                                        |
| 22 December 2014 . . . . . | Allotment of Shares represented by the issue of GDRs                                                                                      | 15,700,000                           | 157,000,000                                     | 334,458,875                                        |

\* includes partly paid shares

The Company has not issued any bonus shares in the past three Fiscal Years.

## DESCRIPTION OF MATERIAL INDEBTEDNESS

Our consolidated indebtedness as of 31 December 2014 is set out below:

|                                                          | <b>As of 31 December 2014</b>          |
|----------------------------------------------------------|----------------------------------------|
|                                                          | <u>(Audited)</u> <u>(Consolidated)</u> |
|                                                          | <i>(in Rs. million)</i>                |
| <b>Long-Term Borrowings</b>                              |                                        |
| (Including current maturities of Long — Term Borrowings) |                                        |
| <b>Secured:</b>                                          |                                        |
| Term Loans from Banks . . . . .                          | 372,546.53                             |
| Term Loans from Financial Institutions . . . . .         | 14,203.10                              |
| Vehicle Loan from Banks . . . . .                        | 123.21                                 |
| Loans from Others . . . . .                              | 0.05                                   |
| Deferred Payment Liabilities . . . . .                   | 7,146.20                               |
| <b>Unsecured:</b>                                        |                                        |
| Term Loans from Banks . . . . .                          | 175.00                                 |
| Foreign Currency Convertible Bonds . . . . .             | 12,402.72                              |
| Loans from Others . . . . .                              | 33.83                                  |
| Sales Tax Deferral . . . . .                             | 16.64                                  |
| <b>Short-Term</b>                                        |                                        |
| <b>Secured:</b>                                          |                                        |
| Loans from Banks . . . . .                               | 19,650.00                              |
| Working Capital Loans from Banks . . . . .               | 10,913.12                              |
| <b>Unsecured:</b>                                        |                                        |
| Loans from Banks . . . . .                               | 1,249.93                               |
| Loans repayable on demand: From Others . . . . .         | 14,627.39                              |
| Total Indebtedness . . . . .                             | <u><u>453,087.72</u></u>               |

Our standalone indebtedness as of 30 June 2015 is set out below:

|                                                          | <b>As of 30 June 2015</b>              |
|----------------------------------------------------------|----------------------------------------|
|                                                          | <u>(Unaudited)</u> <u>(Standalone)</u> |
|                                                          | <i>(in Rs. million)</i>                |
| <b>Long-Term Borrowings</b>                              |                                        |
| (Including current maturities of Long — Term Borrowings) |                                        |
| <b>Secured:</b>                                          |                                        |
| Term Loans from Banks . . . . .                          | 179,259.70                             |
| Term Loans from Financial Institutions . . . . .         | 8,774.74                               |
| Vehicle Loan from Banks . . . . .                        | 88.58                                  |
| <b>Unsecured:</b>                                        |                                        |
| Term Loans from Banks . . . . .                          | 125.00                                 |
| Foreign Currency Convertible Bonds . . . . .             | 12,480.48                              |
| Sales Tax Deferral . . . . .                             | 4.16                                   |
| <b>Short-Term</b>                                        |                                        |
| <b>Secured:</b>                                          |                                        |
| Loans from Banks . . . . .                               | 14,600.00                              |
| Working Capital Loans from Banks . . . . .               | 10,710.48                              |
| <b>Unsecured:</b>                                        |                                        |
| Loans from Banks . . . . .                               | 11,150.00                              |
| Loans repayable on demand: From Others . . . . .         | 11,163.75                              |
| Total Indebtedness . . . . .                             | <u><u>248,356.89</u></u>               |

## Security Interests and Guarantees

### Long Term Borrowings: Secured Loans:

#### (a) Term Loans from Banks and Financial Institutions:

- (i) The Company, its subsidiary Videocon International Electronics Limited, together with 11 other entities (collectively referred to as ‘Obligors’ and individually referred to as ‘Borrower’) executed a facility agreement with a consortium of existing domestic rupee term lenders, in an obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities include the Company, Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Techno Kart India Limited (formerly Next Retail India Limited), Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited.

Loans amounting to Rs.169,745.20 million are secured by first *pari-passu* charge on all present and future tangible/intangible assets (excluding the Identified Properties as listed in the agreements entered with the lenders) of each of the Borrowers, a first *pari-passu* charge on the Trust and Retention Accounts of the Borrowers, second *pari-passu* charge on identified assets (assets as listed in Rupee Loan the agreements with lenders) of Videocon Hydrocarbon Holdings Limited’s (the “**VHHL**”) subsidiaries through pledge of entire shareholding of VHHL in these overseas subsidiaries, second charge on pledge of 100 per cent. shares of Videocon Oil Ventures Limited and VHHL, second *pari-passu* charge on VHHL’s share of cash flows from Identified Assets and a second *pari-passu* charge over current assets of each of the Borrowers. The Rupee Term Loans are also secured by a first ranking pledge over specified numbers of equity shares of the Company, Trend Electronics Limited and Value Industries Limited held by the promoters, the personal guarantee of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot, Mr. Rajkumar N. Dhoot and a first *pari-passu* charge on ‘Videocon’ brand.

- (ii) The Consortium of various banks have sanctioned the Letter of Comfort (LoC)/Stand-by Letters of Credit (SBLC) facility to the Company and its subsidiary Videocon Oil Ventures Limited (the “**VOVL**”) (collectively referred to as ‘Obligors’) to secure the foreign currency facility raised/to be raised by VHHL, an overseas subsidiary, from its lenders.

Loans amounting to Rs.167,872.03 million under this LoC/SBLC facility are secured by a first ranking pledge of 100 per cent. shares of VOVL, VHHL and shares of certain subsidiaries of VHHL, charge over their fixed assets, VHHL’s share of cash flows from identified oil and gas assets through escrow of receivables, first ranking/exclusive charge on specified bank accounts for the benefit of the relevant LoC/SBLC provider, exclusive charge on oil and gas facility servicing account of Obligors set-up under onshore trust and retention accounts, negative lien for shares of other subsidiaries of VHHL, i.e., Videocon JPDA 06-103 Limited and Videocon Australia WA-388P Limited, first *pari-passu* charge on the Videocon brand and the personal guarantee of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.

- (iii) Loans amounting to Rs.150.00 million are secured by a first *pari-passu* charge over the Company’s fixed assets situated at Bharuch and Aurangabad, both present and future.
- (iv) Loans amounting to Rs.512.40 million are secured by mortgage of immovable assets and first charge on movable assets, cash flows and intangible assets pertaining to the 5.75 MW Multi Crystalline Silicon Photovoltaic Technology Project at Warora.
- (v) Loans amounting to Rs.10,750.00 million are secured by first *pari-passu* charge on the book debts of the Company’s consumer electronics and home appliances division which are not charged to bankers for securing working capital loans and a first *pari-passu* charge on the equitable mortgage of specified properties owned by the Company and owned by six other entities. The loans are further secured by the personal guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot and the corporate guarantee of the entities whose properties have been mortgaged.

- (vi) Loans amounting to Rs.2,250.00 million are secured by a subservient charge on current assets of the Company, pledge of equity shares of the Company held by other entities and the personal guarantee of Mr. Venugopal N. Dhoot.
- (vii) Loans amounting to Rs.2,500.00 million is secured by a subservient charge on current assets of the Company, extension of pledge of equity shares of the Company mentioned in paragraph (vi) above and the pledge of equity shares of Videocon d2h Limited held by other entities, mortgage of properties owned by other entities and a personal guarantee of Mr. Venugopal N. Dhoot.
- (viii) Loans amounting to Rs.32,449.20 million are secured by a first *pari-passu* charge on existing and future assets of VTL, assignment of all telecom licenses held VTL by way of tripartite agreement to be executed between the Department of Telecommunications, VTL and Lenders and personal guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- (ix) Loans amounting to Rs.520.80 million are secured by mortgage and first charge on the entire immovable properties, both present and future of a subsidiary, Comet Power Private Limited, first charge on cash flows, receivables, book debts and revenues, first charge on entire intangible assets, both present and future, first charge by way of hypothecation/mortgage/assignment of all the rights, titles, interest, benefits, claims and demands in project documents and power purchase agreement, clearances in letter of credit, guarantee, performance bond, corporate guarantee provided by project documents, first charge on trust and retention account and personal guarantee of Mr. Venugopal N. Dhoot.
- (b) Vehicle loans from banks are secured by way of hypothecation of vehicles acquired using such loans. The loans are also secured by personal guarantee of Mr. Venugopal N. Dhoot.
- (c) Loans from others are secured by certain investments held by a subsidiary, Applied Energy Private Limited.
- (d) Deferred Payment Liabilities:

VTL has availed deferred payment option for an amount payable to the Department of Telecommunications pertaining to spectrum fee. The deferred payment liabilities including interest are repayable in 10 equal annual instalments commencing from 1 December 2015. The annual installment is securitised through a bank guarantee for an amount equal to the annual installment which shall be renewed for a further period of one year on payment of each installment.

#### **Long Term Borrowings: Unsecured Loans:**

- (a) The Company had issued the Existing FCCBs during the year 2010, due on 16 December 2015, out of which 1,944 Existing FCCBs remain outstanding.
  - (i) The Existing FCCBs are convertible at the option of the bondholders at any time on or after 25 January 2011 to 7 days before the maturity date on 16 December 2015, at a fixed exchange rate of Rs.45.255 per 1 U.S.\$ and at initial conversion price of Rs.239.5265 per share. The conversion price is subject to adjustment for, among other things, subdivision or consolidation of Shares, rights issues, capital distributions, stock dividends and other dilutive events.
  - (ii) The Existing FCCBs are redeemable on the maturity date on 16 December 2015 at their principal amount, if not redeemed or converted earlier.
- (b) The Company has availed interest free sales tax deferral under the Special Incentive to Prestigious Unit (Modified) Scheme. Out of the total outstanding amount, Rs.12.48 million is repayable in Fiscal Year 2015 and the balance amount of Rs.4.16 million is repayable in the Fiscal Year 2016.

## **Short Term Borrowings: Secured Loans**

### **(a) Short-Term Loans from Banks**

- (i) Loans amounting to Rs.1,900.00 million are secured by the mortgage of specified property owned by the Company, negative lien on property owned by other entities and a personal guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- (ii) Loans amounting to Rs.1,500.00 million are secured by a first *pari-passu* charge on the book debts of consumer electronics and home appliances division which are not charged to bankers for securing working capital loans. The loan is further secured by personal guarantee of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.
- (iii) Loans amounting to Rs.6,000.00 million are secured against fixed deposits held by the Company.
- (iv) Loans amounting to Rs.1,000.00 million are secured by a subservient charge on the current assets of the Company, pledge of equity shares of Videocon d2h Limited held by other entities, mortgage of specified properties owned by other entities, assignment of receivables from these properties and the personal guarantee of Mr. Venugopal N. Dhoot.
- (v) Loans amounting to Rs.9,250.00 million are secured by an exclusive charge over the land situated at Dist. Rewa, Madhya Pradesh owned by a subsidiary, Prosperous Energy Private Limited, stake in PT. Gaung Alam, Semesta's coal concession in Indonesia owned by other entities and the personal guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

- (b) Working Capital Loans from Banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division and personal guarantee of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.

## **Short Term Borrowings: Unsecured Loans**

Unsecured loans from banks amounting to Rs.1,249.93 million is secured by equitable mortgage of property owned by other entities and personal guarantee of Mr. Venugopal N. Dhoot, Mr. Rajkumar N. Dhoot and Mr. Pradipkumar N. Dhoot.

## **Restrictive Covenants**

Pursuant to the agreements that govern our indebtedness, we are subject to various covenants that, among other things, limit our ability to:

- incur additional indebtedness if we do not meet certain financial ratios specified in the agreements that govern our indebtedness;
- make investments or certain payments;
- undertake major capital expenditures, new projects, expansions or acquire fixed assets;
- sell, transfer or otherwise dispose of our assets;
- declare dividends or purchase or redeem capital stock;
- create liens or encumbrances;
- change the shareholding resulting in the promoters' shareholding falling below 51 per cent.;
- change the practice with regard to remuneration of directors;
- change our capital structure or enter into a scheme of amalgamation or reconstruction;
- lease assets;

- enter into transactions with Directors, associates, Promoter Group entities and certain other related parties;
- invest, lend, advance or deposit funds other than in the ordinary course of business;
- issue capital stock or guarantees;
- repay funds invested by our principal Shareholders, Promoters or Directors;
- institute proceeds for dissolution;
- appoint and retain any person who is a director of a company identified as a willful defaulter by the RBI to our Board of Directors;
- change the composition of our Board of Directors;
- to enter into proposed settlement, resolution or compromise of any litigation, arbitration or other dispute which may result into material adverse effect;
- amend the constitutional documents unless required by applicable laws;
- change our accounting systems;
- change or modify the terms of certain specified contracts including contracts in relation to some oil and gas assets; and
- change our security cover ratio.

#### **Events of Default**

Events of default under the agreements that govern our indebtedness include, among others,

- non-payment of any sums due or the breach of our obligations under such agreement;
- insolvency, bankruptcy or the proposed or actual assignment of any of our debts;
- a distress, attachment, execution or other legal process is levied, enforced or served, and not discharged within a specified period of time, concerning a material part of our property, assets or revenues;
- our Company or any of our Subsidiaries is subject to an order for winding-up or dissolution, judicial management or administration, or ceases or threatens to cease to carry on all or substantially all of its or their business;
- all or a material part of our property, assets or revenues are taken possession by an encumbrancer, administrative or other receiver;
- any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of our assets;
- any event of default under any other agreement governing our indebtedness;
- incorrect representation made under the agreements; and
- change in control without prior written consent.

The following table details the Group's scheduled long-term debt repayment profile:

### 5.3 Maturity Profile:

|                                                   | Secured Loans         |                             |                         | Unsecured Loans       |
|---------------------------------------------------|-----------------------|-----------------------------|-------------------------|-----------------------|
|                                                   | Term Loans            |                             |                         |                       |
|                                                   | Term Loans from Banks | from Financial Institutions | Vehicle Loan from Banks | Term Loans from Banks |
| Maturity between 1st January to 31st December of: |                       |                             |                         |                       |
| Financial Year 2016 . . . . .                     | 92,978.71             | 1,047.66                    | 46.57                   | 75.00                 |
| Financial Year 2017 . . . . .                     | 41,378.19             | 1,469.91                    | 3.24                    | —                     |
| Financial Year 2018 . . . . .                     | 36,724.57             | 1,867.72                    | 1.20                    | —                     |
| Financial Year 2019 . . . . .                     | 46,595.64             | 2,789.05                    | 0.21                    | —                     |
| Financial Year 2020 . . . . .                     | 41,295.01             | 2,248.00                    | 0.10                    | —                     |
| Financial Year 2021 . . . . .                     | 41,295.01             | 2,248.00                    | —                       | —                     |
| Financial Year 2022 . . . . .                     | 19,723.72             | 1,738.00                    | —                       | —                     |
| Financial Year 2023 . . . . .                     | 130.00                | 92.25                       | —                       | —                     |
| Financial Year 2024 . . . . .                     | —                     | —                           | —                       | —                     |
| Financial Year 2025 . . . . .                     | —                     | —                           | —                       | —                     |
| Financial Year 2026 . . . . .                     | 14,118.22             | —                           | —                       | —                     |

The Deferred Payment Liabilities including interest are repayable in 10 equated annual installments of ₹1,385.84 Million commencing from 1st December, 2015.

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, we are not involved in any material legal proceedings, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, properties, financial condition or operations of the Company and its Subsidiaries. The Company believes that the number and nature of proceedings in which the Company is involved are not unusual for a Company of its size in the context of doing business in India.

We have concluded that on balance the Company's prospects with respect to the legal proceedings described below are good and therefore no provision in the financial statements has been considered necessary with respect to any such proceedings.

### *Litigation involving Company*

The following are the details of our material cases and disputes:

#### *1. 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 the Company, for a maximum principal amount of €35,000,000. The Company issued patronage letters dated 1 June 2007 and 5 June 2007 in favour of Intesa (collectively, the "**Patronage Letters**"), in support of fulfilment of VDC's obligations to the Lenders under the loan agreement.

VDC ceased to be a subsidiary of the Company on 15 March 2008. Subsequently, VDC allegedly defaulted under the terms of the loan agreement, pursuant to non-payment and covenant breach as a result of ceasing to be a subsidiary of the Company. The Company understands that pursuant to such defaults, unsuccessful attempts were made by Intesa and VDC to restructure the loan. As a result, Intesa sought to enforce the Patronage Letters pursuant to a letter dated 7 April 2011, which demanded that the Company pay an amount of €40,161,760 towards fulfilling VDC's obligations under the loan agreement. Intesa also initiated injunction proceedings in the Court of Turin, Italy demanding that the Company fulfil its obligations under the Patronage Letters. The Court of Turin, Italy passed an ex-parte decree on 8 July 2011, ordering that the Company pay Intesa the principal amount of the loan (€35.0 million) along with interest and costs thereon, amounting in aggregate to up to €36.2 million.

Italy is not recognised as a reciprocating country by the Government of India for the purposes of enforcing orders by the Italian courts in India. Under Section 44A of the CPC, a judgment of a court in a jurisdiction which is not a reciprocating territory with India may be enforced only by a fresh suit upon the foreign judgment in the appropriate courts in India and obtaining a fresh decree. Accordingly, Intesa filed suit on 21 August 2012 before the Bombay High Court against the Company and also moved a Notice of Motion for interim relief. In the suit before the Bombay High Court, Intesa has among other things, sought that the judgment passed by the Court of Turin, Italy be declared as valid, binding, conclusive and enforceable against the Company and that, pending hearing and final disposal of the suit, the Company be directed to secure the payment due to Intesa, including by providing adequate security to restrain the Company from selling, alienating and encumbering or creating any third party rights on its immovable and movable properties, whether in India or overseas. Intesa has further sought for the Bombay High Court to direct the Company to refrain from alienating or disposing of its assets and property. However, the Bombay High Court has not granted the ad-interim relief sought by Intesa and the matter is pending disposal.

Additionally, Intesa has served the Company with a legal notice dated 3 July 2012 demanding a payment amounting to €36.7 million including agency fees, legal expenses and ancillary costs, subject to a maximum of €38.0 million, as per the terms of the loan agreement dated 6 June 2007 and the Patronage Letters. The Company responded to the legal notice, denying Intesa's claim. Intesa responded by filing a winding up petition on 18 October 2012 before the Bombay High Court against the Company. The Bombay High Court by an order dated 5 December 2013 directed that the winding up petition would stand dismissed if the Company deposited an amount of Rs.2,597.30 million (being equivalent to €38 million), with the Bombay High Court by 27 January 2014, which Intesa would be entitled to withdraw, failing which the winding up petition would be admitted without further reference to the Court. The Division Bench by an order dated 19 July 2014 dismissed an appeal against such order filed by the Company, and granted it eight weeks to appeal to the Supreme Court, while staying the implementation of the order dated 5 December 2013.

The Company therefore filed a special leave petition with the Supreme Court of India, which directed that the fixed deposit already deposited with the Supreme Court and maturing on 7 October 2014, be renewed, and a lien in favour of the registrar of the Supreme Court be made and the fixed deposit receipt be handed over to the registrar of Supreme Court. Further, the Supreme Court granted an interim stay on the operation and implementation of the Bombay High Court order dated 19 July 2014. Accordingly, fixed deposit receipts were submitted before the Supreme Court. The winding up order passed by the Bombay High Court has therefore been stayed until the final hearing of the Company's special leave petition in the Supreme Court. The matter is pending before the Supreme Court of India.

(B) Correspondence with DB Trustees (Hong Kong) Limited (“DB”)

DB was appointed as the trustee under the Existing FCCB documents on issue of the Existing FCCBs. As a result of the Intesa litigation, DB has sought to establish whether there has been any non-performance of a payment obligation of the Company, and hence whether an event of default has occurred under the Existing FCCBs. DB has also requested the Company to provide a certificate stating that there has been no event of default or potential event of default as a result of the order passed by the Court of Turin, Italy (which the Company has provided), and an analysis as to why the Company believes that there was no event of default under the Existing FCCBs.

The Company has been in correspondence with DB, disputing the allegation that it has an obligation to Intesa which is due and payable pursuant to the order of the Court of Turin, Italy and has stated that Italy is not recognised as a reciprocating country by the Government of India for the purpose of enforcing orders by Italian courts by initiating execution proceedings in India. The Company further claims that the ex-parte decree obtained by the Lenders against the Company 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 the Company establishing the Lenders' claim, and unless such decree attains finality. It is only then that such amount will become due and payable under the provisions of Section 13 of the CPC. The Company has stated that there is no event of default or potential event of default under the Existing FCCBs as a result of the said order and that such order does not trigger any cross-default provision under the terms and conditions of the Existing FCCBs. The Company has, in the course of its continuing correspondence with DB, contended, among other things, that (i) since VDC ceased to be a subsidiary of the Company prior to the issue of the Existing FCCBs, there was no cross-default under the provisions of the Existing FCCB documents, (ii) the ex-parte decree obtained by Intesa does not give rise to any claim against the Company in India, under Section 13 of the CPC, (iii) the Company 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 the Company on 15 March 2008, the Lenders had not taken any steps to invoke 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 the Company and if such decree attains finality, the Company shall abide by the terms of such decree.

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 Company restraining them from declaring an event of default under the Existing FCCB documents.

## 2. *Injunction against DB*

Mr. Vellatuthodi Krishnakumar, a holder of Existing FCCBs, has filed a suit before the City Civil Court, Calcutta against the Company and DB, seeking certain relief including (i) a declaration that no event of default or no potential event of default has occurred or exists under the Existing FCCB documents, (ii) a declaration that the Patronage Letters provided by the Company to Intesa prior to the issuance of the Existing FCCBs are null, void and contrary to the FEMA, and (iii) a decree for a 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 Existing FCCB documents. Mr. Krishnakumar has also moved an application for a temporary injunction and claimed reliefs, including a temporary injunction restraining the Company and DB from declaring an event of default under the Existing FCCB documents. By an interim order dated 28 February 2012, the City Civil Court, Calcutta granted an ad-interim order of injunction restraining the Company and DB from declaring an event of default under the Existing FCCB documents. The operation of the injunction order has been extended.

On 10 May 2012, Banca IMI S.p.A (“**Banca IMI**”), a bank registered and incorporated under the laws of Italy, submitting itself to be a holder of the Existing FCCBs, made an application along with a separate application made by Intesa before the City Civil Court, Calcutta, each seeking orders to be joined as defendants in the suit filed by Mr. Krishnakumar. In response, Mr. Krishnakumar has made an application, 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 the winding up proceedings that have been initiated by Intesa in the Bombay High Court. The City Civil Court, Calcutta has allowed applications filed by Banca IMI and Intesa and directed to join them as defendants in the suit by an order dated 22 April 2013. Against the said order, Mr. Krishnakumar has filed a civil revision application before the Calcutta High Court which stayed further proceeding in the lower court until further orders. The stay has been extended by the Calcutta High Court.

## 3. *Proceedings against Videocon Industries Limited and Others under FEMA*

Tusker Overseas Inc. (“**Tusker**”), is a company incorporated in the Cayman Islands by six companies within the Videocon Promoter Group. In 2000, Tusker borrowed U.S.\$100 million from ICICI Bank UK PLC, London and ICICI Bank, Canada, which was guaranteed (jointly and severally) by the Company and shareholders of Tusker by way of a U.S.\$ 100 million corporate guarantee and a personal guarantee by certain members of the Promoter Group, including Mr. Venugopal N Dhoot (the “**Personal Guarantors**”). Further, Tusker made foreign direct investment of up to U.S.\$25.20 million each in two other Videocon Promoter Group entities under the automatic route. Subsequently, the Company, the Videocon Promoter Group entities and the Personal Guarantors received a show cause notice dated 7 November 2014 from the Directorate of Enforcement, Ministry of Finance, Government of India, alleging that the loans raised by Tusker were routed back into India by it in the form of an investment in the equity share capital of the Indian companies and this could not be considered as “bona fide business activity” in terms of Regulations 6 and 7 of FEM Transfer Regulations. The show cause notice further alleged that Tusker was incorporated in Cayman Islands as a company jointly promoted by the Videocon promoter group entities for the purpose of making investments in Indian companies and was thus engaged in financial sector activities in breach of Indian regulations. The Directorate of Enforcement further alleged that investing in the stocks of Indian companies was a violation of the provisions of the FEMA and regulations issued thereunder. The sanction for breach of FEMA is a fine equal to up to three times the amount in question. The Directorate of Enforcement asked the Videocon entities, the Company and the concerned members of the Videocon promoter group to show cause as to why adjudication proceedings under Section 13 of the FEMA should not be initiated against them. The noticees have submitted their reply dated 30 June 2015 to the show cause notice to the Directorate of Enforcement.

#### 4. *Criminal proceeding against Videocon Industries Limited and Others*

Videocon International (of which the Company was a partner) entered into a contract with Radio Export, USSR (“**Radio Export**”) in the former USSR on 13 October 1989, for the export of certain products, including CPTs, electrolytic capacitors and transformers (“**TV Products**”) for a total value of Rs. 440.4 million. Videocon International simultaneously entered into an arrangement for the supply of colour picture tubes from manufacturers in Japan and Korea. 200,000 colour picture tubes were exported directly by manufacturers located in Japan and Korea to Radio Export, pursuant to which Videocon International remitted an amount of Rs.190 million to the manufacturers. However, Videocon International was able to recover only Rs.166.0 million from Radio Export as the RBI rejected its claim to recover the balance amount of Rs.24.0 million stating that the sale was not effected from India. The RBI also issued a show cause notice to Videocon International alleging contravention of the provisions of the former Foreign Exchange Regulation Act, 1973 (“**FERA**”), stating that it had not taken reasonable steps to repatriate export proceeds to India within the stipulated period of six months.

Consequently, in 2002, the Assistant Director, Enforcement Directorate, Mumbai (the “**Enforcement Directorate**”) filed a criminal complaint before the Court of Metropolitan Magistrate, Esplanade Court, Mumbai reiterating the allegations made by the RBI in its show cause notice that Videocon International had failed to realise the export proceeds within the time stipulated by law. In the interim, the Enforcement Directorate passed an adjudication order dated 30 March 2005 imposing a penalty of Rs.20 million on Videocon International and individual penalties on other parties. Videocon International filed an appeal in 2005 before the foreign exchange appellate tribunal against the adjudication order. The adjudication order was subsequently quashed by the appellate tribunal and Videocon International was discharged and it was held that FERA would not be attracted when there was no export from India. The Enforcement Directorate preferred a criminal revision application before the Bombay Sessions Court, which allowed the application by order dated 7 April 2011. The Company, Value Industries Limited and Mr. Venugopal N. Dhoot and other directors have filed special leave petitions before the Supreme Court of India, challenging the order passed by the Bombay High Court and for setting aside the order passed by Bombay Sessions Court and for maintaining the order passed by Metropolitan Magistrate, Mumbai, discharging the accused. In the said petitions, the Supreme Court has granted stay to further proceedings and the matter is pending before the Supreme Court.

#### 5. *Proceedings by Morgan Securities & Credits Private Limited*

Morgan Securities & Credits Private Limited (“**MSCPL**”) sanctioned a bill discounting facility to Videocon International Limited (“**Videocon International**”, now amalgamated with the Company) and BPL Devices Limited of up to Rs.50 million for a period of 150 days, at an interest rate of 21.0 per cent. It was agreed that in case of any default or delay in making payments, a normal rate of interest would be levied. Videocon International issued post-dated cheques in respect of its repayments. However, MSCPL has alleged that the cheques were not presented for payment on the respective due dates on the assurance that Videocon International and BPL Display Devices Limited would pay the amount within a short period. Upon non-repayment of the amount due to MSCPL, a demand notice was sent to Videocon International on 10 January 2006. MSCPL simultaneously invoked arbitration proceedings against Videocon International to restrain Videocon International from, among other things, directly or indirectly disposing of or encumbering any of its business or properties or changing its share capital or redeeming any of its securities. Videocon International claimed that since the demand notice was sent by MSCPL almost two and half years after the due dates MSCPL’s demand was barred by limitation.

Upon the amalgamation of Videocon International with the Company, the Company was made a party to all subsequent proceedings. MSCPL filed an application on 11 September 2012 before the sole arbitrator appointed by the Delhi High Court (by an order dated 12 July 2010) to restrain the Company and its representatives, agents and subsidiaries from directly or indirectly disposing of or encumbering any of its business or properties including demerging of its oil and gas assets and from or changing its share capital including redeeming any of its preference

shares. Arbitration proceedings were concluded on 1 March 2013 and the Company was directed to make payment of Rs.50.03 million together with interest to MSCPL. Interest payable on the outstanding amount has been estimated to be approximately Rs. 1,054.05 million as at 31 December 2014. The Company was permitted to process the demerger scheme for its oil and gas assets, subject to prior permission of the arbitral tribunal, before approaching the court for sanction of the scheme.

The Company has filed an application in 2013 in the Delhi High Court to set aside the award. MSCPL has also filed an application in the Delhi High Court, challenging part of the award. In addition, MSCPL has filed a winding up petition against the Company before the Bombay High Court. This winding up petition is currently pending and has been adjourned from time to time.

#### *6. Civil proceeding initiated by Whirlpool of India Limited*

The Bombay High Court, by an order dated 25 July 2012, held, among other things, that a particular model of washing machine manufactured by the Company was an imitation of a product for which the registered design was held by Whirlpool of India Limited (“**Whirlpool**”). The Bombay High Court, by its order dated 13 August 2012, dismissed an appeal filed by the Company and restrained the Company from marketing certain designs of washing machines registered in Whirlpool’s name. The Company filed for special leave to appeal in the Supreme Court of India, which was dismissed by the Supreme Court of India by its order dated 8 August 2014.

In 2013, Whirlpool has filed a notice of motion in suit before the Bombay High Court against the Company, its directors and others, seeking, among other things: (i) detention of directors of Company and others in civil prison for alleged disobedience of the Bombay High Court’s order dated 25 July 2012; (ii) appointment of a court commissioner with powers to enter into the premises of the Company, its directors and the other respondents and other places where the impugned goods were stocked, manufactured or sold; (iii) taking of inventories and extracts of records and the making of enquiries including as to the particulars of impugned goods manufactured and sold after the date of the Bombay High Court order dated 25 July 2012; and (iv) attachment of the Company’s properties. This notice of motion was heard by a single judge of the Bombay High Court, who, on 27 May 2014, confirmed an ad-interim injunction granted earlier by the Bombay High Court. The suit filed by Whirlpool is currently pending before the Bombay High Court.

#### *7. SEBI proceedings*

SEBI, by its order dated 19 April 2001, directed Videocon International not to raise money from the public through the Indian capital markets for a period of three years and initiated prosecution proceedings against Videocon International through its directors/officers, including Mr. Venugopal N. Dhoot, on account of alleged fraudulent and unfair trade practices relating to securities markets arising from certain securities trades made in 1998.

The parties filed an appeal before the Securities Appellate Tribunal (“**SAT**”), which by its order dated 20 June 2002 set aside the SEBI order restraining Videocon International from accessing the capital markets and raising money from the public for a period of three years. However, the SAT held that it was beyond its jurisdiction to set aside SEBI’s decision to launch prosecution proceedings. SEBI filed an appeal against Videocon International in 2002.

In connection with prosecution proceedings filed by SEBI, Mr. Venugopal N. Dhoot and others filed a petition before the High Court of Bombay to quash/grant a stay on the prosecution proceedings. Pursuant to an amendment effective from 29 October 2002, the jurisdiction of the Magistrate Court to try offences under the SEBI Act was changed to the Court of Sessions. However, in an appeal filed by Videocon International and others before the High Court of Bombay, challenging the transfer of complaints filed by SEBI from the Magistrate Court to the Court of Sessions, the High Court of Bombay by an order dated 16 January 2008 held that the complaints in respect of the alleged offences that have taken place prior to 29 October 2002 and filed before or after 29 October 2002 should be tried by the court to which they were originally presented (i.e., the Magistrates Court) and were not required to be committed/transferred to the

Court of Sessions. The High Court of Bombay accordingly quashed and set aside the committal/transfer orders by the Magistrate Court in the complaints filed by SEBI and the Court of Sessions was directed to return the concerned complaints to the Magistrate Court, where they were originally filed. SEBI preferred petitions for special leave before the Supreme Court of India. The Company believes the three-year exclusion from the Indian capital markets has expired as it was permitted to conduct a rights issue in 2010. However, the prosecution proceedings are ongoing and whilst the special leave petitions are pending, the Supreme Court has granted a stay on further proceedings.

#### 8. *Directorate of Revenue Intelligence Proceedings*

The Directorate of Revenue Intelligence, Mumbai Zonal Unit (the “**DRI**”) has issued show cause notice(s) dated 10 September 2014 and 30 December 2014 (“**SCNs**”) to the Company in connection with the import of colour picture tubes (“**CPTs**”) by the Company and others for the periods from 11 September 2009 to 31 December 2009 and 1 January 2010 to 23 July 2013. The DRI alleged that the Company and its group or associate companies resorted to deliberate over-valuation in import of 14” and 21” CPTs from suppliers based in China and Hong Kong to evade payment of anti-dumping duty. The Company has been asked to show cause as to why the declared value of the imported CPTs should not be rejected and re-determined, and anti-dumping duty amounting to Rs.1,657.21 million and penalty thereon should not be recovered from it and the CPTs imported should not be held liable for confiscation. The Company has denied all allegations made by the DRI before the adjudicating authority.

#### *Litigation in respect of Oil and Gas activities in India*

9. A partial award was issued by an international arbitration tribunal on 31 March 2005 (the “**Partial Award**”) under the UNCITRAL rules, in respect of disputes between the Company and the Government of India (“**GoI**”) regarding among other things, 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, Company and the GoI were unable to agree upon the amounts payable by the Company in terms of the interim award and, on 7 July 2005, the Company filed interim applications (as amended on 8 August 2005) before the arbitral tribunal, seeking determination of the amounts payable by the parties on the basis of the calculations made by the Company together with interest payable/receivable on such final determined amounts. The GoI challenged the Partial Award on 10 May 2005 before the High Court in Malaysia with a prayer for setting it aside. The Company challenged the jurisdiction of the High Court in Malaysia and the maintainability of such a proceeding before that court. The High Court of Malaysia, on 5 August 2009, upheld the contentions of the Company and dismissed the challenge filed by the GoI. The GoI appealed this before the Federal Court, which has heard and reserved its judgement on 30 June 2015.

The GoI also issued a letter dated 10 July 2014, asking the Company to show cause as to why the GoI should not direct its nominees to withhold monies in relation to the GoI’s claim of U.S.\$71 million towards profit petroleum and interest on account of the dispute regarding ONGC Carry. By its letters dated 23 July 2014 and 31 July 2014, the Company denied such liability towards the GoI submitting that such demands were incorrect and in contravention of the arbitration awards. The Company also filed an application before the arbitral tribunal for interim relief. The arbitral tribunal, by an ad-interim order dated 18 May 2015, restrained the GoI from making recoveries on account of ONGC Carry in pursuance of its letter dated 10 July 2014 and fixed the hearing in Colombo, a neutral venue. In a suit filed by the GoI, the High Court of Delhi by an order dated 21 July 2015, restrained continuance of arbitration proceedings at Colombo and directed further proceedings to be held at Kuala Lumpur. The Company filed an appeal on 4 August 2015, against this order. The High Court of Delhi has admitted the application and further proceedings in the matter are on hold pending a decision from the Federal Court of Malaysia.

10. A dispute with the GoI with regards to quantum allowed as the Base Development Costs (“**BDC**”) and consequent effect on additional profit petroleum payable on account of disputed BDC was referred to international arbitration. The GoI contended that the contractors had claimed BDC to the extent of U.S.\$499 million, which is in excess of the admissible BDC of U.S.\$261.57 million,

thus impacting the profit petroleum figures for the period up to fiscal year 2009. The GoI also contended that it was eligible for sharing profit petroleum, to be calculated each year up to fiscal year 2009 in respect of excessive BDC claimed by the contractors. The arbitration tribunal passed an arbitral award on 18 January 2011, substantially in favour of the contractors, including the Company. The arbitration tribunal held that the GoI is entitled to be credited by the contractors with U.S.\$22.31 million (out of which the Company's share is U.S.\$5.58 million, being 25 per cent. of U.S.\$22.31 million) in the final settlement of cost recovery accounts in relation to development costs incurred during contract years 1994-95 to 1999-2000 in excess of U.S.\$198.43 million. Accordingly, ONGC, the operator, on behalf of the Company, revised the cost recovery accounts statement and calculation of the Company's PTRR, in the DGH format, for the years 1997-98 until 2009-10, based on the findings under the arbitration award, and revised statements were submitted to the GoI on 29 April 2011. The GoI has not responded to this communication of the operator. Instead, the GoI preferred an appeal against this arbitral order, before the High Court of Malaysia, Kuala Lumpur, and the Delhi High Court in April 2011, seeking quashing of the arbitral award. This appeal was dismissed by the Delhi High Court on 25 April 2012 and by the High Court of Malaysia, Kuala Lumpur on 30 August 2012. The GoI subsequently filed an appeal against the judgment dated 30 August 2012 before the Court of Appeal at Malaysia, which was dismissed on 27 June 2014. The GoI filed for leave to appeal before the Federal Court, Malaysia, against the judgment passed by the Court of Appeal, Malaysia. The GoI also issued a letter dated 10 July 2014 asking the Company to show cause as to why the GoI may not direct its nominees to withhold monies against the GoI's claim of U.S.\$32 million towards profit petroleum and interest on account of the dispute regarding BDC. The Company on 23 July 2014 and further on 31 July 2014, responded to this letter and denied liability submitting that such demands were incorrect and in contravention of the arbitration awards.

The arbitral tribunal, by a majority ruling on 31 October 2014, held that it has jurisdiction to decide on the costs of the arbitration proceedings. By an order dated 14 August 2015, the Delhi High Court restrained the contractors, other than ONGC, from participating in the arbitration proceedings taking place pursuant to the tribunal's order dated 31 October 2014, and stayed the operation of the order of the tribunal. The contractors filed an appeal on September 2015, against the order of the Delhi High Court. The contractors, other than ONGC, have also filed an execution petition before the Delhi High Court, for enforcement of the arbitral award on 18 January 2011.

#### ***Proceedings related to VTL***

11. An arbitration proceeding has been initiated by IBM India Private Limited ("**IBM**") claiming from VTL a payment of approximately Rs.1,580.48 million along with interest for services provided to VTL as per the terms of a services agreement dated 16 September 2009 amended on 1 June 2010 and 13 September 2010, between IBM and VTL. The demand was disputed by VTL on account of failure of delivery of services by IBM. An arbitration tribunal was constituted between the parties. IBM filed its statement of claim and VTL filed its statement of defence and counter claim dated 28 February 2014 demanding, among other things, compensation of approximately Rs. 6,300 million along with interest from IBM.

## MANAGEMENT AND CORPORATE GOVERNANCE

The Articles of Association provide that the minimum number of directors shall not be less than three and the maximum number of directors shall not be more than 15. Currently, the Company has five directors. The Company may, subject to the provisions of the Articles of Association and the Companies Act, alter the maximum number of directors subject to any approvals that may be required including that of its Shareholders and the Government of India. The Articles of Association further provide the Board with the power to appoint/re-appoint any of its members as managing director or manager of the Company for a fixed term not exceeding five years where such appointment including remuneration shall be in accordance with Section 197 and Schedule V of the Companies Act, 2013.

Not less than two-thirds of the total number of directors shall be liable to retire by rotation. At the Company's annual general meeting, one-third of the directors for the time being who are liable to retire by rotation, shall retire from office. A retiring director is eligible for re-appointment subject to provisions of the Companies Act. Our Articles of Association permit financial institutions that are our lenders to appoint nominee director(s), whole-time or non-whole time, to the Board so long as any amount remains owing by the Company to its lenders. The Company currently has one such appointee on the Board. As per Article 116 of our Articles of Association read with Section 174 of the Companies Act, 2013, the quorum for meetings of the Board is one-third of the total number of directors or two directors, whichever is higher.

### Board of Directors

The following table sets forth details regarding the Company's Board of Directors as at the date of this Offering Circular:

| Name                                                 | Nationality | Designation                                |
|------------------------------------------------------|-------------|--------------------------------------------|
| Mr. Venugopal N. Dhoot . . . . .                     | Indian      | Chairman and Managing Director (Executive) |
| Major General Sudhir Chintamani Nilkanth Jatar . . . | Indian      | Independent Director                       |
| Mr. Radhey Shyam Agarwal . . .                       | Indian      | Independent Director                       |
| Mr. Subroto Gupta . . . . .                          | Indian      | Nominee Director (IDBI Bank Limited)       |
| Mrs. Ramabai V. Dhoot . . . . .                      | Indian      | Promoter, Non-Executive                    |

\* The office of Mr. Anil G. Joshi has become vacant due to his demise and the Company intends to fill this vacancy at an ensuing board meeting.

### Brief Biography of the Directors

#### **Mr. Venugopal N. Dhoot**

Mr. Venugopal N. Dhoot, 64, is the Chairman and Managing Director and one of the Promoters of the Company. He was initially appointed as Chairman and Managing Director for a period of five years with effect from 1 September 2005. Lastly, Mr. Venugopal N. Dhoot was re-appointed for a further period of five years i.e. with effect from 1 September 2015, and is liable to retire by rotation and not entitled to any remuneration.

He is an industrialist and an engineering graduate from Pune University. He has experience spanning over three decades in diversified fields such as consumer electronics and home appliances, oil and gas and power. He was the President of the Associated Chambers of Commerce and Industry in India and Electronic Industries Association of Marathwada. Presently, he is the member of Advisory Committee of Pune University of Information Employment and Guidance and advisor to the Government of Orissa for industrial development of Orissa.

#### **Major General Sudhir Chintamani Nilkanth Jatar**

Major General Sudhir Chintamani Nilkanth Jatar (retired), 83, is an Independent Director of the Company and holds a civil engineering degree from the College of Engineering, Pune and is a fellow of Institution of Engineers, India. He graduated from Defense Service Staff College and is also a member of the Indian Council of Arbitration. He has been associated with ICICI Bank Limited as a

consultant and held positions of chairman and managing director of Oil India Limited and ONGC Videsh Limited and has also served as the president of the Petroleum Sports Control Board. He has also worked as president co-ordination with RPG Petrochemicals and as managing director of Garware Shipping Company Limited. He was appointed as an independent director on the Board for a term of five years with effect from 14 August 2014, and is not liable to retire by rotation. The Shareholders approved the appointment of Major General Sudhir Chintamani Nilkanth Jatar as an Independent Director at the Annual General Meeting held on 27 June 2015.

***Mr. Radhey Shyam Agarwal***

Mr. Radhey Shyam Agarwal, 72, is an Independent Director of the Company and holds a bachelors degree in science, bachelors degree in engineering (chemical) and a diploma in industrial engineering. He has been with IDBI Bank Limited as an Executive Director for three years during his tenure of 28 years with IDBI Bank Limited. He was appointed as an Independent Director on the Board for a term of five years with effect from 14 August 2014, and is not liable to retire by rotation. The Shareholders approved the appointment of Mr. Radhey Shyam Agarwal as an Independent Director at the Annual General Meeting held on 27 June 2015.

***Mr. Subroto Gupta***

Mr. Subroto Gupta, 56, is a Nominee Director (nominee of IDBI Bank Limited) of the Company. He has several years of experience in the field of banking. He joined IDBI Bank Limited in April 1988 and has worked in various departments/offices at IDBI Bank Limited such as Project Finance Department, Venture Capital Division, Stressed Assets Stabilisation Fund, Project Appraisal Department and Infrastructure Corporate Group. He is currently the Chief General Manager of the Infrastructure Corporate Group of IDBI Bank Limited.

***Mrs. Ramabai V. Dhoot***

Mrs. Ramabai V. Dhoot, 60, is a Non-Executive Director and one of the Promoters of the Company. She was originally appointed as an Additional Director of the Company. Subsequently, the Shareholders appointed Mrs. Ramabai V. Dhoot as a Non-Executive Director, liable to retire by rotation at the Annual General Meeting held on 27 June 2015. She is an industrialist with experience in various business matters.

***Shareholding of the Directors in the Company***

Our Articles of Association do not require the Directors to hold any qualification shares in the Company. The following table details the shareholding of the Directors in their personal capacity and either as sole or first holder, as of the date of this Offering Circular:

| <b>Name of the Director</b>  | <b>Number of Shares held</b> |
|------------------------------|------------------------------|
| Mr. Venugopal N. Dhoot ..... | 89,575                       |
| Mrs. Ramabai V. Dhoot .....  | 14,097                       |
| Total .....                  | <u>103,672</u>               |

The Company has not issued any stock options.

**Corporate Governance**

Corporate governance is administered through the Board and the committees of the Board of Directors. The Company has eight committees constituted by the Board, namely, (i) Audit Committee, (ii) Nomination & Remuneration Committee, (iii) Stakeholder's Relationship Committee, (iv) Finance and General Affairs Committee, (v) Rights Issue Committee, (vi) Re-Organisation Committee, (vii) Corporate Social Responsibility Committee, and (viii) Risk Management Committee. The Board is committed in its responsibility for all constituents including investors, regulatory authorities and employees.

The Company is compliant with the corporate governance requirements under the SEBI Listing Regulations. In accordance with Clause 49 of the Erstwhile Listing Agreement with the stock exchanges the Company has adopted a 'Code of Conduct for the Board of Directors of the Company and Senior Management of the Company', which also covers employees who are below senior management level but are instrumental in the critical operations/functions of the Company.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "Insider Trading Regulations"), the Company has also adopted the Code of Conduct for Prevention of Insider Trading. The objective of the Code is to regulate, monitor and report trading by our employees and other connected persons, for prevention of insider trading.

Mr. Vinod Kumar Bohra, Company Secretary has been designated as the Compliance Officer of the Company.

A brief description of each of the key committees of the Board of Directors is as follows:

#### **Audit Committee**

As per the requirement of Part II of Clause 49 of the Erstwhile Listing Agreement and provisions of the Companies Act, the Company formed an Audit Committee on 30 October 2000. The Audit Committee presently comprises of Mr. Radhey Shyam Agarwal as Chairman, Major General Sudhir Chintamani Nilkanth Jatar and Mrs. Ramabai V. Dhoot as members.

The following are the terms of reference and scope of the Audit Committee:

- (a) Overall assessment of the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommending to the Board the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and fixation of the audit fee and also approval for payment for any other services rendered by the Auditors.
- (c) Reviewing and discussing the annual financial statements with the management, before onward submission to the Board for approval, focusing primarily on:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of the provisions of Companies Act
  - Changes, if any, in accounting policies and practices, and reasons for the same.
  - Major accounting entries based on exercise of judgment by management.
  - Observations, if any, in the draft audit report.
  - Significant changes/amendments, if any, arising out of audit.
  - The going concern assumption, compliance with accounting standards.
  - Qualification in the draft audit report, if any.
  - Compliance with Listing Agreement and other legal requirements concerning financial statements.
  - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, subsidiaries or relatives, that may have potential conflict with the interests of Company at large.
- (d) Reviewing the quarterly financial results with the management before submission to the Board for approval.
- (e) Reviewing the statement of utilisation/application of funds raised through an issue (including, public issue, rights issue or preferential issue), the statement of funds utilised for purposes other

than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, with the management, and making appropriate recommendations to the Board to take up steps in this matter.

- (f) Reviewing the performance of statutory auditors and internal auditors, adequacy of internal control systems with the management.
- (g) Reviewing the adequacy of internal audit function, 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.
- (h) Discussion with internal auditors regarding any significant findings and follow up there on.
- (i) Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (j) Discussion with statutory auditors before the commencement of audit, on nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (k) Reviewing the Company's financial and risk management policies.
- (l) Assessing the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (m) Financial statements and investments made by subsidiaries.
- (n) To review the functioning of whistle blower mechanism.
- (o) Approval of appointment of CFO (i.e. whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
- (p) Approval or any subsequent modification of transactions of the Company with related parties.
- (q) Scrutiny of inter-corporate loans and investments.
- (r) Valuation of undertakings or assets of the Company, wherever it necessary.
- (s) Carrying out any other function which is mentioned in the terms of reference of the Audit Committee or such other function as may be required in terms of the provisions of Listing Agreement and/or provisions of the Companies Act, 2013.

The Audit Committee also reviews:

- Management discussion and analysis of financial conditions and results of operations.
- Statement of significant related party transactions, if any.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Audit Committee is also vested with the following powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee.

- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **Stakeholder's Relationship Committee**

A committee of the Board was originally constituted as "Shareholders/Investors Grievance Committee" and the title was changed to "Stakeholder's Relationship Committee" to administer, among other things, the transfer and transmission of shares, issue and allotment of securities, issue of duplicate share certificates and related matters. The Stakeholder's Relationship Committee currently comprises of Major General Sudhir Chintamani Nilkanth Jatar as Chairman and Mrs. Ramabai V. Dhoot and Mr. Radhey Shyam Agarwal as members.

The Board has delegated the power of registering share transfers to an agent, namely, MCS Share Transfer Agent Limited. The committee also investigates any investor grievances and monitors the performance of the registrar and transfer agent. The committee also monitors our code of conduct for the prevention of insider trading.

#### **Nomination & Remuneration Committee**

The Company formed a remuneration committee on 16 August 2004 and the title was changed to "Nomination & Remuneration Committee" which presently comprises of Major General Sudhir Chintamani Nilkanth Jatar as Chairman, and Mrs. Ramabai V. Dhoot and Mr. Radhey Shyam Agarwal as members.

The following matters are referred to the Nomination & Remuneration Committee:

- Fixing and reviewing the remuneration payable chief executives and other senior officers of the Company.
- Determining the remuneration policy of the Company.
- Reviewing the performance of employees and their compensation.
- Recommending to the Board of Directors retirement benefits.
- Recommending the remuneration including the perquisite package of key management personnel.
- Attending to any other responsibility as may be entrusted by the Board.

#### **Finance and General Affairs Committee**

The Company formed a Finance and General Affairs Committee on 25 February 2008, which presently comprises of Mr. Venugopal N. Dhoot as Chairman, and Mr. Radhey Shyam Agarwal and Mrs. Ramabai V. Dhoot as members.

The said committee is entrusted with various powers, which shall aid in speedy implementation of various projects, activities and transactions whether routine or non-routine in nature.

#### **Risk Management Committee**

The Company has formed a Risk Management Committee to monitor and review the risk management plan. The Committee comprises of Mr. Radhey Shyam Agarwal as Chairman and Mrs. Ramabai V. Dhoot and Maj Gen Sudhir Chintamani Nilkanth Jatar as members.

#### **Corporate Social Responsibility Committee**

The Company has formed the Corporate Social Responsibility Committee, which shall recommend the amount of expenditure to be incurred on such activities and monitor the Corporate Social Responsibility Policy of the Company. The Corporate Social Responsibility Committee comprises of Mr. Venugopal N. Dhoot as Chairman and Mrs. Ramabai V. Dhoot and Mr. Radhey Shyam Agarwal as members.

#### **Key Managerial Personnel**

Apart from the Managing Director, Company Secretary and the Chief Financial Officer, who are the key managerial personnel in terms of the Companies Act, 2013, the following are key managerial personnel of the Company.

**Mr. Sunil Jain**

Mr. Sunil Jain, 47, has over 22 years of work experience, 18 of which have been with the Company. A cost accountant and company secretary by qualification, Mr. Jain is proficient in financial management, accounting, supply chain, taxation and overall fiscal year management. During his tenure, he has worked in various capacities handling different divisions including serving as CFO of Videocon's direct to home venture. Apart from us, he has also worked with Ultratech Cement (an Aditya Birla Group Company) as the finance head of their cement marketing division. He is currently a Senior Vice President — Finance of the Consumer Electronics & Home Appliances Division of the Company.

**Mr. Sunil Tandon**

Mr. Sunil Tandon, 53, holds a post graduate diploma in business management and has over 28 years of experience in business planning, marketing, sales, distribution and retail gained at leading consumer durable companies. He started his career with ICIM in 1986 as a management trainee. He joined the Videocon Group in 1999 as the product head of the Videocon Refrigerator division. Prior to joining our Company, he was associated with brands such as Voltas, Jenson & Nicholson, Godrej and Ceasefire. He is currently our Chief Marketing Officer and leads the marketing and communications for our brands.

**Mr. Abhijit Kotnis**

Mr. Abhijit Kotnis, 46, holds a bachelors degree in engineering (electronics) and masters degree in business administration. He has over 25 years of experience in various diversified fields. He is presently a Vice President of Consumer Electronics & Home Appliances Division of the Company.

**Mr. Chandramani Singh**

Mr. Chandramani Singh, 46, holds a masters degree in arts (history) and has completed a post graduate diploma in business management. He has over 23 years of experience in sales, marketing, business development and relationship management. Before joining the Company, he was associated with Usha International Limited, Onida as a branch manager, LG Electronics India Private Limited as the business group head, TCL India Holdings Private Limited as chief executive officer, and Suka Power System Limited as the director of sales and marketing. He is currently our Chief Operating Officer of sales.

**Directors' Sitting Fees**

Directors' sitting fees for the Fiscal Year 2014 is set out below:

| <b>Name</b>                                              | <b>Amount (Rs.<br/>In million)</b> |
|----------------------------------------------------------|------------------------------------|
| Major General Sudhir Chintamani Nilkanth Jatar . . . . . | 0.32                               |
| Mr. Radhey Shyam Agarwal . . . . .                       | 0.75                               |
| Mr. Anil G. Joshi . . . . .                              | 0.45                               |
| Mr. Subroto Gupta . . . . .                              | 0.02                               |

Except for the sitting fees, our Directors have not been paid any other remuneration for the Fiscal Year 2014.

**Interests of Directors**

All of our directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of the Company.

Our directors may also be deemed to be interested in the Shares, if any, held by them or by the companies, firms or ventures promoted by them or that may be subscribed by or allotted to the companies, firms or trusts in which they are interested as directors, members, partners, trustees or Promoters. All of our directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Shares.

## **Remuneration of Directors**

### ***Mr. Venugopal N. Dhoot***

Pursuant to Shareholders' resolution dated 30 March 2010, Mr. Venugopal N. Dhoot was appointed as Chairman and Managing Director for five years until 31 August 2015. Subsequently, Mr. Venugopal N. Dhoot was re-appointed for a further term of five years with effect from 1 September 2015. As per the revised terms of appointment he is liable to retire by rotation and is not entitled to any remuneration.

Our other directors are not entitled to any remuneration. In accordance with governance practice, we have taken the position that our Promoters will not be paid any sitting fees for attending any board meeting, unless otherwise resolved. We have not granted any loans to any directors or executive officers and our directors and executive officers did not have any interests in transactions effected by us that were unusual in the nature or condition of the preceding fiscal year, and the directors and executive officers do not hold any options exercisable for Shares. We have no share schemes. None of the directors of the company is entitled to benefits upon termination of employment.

## PRINCIPAL SHAREHOLDERS

The shareholding pattern of the Company as at 30 September 2015 was as follows:

| Category                                                                          | As of 30 September 2015 |                            |
|-----------------------------------------------------------------------------------|-------------------------|----------------------------|
|                                                                                   | No. of Shares           | Percentage of Shareholding |
| Promoter and Promoter Group . . . . .                                             | 219,388,414             | 65.60                      |
| Insurance Companies . . . . .                                                     | 18,176,140              | 5.43                       |
| Foreign Institutional Investors . . . . .                                         | 10,557,982              | 3.16                       |
| Financial Institution/Banks . . . . .                                             | 8,423,186               | 2.52                       |
| Mutual Funds . . . . .                                                            | 51,522                  | 0.02                       |
| Non-Resident Indians . . . . .                                                    | 160,517                 | 0.05                       |
| Non-Institutions (Bodies Corporate and Individual) . . . . .                      | 36,497,799              | 10.91                      |
| Shares held by Custodian and against which Depository Receipt is Issued . . . . . | 41,201,226              | 12.32                      |
| Total . . . . .                                                                   | <u>334,458,875</u>      | <u>100</u>                 |

## TERMS AND CONDITIONS OF THE BONDS

*The following other than the words in italics is the text of the Terms and Conditions of the Bonds substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of U.S.\$97,200,000 in aggregate principal amount of 4.30 per cent. Convertible Bonds Due 2020 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further Bonds issued in accordance with Condition 16 and consolidated and forming a single series therewith) of Videocon Industries Limited (the “**Issuer**”), was authorised by a resolution of the Board of Directors of the Issuer passed on 15 May 2015 and by the shareholders of the Issuer at an annual general meeting of shareholders held on 27 June 2015. Subsequently, the Stakeholder’s Relationship Committee of the Board of Directors passed a resolution dated 16 November 2015 for the launch of the offering of the Bonds. The Bonds are constituted by a trust deed (as amended or supplemented from time to time) (the “**Trust Deed**”) dated 30 December 2015 and made between the Issuer and DB Trustees (Hong Kong) Limited as trustee for the holders of the Bonds (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed). The Issuer has entered into a paying, conversion and transfer agency agreement (as amended or supplemented from time to time, the “**Agency Agreement**”) dated 30 December 2015 with the Trustee, Deutsche Bank AG, Hong Kong Branch as principal paying, conversion and transfer agent (the “**Principal Agent**”), Deutsche Bank Luxembourg S.A. as registrar (the “**Registrar**”) and the other paying, conversion and transfer agents appointed under it (each a “**Paying Agent**”, “**Conversion Agent**”, “**Transfer Agent**” (references to which shall include the Registrar) and together with the Registrar and the Principal Agent, the “**Agents**” (which shall, where applicable, include the Singapore Agent (as defined in Condition 18))) relating to the Bonds. References to the “**Principal Agent**”, “**Registrar**” and “**Agents**” below are references to the principal agent, registrar and agents for the time being for the Bonds. The statements in these terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed, the Agency Agreement, the Security Trust Deed, the Personal Guarantee and the Deed of Pledge are available for inspection at the registered office of the Trustee being at the date hereof at Level 52, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong, and at the specified offices of each of the Agents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

The Security Trustee will be appointed by the Issuer on the terms of the Security Trust Deed for the purposes of holding the benefit of the Personal Guarantee and the security created by the Pledgors over the Collateral Shares on behalf of the Bondholders. The Security Trustee will hold and enforce the Personal Guarantee and the Deed of Pledge in accordance with their terms and terms of the Security Trust Deed. The proceeds of enforcement (net of the expenses of the Security Trustee incurred in connection with such enforcement) will be paid by the Security Trustee to the Trustee for application in accordance with the terms of the Trust Deed. The Trustee is not responsible for (i) the selection or appointment by the Issuer of the Security Trustee, (ii) the terms, adequacy, sufficiency, admissibility or enforceability of the Personal Guarantee, the Deed of Pledge or the Security Trust Deed, (iii) the performance by the Security Trustee of its obligations, or for monitoring the same, (iv) providing any directions or instructions to the Security Trustee, (v) any action taken (or not taken) by the Security Trustee in connection with the enforcement of the Personal Guarantee and/or the Deed of Pledge, or (vi) any failure by the Security Trustee to pay to the Trustee any amounts received by it following enforcement. The Trustee shall not be liable for any losses incurred by any party in connection with any failure by the Security Trustee to perform its obligations or for any defect in the terms of the Personal Guarantee, the Deed of Pledge or the Security Trust Deed.

### 1 Status

The Bonds constitute direct, unsubordinated, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves.

## 2 Form, Denomination and Title

### 2.1 Form and Denomination

The Bonds are issued in registered form in the denomination of U.S.\$150,000 each and integral multiples of U.S.\$1,000 each in excess thereof. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a Global Certificate deposited with a common depositary for, and representing Bonds registered in the name of a common nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

### 2.2 Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Terms and Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

## 3 Transfers of Bonds; Issue of Certificates

### 3.1 Register

The Issuer will cause the Register to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds.

Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

### 3.2 Transfers

Subject to Conditions 3.5 and 3.6 and the terms of the Agency Agreement, a Bond may be transferred or exchanged by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of title to a Bond will be valid unless and until entered on the Register.

### 3.3 Delivery of New Certificates

3.3.1 Each new Certificate to be issued upon a transfer or exchange of Bonds will, within seven business days (at the place of the relevant specified office) of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

3.3.2 Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, exchanged, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, exchanged, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, exchanged, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

3.3.3 For the purposes of these Conditions (except for Condition 7 and Condition 8.5), "**business day**" shall mean a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

#### 3.4 Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

#### 3.5 Restricted Transfer Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of fifteen days ending on (and including) the due date for any redemption of the Bonds; (ii) after a Conversion Notice (as defined in Condition 6.2) has been delivered with respect to a Bond; (iii) after a Relevant Event Put Exercise Notice (as defined in Condition 8.4) has been deposited in respect of such a Bond; or (iv) after a Purchase Notice (as defined in Condition 8.5) has been deposited in respect of such a Bond; (v) after a Put Option Notice (as defined in Condition 8.7) has been deposited in respect of such Bond pursuant to Condition 8.7; or (vi) during the period of seven days ending on (and including) any record date in respect of payment of interest on the Bonds, each such period being a "**Restricted Transfer Period**".

#### 3.6 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge to the holder and at the Issuer's expense) by the Registrar to any Bondholder upon request.

### 4 Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed):

- 4.1 the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Investment Securities (as defined below), or to secure any guarantee or indemnity in respect of any Investment Securities;

- 4.2 the Issuer will procure that no Subsidiary (as defined below) or other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that Subsidiary or other person to secure any of the Issuer's or any Subsidiary's Investment Securities, or to secure any guarantee of or indemnity in respect of any of the Issuer's or any Subsidiary's Investment Securities; and
- 4.3 the Issuer will procure that no other person gives any guarantee of, or indemnity in respect of, any of the Issuer's or any Subsidiary's Investment Securities,

unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In these Conditions:

- (i) **"Investment Securities"** means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes, or other investment securities which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market; and
- (ii) **"Subsidiary"** or **"subsidiary"** means any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which that person recognises in its consolidated financial statements as a subsidiary, jointly controlled entity or associated company under Indian law, regulations or generally accepted accounting principles from time to time, or which should have its accounts consolidated with those of that person.

#### **4A. Personal Guarantee**

So long as any Bond remains outstanding (as defined in the Trust Deed), it shall have the benefit of the Personal Guarantee, as described below.

- 4A.1 The Personal Guarantee provided to the Security Trustee for the benefit of Bondholders by the Guarantors shall constitute direct, senior, unsubordinated, unconditional and unsecured obligations of each Guarantor. The payment obligations of the relevant Guarantor under the Personal Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law at all times rank at least equally with all of such Guarantor's present and future direct, senior, unsubordinated, unconditional and unsecured obligations.
- 4A.2 The amount payable by the Guarantors under the Personal Guarantee shall not exceed the Guaranteed Amount (as reduced by conversion or repayment from time to time) set out in the Personal Guarantee.
- 4A.3 No claim shall be made against the Guarantors in respect of their obligations under the Personal Guarantee after expiry of the Guarantee Period. For the avoidance of doubt, any claim made against the Guarantors prior to the expiry of the period specified in this Condition shall survive such expiry.

For the purposes of these Conditions:

- (i) **"Guarantee Period"** has the meaning ascribed to it in the Personal Guarantee.
- (ii) **"Guaranteed Amount"** has the meaning ascribed to it in the Personal Guarantee.
- (iii) **"Guarantors"** means Mr. Venugopal N. Dhoot and Mr. Saurabh P. Dhoot.

- (iv) **“Personal Guarantee”** mean the personal guarantee, in form and substance satisfactory to DLA Piper, duly executed and dated on or prior to the Closing Date provided by Mr. Venugopal N. Dhoot and Mr. Saurabh P. Dhoot, which, upon demand by the Security Trustee, guarantees payment of the principal amount of the Bonds (as reduced by repayment from time to time) and any accrued and unpaid interest, by the Issuer, when due under the Bonds or pursuant to the Trust Deed.
- (v) **“Security Trustee”** means a security trustee or agent appointed by the Issuer pursuant to the Security Trust Deed to hold the Personal Guarantee for the benefit of the Bondholders.
- (vi) **“Security Trust Deed”** means a security trust deed between the Issuer and the Security Trustee, dated on or about the Closing Date.

The Personal Guarantee is governed by English law.

## 4B Share Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), it shall have the benefit of the Deed of Pledge, as described below.

4B.1 The Deed of Pledge entered into with the Security Trustee for the benefit of Bondholders shall grant security over the Collateral Shares and, *inter alia*, all rights, title, interests, benefits, claims, demands of the Pledgors, both present and future, in respect of or otherwise in connection with the Collateral Shares.

4B.2 No claim shall be made against the Pledgors in respect of their obligations under the Deed of Pledge after expiry of the Share Pledge Period. For the avoidance of doubt, any claim made against the Pledgors prior to the expiry of the period specified in this Condition shall survive such expiry.

For the purposes of these Conditions:

- (i) **“Collateral Shares”** mean such equity shares of Videocon Telecommunications Limited held by the Pledgors representing at all times 40 per cent. of the issued equity share capital of Videocon Telecommunications Limited.
- (ii) **“Deed of Pledge”** means the agreement, in form and substance satisfactory to Shardul Amarchand Mangaldas & Co and Juris Corp, duly executed and dated on or before the Closing Date between the Pledgors, Videocon Telecommunications Limited and the Security Trustee, that pledges the Pledged Shares to the Bondholders to secure the payment of the outstanding principal amount of the Bonds and any accrued or unpaid interest by the Issuer, when due under the Bonds.
- (iii) **“Pledgors”** mean Videocon Industries Limited, Videocon International Electronics Limited, Jumbo Techno Services Private Limited, KAIL Limited, and Evans Fraser and Company India Limited.
- (iv) **“Share Pledge Period”** has the meaning ascribed to it in the Deed of Pledge.
- (v) **“Security Trustee”** means a security trustee or agent appointed by the Issuer pursuant to the Security Trust Deed to hold the Deed of Pledge for the benefit of the Bondholders.

The Deed of Pledge is governed by Indian Law.

## 5 Interest

### 5.1 Interest

5.1.1 The Bonds bear interest at the rate of 4.30% per annum, from (and including) 30 December 2015 (the **“Closing Date”**) up to (but excluding) the Maturity Date, calculated by reference to the principal amount thereof and payable in arrear on 30 June and 30 December in each year (each, an **“Interest Payment Date”**) except that

the last payment of interest will be made on the Maturity Date in respect of the period from (and including) 30 June 2020 to (but excluding) the Maturity Date, and such final payment of interest will amount to U.S.21.62 per U.S.\$1,000 principal amount of Bonds.

5.1.2 The amount of interest payable in respect of any period which is shorter than an Interest Period shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

5.1.3 “**Interest Period**” means the payment period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

## 5.2 Accrual of Interest

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6.2.4) or (ii) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused, in which event interest will accrue as provided in Condition 7.5.

## 6 Conversion

### 6.1 Conversion Right

#### 6.1.1 Conversion Period:

Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”. Subject to and upon compliance with the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time (subject to the next paragraph) on and after 9 February 2016 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on 21 December 2020 (but, except as provided in Condition 6.1.4, in no event thereafter) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven business days (at the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8.4 or Condition 8.5 then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice (the “**Conversion Period**”).

Conversion Rights may not be exercised in relation to any Bond during the period commencing on: (i) the date falling 21 days prior to the date of the Issuer’s annual general shareholders’ meeting and ending on the date of that meeting, (ii) the date falling 30 days prior to an extraordinary shareholders’ meeting and ending on the date of that meeting, (iii) the date that the Issuer notifies BSE Limited (the “**BSE**”) or The National Stock Exchange of India Limited (“**NSE**”) of the record date for determination of the shareholders entitled to receipt of dividends, subscription of shares due to capital increase or other benefits, and ending on the record date for the distribution or allocation of the relevant dividends, rights and benefits or (iv) on such date and for such period as determined by Indian law applicable from time to time that the Issuer is required to close its stock transfer books or (v) in circumstances where the exercise of the Conversion Right would fall during the period commencing on an Interest Record Date (as defined in Condition 7.1.2) in respect of any payment of

interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive) each such period being a “**Closed Period**”. The Issuer will give notice of any such period to the Trustee, the Bondholders and the Conversion Agent prior to the beginning of each such period.

The Issuer shall provide to the Trustee, the Bondholders and the Conversion Agent notice of any meeting of the Issuer’s board of directors which is convened to consider the declaration of any dividends, subscription of shares due to capital increase or other benefits, at the same time notice of such meeting is announced in India.

Conversion Rights may not be exercised (i) in respect of a Bond where the Bondholder shall have exercised its right to require the Issuer to redeem such Bond pursuant to Condition 8.4 or 8.5 or (ii) except as provided in Condition 6.1.4 and Condition 10, in each case following the giving of notice by the Trustee pursuant to Condition 10.

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Rupees at the fixed rate of Rs.66.1390 = U.S.\$1.00 (the “**Fixed Exchange Rate**”)) by the Conversion Price in effect at the Conversion Date (both as hereinafter defined).

A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

Upon exercise of Conversion Rights in relation to any Bond and the fulfilment by the Issuer of all its obligations in respect thereof, the relevant Bondholder shall have no further rights in respect of such Bond and the obligations of the Issuer in respect thereof shall be extinguished.

#### 6.1.2 Fractions of Shares:

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or reclassification of Shares by operation of law or otherwise occurring after 30 December 2015 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in U.S. dollars by means of a U.S. dollar cheque drawn on a bank in New York) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6.1.1, as corresponds to any fraction of a Share not issued if such sum exceeds U.S.\$10.00 (which sum shall be translated into U.S. dollars at the Fixed Exchange Rate). Any such sum shall be paid not later than 14 business days in Mumbai after the relevant Conversion Date by transfer to a U.S. dollar account with a bank in New York City specified in the relevant Conversion Notice.

#### 6.1.3 Conversion Price:

The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be Rs.134.7240 per Share but will be subject to adjustment in the manner provided in Condition 6.3.

#### 6.1.4 Revival and/or survival after Default:

Notwithstanding the provisions of Condition 6.1.1, if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date (as defined in Condition 8.1.1) by reason of the occurrence of any of the events referred to in Condition 10 or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8.1.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and, notwithstanding the provisions of Condition 6.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined in Condition 6.2.1(ii)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

#### 6.1.5 Meaning of “**Shares**”:

As used in these Conditions, the expression “**Shares**” means (1) shares of the class of share capital of the Issuer which, at the date of the Trust Deed, are designated as equity shares of the Issuer with full voting rights, together with shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer; and (2) fully-paid and non-assessable shares of any class or classes of the share capital of the Issuer authorised after the date of the Trust Deed which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Issuer; provided that shares to be issued on conversion of the Bonds means only “**Shares**” as defined in sub-clause (1) above.

### 6.2 Conversion Procedure

#### 6.2.1 Conversion Notice:

- (i) To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in duplicate in the form (for the time being current) obtainable from the specified office of each Agent, together with (a) the relevant Certificate; (b) certification by the Bondholder, in the form obtainable from any Conversion Agent, as may be required under the laws of the Republic of India or the jurisdiction in which the specified office of such Conversion Agent shall be located; and (c) confirmation that any amounts required to be paid by the Bondholder under Condition 6.2.2 have been so paid. A Conversion Notice deposited outside the normal business hours or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the normal business hours at such place on the next business day following such day. Any Bondholder who deposits a Conversion Notice during a Closed Period will not be permitted to convert the Bonds into Shares (as specified in the Conversion Notice) until the next business day after the end of that Closed Period, which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds notwithstanding that such date may fall outside of the Conversion Period. A Bondholder exercising its Conversion Right for Shares will be required to open a depository account with a depository participant under the Depositories Act (Act 22), 1996 of India (the “**1996 Depositories Act**”), for the purposes of receiving the Shares.

- (ii) The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6.1.4) and will be deemed to be the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents to such withdrawal.

#### 6.2.2 Stamp Duty etc.:

A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant tax authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in India and, if relevant, in the place of any Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Indian Exchanges (as defined below) on conversion) (the “**Taxes**”) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of the Bonds and all charges of the Agents and the share transfer agent for the Shares (“**Share Transfer Agent**”) in connection with conversion. Neither the Trustee nor any Agent is under any obligation to determine whether a Bondholder is liable to pay or has paid any taxes including stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6.2.2.

#### 6.2.3 Delivery of Shares:

- (i) Upon exercise by a Bondholder of its Conversion Right for Shares, the Issuer will, on or with effect from the relevant Conversion Date, enter the relevant Bondholder or his/their nominee in the register of members of the Issuer in respect of such number of Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and will, as soon as practicable, and in any event not later than 30 days after the Conversion Date, cause the relevant securities account of the Bondholder exercising his Conversion Right for Shares or of his/their nominee, to be credited with such number of relevant Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and shall further cause the name of the concerned Bondholder or its nominee to be registered accordingly, in the register of beneficial owners, maintained by the depository registered under the Indian Depositories Act, 1996 with whom the Issuer has entered into a depository agreement and, subject to any applicable limitations then imposed by Indian laws and regulations, shall procure the Share Transfer Agent to, as soon as practicable, and in any event within 14 business days in Mumbai of the Conversion Date, despatch or cause to be despatched to the order of the person named for that purpose in the relevant Conversion Notice at the place and in the manner specified in the relevant Conversion Notice (uninsured and the risk of delivery at any such place being that of the converting Bondholder), a U.S. dollar cheque drawn on a branch of a bank in New York City in respect of any cash payable pursuant to Condition 6.1.2 required to be delivered on conversion and such assignments and other documents (if any) as required by law to effect the transfer thereof.

The crediting of the Shares to the relevant securities account of the converting Bondholder will be deemed to satisfy the Issuer’s obligation to pay the principal and interest on the Bonds.

- (ii) If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6.3, but before the relevant adjustment becomes effective under the relevant Condition (a “**Retroactive Adjustment**”), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares (“**Additional Shares**”) as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective as at such Conversion Date immediately after the relevant record date and in such event and in respect of such Additional Shares references in Conditions 6.2.3(i) and (iii) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).
- (iii) The Shares issued upon conversion of the Bonds will in all respects rank *pari passu* with the Shares in issue on the relevant Conversion Date (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights the record date for which falls on or after such Conversion Date to the same extent as all other fully-paid and non-assessable Shares of the Issuer in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.

#### 6.2.4 Interest on Conversion:

If any notice requiring the redemption of any of the Bonds is given pursuant to Condition 8.2 on or after the fifteenth business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided in Condition 5.1 on the Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee with a bank in New York City in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

### 6.3 Adjustments to Conversion Price

The Conversion Price will be subject to adjustment in the following events:

#### 6.3.1 Free distribution, bonus issue, division, consolidation and re-classification of Shares:

*Adjustment:* If the Issuer shall (a) make a free distribution of Shares (other than by way of a dividend in Shares), (b) make a bonus issue of its Shares, (c) divide its outstanding Shares, (d) consolidate its outstanding Shares into a smaller number of Shares, or (e) re-classify any of its Shares into other securities of the Issuer, then the Conversion Price shall be appropriately adjusted so that the holder of any Bond, the Conversion Date in respect of which occurs after the coming into effect of the adjustment described in this Condition 6.3.1, shall be entitled to receive the number

of Shares and/or other securities of the Issuer which such holder would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive any such free distribution or bonus issue of Shares or other securities issued upon any such division, consolidation or re-classification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter.

*Effective date of adjustment:* An adjustment made pursuant to this Condition 6.3.1 shall become effective immediately on the relevant event referred to above becoming effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a free distribution or bonus issue of Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution or issue, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

### 6.3.2 Declaration of dividend in Shares:

*Adjustment:* If the Issuer shall issue Shares as a dividend in Shares or make a distribution of Shares which is treated as a capitalisation issue for accounting purposes under Indian GAAP (including, but not limited to, capitalisation of capital reserves and employee stock bonus), then the Conversion Price in effect when such dividend and/or distribution is declared (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive such dividend and/or distribution, on such record date) shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{N}{N + n} \right]$$

where:

NCP = the Conversion Price after such adjustment.

OCP = the Conversion Price before such adjustment.

N = the number of Shares outstanding, at the time of issuance of such dividend and/or distribution (or at the close of business in Mumbai on such record date as the case may be).

n = the number of Shares to be distributed to the shareholders as a dividend and/or distribution.

*Effective date of adjustment:* An adjustment made pursuant to this Condition 6.3.2 shall become effective immediately on the relevant event referred to in this Condition becoming effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a dividend in Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders of the Issuer or be approved at a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

### 6.3.3 Concurrent adjustment events:

If the Issuer shall declare a dividend in, or make a free distribution or bonus issue of, Shares which dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

- (a) the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to Conditions 6.3.5, 6.3.6 or 6.3.7;
- (b) the day immediately before the date of issue of any securities convertible into or exchangeable for Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.9;
- (c) the day immediately before the date of grant, offer or issue of any Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.10 or, if applicable, the record date for determination of stock dividend entitlement as referred to in Condition 6.3.10;
- (d) the day immediately before the date of issue of any rights, options or warrants which requires an adjustment of the Conversion Price pursuant to Condition 6.3.11; or
- (e) determined by the Issuer and notified by the Issuer to the Trustee in writing to be the relevant date for an event or circumstance which requires an adjustment to the Conversion Price pursuant to Condition 6.3.13,

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under Conditions 6.3.1 and 6.3.2) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under Conditions 6.3.1 and 6.3.2, but in lieu thereof an adjustment shall be made under Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10, 6.3.11 or 6.3.13 (as the case may require) by including in the denominator of the fraction described therein the aggregate number of Shares to be issued pursuant to such dividend, bonus issue or free distribution.

### 6.3.4 Capital Distribution:

*Adjustment:* If the Issuer shall pay or make to its Shareholders any Capital Distribution (as defined below), then the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{CMP - fmv}{CMP} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

CMP = the Current Market Price (as defined in Condition 6.3.15 below) per Share on the last trading day preceding the date on which the relevant Dividend is first publicly announced.

fmv = the portion of the Fair Market Value (as defined below), with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Shares entitled to receive the relevant Capital Distribution (or, in the case of a purchase of Shares or any receipts or certificates representing shares by or on behalf of the Issuer, by the number of Shares in issue immediately prior to such purchase), of the Capital Distribution attributable to one Share.

*Effective date of adjustment:* Any adjustment pursuant to this Condition 6.3.4 shall become effective immediately after the record date for the determination of Shareholders entitled to receive the relevant Dividend; provided that (a) in the case of such a Dividend which must, under applicable law of India, be submitted for approval to a general meeting of Shareholders or be approved by a meeting of the Board of Directors of the Issuer before such Dividend may legally be made and is so approved after the record date fixed for the determination of Shareholders entitled to receive such Dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the Fair Market Value of the relevant Capital Distribution cannot be determined until the record date fixed for the determination of Shareholders entitled to receive the relevant Dividend, such adjustment shall, immediately upon such Fair Market Value being determined, become effective retroactively to immediately after such record date.

If such Dividend is not so paid, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such Dividend had not been approved.

For the purposes of this Condition:

**“Capital Distribution”** means any Dividend.

In making any calculation for the purposes of this Condition 6.3.4, such adjustments (if any) shall be made as an independent investment or commercial bank of international repute selected by the Issuer (at the expense of the Issuer) and approved in writing by the Trustee (an **“Independent Financial Institution”**) considers appropriate to reflect any consolidation or subdivision of any Share or the issue of Shares by way of capitalisation of profits or reserves, or any like or similar event or any adjustment to the Conversion Price.

**“Dividend”** means any dividend or distribution of cash or other property or assets or evidences of the Issuer’s indebtedness, whenever paid or made and however described provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the issue or delivery of Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the payment of a Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of (i) such cash Dividend or (ii) the Fair Market Value (on the date of announcement of such Dividend or date of capitalisation (as the case may be) or, if later, the date on which the number of Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined) of such Shares or other property or assets if such Fair Market Value is greater than the Fair Market Value of such cash Dividend;
- (b) any tender or exchange offer falling within Condition 6.3.12 and any issue or distribution of Shares falling within Condition 6.3.2 shall be disregarded; and
- (c) a purchase or redemption of ordinary share capital by or on behalf of the Issuer shall not constitute a Dividend unless, in the case of purchases of Shares by or on behalf of the Issuer, the Volume Weighted Average Price per Share (before expenses) on any one day in respect of such purchases exceeds the Current Market Price per Share by more than 5 per cent. either (1) on that day (or if such day is not a Trading Day, the immediately preceding Trading Day), or (2) where an announcement (excluding for the avoidance of doubt for these purposes, any general authority for such purchases or redemptions approved by a general meeting of shareholders of the Issuer or any notice convening such a meeting of shareholders) has been made of the intention to purchase Shares at some future

date at a specified price, on the Trading Day immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a Dividend (but not a cash Dividend) to the extent that the aggregate price paid (before expenses) in respect of such Shares purchased by or on behalf of the Issuer exceeds the product of (i) the Current Market Price per Share determined as aforesaid and (ii) the number of Shares so purchased.

**“Fair Market Value”** means, with respect to any asset, security, option, other right or property on any date, the fair market value of that asset, security, option, other right or property as determined in good faith by an Independent Financial Institution provided, that (i) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (ii) the Fair Market Value of any other cash amount shall be equal to such cash amount; and (iii) where shares, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by the Independent Financial Institution) the fair market value of such shares, options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Days such shares, options, warrants or other rights are publicly traded; and in the case of (i) translated into Rupees (if declared or paid in a currency other than Rupees) at the rate of exchange used to determine the amount payable to shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in Rupees; and in any other case, converted into Rupees (if expressed in a currency other than Rupees) at such rate of exchange as may be determined in good faith by an Independent Financial Institution to be the spot rate ruling at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available).

**“Volume Weighted Average Price”** means, in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg (or any successor service) page VCLF IN or such other source as shall be determined to be appropriate by an Independent Financial Institution on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

**“cash Dividend”** means (i) any Dividend which is to be paid in cash and (ii) any Dividend determined to be a cash Dividend pursuant to paragraph (a) of the definition **“Dividend”**, and for the avoidance of doubt, a Dividend falling within paragraph (c) of the definition **“Dividend”** shall be treated as not being a cash Dividend.

#### 6.3.5 Rights Issues to Shareholders:

*Adjustment:* If the Issuer shall grant, issue or offer to the holders of Shares rights entitling them to subscribe for or purchase Shares, which expression shall include those Shares that are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or
- (b) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such rights or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares initially to be issued upon exercise of such rights at the said consideration being (aa) the number of Shares which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

*Effective date of adjustment:* Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications for such Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

*Rights not taken up by Shareholders:* If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any Shares which are not subscribed for or purchased by the persons entitled thereto are underwritten by other persons prior to the latest date for the submission of applications for such Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any such Shares which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

#### 6.3.6 Warrants issued to Shareholders:

*Adjustment:* If the Issuer shall grant, issue or offer to the holders of Shares warrants entitling them to subscribe for or purchase Shares:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date for the determination of shareholders entitled to receive such warrants and is less than the Current Market Price per Share at such record date; or
- (b) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned above and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such warrants or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares to be issued upon exercise of such warrants at the said consideration which, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (aa) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

*Effective date of adjustment:* Subject as provided below, such adjustment shall become effective (i) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (ii) where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration but in all cases retroactively to immediately after the record date mentioned above.

*Warrants not subscribed for by Shareholders:* If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares in the circumstances described in (a) and (b) of this Condition 6.3.6, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares, any warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

#### 6.3.7 Issues of rights or warrants for equity-related securities to Shareholders:

*Adjustment:* If the Issuer shall grant, issue or offer to the holders of Shares rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or
- (b) at a consideration per Share receivable by the Issuer (determined as aforesaid) which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such rights or warrants or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares initially to be issued upon exercise of such rights or warrants and conversion or exchange of such convertible or exchangeable securities at the said consideration being, in the case of rights, (aa) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities which the underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa) and which, in the case of warrants, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (x) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (y) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (x).

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

*Effective date of adjustment:* Subject as provided below, such adjustment shall become effective (a) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (b) where applications by shareholders entitled to the warrants are required as aforesaid and in the case of convertible or exchangeable securities by shareholders entitled to the same pursuant to such rights, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration; but in all cases retroactively to immediately after the record date mentioned above.

*Rights or warrants not taken up by Shareholders:* If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares in the circumstances described in this Condition 6.3.7, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such convertible or exchangeable securities or warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares or rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights or the right to purchase such warrants) who have submitted applications for such convertible or exchangeable securities or warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

#### 6.3.8 Other distributions to Shareholders:

*Adjustment:* If the Issuer shall distribute to the holders of Shares or capital stock of the Issuer (other than Shares), assets (excluding any Dividends), evidences of its indebtedness or rights or warrants to subscribe for or purchase Shares or securities (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6 and 6.3.7), then the Conversion Price in effect on the record date for the determination of shareholders entitled to receive such distribution shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{CMP - fmv}{CMP} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

CMP = the Current Market Price per Share on the record date for the determination of shareholders entitled to receive such distribution.

fmv = the Fair Market Value of the distribution applicable to one Share (which shall take into account the consideration receivable for the same by the Issuer).

*Effective date of adjustment:* Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. Provided that (a) in the case of such a distribution which must, under applicable law of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before such distribution may legally be made and is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the Fair Market Value of the shares of capital stock, assets, rights or warrants so distributed cannot be determined until after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such Fair Market Value being determined, become effective retroactively to immediately after such record date.

#### 6.3.9 Issue of convertible or exchangeable securities other than to Shareholders or on exercise of warrants:

*Adjustment:* If the Issuer shall issue any securities convertible into or exchangeable for Shares (other than the Bonds), or in any of the circumstances described in Condition 6.3.7 and Condition 6.3.11) or grant such rights in respect of any existing securities and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such securities is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of issue of such convertible or exchangeable securities shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.
- n = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.
- v = the number of Shares which the aggregate consideration receivable by the Issuer would purchase at such Current Market Price per Share.

*Effective date of adjustment:* Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such convertible or exchangeable securities are issued.

#### 6.3.10 Other issues of Shares:

*Adjustment:* If the Issuer shall issue any Shares (other than Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) issued by the Issuer or upon exercise of any rights or warrants granted, offered or issued by the Issuer or in any of the circumstances described in any preceding

provision of this Condition 6.3), for a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the issue of such additional Shares shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of issue of such additional Shares.

n = the number of additional Shares issued as aforesaid.

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

*Effective date of adjustment:* Such adjustment shall become effective as of the calendar day in India of the issue of such additional Shares.

#### 6.3.11 Issue of equity-related securities:

*Adjustment:* If the Issuer shall grant, issue or offer options, warrants or rights (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6, 6.3.7 and 6.3.8) to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the offer, grant or issue of such rights, options or warrants is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of the offer, grant or issue of such rights, options or warrants shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.

n = the number of Shares to be issued on exercise of such rights or warrants and (if applicable) conversion or exchange of such convertible or exchangeable securities at the said consideration.

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

*Effective date of adjustment:* Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such rights or warrants are issued.

#### 6.3.12 Tender or exchange offer:

*Adjustment:* In case a tender or exchange offer made by or on behalf of the Issuer or any Subsidiary (as defined below) for all or any portion of the Shares shall expire and such tender or exchange offer shall involve the payment by the Issuer or such Subsidiary of consideration per Share having a Fair Market Value at the last time (the “**Expiration Date**”) tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Current Market Price per Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[ \frac{N \times CMP}{fmv + [(N - n) \times CMP]} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (including any tendered or exchanged Shares) on the Expiration Date.

CMP = Current Market Price per Share as of the Expiration Date.

fmv = the Fair Market Value of the aggregate consideration payable to the holders of Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Shares deemed so accepted up to any such maximum, being referred to as the “**Purchased Shares**”).

n = the number of Purchased Shares.

*Effective date of adjustment:* Such adjustment shall become retroactively effective immediately prior to the opening of business on the day following the Expiration Date.

*Tender or exchange offer not completed:* If the Issuer is obligated to purchase Shares pursuant to any such tender or exchange offer, but the Issuer is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

#### 6.3.13 Analogous events and modifications

If (a) the rights of conversion or exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase Shares are modified (other than pursuant to and as provided in the terms and conditions of such options, rights, warrants or securities as originally issued) or (b) the Issuer determines that any other event or circumstance has occurred which has or

would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options and rights relating thereto) of the Issuer, taken as a class which is analogous to any of the events referred to in Conditions 6.3.1 to 6.3.12, then, in any such case, the Issuer shall promptly notify the Trustee in writing thereof and the Issuer shall consult with an Independent Financial Institution as to what adjustment, if any, should be made to the Conversion Price to preserve the value of the Conversion Right of Bondholders and will make any such adjustment. All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of any Independent Financial Institution appointed under the Conditions shall be borne by the Issuer.

#### 6.3.14 Simultaneous issues of different classes of Shares:

In the event of simultaneous issues of two or more classes of share capital comprising Shares or rights or warrants in respect of, or securities convertible into or exchangeable for, two or more classes of share capital comprising Shares, then, for the purposes of this Condition, the formula

$$NCP = OCP \times \left[ \frac{N + v}{N + n} \right]$$

shall be restated as

$$NCP = OCP \times \left[ \frac{N + v1 + v2 + v3}{N + n1 + n2 + n3} \right]$$

where v1 and n1 shall have the same meanings as “v” and “n” but by reference to one class of Shares, v2 and n2 shall have the same meanings as “v” and “n” but by reference to a second class of Shares, v3 and n3 shall have the same meanings as “v” and “n” but by reference to a third class of Shares and so on.

#### 6.3.15 Certain Definitions:

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Indian Exchanges (as defined in Condition 6.4.1(i)), the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

the “**Closing Price**” of the Shares for each Trading Day shall be the last reported transaction price of the Shares on the BSE for such day or, if no transaction takes place on such day, the average of the closing bid and offered prices of Shares for such day as furnished by a leading independent securities firm licensed to trade on the BSE selected from time to time by the Issuer and approved by the Trustee in writing for the purpose.

“**Current Market Price**” per Share on any date means the average of the daily Closing Prices (as defined below) of the relevant Shares for the ten consecutive Trading Days (as defined below) ending on and including the Trading Day immediately preceding such date. If the Issuer has more than one class of share capital comprising Shares, then the relevant Current Market Price for Shares shall be the price for that class of Shares the issue of which (or of rights or warrants in respect of, or securities convertible into or exchangeable for, that class of Shares) gives rise to the adjustment in question.

If during the said ten Trading Days or any period thereafter up to but excluding the date as of which the adjustment of the Conversion Price in question shall be effected, any event (other than the event which requires the adjustment in question) shall occur which gives rise to a separate adjustment to the Conversion Price under the provisions of these Conditions, then the Current Market Price as determined above shall be adjusted in such manner and to such extent as an Independent Financial Institution shall in its absolute discretion deem appropriate and fair to compensate for the effect thereof.

“**Trading Day**” means a day when the BSE is open for business, but does not include a day when (a) no such last transaction price or closing bid and offered prices is/are reported and (b) (if the Shares are not listed or admitted to trading on such exchange) no such closing bid and offered prices are furnished as aforesaid.

If the Shares are no longer listed on the BSE but are still listed on the NSE, references in the above definitions to the BSE shall be deemed to be the NSE, and if the Shares are no longer listed on the BSE or the NSE and have been listed on another stock exchange as required by Condition 6.4.1, references in the above definitions to the BSE will be taken as references to the Alternative Stock Exchange.

#### 6.3.16 Consideration receivable by the Issuer:

For the purposes of any calculation of the consideration receivable by the Issuer pursuant to Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10 and 6.3.11 above, the following provisions shall be applicable:

- (a) in the case of the issue of Shares for cash, the consideration shall be the amount of such cash;
- (b) in the case of the issue of Shares for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by an Independent Financial Institution or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof;
- (c) in the case of the issue (whether initially or upon the exercise of rights or warrants) of securities convertible into or exchangeable for Shares, the aggregate consideration receivable by the Issuer shall be deemed to be the consideration received by the Issuer for such securities and (if applicable) rights or warrants plus the additional consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange of such securities at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price;
- (d) in the case of the issue of rights or warrants to subscribe for or purchase Shares, the aggregate consideration receivable by the Issuer shall be deemed to be the consideration received by the Issuer for any such rights or warrants plus the additional consideration to be received by the Issuer upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price;

- (e) if any of the consideration referred to in any of the preceding paragraphs of this Condition 6.3.16 is receivable in a currency other than Rupees, such consideration shall (in any case where there is a fixed rate of exchange between the Rupees and the relevant currency for the purposes of the issue of the Shares, the conversion or exchange of such securities or the exercise of such rights or warrants) be translated into Rupees for the purposes of this Condition 6.3.16 at such fixed rate of exchange and shall (in all other cases) be translated into Rupees at the mean of the exchange rate quotations (being quotations for the cross rate through U.S. dollars if no direct rate is quoted) by a leading bank in India for buying and selling spot units of the relevant currency by telegraphic transfer against Rupees on the date as of which the said consideration is required to be calculated as aforesaid;
- (f) in the case of the issue of Shares (including, without limitation, to employees under any employee bonus or profit sharing arrangements) credited as fully paid out of retained earnings or capitalisation of reserves at their par value, the aggregate consideration receivable by the Issuer shall be deemed to be zero (and accordingly the number of Shares which such aggregate consideration receivable by the Issuer could purchase at the relevant Current Market Price per Share shall also be deemed to be zero); and
- (g) in making any such determination, no deduction shall be made for any commissions or any expenses paid or incurred by the Issuer.

#### 6.3.17 Cumulative adjustments:

If, at the time of computing an adjustment (the “**later adjustment**”) of the Conversion Price pursuant to any of Conditions 6.3.2, 6.3.5, 6.3.6, 6.3.9, 6.3.10 and 6.3.11 above, the Conversion Price already incorporates an adjustment made (or taken or to be taken into account pursuant to the proviso to Condition 6.3.18) to reflect an issue of Shares or of securities convertible into or exchangeable for Shares or of rights or warrants to subscribe for or purchase Shares or securities, to the extent that the number of such Shares or securities taken into account for the purposes of calculating such adjustment exceeds the number of such Shares in issue at the time relevant for ascertaining the number of outstanding Shares for the purposes of computing the later adjustment, such excess Shares shall be deemed to be outstanding for the purposes of making such computation.

#### 6.3.18 Minor adjustments:

No adjustment of the Conversion Price shall be required if the adjustment would be less than 1 per cent. of the then current Conversion Price; provided that any adjustment which by reason of this Condition 6.3.18 is not required to be made shall be carried forward and taken into account (as if such adjustment had been made at the time when it would have been made but for the provisions of this Condition 6.3.18) in any subsequent adjustment. All calculations under this Condition 6.3 shall be made to the nearest Rs.1.0 with Rs.0.5 being rounded up to the next Rs.1.0.

#### 6.3.19 Minimum Conversion Price:

Notwithstanding the provisions of this Condition, the Issuer covenants that:

- (a) the Conversion Price shall not be reduced below the par value of the Shares (Rs.10 at the date hereof) as a result of any adjustment made hereunder unless under applicable law then in effect Bonds may be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares;
- (b) it will not take any action which would result in the Conversion Price being reduced pursuant to this Condition 6 below the level permitted by applicable Indian laws and regulations from time to time (if any).

#### 6.3.20 Optional Adjustment:

Except as otherwise set out in Condition 6.3.19, the Issuer may at its option and as permitted by applicable law, at any time and from time to time reduce the Conversion Price in such circumstances and by such amount as it may determine. Any such adjustment shall become effective as of the date determined by the Issuer and shall be notified to Bondholders as soon as practicable.

#### 6.3.21 Reference to “fixed”:

Any references herein to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

#### 6.3.22 Upward adjustment:

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares, as referred to in Condition 6.3.1.

#### 6.3.23 Trustee not obliged to monitor:

The Trustee shall not be under any duty to monitor whether any event or circumstances has happened or exists under this Condition 6.3 and they may assume until they have received express notice in writing from the Issuer to the contrary, that no such event has occurred and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

The Trustee and the Agents shall be under no obligation to calculate, determine or verify the number of Shares to be issued upon conversion of the Bonds or verify the Issuer’s or the Independent Financial Institution’s determination of such number of Shares or method used in such determination and neither the Trustee nor the Agents shall be responsible to Bondholders or any other person for any loss arising from any failure to do so or for any delay of the Issuer or the Independent Financial Institution in making such determination or any erroneous determination by the Issuer or the Independent Financial Institution.

#### 6.3.24 Approval of Trustee:

The Issuer shall send the Trustee a certificate setting out particulars relating to adjustment of the Conversion Price. The Issuer shall also cause a notice containing the same information to be sent to Bondholders, such notice to be approved by the Trustee before it is given to Bondholders.

#### 6.3.25 Independent Financial Institution:

If the Issuer fails to select an Independent Financial Institution when required in this Condition 6.3, the Trustee may (at its absolute discretion) select such an Independent Financial Institution.

#### 6.3.26 Depositary Receipts:

If the Issuer shall have outstanding a depositary receipt facility programme or facility in respect of its Shares (a “**DR Facility**”) on the date of conversion of any Bonds, then, subject to the terms and conditions of the relevant facility or programme and to applicable laws and regulations and to such amendments to these Conditions as the Issuer and the Trustee shall consider to be appropriate, each Bondholder will have the right in respect of the exercise of Conversion Rights to elect (a “**DR Election**”) that the Shares to be issued on conversion be represented by depositary receipts (“**DRs**”) and to receive DRs instead of such Shares. A DR Election shall be made in the relevant

Conversion Notice in such form as the Issuer may require. The number of DRs to be issued on exercise of Conversion Rights in respect of which the relevant Bondholder shall have duly made a DR Election shall be determined by dividing the principal amount of the relevant Bond to be converted by the Conversion Price in effect on the relevant Conversion Date and dividing the resulting number by the number of Shares represented by each DR on such Conversion Date.

Fractions of a DR will not be issued and neither will a Share (where at the relevant time a DR represents more than one Share) or any fraction of a Share be issued and no cash payment or adjustment will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that DRs are to be issued to the same person, the number of such DRs to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of DRs.

Where DRs are to be issued, the Issuer will, as soon as practicable, and in any event not later than 30 days after the relevant Conversion Date (i) cause the name of the depository in respect of the relevant DR Facility (the “**DR Depository**”), or its custodian, to be registered in the record of the depositors maintained by the depository registered under the 1996 Depositories Act with whom the Issuer has entered into a depository agreement and (ii) cause the relevant number of DRs to be issued by the DR Depository pursuant to the relevant DR Facility to the relevant Bondholder or his/their nominee.

DRs will be issued in book-entry form or in certificated form as provided in the relevant DR Facility, and may bear such legends and be subject to such restrictions on transfer as the Issuer shall determine to be necessary to comply with applicable laws and regulations.

A Bondholder exercising Conversion Rights and making a DR Election must deliver at its expense to the specified office of any Conversion Agent all and any certificates and other documents as may be required pursuant to the relevant DR Facility in respect of the deposit of the relevant Shares pursuant to such DR Facility.

The Issuer will pay all expenses, charges and fees of the custodian for the DR Depository and of the DR Depository in connection with the deposit of the relevant Shares and issue of the DRs on conversion.

If a Retroactive Adjustment shall occur in relation to the exercise of Conversion Rights in relation to any Bond in respect of which a DR Election shall have been duly made, the Issuer shall, conditional upon the relevant adjustment becoming effective procure that there shall be issued to the relevant Bondholder (or in accordance with instructions contained in the Conversion Notice) such additional number DRs (if any) (the “**Additional DRs**”) as, together with the DRs issued or to be issued on conversion of the relevant Bond is equal to the number of DRs which would have been required to be issued on conversion of such Bond (together with any fraction of a DR not so issued) if the relevant adjustment to the Conversion Price had been made and become effective on and as of the relevant Conversion Date.

DRs issued upon conversion of the Bonds will in all respects rank *pari passu* with all other DRs under the relevant DR Facility then in issue on the relevant Conversion Date, except that the DRs or, as the case may be, the Additional DRs so issued will not rank for any right where the record date or other due date for the establishment of entitlement in respect of the Shares represented by such DRs or, as the case may be, Additional DRs falls prior to the relevant Conversion Date.

If the Issuer determines that it would be contrary to applicable laws or regulations or would be contrary to the terms of the relevant DR Facility (including any provisions thereof relating to the deposit of Shares) to issue Shares to be represented by DRs

upon conversion of Bonds in respect of which a DR Election shall have been made, such DR Election shall be ineffective and there shall be issued to such Bondholder (or as specified in the relevant Conversion Notice) Shares as if such DR Election had not been made.

The Issuer is under no obligation to establish and/or maintain any depository facility or programme in respect of the Shares or, if it does, to enable the Shares to be eligible for deposit pursuant thereto. The Issuer shall be entitled to impose such conditions and restrictions on the deposit of Shares pursuant to any such facility or programme as it may determine, and may agree with the Trustee such changes to these Conditions as may be appropriate in respect of or relating to the deposit of Shares pursuant to any such facility or programme.

#### 6.4 Undertakings

6.4.1 The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or with the approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders to give such approval:

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the BSE and the NSE (together, the “**Indian Exchanges**”), (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Indian Exchanges, and (c) if the Issuer is unable to obtain or maintain such listings, or maintenance of such listings is unduly onerous to obtain and maintain a listing for all of the issued Shares, on an Alternative Stock Exchange as the Issuer may from time to time (with the prior written consent of the Trustee) determine and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (ii) it will use its best endeavours to obtain and maintain a listing of the Bonds on the Singapore Exchange Securities Trading Limited (the “**Singapore Stock Exchange**”) and if the Issuer is unable to obtain or maintain such listing, or the maintenance of such listing is unduly onerous to obtain and maintain a listing for the Bonds on another internationally recognised stock exchange and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Bonds by any such stock exchange;
- (iii) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds without breaching any foreign ownership restrictions in India applicable to the Shares and will ensure that all Shares will be duly and validly issued as fully-paid;
- (iv) it will pay the expenses of the issue or delivery of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds;
- (v) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made);
- (vi) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law; and

- (vii) it will not take any corporate or other action which pursuant to these Conditions would cause the Conversion Price to be adjusted to a price which would render conversion of the Bonds into Shares at such adjusted Conversion Price to be (a) in contravention of applicable law or (b) subject to approval from the Reserve Bank of India, the Ministry of Finance, the Government of India and/or any other governmental/regulatory authority in India without receiving prior approval, in a form satisfactory to the Trustee, from the Reserve Bank of India, the Ministry of Finance, the Government of India and/or any other governmental/regulatory authority in India, which such approval would clarify that the adjusted Conversion Price as proposed to be adjusted pursuant to such action, is in conformity with applicable law and would not violate applicable law. The Issuer also undertakes that, prior to taking any action which would cause an adjustment to the Conversion Price, it shall provide the Trustee with an opinion of an independent legal counsel in India of international repute, approved by the Trustee in writing, stating that the Conversion Price as proposed to be adjusted pursuant to such action, is in conformity with applicable law and that the conversion of the Bonds to the Shares at such adjusted Conversion Price would not require approval of the Reserve Bank of India, the Ministry of Finance, the Government of India or if such approval is required, that such approval has been obtained as at the date of the opinion.

6.4.2 The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

*The Shares issued upon conversion of the Bonds are expected to be listed on the NSE and the BSE and will be tradable on such stock exchange once listed thereon, which is expected to occur within 40 days after the relevant Conversion Date. The Issuer will make due application in respect of such listing within five days following the relevant Conversion Date. If there is any delay in obtaining the approval of the NSE and the BSE to list such Shares, they shall not be tradeable on the BSE and the NSE until the listing occurs.*

#### 6.5 Notice of Change in Conversion Price

The Issuer shall give notice to the Trustee, the Agents and the Bondholders in accordance with Condition 17 and, for so long as the Bonds are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, the Issuer shall also give notice to the Singapore Stock Exchange, of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

#### 6.6 Conversion upon Change of Control

If a Change of Control (as defined below) shall have occurred, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 17 within seven days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2. For the avoidance of doubt, OCP for the purposes of this Condition 6.6 shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition 6.6.

Conversion Premium (“**CP**”) = 3.00 per cent. expressed as a fraction.

c = the number of days from and including the first day of the Change of Control Conversion Period to but excluding 31 December 2020.

t = the number of days from and including 30 December 2015 to but excluding 31 December 2020,

provided that the Conversion Price shall not be reduced pursuant to this Condition 6.6 below the level permitted by applicable Indian laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Closed Period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of a Closed Period.

For the purposes of this Condition 6.6 and Condition 8,

“**control**” means (a) the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Issuer or (b) the right to appoint and/or remove all or the majority of the members of the Issuer’s Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a “**Change of Control**” occurs when:

- (a) any person or persons, acting together, acquires control, directly or indirectly, of the Issuer; or
- (b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other person or persons, acting together;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s Board of Directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect subsidiaries;

“**Promoter Group**” means “Promoters” and all other entities within the meaning of regulation 2(zb) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended; and

“**Voting Rights**” means the right generally to vote at a general meeting of Shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

## **7 Payments**

### **7.1 Principal and Interest**

7.1.1 Payment of principal and default interest (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7.1.2 below.

7.1.2 Interest on the Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the “**Interest**

**Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by U.S. dollar cheque drawn on a bank in New York mailed to the registered address of the Bondholder if it does not have a registered account, in each case, in accordance with the terms of the Agency Agreement.

7.1.3 If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

## 7.2 Registered Accounts

For the purposes of this Condition, a Bondholder’s registered account means the U.S. dollar account maintained by or on behalf of it with a bank in New York, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

## 7.3 Applicable Laws

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments and will be borne by the Issuer.

## 7.4 Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

## 7.5 Default Interest and Delay In Payment

7.5.1 If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of 6.30 per cent. per annum (both before and after judgment) from the due date until whichever is the earlier of (i) the day on which all sums due in respect of such Bond are received by or on behalf of the relevant holder and (ii) the day seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holder under these Conditions). Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

7.5.2 Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

## 7.6 Business Day

In this Condition 7, “**business day**” means a day other than a Saturday or Sunday on which commercial banks are open for business in Mumbai, New York City, Hong Kong and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

## 8 Redemption, purchase and cancellation

### 8.1 Maturity and Redemption Reserve

8.1.1 Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 100 per cent. of its principal amount on 31 December 2020 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8.2 or Condition 8.3 below (but without prejudice to Condition 10).

8.1.2 In addition, the Issuer shall ensure that on each Redemption Reserve Date there is placed in the Redemption Reserve Account an amount in Indian Rupees equal to U.S.\$2,000,000 (a “**Redemption Reserve Amount**”). The Redemption Reserve Amounts shall be applied, towards payment and corresponding redemption of Bonds to be redeemed upon the exercise of the Bondholder Put Option pursuant to Condition 8.7. The Redemption Reserve Account shall not be subject to any pledge or other encumbrance and shall only be used for the purposes described in this Condition 8.

For the purposes of these Conditions

“**Redemption Reserve Account**” means a segregated Indian Rupee bank account in the Issuer’s name with a reputable commercial bank in India.

“**Redemption Reserve Date**” means each of the following dates, namely 31 January 2016, 29 February 2016, 31 March 2016, 30 April 2016 and 31 May 2016.

The Trustee shall have no obligation to monitor compliance with the requirements of this Condition 8.1.2 and it shall be the sole responsibility of the Issuer to ensure such compliance.

### 8.2 Redemption at the Option of the Issuer

8.2.1 On or at any time after 30 December 2018 but not less than seven business days prior to the Maturity Date, the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), redeem the Bonds in whole but not in part at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption) on the date fixed for redemption, provided that no such redemption may be made unless the Closing Price of the Shares (translated into U.S. dollars at the Prevailing Rate (as defined below)) for each of the 40 consecutive Trading Days prior to the date upon which notice of such redemption is given pursuant to Condition 17, was at least 130 per cent. of the Conversion Price in effect on such Trading Day (translated into U.S. dollars at the Fixed Exchange Rate (as defined in Condition 6.1.1)). If there shall occur an event giving rise to a change in the Conversion Price during any such 30 consecutive Trading Day period, appropriate adjustments for the relevant days approved by two investment banks (acting as experts) selected by the Issuer and approved in writing by the Trustee shall be made for the purpose of calculating the Closing Price for such days. The “Prevailing Rate” applicable to any Trading Day shall be the middle rate for the purchase of U.S. Dollars with Rupees quoted by the State Bank of India on that Trading Day or if such rate is not available on such Trading Date, such rate prevailing on the immediately preceding day on which such rate is so available.

8.2.2 If at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 16), the Issuer shall have the option to redeem such outstanding Bonds in whole but not in part at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption) on the date fixed for redemption. The Issuer will give at least 30 days' but not more than 60 days' prior notice to the holders, the Trustee and the Principal Agent for such redemption (which notice will be irrevocable).

*RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date. Such approval may or may not be forthcoming.*

### 8.3 Redemption for Taxation Reasons

8.3.1 At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) redeem all, and not some only (subject to Condition 8.3.3), of the Bonds at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption) on the date fixed for redemption ("**Tax Redemption Date**"), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts as referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 30 December 2015, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer (taking reasonable measures available to it) and (b) an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept such certificate and opinion without further enquiry as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders.

8.3.2 Upon the expiry of any such notice, the Issuer will be bound to redeem the Bonds at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption) on the Tax Redemption Date.

8.3.3 If the Issuer gives a notice of redemption pursuant to this Condition 8.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the government of India or any authority thereof or therein having power to tax. For the avoidance of doubt, any additional amounts which had been payable in respect of the Bonds as a result of the laws or regulations of the government of India or any authority thereof or therein having power to tax prior to 30 December 2015 will continue to be payable to such Bondholders. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent together with the Certificate evidencing the Bonds on or before the day falling 15 days prior to the Tax Redemption Date.

*RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date. Such approval may or may not be forthcoming.*

#### 8.4 Redemption for Change of Control

8.4.1 Following the occurrence of a Relevant Event (as defined below) and to the extent permitted by applicable law, the holder of each Bond will have the right at such holder's option to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption). To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent ("**Relevant Event Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

8.4.2 A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid on the Relevant Event Put Date.

8.4.3 The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and will not be responsible or liable to Bondholders for any loss arising from any failure by it to do so.

8.4.4 No later than seven days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be delivered to Bondholders (in accordance with Condition 17) stating: (i) the Relevant Event Put Date; (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event; (iii) the date by which the Relevant Event Put Exercise Notice (as defined above) must be given; (iv) the redemption amount and the method by which such amount will be paid; (v) the names and addresses of all Paying Agents; (vi) briefly, the Conversion Right and the then current Conversion Price; (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Conversion Right; and (viii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn.

8.4.5 For the purposes of this Condition 8:

- (i) "**Relevant Event**" occurs when there has been a Change of Control (as defined in Condition 6.6) in the Issuer;
- (ii) "**business day**" shall mean a day on which commercial banks are open for business in New York City, London, Mumbai and Hong Kong.

*RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date. Such approval may or may not be forthcoming.*

#### 8.5 Delisting and Suspension Put Right

8.5.1 In the event the Shares cease to be listed or admitted to trading or suspended for a period exceeding 30 consecutive Trading Days on the Stock Exchanges (a "**Delisting**") each Bondholder shall have the right (the "**Delisting Put Right**"), at such Bondholder's option, to require the Issuer to redeem all or some only of such Bondholder's Bonds on the twentieth business day after notice has been given to Bondholders regarding the Delisting referred to under Condition 8.5.2 below or, if

such notice is not given, the twentieth business day after the Delisting (the “**Delisting Put Date**”) at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption) (the “**Delisting Put Price**”).

8.5.2 Promptly after becoming aware of a Delisting, the Issuer shall procure that notice regarding the Delisting Put Right shall be given to the Trustee and the Bondholders (in accordance with Condition 17) stating:

- (i) the Delisting Put Date;
- (ii) the date of such Delisting and, briefly, the events causing such Delisting;
- (iii) the date by which the Purchase Notice (as defined below) must be given;
- (iv) the Delisting Put Price and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the Conversion Right and the then current Conversion Price;
- (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Delisting Put Right or Conversion Right; and
- (viii) that a Purchase Notice, once validly given, may not be withdrawn.

8.5.3 To exercise its rights to require the Issuer to redeem or purchase (subject to applicable laws) its Bonds, the Bondholder must deliver a written irrevocable notice of the exercise of such right (a “**Purchase Notice**”), in the then current form obtainable from the specified office of any Agent, to any Paying Agent together with the Certificate evidencing the Bonds to be redeemed on any business day prior to the close of business at the location of such Paying Agent on such day and which day is not less than 14 business days prior to the Delisting Put Date.

8.5.4 A Purchase Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Purchase Notices delivered as aforesaid on the Delisting Put Date.

8.5.5 The Trustee shall not be required to take any steps to ascertain whether a Delisting or any event which could lead to the occurrence of a Delisting has occurred and will not be responsible or liable to Bondholders for any loss arising from any failure by it to do so.

8.5.6 For the purposes of this Condition, “**business day**” shall mean a day on which commercial banks are open for business in New York City, London, Mumbai and Hong Kong.

*RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date. Such approval may or may not be forthcoming.*

## 8.6 Redemption Following Exercise of a Put Option

Upon the exercise of any put option specified in Conditions 8.4, 8.5 or 8.7, payment of the applicable redemption amount (including accrued interest) shall be conditional upon (i) save in respect of Condition 8.7, the Issuer obtaining all approvals required by law and (ii) delivery of the Bondholder’s Certificate (together with any necessary endorsements) to any Paying Agent on any business day together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate. If the Paying Agent holds on the Put Date (as defined below) money sufficient to pay the applicable redemption monies of Bonds for which notices have been delivered in accordance with the provisions hereof

upon exercise of such right, then, whether or not such Certificate is delivered to the Paying Agent, on and after such Put Date, (a) such Bond will cease to be outstanding; (b) such Bond will be deemed paid; and (c) all other rights of the Bondholder shall terminate (other than the right to receive the applicable redemption monies). “**Put Date**” shall mean the Relevant Event Put Date, the Delisting Put Date or the Put Option Date as applicable.

*RBI regulations at the time of repurchase may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a repurchase prior to the Maturity Date. Such approval may or may not be forthcoming.*

#### 8.7 Bondholder Put Option

The Issuer will, at the option of the holder of any Bond (a “**Put Option Exercising Holder**”), redeem all or some only of such Put Option Exercising Holder’s Bonds on 30 June 2016 (the “**Put Option Date**”) at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of such payment).

To exercise its rights to require the Issuer to redeem or purchase (subject to applicable laws) its Bonds, the Put Option Exercising Holder must deliver a written irrevocable notice of the exercise of such right (a “**Put Option Notice**”), in the then current form obtainable from the specified office of any Agent, to any Paying Agent together with the Certificate evidencing the Bonds to be redeemed not more than 40 days and not less than 10 days prior to the relevant Put Option Date. A put notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds that are the subject of a put notice on the relevant Put Option Date.

#### 8.8 Purchases

The Issuer or any of its Subsidiaries may, if permitted under the laws of India, at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Issuer or the relevant Subsidiary is required to submit to the Registrar for cancellation any Bonds so purchased.

#### 8.9 Cancellation

All Bonds which are redeemed or converted or purchased by the Issuer or any of its Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

#### 8.10 Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will be given in accordance with Condition 17, and specify the Conversion Price as at the date of the relevant notice, the closing price of the Shares (as quoted on the BSE) as at the latest practicable date prior to the publication of the notice, the accrued interest to the date fixed for redemption, the date for redemption, the manner in which redemption will be effected and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

No notice of redemption given under Condition 8.2 or Condition 8.3 shall be effective if it specifies a date for redemption which falls during a Closed Period or within 15 days following the last day of a Closed Period.

## 8.11 Multiple Notices

If more than one notice of redemption (which shall include any notice given by the Issuer pursuant to Condition 8.2 or Condition 8.3 and any Change of Control Put Exercise Notice or Delisting Put Notice given by a Bondholder pursuant to Condition 8.4 or Condition 8.5) is given pursuant to this Condition 8, the first of such notices to be given shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculation of any amounts payable hereunder.

## 9 Taxation

- 9.1 All payments in respect of the Bonds by the Issuer will be made free from any restriction or condition and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of India or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.
- 9.2 Where such withholding or deduction is in respect of Indian withholding tax on interest payments at the rate of up to 10.00 per cent. (plus applicable surcharge on such tax payable and education cess as applicable on such tax) the Issuer will increase the amount of interest paid by it to the extent required so that the amount of interest received by Bondholders (without prejudice to Condition 7.3) amounts to the relevant amount of the interest payable pursuant to Condition 5.
- 9.3 In the event that any such withholding or deduction in respect of principal or any such additional withholding or deduction in excess of 10.00 per cent. (plus applicable surcharge on such tax payable and education cess as applicable on such tax) in respect of interest is required to be made, the Issuer will pay such additional amounts by way of principal or interest as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable in the absence of such withholding or deduction, except that no such additional amount shall be payable in respect of any Bond.
- 9.4 to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with India otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- 9.4.1 where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or
- 9.4.2 (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or
- 9.4.3 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- 9.4.4 presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent or Conversion Agent in a Member State of the European Union.

- 9.5 For the purposes hereof, “**Relevant Date**” means the date on which such payment first becomes due except that if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.
- 9.6 References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## 10 Events of Default

- 10.1 The Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption) (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if any of the following events (each an “**Event of Default**”) has occurred:
- 10.1.1 a default is made in the payment of any sum due in respect of the Bonds;
- 10.1.2 failure by the Issuer to deliver the Shares as and when such Shares are required to be delivered following conversion of a Bond;
- 10.1.3 the Issuer does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or is not remedied within 7 days after written notice of such default shall have been given to the Issuer by the Trustee;
- 10.1.4 failure by the Issuer to redeem the Bonds of any Put Option Exercising Holder pursuant to a Put Option Notice delivered pursuant to under Condition 8.7;
- 10.1.5 the Issuer or any Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries;
- 10.1.6 (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10.1.6 have occurred equals or exceeds U.S.\$50,000,000 or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank selected by the Trustee

on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity), save that for purposes of this Condition 10.1.6, no events resulting from the Intesa Litigation shall constitute an event of default unless indebtedness (excluding the Intesa Debt) becomes due and payable prior to its stated maturity as result of the Intesa Litigation;

- 10.1.7 a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer or any of its Subsidiaries and is not discharged or stayed within 30 days;
- 10.1.8 an order is made by a court of competent jurisdiction in India or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any of its Subsidiaries, or the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; save that no winding-up order which is stayed immediately by an order of a competent court in India shall constitute an event of default under this Condition 10.1.8;
- 10.1.9 an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed in respect of the whole or a material part of the property, assets or revenues of the Issuer or any of its Subsidiaries (as the case may be) and is not discharged within 30 days;
- 10.1.10 it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed;
- 10.1.11 any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Subsidiaries;
- 10.1.12 the Personal Guarantee, once provided to the Security Trustee, is not (or is claimed by either Guarantor not to be) in full force and effect;
- 10.1.13 the Deed of Pledge once entered into, is not (or is claimed by any of the Pledgors not to be) in full force and effect;
- 10.1.14 failure by the Issuer to fund the Redemption Reserve Account in full and without deduction in accordance with Condition 8.1.2;
- 10.1.15 the Redemption Reserve Account becoming subject to any charge, pledge or other encumbrance or being used for any purposes other than as described in Condition 8.1.2;
- 10.1.16 failure by the Issuer to pay the commitment fee described in the second supplemental Exchange Offer and Consent Solicitation Memorandum dated 9 December 2015, as supplemented on 26 November 2015 and 9 December 2015 on or prior to the Closing Date; or
- 10.1.17 any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

For the purposes of these Conditions:

**“Intesa Debt”** means the amounts due pursuant to the Intesa Litigation; and

**“Intesa Litigation”** means the ongoing litigation with Intesa Sanpaolo S.p.A. in relation to the patronage letters dated 1 June 2007 and 5 June 2007, issued by the Issuer and the EUR 35 million loan made to VDC Technologies S.p.A.

## 10.2 Notwithstanding anything in Condition 10.1:

10.2.1 if the Issuer fails to pay any amount to any Put Option Exercising Bondholder when due, pursuant to and following the delivery by any holder of a Put Option Notice in accordance with the terms of Condition 8.7, such failure shall constitute an Event of Default under Condition 10.1.4, and notwithstanding any other provision of these Conditions, the Bonds shall become immediately due and repayable at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption) (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6).

10.2.2 If an Event of Default occurs pursuant to Condition 10.1.8, notwithstanding any other provision of these Conditions, the Bonds shall become immediately due and repayable at 100 per cent. of their principal amount together with any accrued but unpaid interest (calculated up to but excluding the date of redemption) (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6).

10.3 If the Bonds have become due and payable pursuant to Condition 10.1 and/or Condition 10.2, notwithstanding Condition 6.1 and receipt of any payment after the acceleration of the Bonds and provided that no Conversion Notice has been delivered pursuant to Condition 6.1.4, a Bondholder may exercise its Conversion Right in accordance with this Condition 10.3 by depositing a Conversion Notice (unless with respect to Condition 10.1.3 a Conversion Notice has already been deposited) with a Conversion Agent during the period from and including the date of a default notice with respect to an event specified in Condition 10.1 (at which time the Issuer will notify the Bondholders of the number of Shares per Bond to be delivered upon conversion, assuming all the then outstanding Bonds are converted) to and including the 30th business day after such payment.

If any converting Bondholder deposits a Conversion Notice pursuant to this Condition 10 on the business day prior to, or during, a Closed Period, the Bondholder's Conversion Right shall continue until the business day following the last day of the Closed Period, which shall be deemed the Conversion Date, for the purposes of such Bondholder's exercise of its Conversion Right pursuant to this Condition 10.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10.3 or if an Event of Default has occurred pursuant to Condition 10.1.2, the Issuer shall at the option of the converting Bondholder (notice of exercise of such option to be delivered to the Conversion Agent in writing) in lieu of delivery of the relevant Shares pay to such Bondholder an amount in United States dollars (converted from Rupees at the Prevailing Rate) (the "**Default Cure Amount**"), equal to the product of (x) (i) the number of Shares that are required to be delivered by the Issuer to satisfy the Conversion Right in relation to such converting Bondholder minus (ii) the number of Shares that are actually delivered by the Issuer pursuant to such Bondholders' Conversion Notice and (y) the Closing Price of the Shares on the Conversion Date; provided that if such Bondholder has received any payment under the Bonds pursuant to this Condition 10, the amount of such payment shall be deducted from the Default Cure Amount. Payment of the Default Cure Amount shall be paid to the converting Bondholder on the third business day following the date on which notice of exercise of the option to receive the Default Cure Amount is delivered.

*Under current regulations of the RBI applicable to convertible bonds, the Issuer would require the prior approval of the RBI before repaying the Bonds prior to the Maturity Date, including following acceleration on an Event of Default prior to the Maturity Date, and such approval may or may not be forthcoming.*

## **11 Consolidation, amalgamation or merger**

The Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a “**Merger**”), unless:

- (i) the corporation formed by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Issuer under the Trust Deed, the Agency Agreement and the Bonds and the performance of every covenant and agreement applicable to it contained therein and to ensure that the holder of each Bond then outstanding will have the right (during the period when such Bond shall be convertible) to convert such Bond into the class and amount of shares, cash and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale or transfer;
- (ii) immediately after giving effect to any such Merger, no Event of Default shall have occurred or be continuing or would result therefrom;
- (iii) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal and interest on the Bonds; and
- (iv) the Issuer has notified the Trustee and holders of the Bonds of such event in accordance with Condition 17.

Such supplemental trust deed shall provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of Condition 6, except that if the Issuer is the surviving entity, no supplemental trust deed will need to be executed.

The Trustee shall be entitled to require from the Issuer such opinions, consents, documents and other matters at the expense of the Issuer in connection with the foregoing as it may consider appropriate and may rely on such opinions, consents and documents without liability to any person.

The Trustee shall be entitled to rely on any certification of solvency signed by a director of the Issuer or the corporation formed by such consolidation, amalgamation, merger or the entity or person which acquired such properties or assets (as applicable), without any further investigation and without regard to the financial condition, profits or prospects of the Issuer or such entity or person (as applicable).

## **12 Prescription**

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the relevant date for payment. Neither the Trustee nor the Agents will be responsible or liable for any amounts so prescribed.

## **13 Enforcement**

At any time after the Bonds have become due and repayable, the Trustee may, at its sole discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (i) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall

have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing and no direction inconsistent with such written request or Extraordinary Resolution has been given to the Trustee.

## **14 Meetings of Bondholders, modification, waiver and substitution**

### **14.1 Meetings**

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing in the aggregate over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal or default interest payable in respect of the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Conversion Rights or the provisions of Condition 8 or the Deed of Pledge or the Personal Guarantee, or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

### **14.2 Modification and Waiver**

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 14.1 above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter. The Trustee's agreement may be subject to any condition that the Trustee requires including but not limited to obtaining, at the expense of the Issuer, an opinion of any investment bank or legal or other expert and being indemnified and/or secured to its satisfaction.

### **14.3 Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, but it shall not be obliged to so agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, but it shall not be obliged to so agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. In such event, the Issuer shall give notice to Bondholders in accordance with Condition 17.

#### 14.4 Interests of Bondholders

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, the Trustee and the Security Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Trustee or the Security Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

#### 14.5 Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, in the Trustee's opinion, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof. The Trustee shall not be responsible for any loss occasioned by acting on or refraining from acting in reliance on such certificate or report.

### 15 Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

### 16 Further issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

### 17 Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Such notices shall be deemed to have been given on the later of the date of such publications. Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.*

## **18 Agents**

The names of the initial Agents and the Registrar and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain (i) a Principal Agent, (ii) a Registrar outside the United Kingdom, (iii) an Agent having a specified office in Singapore where the Bonds may be presented or surrendered for payment or redemption, so long as the Bonds are listed on the Singapore Stock Exchange and the rules of that exchange so require (and such agent in Singapore shall be a Paying, Transfer and Conversion Agent and shall be referred to in these terms and conditions as the “**Singapore Agent**”) and (iv) as necessary or as requested by the Trustee, a Paying Agent and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive (2003/48/EC) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders in accordance with Condition 17 and in any event not less than 45 days’ notice will be given.

*So long as the Bonds are listed on the Singapore Stock Exchange and the rules of that exchange so require, in the event that the Global Certificate is exchanged for definitive Certificates, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for definitive Certificates, announcement of such exchange shall be made through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the Singapore agent.*

## **19 Indemnification**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

Any certificate or report of any expert, accountants, financial advisers, investment bank or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein and shall, in absence of manifest error, be conclusive and binding on all parties notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer, as the case may be, in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof and the Trustee shall not be responsible for any loss occasioned by acting on any such certificate or report.

## **20 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Bond under the Contracts (Rights of Third Parties) Act 1999.

## **21 Governing law**

The Bonds, the Personal Guarantee the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Issuer has in the Trust Deed irrevocably submitted to the courts of England and in relation thereto has appointed Law Debenture Corporate Services Limited, now at Fifth Floor, 100 Wood Street, London EC2V 7EX, as its agent for service of process in England.

The Deed of Pledge is governed by Indian law.

## GLOBAL CERTIFICATE REPRESENTING THE BONDS

*The Global Certificate contains provisions which apply to the Bonds in respect of which a Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the “Terms and Conditions of the Bonds” have the same meaning in the paragraphs below. The following is a summary of those provisions:*

### Meetings

The registered holder (as defined in the relevant Conditions) of a Global Certificate shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each U.S.\$100,000 in principal amount of the relevant Bonds for which the Global Certificate is issued. The Trustee may allow any accountholder (or the representative of such person) of a clearing system entitled to the relevant Bonds in respect of which the Global Certificate has been issued to attend and speak (but not to vote) at a meeting of relevant Bondholders on appropriate proof of his identity.

### Conversion

Subject to the requirements of the Clearing Systems or any other clearing system (an “**Alternative Clearing System**”) as shall have been designated by the Company and approved by the Trustee on behalf of which the Bonds evidenced by the Global Certificate may be held, the Conversion Right attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation to, or to the order of, the Conversion Agent of one or more Conversion Notices duly completed by, or on behalf of, an accountholder in such system with an entitlement to such Bonds. Deposit of a Global Certificate with the Conversion Agent together with the relevant Conversion Notice shall not be required. The exercise of the Conversion Right shall be notified by the Conversion Agent to the Registrar and the holder of such Global Certificate.

### Trustee’s Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a Clearing System, the Trustee may, to the extent it considers appropriate to do so in the circumstances but without being obliged to do so, (a) have regard to any information provided to it by such Clearing System as to the identity (either individually or by category) of its accountholders with entitlements to the relevant Bonds and (b) consider such interests as if such accountholders were the holders of the relevant Bonds.

### Enforcement

For the purposes of enforcement of the provisions of the relevant Trust Deed against the Trustee, the persons named in a certificate of the holder of the Bonds in respect of which the Global Certificate is issued shall be recognised as the beneficiaries of the trusts set out in the relevant Trust Deed to the extent of the principal amount of their interest in the relevant Bonds set out in the certificate of the holder as if they were themselves the holders of the relevant Bonds in such principal amounts.

### Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its redemption, conversion or purchase by the Company will be effected by a reduction in the principal amount of the relevant Bonds in the register of Bondholders of such Bonds.

### Call Options

The option of the Issuer provided in Condition 8.2 and 8.3 shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by such Conditions and Condition 8.10.

### Repurchase of the Bonds at the Option of Bondholders

The put options of the Bondholders in Conditions 8.4, 8.5 and 8.7 may be exercised by the holder of the Global Certificate giving notice to any Paying Agent of the principal amount of the Bonds in respect of which the option is exercised and presenting such Global Certificate for endorsement or exercise within the time limits specified in such Conditions.

**Bondholders' Tax Option**

The option of Bondholders not to have the Bonds redeemed as provided in Condition 8.3.3 shall be exercised by the presentation to any Paying Agent of a duly completed Bondholder's Tax Election Notice within the time limits set out in and containing the information required by such Condition.

**Exchange and Registration of Title**

Certificates in definitive form for individual holdings of the Bonds will not be issued in exchange for interests in the Bonds in respect of which the Global Certificate is issued, except if either Euroclear or Clearstream (or any Alternative Clearing System on behalf of which the Bonds evidenced by the Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

**Payments**

Payments of principal, interest and default interest and premium (if any) in respect of the Bonds represented by a Global Certificate will be made against presentation or, if no further payment is to be made in respect of the relevant Bonds, against surrender of such Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

All payments made in respect of Bonds to be represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

**Transfers**

Transfers of interests in the Bonds with respect to which the Global Certificate is issued shall be effected through the records of the Clearing Systems and their respective participants in accordance with the rules and procedures of the Clearing Systems and their respective direct and indirect participants.

**Notices**

So long as any Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Clearing Systems or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to the Clearing System, or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the relevant Conditions.

The Global Certificate shall not be valid for any purpose until authenticated by or on behalf of the Registrar.

## CLEARANCE AND SETTLEMENT OF THE BONDS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Company believes to be reliable, but none of the Company, the Sole Bookrunner, the Trustee or any of the Agents takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Company nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Custodial and depositary links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Bonds and transfers of the Bonds associated with secondary market trading.

### **The Clearing Systems**

#### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry of changes in the accounts of their participants. Euroclear and Clearstream, Luxembourg provide their respective participants with, *inter alia*, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

#### ***Registration and form***

Book-entry interests in the Bonds held through Euroclear and Clearstream, Luxembourg will be evidenced by the Global Certificate, registered in the name of a nominee of the common depositary of Euroclear and Clearstream, Luxembourg. The Global Certificate will be held by a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial ownership in the Bonds will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Bonds in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Bonds, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Bonds. The Paying Agent will be responsible for ensuring that payments received by it from the Company for holders of interests in the Bonds holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Company will not impose any fees in respect of the Bonds. However, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

## **Global Clearance and Settlement Procedures**

### ***Initial settlement***

Interests in the Bonds will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Closing Date against payment (for value on the Closing Date).

### ***Secondary market trading***

Secondary market sales of book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Bonds through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional participants.

### ***General***

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Bonds among participants of Euroclear and Clearstream, Luxembourg, neither Euroclear nor Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of the Company, the Trustee, the Agents or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

## DESCRIPTION OF THE SHARE CAPITAL

### Description of the Shares

Set out below is certain information relating to the Shares, including brief summaries of certain provisions of the Memorandum and Articles of Association of the Company, the Companies Act, 2013 and certain related legislation of India.

The following description of capital stock is subject to and qualified in its entirety by the Company's Memorandum and Articles of Association and by the provisions of the Companies Act which govern its affairs and other applicable provisions of Indian law.

### General

The Company's authorised share capital is Rs. 6,000,000,000 (six thousand million) consisting of 500,000,000 (five hundred million) equity shares of Rs.10 par value each and 10,000,000 (ten million) redeemable preference shares of Rs.100 par value each. As at 30 September 2015, 334,458,875 Shares were issued and paid-up.

For the purposes of this Offering Circular, "**Shareholder**" means a shareholder who is registered as a member in the register of members of the Company as also every person whose name is entered as beneficial owners in the records of the depository.

The Shares are registered in physical form as well as in dematerialised or electronic form.

### Dividends

Under the Companies Act, unless the Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. The dividend shall not exceed the amount recommended by the Board. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their Shares as on the record date for which such dividend is payable. The Shares to be issued upon the conversion of the Bonds will be fully paid-up when issued. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date, which is specified as the record date or book closure date. No Shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his Shares is outstanding.

Subject to what is stated elsewhere in this Offering Circular, the Shares issued upon conversion of the Bonds will rank *pari passu*, in all respects with the existing Shares of the Company, including entitlement of the dividend declared.

The amount of dividend, including interim dividend declared by a company shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of the dividend as per the provisions of Companies Act, 2013. As per the Articles of Association of the Company, the Board may declare interim dividends, if it appears to be justified by the profits earned by the Company during the relevant period. Dividends must be paid within 30 days from the date of declaration and any dividend, which remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any dividend, which remains unpaid or unclaimed for seven days from the date of expiry of the said period of 30 years from the date of such transfer, must be transferred by the Company to the Investor Education and Protection Fund established by the Government of India under the Companies Act, pursuant to which no claim shall lie against the Company or the Investor Education and Protection Fund.

Pursuant to the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014 (the "Dividend Rules"), a Company may declare dividend only from profits for the year after providing for depreciation, out of profits of previous years after providing for depreciation or from free reserves after taking into account loss or depreciation not provided for in previous years.

The Companies Act, 2013 and the Dividend Rules further provide that in case of inadequacy or absence of profit in any year, a company may declare dividend out of free reserves subject to the following conditions: (i) the rate of dividend shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year, however this provision does not apply to a company, which has not declared any dividend in each of the three preceding fiscal years, (ii) the total amount to be drawn from the accumulated profits from previous years shall not

exceed one-tenth of the sum of its paid-up capital and free reserves as appearing in the latest audited financial statement (iii) the amount so drawn is first to be used to set off the losses incurred in the fiscal year before the declaration of any dividends in respect of preference or equity shares, (iv) the balance of reserves after withdrawals shall not be less than 15 per cent. of its paid-up capital as appearing in the latest audited financial statement and (v) no company shall declare dividend unless carried over previous losses and depreciation not provided in the previous year are set off against profit of the company of the current year for which dividend is declared or paid for which dividend is declared or paid.

### **Capitalisation of Reserves and issue of Bonus Shares**

Any issue of bonus shares by a listed company would be subject to ICDR Regulations and such other regulatory framework issued by SEBI in this regard. The ICDR Regulations prescribe that no company shall, pending conversion of convertible securities, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible securities, through reservation of shares in proportion to such conversion. The bonus issue shall be made out of free reserves made out of genuine profits or through the share premium account where such share premium shall be collected in cash only. The ICDR Regulations further provide that no bonus issue shall be made by capitalising reserves created by the revaluation of assets and unless partly paid-up shares, if any, are fully paid-up. Further, for the issue of such bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on debt securities including existing debentures or principal on redemption of such debentures issued by it. The declaration of bonus shares in lieu of dividend cannot be made.

The Articles of Association do not require the Company to seek Shareholders' approval for capitalisation of profits or reserves for making bonus issues. An Indian company is also permitted to issue bonus shares to its non-resident shareholders, subject to the satisfaction of certain conditions.

### **Pre-emptive rights and alteration of share capital**

Subject to the provisions of the Companies Act, 2013, the Company may increase its share capital by issuing new Shares. Such new Shares shall be offered to existing Shareholders listed on the members' register on the record date in proportion to the amount paid-up on those Shares at that date. The offer is deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person provided that the person in whose favour such Shares have been renounced is approved by the Board in their absolute discretion. The offer shall be made by notice specifying the number of Shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the Shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to the Company. The further Shares may be offered to any persons whether or not those persons include existing Shareholders, if a special resolution to that effect is passed by the Shareholders of the Company in a general meeting. The issue of the Shares upon conversion of the Bonds has been duly approved by a special resolution dated 27 June 2015 of the Shareholders who have waived their pre-emptive rights with respect to such Shares.

Under the Companies Act, the Company may issue redeemable preference shares if so authorised by its Articles but (i) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption, (ii) no such shares shall be redeemed unless they are fully paid, (iii) the premium, if any, payable on redemption shall have been provided for out of the Company's profits or share premium account, before the shares are redeemed, and (iv) where any such Shares are redeemed out of profits which would otherwise have been available for dividends, be transferred to a reserve fund, to be called the capital redemption reserve account, a sum equal to the nominal amount of the shares redeemed and the provisions of the Companies Act relating to the reduction of the share capital of a company shall apply as if such reserve account were paid-up share capital of such company. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue except preference shares exceeding 20 years may be issued for infrastructure projects where such shares must be redeemable before the expiry of a period of 30 years from the date of their issue.

## **General meetings of Shareholders**

There are two types of general meetings of Shareholders: annual general meetings and extraordinary general meetings. The Company is required to convene an annual general meeting each year and not more than 15 months shall elapse from the date of one annual general meeting to the next annual general meeting, unless extended by the Registrar of Companies at the Company's request for any special reason. The Board may convene an extraordinary general meeting of Shareholders when necessary and shall convene such a meeting at the request of a Shareholder or Shareholders' holding in the aggregate not less than 10 per cent. of the Company's issued paid-up capital.

Written notices in physical form or through electronic mode are required for convening a meeting setting out the date, place and agenda of the meeting and must be given to the members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or in electronic mode, from not less than 95 per cent. members of the Company who are entitled to vote at such meeting.

As per the provisions of the Articles of Association of the Company, members may participate in a general meeting through the electronic mode, subject to compliance with Section 110 of the Companies Act, 2013 and such other requirements as may be prescribed.

The annual general meeting of the Company is held in Chittagaon, Aurangabad, the city in which the Company's Registered Office is located. General meetings other than the annual general meeting may be held at any location if so determined by a resolution of the Board.

## **Voting rights**

Voting may be on a show of hands or on a poll. At a general meeting upon a show of hands, every member holding shares and entitled to vote and present in person or by proxy has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid-up on each share held by such holder bears to the total paid-up capital of the Company. Voting is by show of hands, unless a poll is ordered by the chairman of the meeting or demanded by shareholder or Shareholders' holding at least 10 per cent. of the voting rights in respect of the resolution or by those holding paid-up capital of at least Rs.50,000 (i.e. 5,000 Shares of Rs.10 each). A member may exercise his vote at a meeting by electronic means in accordance with section 108 of the Companies Act, 2013 and shall vote only once as per the provisions of the Articles of Association. The quorum for a general meeting (a) in case of a public company is (i) five members personally present if the number of members as on the date of meeting is not more than 1,000; (ii) 15 members personally present if the number of members as on the date of meeting is more than 1,000 but up to 5,000; (iii) 30 members personally present if the number of members as on the date of the meeting exceeds 5,000.

Ordinary resolutions may be passed by a simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. The Companies Act provides that to amend the Articles of Association, a special resolution is required to be passed in a general meeting. As per the provisions of the Companies Act, 2013, certain instances mandatorily require a special resolution, including alteration of the Company's Articles of Association or amendment of the Memorandum, variation of objects in a prospectus, variation of shareholders' rights, buy-back of shares or issuance of convertible instruments, reduction of share capital dissolutions, merger or consolidation of the company, issuance of depository receipts in a foreign country, re-appointment of independent directors, payment of remuneration to the management in excess of limits provided under the Companies Act.

A Shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association of the Company. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A Shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of Shareholders. Any Shareholder of the Company may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A Shareholder who is a legal entity may appoint an authorised representative who can vote in all respects as if a member both on a show of hands and a poll.

The Companies Act, 2013 allows for a company to issue shares with differential rights as to dividend, voting or otherwise subject to certain conditions. In this regard, the Companies (Share Capital and Debentures) Rules, 2014 require, among other things, that for a company to issue shares with differential voting rights the company must have had distributable profits in terms of the Companies Act for a period of three fiscal years preceding the year in which it is decided to issue such shares, the company must not have defaulted in filing annual accounts and annual returns for the three fiscal years immediately preceding the fiscal year in which it is decided to issue such shares, the articles of association of the company authorises the issue of shares with differential voting rights, the shares with differential rights shall not exceed twenty-six percent of the total post-issue paid up equity share capital including equity shares with differential rights issued at any point of time and the approval of the shareholders to the issue is obtained through postal ballot.

### **Register of Shareholders and record dates**

The Company is obligated to maintain a register of Shareholders at its Registered Office located at 14 km Stone, Aurangabad — Paithan Road, Village — Chittegaon, Taluka — Paithan, Dist. Aurangabad — 431 105, Maharashtra, India, or at some other place in the same city. The register and index of beneficial owners maintained by a depository under the Depositories Act 1996, as amended (the “**Depositories Act**”) is deemed to be an index of members and register and index of debenture holders and any other security holders.

For the purpose of determining the Shareholders, the register may be closed for periods not exceeding 45 days in any one year or 30 days at any one time subject to giving of previous notice of at least seven days. Under the listing agreement of the stock exchanges on which outstanding Shares are listed, the Company may, upon at least 7 working days’ advance notice to such stock exchanges, set a record date and/or close the register of Shareholders in order to ascertain the identity of Shareholders. The trading of Shares and the delivery of certificates in respect thereof may continue while the register of Shareholders is closed.

As per the Articles of Association, the Company may exercise powers conferred on it by Section 88 of the Companies Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of Section 88) make and vary such regulations as it may think fit with respect to the keeping of any such register.

### **Transfer of Shares**

Shares held through Depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations govern the functioning of the Depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownerships of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with National Securities Depository Limited and the Central Depository Services India Limited.

SEBI requires that the Company’s Shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. See “The Securities Market of India — Depositories”.

The Company is required to comply with the rules, regulations and requirements of the stock exchanges or the rules made under the Companies Act, or the rules made under the SCRA, or any other law or rules applicable, relating to transfer or transmission of Shares or debentures.

### **Acquisition by the Company of its own Shares**

The Company may buy back its own Shares subject to the provisions of the Companies Act and any related guidelines issued in connection therewith.

**Liquidation rights**

Subject to the rights of creditors, of employees and of the holders of any other shares entitled by their terms of issue to preferential repayment over the Shares, in the event of winding up of a company, the holders of the Shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such Shares. All surplus assets after payments due to employees, the holders of any preference shares and other creditors belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on such shares respectively at the commencement of the winding-up. The provisions relating to liquidation rights under Companies Act, 2013 are yet to be notified.

## INDIAN GOVERNMENT AND OTHER APPROVALS

This offering of Bonds is being made entirely outside India. This Offering Circular may not be distributed directly or indirectly in India or to residents of India and the Bonds are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

Each purchaser of Bonds will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Bonds will bear a legend to the effect that the securities evidenced thereby may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the account of such persons, unless the Company may determine otherwise in compliance with applicable law.

In terms of the FCCB Scheme, the FEM Transfer Regulations and ECB Policy, Indian companies in the infrastructure and manufacturing sectors are allowed to raise external commercial borrowings of up to U.S.\$750 million or its equivalent during a fiscal year under the “automatic route” (without the prior approval of the RBI) subject to certain conditions specified therein, including the minimum maturity period, use of proceeds and all in cost ceiling.

Pursuant to the ECB Policy, a manufacturing company issuing FCCBs with a minimum average maturity of five years and more and for an amount greater than U.S.\$50 million, will not require the RBI/Government of India approval, provided the conditions relating to use of proceeds and the all in cost ceiling are adhered to. The Company is required to make certain post-issue filings with the RBI. In all cases of earlier redemption or repayment, under current regulations of the RBI applicable to convertible bonds, prior approval of the RBI for such earlier redemption or repayment will be necessary. Pursuant to the ECB Policy, AD Category-I Banks are permitted to allow creation of charge on financial securities, movable/immovable assets and personal/corporate guarantees. Further, the Company is also required to take the prior approval of its Shareholders and Board before proceeding with issue of FCCBs. The Shareholders and the Stakeholder’s Relationship Committee of the Board of Directors have approved the issue of the Bonds by resolutions dated 27 June 2015 and 16 November 2015 respectively.

The transaction envisaged under the Exchange Offer and Consent Solicitation Memorandum dated 16 November 2015, as supplemented on 26 November 2015 and 9 December 2015 and this Offering Circular, including the Bondholder put option, is subject to the RBI approval no. FED.CO.ECBD.6562/03.02.766/2015-16, dated 8 December 2015.

## TAXATION

*The following is a summary of the principal Indian tax consequences for non-resident investors of the Bonds and the Shares. The summary is based on the taxation law and practice in force at the time of this Offering Circular and is subject to change. Further, it only addresses the tax consequences for persons who are “non-resident” as defined in the Indian Income Tax Act who acquire the Bonds or Shares pursuant to this Offering Circular and who hold such Bonds or Shares as capital assets, and does not address the tax consequences which may be relevant to other classes of non-resident investors, including dealers. The summary proceeds on the basis that the person continues to remain a non-resident when the income by way of dividends and capital gains are earned. Each investor in the Bonds is advised to consult its tax advisers about the particular tax consequences to it of an investment in the Bonds.*

The Indian Income Tax Act is the law relating to taxes on income in India. The Indian Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India.

The following discussion describes the material Indian income tax and stamp duty consequences of the purchase, ownership and disposal of the Bonds and Shares.

The summary is based on the special tax regime contained in laws and practices of the Indian Income Tax Act including Section 115AC and other significant applicable provisions of the Indian Income Tax Act, without reference to any double taxation avoidance agreements, and the Depository Receipt Mechanism Scheme, as amended, promulgated by the Government of India (together the “**Section 115AC Regime**”). The rates mentioned below are as per the Finance Bill, 2015, which received presidential assent on 14 May 2015 and has now become the Finance Act, 2015. Accordingly, all provisions of the Finance Act, 2015 are effective from 14 May 2015. The offering is in accordance with the Section 115AC Regime, and non-resident investors of the Bonds as well as Shares will therefore have the benefit of tax concessions available under the Section 115AC Regime subject to the fulfilment of conditions of that section. Such tax concessions include taxation at a reduced income tax rate of 10 per cent., which is then subject to the applicable rate of surcharge on income tax (surcharge is calculated on income tax and the rate is 12 per cent. for individuals or associations of persons whose total income exceeds Rs.10,000,000, and 2 per cent. of income tax for foreign companies whose total income exceeds Rs. 10,000,000 but does not exceed Rs.100,000,000, and 5 per cent. of income tax for foreign companies whose total income exceeds Rs.100,000,000, and 7 per cent. of income tax for domestic companies whose total income exceeds Rs. 10,000,000 but does not exceed Rs.100,000,000, and 12 per cent. of income tax for the domestic companies whose total income exceeds Rs.100,000,000). Further, an education cess on income tax including surcharge at the rate of 3 per cent. The premium on redemption would also be taxed at the rate of 10 per cent., plus applicable rate of surcharge on income tax and education cess at the rate of 3 per cent. on income tax including surcharge if the Bonds are held for a period exceeding 36 months and in the case of Bonds held for a period less than 36 months, would be subject to tax at the applicable rates plus applicable rate of surcharge and education cess at the rate of 3 per cent. on income tax including surcharge.

This summary is not intended to constitute a complete analysis of the tax consequences or a legal opinion under Indian law of the acquisition, ownership and sale of the Bonds or Shares by non-resident investors. Potential investors should, therefore, consult their own tax advisers on the consequences of such acquisition, ownership and sale including specifically tax consequences under Indian law, the laws of the jurisdiction of their residence and any tax treaty between India and their country of residence or the country of residence of the Overseas Depository Bank as applicable and, in particular, the application of the provisions of the Indian Income Tax Act and the Section 115AC Regime.

### **Taxation of Interest, Premium and Distributions and Provision of Tax Treaties**

In terms of the provisions of Sections 4, 5, 6 and 9 of the Indian Income Tax Act, income received, accruing or arising in India or deemed to have been received or accrued or to have arisen in India is liable to be taxed in India. Pursuant to Section 5 read with Section 9(1)(v)(b) of the Indian Income Tax Act, the amount of interest paid by a resident in India to a non-resident person in respect of funds borrowed and used for the purpose of business outside India or source of income outside India is not

liable to tax in India, since no income accrues or arises or is deemed to be accrued or arise in India. However, if the Income Tax Department of the Indian Government holds that it is liable for tax in India, then in terms of Section 115AC of the Indian Income Tax Act, payment of interest, if any, on the Bonds paid to non-resident holders of the Bonds will be subject to withholding tax at the rate of 10 per cent., plus applicable rate of surcharge on the income tax, including education cess on income tax at the rate of 3 per cent. (or at any more favourable rate available under tax treaties entered into by India with the country of residence of the relevant holder of such Bonds). The Indian Income Tax Act requires such tax to be withheld at the source. Where the tax is required to be deducted or withheld, our Company will gross up the taxable amount and will be required to account separately to the Indian tax authorities for any withholding taxes applicable on such amounts subject to the requirement of a permanent account number (PAN) under Section 206AA and other requisite documents as prescribed under Section 90 or 90A(4) and (5) read with rule 21AB of the Indian Income Tax Act.

The redemption premium may be treated as interest and consequently the taxability shall be the same as that of interest as above. However, if the same is characterised as capital gain, then, as per Section 115AC of the Indian Income Tax Act, the premium payable by our Company on redemption of the Bonds will be taxed at the concessional rate of 10 per cent. (plus a surcharge at the applicable rate, including education cess on income tax at the rate of 3 per cent.), if the Bond is a long-term capital asset, i.e. it is held for more than 36 months, subject to any more favourable rate under the tax treaties entered into between India and the country of residence of the Bondholder. If it is held for less than 36 months (i.e. short-term capital asset), the premium will be taxed at the applicable rate of 40 per cent. for foreign companies, and 30 per cent. for non-residents not being a company (plus surcharge, including education cess on income tax at the rate of 3 per cent.). Our Company will be under an obligation to deduct tax at source from the premium amount at the applicable rate which will be subject to the availability of details of the holdings. However, in terms of Section 195(7) of the Indian Income Tax Act, the Central Board of Direct Taxes may notify a specific class of persons or cases, whereby the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the Indian Income Tax Act, shall be required to make an application to the Assessing Officer to determine, by general or special order, the appropriate proportion of the sum chargeable, and upon such determination, tax shall be deducted on that proportion of the sum which is so chargeable.

Dividends paid on the Shares to non-resident holders are not presently liable to tax. Our Company is liable to pay a dividend distribution tax currently at the rate of 20.358 per cent. (plus a surcharge and education cess at applicable rates) on the total amount distributed as dividend and dividends are not taxable in India in the hands of the recipient.

#### **“Residence” for the purpose of the Indian Income Tax Act**

For the purpose of the Indian Income Tax Act, an individual is said to be resident in India if, in any Fiscal Year the individual: (i) is in India for 182 days or more, or (ii) having been in India for 365 days or more during the four years preceding that Fiscal Year is in India for 60 days or more in that Fiscal Year. However, in the case of an Indian citizen or a person of Indian origin who is not resident in India and visits India during the Fiscal Year or an Indian citizen who leaves India as a member of a crew of an Indian ship or for the purpose of employment outside India during the Fiscal Year the 60-day period in (ii) above is extended to 182 days.

A company is resident in India in any Fiscal Year if it is an Indian company or if during that year the control and management of its affairs is situated wholly in India.

An Indian company means a company incorporated and registered under the Companies Act and includes a company incorporated and registered under any law relating to companies formerly in force in India or a corporation established by or under a central, state or provincial Act of India or an institution, association or a body declared by the Central Board of Direct Taxes of India to be a company for the purpose of the Indian Income Tax Act; provided that the registered office or, as the case may be, the principal office of the company, corporation, institution, association or body is in India.

A firm or other association of persons, and every other person is regarded as resident in India except where, during the Fiscal Year the control and the management of its affairs is situated wholly outside India.

### **Taxation of Bonus Shares and Rights Shares**

Distribution to non-residents of additional Shares without any consideration (“**Bonus**”) is not liable to Indian tax at the time of issuance. Similarly a right to subscribe for additional Shares (“**Rights**”) offered with respect to existing Shares is not subject to Indian tax at the time of subscription by the holder. However, on the sale of such bonus shares, the cost of bonus shares will be nil and in the case of rights shares, the cost will be the amount paid by the shareholder to acquire such rights. As a result, the shareholders will be subject to capital gains tax liability as per the provisions of the Indian Income Tax Act on the transfer of rights shares or bonus shares. In the case of bonus shares the entire amount received by the selling shareholder at the time of sale will be subject to capital gains tax liability as per the Indian Income Tax Act. Further, such capital gains tax may be calculated as short term capital gains tax or long term capital gains tax, depending on the holding period of such bonus shares or rights shares. The holding period as per the Indian Income Tax Act, is calculated from the date of the issue of the bonus shares/rights shares.

### **Taxation on Acquisition of Shares upon Conversion of Bonds**

The acquisition by a non-resident holder of Shares upon conversion of Bonds does not constitute a taxable event for Indian income tax purposes. Such acquisition or exchange will, however, give rise to stamp duty as described below under “Stamp duty”.

### **Taxation of Capital Gains**

As per Section 45 of the Indian Income Tax Act, any profits or gains arising from the transfer of a capital asset effected in the previous year shall, save as otherwise provided in the Indian Income Tax Act, be chargeable to income-tax, capital gains. Capital gains are deemed to be income of the year in which the transfer takes place. Under Section 47(viia) read with Section 115AC of the Indian Income Tax Act, a transfer of Bonds by a non-resident holder to another non-resident holder outside India is not regarded as a transfer for the purpose of capital gains tax and accordingly the gain, if any, realised on the transfer of Bonds is not subject to Indian capital gains tax and the capital losses, if any, arising from such transfer will not be available for set off or carry forward against other capital gains or any other income. The Section 115AC Regime does not specify whether capital gains derived from the sale of Rights to subscribe by a non-resident holder to another non-resident holder outside India will be subject to Indian capital gains tax. Capital gains arising to the non-resident on the transfer of Shares (whether in India or outside India to a non-resident) will be liable for income tax under the provision of Indian Income Tax Act.

### **Long Term Capital Gains Tax**

With effect from 1 October 2004 any gain realised to a non-resident on the sale of listed shares held for more than 12 months (long-term gain) is not subject to Indian capital gains tax if the Securities Transaction Tax (“**STT**”) is paid on the transaction. The STT is levied on and collected by a domestic stock exchange on which equity shares are sold, in the case of a contract for delivery or transfer of the shares, at the rate of 0.10 per cent. from both seller and the purchaser on the total price at which the equity shares are sold. No surcharge or education cess is payable on STT.

Any long-term gain realised on the sale of Shares to a non-resident Indian (complying with the conditions specified in Section 115C on which no STT has been paid) will be subject to Indian capital gains tax at rates as given under Section 115E of the Indian Income Tax Act, together with surcharge as applicable and education cess at the prevalent rates. Under the existing provisions of the Indian Income Tax Act, capital gains realised in respect of Shares held for more than 12 months sold on a recognised stock exchange and securities transaction tax on sale of such transaction that has been paid is not subject to any tax.

Any long-term gain realised on the sale of Shares, on which no STT has been paid, will be subject to Indian capital gains tax at rates as given under Section 112 (C) of the Indian Income Tax Act, together with surcharge as applicable and education cess at the prevailing rates.

### **Short Term Capital Gains Tax**

Capital gain realised in respect of Shares held (calculated in the manner set forth in the previous paragraph) for 12 months or less (short-term gain), which are sold on a recognised stock exchange and subject to STT, is subject to tax at 15 per cent. plus applicable surcharge and education cess at 3 per

cent. on the income tax and surcharge. In the event that no STT is paid, short-term gain is subject to tax at variable rates with the maximum rate of 40 per cent., plus applicable rate of surcharge on income tax and education cess. The actual rate of tax on short-term gains depends on a number of factors, including the legal status of the non-resident holder and the type of income chargeable in India.

Capital gains arising to non-resident investors on the transfer of the Shares in India will be subject to a withholding tax at applicable rates.

### **Taxation on buy-back of Shares**

If the Shares held by the investor are purchased by the Company from the investor, the investor will be liable to income tax in respect of the capital gains arising on such buy-back as per the provisions of the Indian Income Tax Act. Capital gains tax arising therefrom will be withheld at source before repatriation of sale proceeds from India.

Under the provisions of the Indian Income Tax Act, an unlisted Indian company implementing a buyback scheme shall be liable to pay tax at the rate of 20 per cent. on the difference between considerations received by a shareholder on the buyback, reduced by the amount received by the Indian company for issue of such shares. This will be further increased by a surcharge (12 per cent.) and education cess (3 per cent.) resulting in an effective rate of tax 23.072 per cent. on the “income distributed” to shareholders in the course of the buy-back. However, these provisions are applicable in the case of unlisted companies under Section 115QA of the Indian Income Tax Act. Any income arising to shareholders on account of buyback of shares on which tax has been paid by the Company under Section 115QA is exempt from tax under Section 10(34A) of the Indian Income Tax Act.

### **Taxation on Payment on Liquidation or Reduction of Capital**

If any distribution is made by the Company to the Shareholders on its liquidation or on the reduction of capital, to the extent to which the distribution is attributable to the accumulated profits, the same will be treated as deemed dividend income in the hands of the Shareholders and will be subject to tax under the Indian Income Tax Act. However, tax on such deemed dividend will be paid by the Company at the effective rate of 20.358 per cent. (inclusive of surcharge and education cess). Any gains accruing to the Shareholders on liquidation or reduction of capital, in excess of such accumulated profits, will be liable to income tax as capital gains in the hands of the Shareholders as per the provisions of the Indian Income Tax Act. The provisions of the double taxation avoidance treaty entered into by the Indian Government with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor.

### **Direct Taxes Code**

The Indian government has proposed to replace the Indian Income Tax Act with a new Direct Taxes Code (“DTC”). To this end, the Indian government has introduced a Direct Taxes Code Bill, 2013 (“DTC Bill”) in the Indian Parliament. Through the DTC, the Indian Government aims at simplifying, revising and consolidating the structure of direct tax laws in India into a single legislation. If implemented, the DTC will replace the Indian Income Tax Act and related direct tax legislations including the Wealth Tax Act. The DTC also contains expanded source for rules pertaining to taxation of royalty, fees for technical services interest. The DTC, when enacted, could have significant impact on the Indian taxation regime, including taxation of FIIs.

### **Tax Treaties**

The provisions of the double taxation avoidance treaty entered into by the Government of India with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor. This will be applicable to all the existing provisions of the Indian Income Tax Act set out in this Section. During the period of fiduciary ownership of shares in the hands of the Overseas Depository Bank, the provisions of the Double Taxation Avoidance Agreement entered into by the Government of India with the country of residence of the Overseas Depository Bank will be applicable in the matter of taxation of capital gains on shares. However, for availing treaty benefit, certain documents as prescribed by Sections 90 and 90A, as well as PAN as required under Section 206AA (inserted pursuant to amendment to the Act in April 2010) of the Act, is to be provided to the Company.

Currently, dividend income is not subject to tax in India in the hands of the holder of the shares. If any equity shares are held by a non-resident investor following withdrawal thereof from the depository facility under the Deposit Agreement, the provisions of any double taxation treaty entered into by India with the country of residence of such non-resident investor will be applicable to taxation of any capital gain.

### **Tax Credit**

A non-resident investor would be entitled to tax credit with respect to any withholding tax paid by the Company or any other person for its account in accordance with the laws of the applicable jurisdiction.

Disclosure of Information as to Subscribers to the Issue In terms of Section 94A of the Indian Income Tax Act, the Indian Government has the power to notify any country or territory outside India, having regard to the lack of effective exchange of information by it with India, as a notified jurisdictional area. In the case of Bondholders belonging to such notified jurisdictional areas certain compliance requirements including as below, shall be applicable:

- (a) transfer pricing regulations shall apply to income arising from any transaction where one of the parties to the transaction is a person located in a notified jurisdictional area, in accordance with Section 92 of the Indian Income Tax Act;
- (b) deduction in respect of any payment made to any financial institution shall be allowed only if the assessee authorises the income tax authority to seek relevant information from the said financial institution;
- (c) deduction in respect of any other expenditure or allowance (including depreciation) arising from a transaction with a person located in a notified jurisdictional area shall be allowed only if he maintains such documents and information as may be prescribed;
- (d) the onus is on the assessee to satisfactorily explain the source of any sum received from a person located in the notified jurisdictional area and in case of his failure to do so, the amount shall be deemed to be the income of the assessee; and
- (e) any payment made to a person located in the notified jurisdictional area shall be liable to deduction of tax at the higher of the rates specified in the relevant provision of the Indian Income Tax Act or rate or rates in force or a rate of 30 per cent.

In view of the aforesaid, each Bondholder shall be required to furnish such information and explanation which may be deemed necessary to the Company.

### **Stamp Duty**

Under Indian law, the issue and transfer of Shares upon conversion of the Bonds will not be liable to Indian stamp duty, as they are issued outside India. Purchasers of Shares who seek to register such Shares on the share register of our Company are required to pay Indian stamp duty at the rate of Rs.0.25 for every Rs.100 or part thereof of the market value of such Shares on the trade date, and such stamp duty is customarily borne by the transferee, that is, the purchaser. In order to register a transfer of Shares in physical form with our Company, it is necessary to present a stamped deed of transfer. An acquisition of Shares in physical form from the depository in exchange for such Shares will not render an investor liable to Indian stamp duty but our Company will be required to pay stamp duty at the applicable rate on the Share Certificate. However, since the Shares are compulsorily deliverable in dematerialised form (except for trades of up to 500 Shares which may be delivered in physical form), no stamp duty is payable on the acquisition or transfer of Shares in dematerialised form. There is no stamp duty liability on sale or transfer of Bonds outside India.

### **Wealth Tax/Gift Tax/Estate Duty**

At present there are no taxes on wealth, gifts and inheritances, which apply to the Bonds and the Shares issuable upon conversion of the Bonds.

### **Service Tax**

Brokerage or commission fees paid to stockbrokers in connection with the sale or purchase of Shares are now subject to an Indian service tax of 14 per cent. ad valorem (with effect from 15 June 2015) on the total value of brokerage which will be further increased by 0.5 per cent. as Swachh Bharat Cess (with effect from 15 November 2015). The stockbroker is responsible for collecting such service tax at such rate and for paying the same to the relevant authority.

### **Minimum Alternate Tax**

The Minimum Alternate Tax (“MAT”) was introduced by the Finance Act of 1987, vide Section 115J of the Indian Income Tax Act to facilitate the taxation of ‘zero tax companies’, i.e. companies who, despite showing high profits in their books of accounts and paying substantial dividends, were paying marginal or no tax, by taking advantage of various tax concessions and other incentives, in a manner suggesting tax avoidance. MAT was thus envisaged as levying a minimum tax on such companies by deeming a certain percentage of their book profits, computed under the Companies Act, 1956 as taxable income. The MAT provisions were withdrawn in the year 1991-1992 but were subsequently reintroduced in 1996 by the Finance Act (No. 2) of 1996, through Section 115JA; and then by the Finance Act of 2000, which replaced Section 115JA with Section 115JB.

Section 115JB, was recently amended by the Finance Act of 2015, and provides that in case the tax payable on the total income of a company in respect of any previous year, computed under the Indian Income Tax Act, is less than 18.5 per cent. of its book profit, such book profit shall be deemed to be the total income of such company and accordingly, the tax payable for the relevant year for such company shall then be 18.5 per cent. of its book profit. The Government has also recently considered the issue of applicability of MAT to foreign companies having no place of business/permanent establishment in India and by a press release dated 24 September 2015, has decided to amend section 115JB of the Income Tax Act so that with effect from 1 April 2001, the provisions of section 115JB will not be applicable to a foreign company (as defined under the Indian Income Tax Act) if it is a resident of a country having a double taxation avoidance treaty with India, and if it does not have a permanent establishment (within the definition of the term in the relevant double taxation avoidance treaty). The amendment further proposes that Section 115JB of the Income Tax Act shall also not be applicable if the foreign company is a resident of a country which does not have a double taxation avoidance treaty with India and if such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or Section 380 of the Companies Act 2013.

The aforesaid Section 115JB has also been amended to exclude income of foreign companies earned in relation to capital gains arising on transactions in securities, interest, royalty or fees for technical services etc. from the chargeability of MAT. MAT provisions are not applicable to FIIs or FPIs.

## PLAN OF DISTRIBUTION

The Company has undertaken to the Sole Bookrunner that neither it nor certain of its promoters nor any person acting on their behalf will, (a) issue, offer, sell, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise, or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Bookrunner between 16 November 2015 and the date which is 90 days after the Closing Date; except for (i) the Bonds and the Shares issued on conversion of the Bonds, (ii) the Shares issued pursuant to the U.S.\$200,000,000 6.75 per cent. convertible bonds due 2015 of the Company, and (iii) any inter-se transfers between the Promoters.

In connection with this offering, the Sole Bookrunner (or its affiliates) may, for its own account, enter into asset swaps, credit derivatives or other derivative transactions relating to the Bonds or the Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. As a result of such transactions, the Sole Bookrunner may hold long or short positions in such Bonds or derivatives or in the underlying Shares. These transactions may comprise a substantial portion of the offering and no disclosure will be made of such positions.

The Sole Bookrunner and certain of its subsidiaries or affiliates have performed certain investment banking and advisory services for the Company for which they have received customary fees and expenses. The Sole Bookrunner may, engage in transactions with and perform services for the Company in the ordinary course of its businesses.

### General

Neither the Company nor the Sole Bookrunner has made any representation that any action will be taken in any jurisdiction by the Sole Bookrunner or the Company that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations, if any), in any country or jurisdiction where action for that purpose is required. The Sole Bookrunner will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Company in any such jurisdiction as a result of any of the foregoing actions.

### United Kingdom

The Sole Bookrunner has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

## United States

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds or the Shares to be issued upon conversion of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Sole Bookrunner represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer or the Sole Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Bonds to the public**” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State

## India

The Sole Bookrunner represents and agrees that no invitation, offer or sale to purchase or subscribe to the Bonds is made or intended to be made, directly or indirectly, to any person in India through the Offering Circular or any amendment or supplements hereto. The Offering Circular is not a prospectus, offer document or advertisement nor has it been or will be submitted or registered as a prospectus or offer document under any applicable law or regulation in India. Neither the Offering Circular nor any amendment or supplement thereto has been reviewed, approved, or recommended by the SEBI, any Registrar of Companies in India, the RBI, any stock exchange in India or any other Indian regulatory authority. Each investor acknowledges, represents and agrees that it is eligible to invest in the Company and the Bonds and the Shares to be issued upon conversion of the Bonds under applicable laws and regulations in India and that it is not prohibited or debarred under any law or regulation from acquiring, owning or selling the Bonds or the Shares to be issued upon conversion of the Bonds.

## Hong Kong

The Sole Bookrunner has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, the Sole Bookrunner has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## Singapore

The Sole Bookrunner has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Bookrunner has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Bonds and/or Shares may not be circulated or distributed, nor may any Bonds and/or Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

*The Company's financial statements have been prepared in accordance with the requirements of Indian GAAP, which differs in various aspects from IFRS. A general summary of the significant differences between Indian GAAP and IFRS as applicable to the Company is given below.*

This is not an exhaustive list of differences between Indian GAAP and IFRS; Instead, it lists out only those key differences which are considered to be more relevant to the financial position and results of operations of the Company.

IFRS and Indian GAAP considered for preparation of this summary are those which are applicable as of 31 December 2014. No attempt has been made to identify the impact of amendments or pronouncements which have been issued but not yet come into effect. For example, Accounting Standards 30, 31 and 32 on Financial Instruments issued under Indian GAAP, and the revision of IAS 18, IAS 39. under IFRS, have not been considered in this summary. The summary below is not exhaustive, as no attempt has been made by the Company to quantify the effects of those differences, nor has a complete reconciliation of Indian GAAP to IFRS been undertaken by the Company. Had any such quantification or reconciliation been undertaken by the Company, other potential significant accounting and disclosure differences may have come to its attention, which were not identified below.

Finally, no attempt has been made to identify future differences between Indian GAAP and IFRS that may affect the financial information.

No numerical reconciliation of the financial position and results of operations under Indian GAAP and under IFRS has been included in this Offering Circular. In the absence of such reconciliation, the Company is not in a position to state as to how the financial position and the results of operations would be impacted if computed under IFRS.

| Subject                          | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | IFRS                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contents of Financial Statements | <p>As per the requirements of Schedule III to the Companies Act, 2013 and Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies Accounting Standard Rules, 2006, the financial statements comprise:</p> <p>(a) a balance sheet as at the end of the fiscal year;</p> <p>(b) a profit and loss account, or in the case of company carrying on any activity not for profit, an income and expenditure account for the fiscal year;</p> <p>(c) Cash flow statement for the fiscal year;</p> <p>(d) a statement of changes in equity, if applicable; and</p> <p>(e) any explanatory note annexed to or forming part of any document referred to in (a) to (d) to financial statements.</p> | <p>As per IAS 1, financial statements comprise:</p> <p>(a) a Statement of Financial Position;</p> <p>(b) a Statement of Profit or Loss and Other Comprehensive Income;</p> <p>(c) a Statement of Changes in Equity;</p> <p>(d) a Statement of Cash Flows; and</p> <p>(e) Notes including summary of significant accounting policies and explanatory information.</p> |

| Subject          | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Balance Sheet    | Accounting standards do not prescribe any particular format of balance sheet. However, the Companies Act 2013 and some other relevant statutes prescribe the form and content of the balance sheet. For companies registered under Schedule III to the Companies Act, 2013 lays down a specific format of balance sheet specifying the order in which various items are presented on its face as well as in Notes. The format of balance sheet given in Schedule III is based on current and non-current classification and not in order of liquidity. | There is no prescribed format. Certain minimum items must be presented on the face of the balance sheet and certain items should be presented either on the face of the balance sheet or in notes. An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its balance sheet except when a presentation based on liquidity provides more relevant and reliable information.                                                                       |
| Income Statement | Unlike the balance sheet, there is no standard format prescribed for the Income Statement. However, Schedule III to the Companies Act, 2013 prescribes various requirements for the presentation of an Income Statement (known as “Profit and Loss Account”). As per these requirements, an entity presents an analysis of expenses by their nature in the Profit and Loss Account. Profit or loss attributable to minority interests is disclosed as a deduction from the profit or loss for the period as an item of expense or income.              | There is no prescribed format. However, certain items are prescribed as a minimum disclosure on the face of the Income statement. An analysis of expenses is presented using a classification based on either the nature of expenses or their function within the entity, either on the face of the Income Statement or in notes. Profit or loss attributable to minority interests and equity holders of the parent are disclosed on the face of the comprehensive income statement as allocations of profit or loss for the period. |

| Subject                                                                                  | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Statement of Comprehensive Income ("SOCI"); and Statement of Changes in Equity ("SOCIE") | <p>SOCI/SOCIE is not applicable under Indian GAAP. All items are recognised in the income statement in accordance with AS 5, unless required otherwise by any accounting standard. Because of these requirements, credits for certain items are directly taken to reserves and surplus, for example, revaluation of fixed assets. The transitional provisions of certain standards require first time adjustment and their consequential tax effect to be made directly into reserves and surplus. Notes are given for equity and reserves and surplus showing opening and closing positions as on the balance sheet date and movements along with other disclosures prescribed by Schedule III to the Companies Act, 2013. The information relating to appropriation of profit is presented in the note on reserves and surplus under the heading the "Surplus/Deficit in the Statement of Profit and Loss" Movements in share capital, retained earnings and other reverses are to be presented in the notes on accounts.</p> | <p>An entity shall present all items of income and expenses recognised in a period:</p> <ul style="list-style-type: none"> <li>(a) in a single statement of comprehensive income, or</li> <li>(b) in two statements: a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income).</li> </ul> <p>An entity shall present a statement of changes in equity showing in the statement:</p> <ul style="list-style-type: none"> <li>(a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to minority interest;</li> <li>(b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with IAS</li> <li>(c) the amounts of transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners; and</li> <li>(d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each change.</li> </ul> |
| Extraordinary items                                                                      | <p>Extraordinary items are defined as events or transactions that are clearly distinct from the ordinary activities of the entity and are not expected to recur frequently and regularly. Extraordinary items are included in determination of net profit or loss for the period and disclosed separately in the profit and loss account. The nature and amount of each extraordinary item is separately disclosed so that its impact on current profit or loss is clearly perceived.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Presentation of items of income or expense as extraordinary is specifically prohibited.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| Subject                                        | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                             | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disclosure of Judgments                        | At present, there is no such disclosure requirement.                                                                                                                                                                                                                                                                                                                                                                                                    | IAS 1 requires disclosure of critical judgments that management has made in the process of applying accounting policies and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.                                                                                                                         |
| Presentation of Financial Statements — Capital | At present, there is no such disclosure requirement.                                                                                                                                                                                                                                                                                                                                                                                                    | IAS 1 requires disclosure of information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.                                                                                                                                                                                                                                                              |
| Changes in accounting policies                 | AS 5 does not specifically provide whether a change in an accounting policy should be retrospective or prospective. It also does not specify the manner of adjustment of the effect of a change in an accounting policy. It merely requires separate disclosure of the impact of and the adjustments resulting from the change in accounting policy, where ascertainable.                                                                               | IAS 8 requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.                                              |
| Errors/prior period items                      | AS 5 covers only items of income and expenses under the definition of prior period items. Balance sheet misclassifications which do not have an income statement impact are not included in the definition of an error.<br><br>Material prior period items are included in determination of profit or loss for the period in which the error is discovered and are reported as a prior period adjustment in the current year's profit and loss account. | The definition of prior period items is much broader under IAS 8 as compared to AS 5 since IAS 8 covers all items in the financial statements.<br><br>Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position. |
| New accounting pronouncements                  | Not required to be disclosed.                                                                                                                                                                                                                                                                                                                                                                                                                           | Non-application of new accounting pronouncements that have been issued but are not yet effective as at the end of the reporting period is disclosed. In such a case, known or reasonably estimable information relevant to assessing the possible impact that application of the new accounting pronouncements will have on the financial statements on initial application is also disclosed.                                         |

| Subject                                                        | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash Flow Statement<br>Definition of cash and cash equivalents | Similar to IFRS except that there is no specific guidance on treatment of bank overdrafts. As per the practice followed, these are generally considered to be part of financing activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Cash comprises not only cash on hand but also demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into cash without any significant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of an entity's cash management are included in cash equivalents.</p> <p>IAS 7 provides guidance on line items to be presented in the statement of cash flows.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Interest and dividend                                          | In the case of non-financial entities, interest and dividends paid are required to be classified as financing activities. Interest and dividends received are required to be classified as investing activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | For non-financial entities, interest and dividends paid should be disclosed as operating or financing cash flow. Interest and dividends received are disclosed either as operating or as investing cash flows.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Accounting for Fixed Assets and Depreciation                   | <p>Indian GAAP recommends but does not mandate component accounting. It merely recognises the said approach by stating that accounting for a tangible fixed asset may be improved if total cost thereof is allocated to its various parts. Apart from this, no guidance is available on application of this approach. From fiscal years commencing on or after 1 April 2015, Schedule II to the Companies Act, 2013, mandates component accounting. Under component accounting approach, where the cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately.</p> <p>Costs incurred for replacement of parts are capitalised only if they increases the future benefits from the asset beyond its previously assessed standard performance.</p> | <p>IAS 16 mandates component accounting. Under component accounting approach, each major part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. As a corollary, the cost of replacing such parts is capitalised, if recognition criteria are met with consequent derecognition of the carrying amount of the replaced part. Fixed assets are depreciated over their estimated useful lives and there are no minimum rates of depreciation.</p> <p>Change in depreciation method is treated as change in accounting estimate and applied prospectively. IAS 16 requires that the residual value and useful life of an asset be reviewed at least at each fiscal year-end and, if expectations differ from previous estimates, the change(s) should be accounted for as a change in an accounting estimate, and applied prospectively.</p> |

| Subject                                             | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | IFRS                                                                                                                                                                                                                                                                                                                                                                                         |
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|                                                     | <p>Schedule II to the Companies Act, 2013 sets out the useful lives based on the nature of assets and the useful lives should not ordinarily be different from the lives specified in the Schedule. However, a different useful life may be used if such difference is disclosed and a justification, backed by technical advice, is provided in this aspect.</p> <p>Change in depreciation method is treated as change in accounting policy. AS 6 requires retrospective recomputation of depreciation and any excess/deficit on such recomputation is required to be adjusted in the period in which the change is effected.</p> <p>The Companies Act, 2013 precludes transfers from the revaluation reserve to the statement of profit and loss.</p> <p>Estimates of residual value are not required to be updated.</p> <p>Schedule III requires capital advances to be presented separately under the heading 'Long-term loans and advances', as part of non-current assets.</p> | <p>Transfers from revaluation reserve to retained earnings are made directly and not through profit or loss.</p> <p>No specific guidance though usually included in capital-work-in-progress.</p>                                                                                                                                                                                            |
| Events after the Reporting Period — dividends       | <p>Schedule III requires disclosure of proposed dividend in the notes to accounts. However, as per the requirements of AS 4 which override the provisions of Schedule III, dividends stated to be in respect of the period covered by the financial statements, which are proposed or declared after the balance sheet date but before approval of the financial statements will have to be recorded as a provision.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>IAS 10 requires liability for dividends declared to holders of equity instruments are recognised in the period when declared. It is a non-adjusting event.</p>                                                                                                                                                                                                                            |
| Events after the Reporting Period — adjusting event | <p>No specific guidance.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>As per IAS 10, when an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, an agreement by the lender after the reporting period and before the authorization of the financial statements for issue not to demand payment is not considered as an adjusting event.</p> |

| Subject                     | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| Revaluation of fixed assets | Revaluation of fixed assets is permitted. On revaluation, an entire class of assets is revalued, or selection of assets is made on a systematic basis. Regular updating of revaluation is not required. Depreciation on the revaluation portion can be recouped out of the revaluation reserve.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Revaluation of fixed assets is more systematic since IAS 16 requires an entity to choose either the cost model or the revaluation model as its accounting policy and to apply that policy to an entire class of assets. It also requires that revaluations should be updated with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.</p> <p>Depreciation on the revaluation portion cannot be recouped out of the revaluation reserve and will have to be charged to the profit and loss account.</p> |
| Impairment of assets        | <p>An entity is required to assess whether there is any indication that an asset is impaired at each balance sheet date. If so, impairment loss (if any) is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price (fair value less cost to sell) or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.</p> <p>An impairment loss recognised for an asset in prior accounting periods should be reversed if there has been a change in the estimates of cash inflows, cash outflows or discount rates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset should be increased to its recoverable amount.</p> <p>An impairment loss recognised for goodwill should not be reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.</p> | Similar to Indian GAAP except that an impairment loss recognised for goodwill shall not be reversed in a subsequent period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

| Subject     | Indian GAAP                                                                                                                                                                                                                                                                                        | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| Investments | <p>Investments are classified as long-term or current, based on the management's intention at the time of purchase. Long-term investments are carried at cost less provision for other than temporary diminution in value. Current investments are carried at the lower of cost or fair value.</p> | <p>Investments are classified into held-for-trading, held-to-maturity or available-for-sale categories. Investments acquired principally for the purpose of generating profits from short-term price fluctuations or dealers' margin are classified as being held-for-trading. Such investments are measured at fair value and consequent gain or loss is recognised in the profit or loss for the period.</p> <p>Held-to-maturity investments are investments with fixed or determinable payments and fixed maturity, together with an entity's positive intent and ability to hold until maturity. These investments are recognised at amortised cost using the effective interest rate method.</p> <p>Available-for-sale investments are those investments that are either designated as such or do not qualify as held-for-trading or held-to-maturity investments. Such investments are measured at fair value, with movements in fair value reflected inequity.</p> |

| Subject                                                         | Indian GAAP                                                                                                                                                                                                                                                                                                                                             | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| Post employment defined benefit plans such as pension, gratuity | The discount rate to be used for determining defined benefit obligation is by reference to market yields at the balance sheet date on Government bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations. Actuarial gain or loss should be recognised immediately in the profit and loss account. | <p>The discount rate to be used for determining defined benefit obligation is by reference to market yields at the balance sheet date on high quality corporate bonds (or, in countries where there is no deep market in such bonds, Government bonds) of a currency and term consistent with the currency and term of the post-employment benefit obligations.</p> <p>IAS 19 provides the following options to recognise actuarial gains and losses:</p> <ul style="list-style-type: none"> <li>• All actuarial gains and losses can be recognised immediately in the profit and loss account.</li> <li>• All actuarial gains and losses can be recognised immediately in other comprehensive income.</li> <li>• Actuarial gains and losses below the 10 per cent. corridor need not be recognised and above the 10 per cent. corridor can be deferred over the remaining service period of employees or on an accelerated basis.</li> </ul> <p>An entity should select any of the above methods as its accounting policy and apply the same policy for recognition of actuarial gains and losses on a consistent basis.</p> |
| Employee share-based payment                                    | As per the Guidance Note issued by the ICAI as well as SEBI Guidelines on the subject, share based payments granted to employees can be accounted for either as per the intrinsic value method or as per the fair value method. When the intrinsic method is applied, fair value related disclosures are required to be made in the notes to accounts.  | Amount to be recorded is measured at fair value of shares or share options granted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

| Subject                           | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| Consolidated Financial Statements | <p>AS 21 does not specify entities that are required to present consolidated financial statements. The accounting standard is required to be followed if consolidated financial statements are presented. The Companies Act ,2013 requires a company having one or more subsidiaries, to prepare a consolidated financial statement of the company and of all the subsidiaries in the same form and manner as that of its own. The term 'subsidiary' includes an associate company and joint venture. For fiscal year ending 31 March 2015, if a company does not have any subsidiaries, but only has associates and/or joint ventures, then the company would not have to prepare consolidated financial statements in respect of such associates and/or joint ventures</p> <p>Control is:</p> <p>(a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or</p> <p>(b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.</p> <p>Therefore a mere ownership of more than 50 per cent. of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under IFRS.</p> <p>The existence of currently exercisable potential voting rights is not taken into consideration.</p> | <p>A parent is required to prepare consolidated financial statements in which they consolidate their investments in subsidiaries in accordance with IFRS 10. A subsidiary is an entity that is controlled by another entity (known as the parent). A parent need not prepare consolidated financial statements if it meets all the following conditions:</p> <p>(a) it is a wholly-owned subsidiary or a partially-owned subsidiary and all its other owners have not objected to the entity not presenting consolidated financial statements;</p> <p>(b) its debt or equity instruments are not traded in a public market</p> <p>(c) it did not file, nor is it in the process of filing, its financial statements for the purpose of issuing any class of instruments in a public market; and</p> <p>(d) its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRSs</p> <p>Control is based on whether an investor has:</p> <p>(1) power over the investee;</p> <p>(2) exposure, or rights, to variable return from its involvement with the investee; and</p> <p>(3) the ability to use its power over the investee to affect the amounts of the returns.</p> <p>The existence of currently exercisable potential voting rights is also taken into consideration.</p> |

| Subject                                       | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| Special Purpose Entities (“SPE”)              | No guidance on Special purpose entities(SPEs).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Special purpose entities controlled by an entity are also consolidated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Method of consolidation                       | <p>Goodwill/capital reserve arising on consolidation is calculated based on carrying amounts of assets and liabilities.</p> <p>Goodwill is tested for impairment whenever an indication of impairment exists at the CGU level. Though amortization of goodwill arising on consolidation is not mandatory, it can be amortised on a systematic basis over its useful life. If the cost to the parent of its investment in a subsidiary is less than the parent’s portion of equity of the subsidiary at the date on which investment in the subsidiary is made, then the difference should be treated as a capital reserve in the consolidated financial statements.</p> <p>Similar to IFRS except that if it is impracticable to use uniform accounting policies, this fact and the line items and amounts to which different accounting policies have been applied are disclosed. Minority interests are presented in the consolidated balance sheet separately from liabilities and equity. No deferred tax adjustment is required. Deferred taxes presented in the cash flow statement are a simple aggregation of the deferred taxes recognised by the group entities.</p> | <p>Goodwill/negative goodwill is calculated based on the fair values of assets and liabilities.</p> <p>Goodwill is tested for impairment annually or more frequently at either CGU level/group of CGUs as applicable if there are indicators of impairment.</p> <p>Goodwill is not amortised. If the parent’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost, the parent shall</p> <ul style="list-style-type: none"> <li>(i) reassess the identification and measurement of the assets, liabilities and contingent liabilities and the measurement of the cost; and</li> <li>(ii) recognise immediately in profit or loss any excess remaining after that reassessment.</li> </ul> <p>Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Minority interests, rechristened as “Non-Controlling Interests”, are presented in the consolidated balance sheet with inequity, separately from the equity of the owners of the parent. Deferred tax adjustment are required, for example, for unrealised profits eliminated on consolidation.</p> |
| Changes in Parent’s ownership in a subsidiary | No specific guidance available under Indian GAAP.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Subject                                                                     | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| Loss of Control                                                             | No specific guidance available under Indian GAAP.                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>(a) Derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;</li> <li>(b) Derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them);</li> <li>(c) Recognises: <ul style="list-style-type: none"> <li>(i) the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; and</li> <li>(ii) if the transaction that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution;</li> </ul> </li> <li>(d) Recognises any investment retained in the former subsidiary at its fair value at the date when control is lost;</li> </ul> |
| Accounting for investments in subsidiaries in separate financial statements | Investments in subsidiaries are accounted at cost less provision for other than temporary diminution in the value of Investments.                                                                                                                                                                                                                                                                                                                                                 | Investments in subsidiaries are accounted either at cost less impairment loss or as available-for-sale investments as described in IAS 39.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Exclusion of subsidiaries, associates and joint ventures                    | They are excluded from consolidation, equity accounting or proportionate consolidation if the subsidiary/ investment/ interest was acquired with intent to dispose of in the near future (which, ordinarily means not more than 12 months, unless a longer period can be justified based on facts and circumstances of the case) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent/ investor/venturer. | Consolidated financial statements include all subsidiaries and equity accounted associates and joint ventures. No exemption for 'temporary control', 'different lines of business' or 'subsidiary/ associate/ joint venture that operates under severe long-term funds transfer restrictions'.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| Subject                                                                   | Indian GAAP                                                                                                                                                                                                                      | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| Reporting dates                                                           | The difference between the reporting date of the subsidiary and that of the parent shall be no more than six months.                                                                                                             | The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months.                                                                                                                                                                                                                                                                                                                                                                     |
| Accounting for associates<br>Identification of goodwill                   | The equity method is required to be applied only if the entity prepares the cash flow statement. Where the reporting entity is not a parent, but has associates, it need not apply the equity method to its associates.          | Goodwill or capital reserves within the investment amount are not required to be separately identified.                                                                                                                                                                                                                                                                                                                                                                                    |
| Reporting dates                                                           | The maximum difference between the reporting dates of the associate and the parent is not specified.                                                                                                                             | The difference between the reporting dates of the associate and the investor shall be no more than three months.                                                                                                                                                                                                                                                                                                                                                                           |
| Accounting for investments in associates in separate financial statements | In separate financial statements: at cost less provision for other than temporary diminution in the value of the Investment.                                                                                                     | In separate financial statements: at cost; at fair value; or as available-for-sale investments with change in fair value recognised in other comprehensive income.                                                                                                                                                                                                                                                                                                                         |
| Definition of joint venture                                               | It is similar to IFRS. However, though sometimes a contractual arrangement may suggest a joint venture, the investee is accounted as a subsidiary if the investors' share in the investee's equity is greater than 50 per cent.. | <p>A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.</p> <p>As per IAS 31, the existence of a contractual arrangement distinguishes interests that involve joint control from investments in associates in which the investor has significant influence. Activities that have no contractual arrangement to establish joint control are not joint ventures for the purposes of this standard.</p> |

| Subject                                    | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| Accounting for jointly controlled entities | <p>Interest in a jointly controlled entity should be accounted for as an investment in accordance with AS 13 — Accounting for Investments. For jointly controlled operations, the venturer should recognise the assets that it controls and liabilities that it incurs and the expenses it incurs and its share of income that it earns from the joint venture in separate (as well as consolidated) financial statements.</p> <p>For jointly controlled assets, a venturer recognises its share of jointly controlled assets, liabilities, expenses, any liabilities it has incurred, any income from the sale or use of its share of output of the joint venture and any expenses which it has incurred in respect of its interest in the joint venture, in separate (as well as consolidated) financial statements.</p> | <p>Joint operations: a joint operator recognises the assets it controls, and expenses and liabilities it incurs, and its share of income earned, in both its separate and consolidated financial statements.</p> <p>In the separate financial statements, interests in joint ventures are accounted for either at cost or as investments in accordance with IFRS 9 or IAS 39 or using the equity method. (The option to use the equity method will be applicable for annual periods beginning on or after 1 January 2016).</p> |
| Provisions                                 | It is similar to IFRS, except that discounting is not permitted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Provisions relating to present obligations arising from past events are recognised if an outflow of resources embodying economic benefits is probable and the amount can be reliably estimated. Provisions are discounted to their present value where the effect of the time value of money is material.                                                                                                                                                                                                                      |
| Contingent gains                           | Contingent gains are neither recognised nor disclosed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Contingent assets are disclosed in financial statements where an inflow of economic benefits is probable.                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Restructuring provisions                   | Restructuring provisions should be made based on general recognition criteria for “Provisions”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Restructuring provision should be made based on constructive obligation.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Deferred income taxes                      | Deferred tax is accounted using the income statement approach or the timing difference approach. Timing differences are differences between the taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | IAS 12 is based on the balance sheet approach or the temporary differences approach. Temporary differences are differences between the tax bases of assets or liabilities and their book values that will result in taxable or tax-deductible amounts in future years.                                                                                                                                                                                                                                                         |

| Subject                                                                                                                         | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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|                                                                                                                                 | <p>Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets in situations of brought forward losses or unabsorbed depreciation are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax assets can be realised.</p> | <p>There are certain items which are temporary differences under IFRS but do not give rise to timing differences under Indian GAAP. For example:</p> <ul style="list-style-type: none"> <li>(a) revaluation of fixed assets;</li> <li>(b) business combinations;</li> <li>(c) consolidation adjustments;</li> <li>(d) undistributed profits; and</li> <li>(e) foreign currency translation adjustment.</li> </ul> <p>Deferred tax assets are recognised only to the extent it is probable that taxable profits will be available against which the deferred tax assets can be utilised. Wherein entity has a history of tax losses, the entity recognises deferred tax assets only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.</p> |
| Recognition of deferred tax on investment made in subsidiaries, branches, associates and joint ventures (undistributed profits) | No deferred tax is recognised.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | An entity should recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that the parent, investor, venturer or joint operator is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.                                                                                                                                                                                                                                                                                                                                                                                                       |
| Fringe benefits tax                                                                                                             | No such requirement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Included as part of expenses in determination of profit before tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Proposed Dividends                                                                                                              | Proposed dividends are recognised as liability in the period to which they relate, even though the same are declared after the balance sheet date.                                                                                                                                                                                                                                                                                                                                                                                                      | Proposed dividends which are declared after the balance sheet date are not recognised as liability in the financial statements. These are recognised in the period in which they are declared.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Subject                                      | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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| Effects of Changes in Foreign exchange rates | AS 11 is based on the integral and non-integral foreign operations approach, i.e., the approach which was followed in the earlier IAS 21(revised 1993). There is no specific guidance on the issue if an entity publish its financial statements in other currencies. One view could be that the currency used for presentation of financial statements would be treated as the reporting currency and all other currencies would be treated as foreign currencies and recording of transactions as well as recognition of would follow accordingly.                                                                                                                                                                                                                                                                                                             | Current IAS 21 is based on the 'Functional Currency' approach as against the integral and non-integral approach. Functional currency is defined as the currency of the primary economic environment in which the entity operates.<br><br>On an overall basis, both approaches give similar results except in some cases where functional currency and presentation currency are different. If the financial statements are presented in any currency other than the functional currency, the assets and liabilities are translated at the closing rate and the income and expenses at an average rate. The resultant exchange gain/loss is recognised in SOCIE. |
| Derivatives                                  | <p>Presently, no specific standard on financial instruments containing comprehensive guidance on accounting for derivatives is applicable. AS 11 deals with accounting for foreign currency transactions in the nature of forward exchange contracts. It requires gain or loss arising on forward exchange contracts intended for trading or speculation purposes to be measured based on the forward rate available at the reporting date which is recognised immediately in the profit and loss account.</p> <p>With regard to Equity Index and Equity Stock Futures and Options, the Guidance Note issued by the ICAI requires a provision to be created in respect of loss on open futures contracts at the reporting date whereas gain, if any, is ignored. As per the Guidance Note, gains on such contracts are recognised only on actual settlement.</p> | IAS 39 deals with accounting for derivatives in a comprehensive manner. As per IAS 39, derivatives are initially recognised at fair value. After initial recognition, an entity shall measure derivatives at their fair values, without any deduction for transaction costs. Changes in fair value are recognised in the income statement unless the derivative satisfies hedge criteria. Embedded derivatives need to be separated and fair valued.                                                                                                                                                                                                            |
| Hedging                                      | At present, no specific standard dealing with hedge accounting in a comprehensive manner is applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | IAS 39 deals with the requirements concerning hedge accounting in a comprehensive manner. It defines terms such as hedged item and hedging instruments. It also lays down strict documentation and hedge effectiveness criteria which need to be satisfied for application of hedge accounting.                                                                                                                                                                                                                                                                                                                                                                 |

| Subject                                                                                            | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | IFRS                                                                                                                                                                                                                                                                                                                                                   |
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|                                                                                                    | <p>Presently, AS 11 deals with forward exchange contracts entered into for hedging foreign currency risk of foreign currency assets and liabilities. AS 11 does not lay down any specific criteria for determining hedge accounting; rather, the treatment is based on the purpose for which such contracts are entered into.</p> <p>AS 11 does not classify hedging relationships into any particular categories.</p> <p>As per AS 11, the premium or discount arising at the inception of a forward exchange contract entered into for hedging purposes should be amortised as expense or income over the life of the contract. Exchange differences on such a contract should be recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract should be recognised as income or as expense for the period.</p> | <p>As per IAS 39, hedging relations are of three types, viz., fair value hedge, cash flow hedge and hedge of net investment in a foreign operation. Accounting for hedged items and hedging instruments depends upon the type of hedging relationship between the hedged item and hedging instrument.</p>                                              |
| Classification of financial instrument between liability and equity Compound financial instruments | <p>Classification is based on legal form rather than substance. All preference shares are disclosed separately as share capital under shareholders' funds. This is as per the requirements of the Companies Act, 2013.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>No split accounting is done. A financial instrument is classified as either a liability or equity, depending on the nature of the instrument. A convertible debenture would be treated as a liability, and a convertible preference share would be treated as equity.</p>                                                                           |
| Financial liabilities                                                                              | <p>Liabilities are normally carried at the amount received. Interest expense on liabilities is recognised on a time-proportion basis as per the rates mentioned in the loan agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Financial liability is classified into one of two categories (1) financial liability at fair value through the profit and loss statement; or (2) residual category. All derivatives that are liabilities (except qualifying hedging instruments) are trading liabilities. Other trading liabilities may include a short position in securities.</p> |

| Subject               | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Initial measurement of financial liabilities is at cost, being the fair value of a consideration received, less transaction costs. Financial liabilities at fair value through profit or loss (including trading) liabilities are measured at fair value and change in fair value is recognised in the income statement for the period. All other financial liabilities are carried at amortised cost using the effective interest rate.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Intangible Assets     | After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Revaluation of intangible assets is not permitted. There is no concept of intangible assets with indefinite useful life. There is a rebuttable presumption that the useful life of an intangible asset will not exceed 10 years from the date when the asset is available for use. All assets are amortised over their respective useful life. | <p>An entity shall choose either the cost model or the revaluation model as its accounting policy. If an intangible asset is accounted for using the revaluation model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets.</p> <p>An entity shall assess whether the useful life of an intangible asset is finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Assets with finite useful life are amortised over their respective useful lives. There is no rebuttable presumption regarding the maximum useful life of an asset.</p> |
| Business Combinations | There is no comprehensive standard dealing with all business combinations. AS 14 applies only to amalgamation. AS 21 applies to accounting for investments in subsidiaries. AS10 applies where a demerged division is acquired on a lump-sum basis by another entity. There is uniformity in the treatment prescribed these Standards.                                                                                                                                                        | IFRS 3 applies to most business combinations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                       | AS 14 recognises both the purchase method and the pooling of interest method with regard to accounting for amalgamation. There are five conditions which need to be fulfilled for application of the pooling method.                                                                                                                                                                                                                                                                          | Use of pooling of interest is prohibited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Subject | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | <p>Acquisition accounting under AS 21 is done on book value basis. Acquisition accounting under AS 10 is done on fair value basis. AS 14 recognises both fair value accounting and book value accounting in relation to the purchase method. No specific guidance is available for recognition of unrecognised intangible assets and contingent liabilities and accounting for assets held-for-sale.</p> <p>No specific guidance available for treatment post acquisition of specific assets and liabilities acquired.</p>                                                                                                                                                                         | <p>The acquirer shall, at the acquisition date, allocate the cost of a business combination by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at that date, except for non-current assets (or disposal groups) that are classified as held-for-sale, which shall be recognised at fair value less cost to sell. It is irrelevant if the acquiree had recorded those assets/liabilities.</p> <p>Specific guidance on measurement and accounting post acquisition for specific assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination:</p> <ul style="list-style-type: none"> <li>(a) reacquired rights;</li> <li>(b) contingent liabilities recognised as of the acquisition date;</li> <li>(c) indemnification assets; and</li> <li>(d) contingent consideration. Acquisition accounting is based on substance. Accordingly, in the case of a reverse acquisition, the legal acquirer is treated as acquiree and the legal acquiree is treated as acquirer for IFRS 3 purposes.</li> </ul> |
|         | <p>Acquisition accounting in all cases is based on form. The legal acquirer is treated as acquirer and the legal acquiree is treated as acquiree for legal as well as accounting purposes. No specific guidance on treatment of acquisition related costs. Except AS 14, no guidance on accounting for contingent consideration. Goodwill has different treatment under different standards. AS 14 requires goodwill arising on amalgamation to be amortised over five years. There is no such requirement under AS 21 for goodwill arising on consolidation. No specific guidance on capital reserves arising out of business combinations are disclosed under Reserves and Surplus (Equity).</p> | <p>Acquisition related costs to be expensed to profit and loss account in the period in which such costs are incurred. IFRS 3 deals with the accounting for contingent consideration in a comprehensive manner. Goodwill is not amortised but rather tested for impairment in all cases. No concept of capital reserves. Excess of assets over purchase consideration paid/payable is considered as "gain on bargain purchase", and is recognised in the profit and loss account.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Subject                          | Indian GAAP                                                                                                                                                       | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue — Principal versus agent | No specific guidance is given on determining whether an agency relationships exists.                                                                              | Guidance on whether an entity is acting as a principal or agent is included in the illustrative examples accompanying (but not forming part of) IAS 18. The guidance lists down features that an entity is acting as a principal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Revenue — measurement            | Revenue is recognised at the nominal amount of consideration receivable.<br><br>On AS 30 becoming effective, there will be no difference between AS 9 and IAS 18. | Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognised as interest income using effective interest method.                                                                                                                                                                                                                                                                                                                                                                                                  |
| Revenue — Exchange Transactions  | No specific guidance                                                                                                                                              | <p>The accounting treatment depends on whether the exchange transaction involves goods and services of similar nature and value (for example, exchange of commodities like oil or milk).</p> <p>Exchange of similar assets:</p> <p>Carrying amount of the asset received<br/>= carrying amount of asset surrendered + cash or cash equivalent transferred.</p> <p>No gains or losses are recognised.</p> <p>Exchange of dissimilar assets:</p> <p>Carrying amount of the asset received<br/>= Fair value of the asset received<br/>+/- cash or cash equivalent transferred</p> <p>Gain or loss to be recognised =<br/><br/>Fair value of the asset received +/- cash or cash equivalent transferred - carrying amount of the asset surrendered.</p> |

| Subject                                                         | Indian GAAP                                                                                                                                                                                                                                                                                                                                              | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue — Financial services fees                               | <p>Financial services fee is recognised as revenue depending on whether the service has been provided “once for all” or is on a continuing basis.</p> <p>Loan origination and arrangement fees are recognised as revenues when the loan has been originated.</p> <p>On AS 30 becomes effective, there will be no difference between AS 9 and IAS 18.</p> | <p>Fees that are an integral part of the effective interest rate of a financial instrument, for example, loan origination and arrangement fees are deferred and recognised as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value with changes in fair value recognised in profit or loss, the fees are recognised as revenue when the instrument is initially recognised.</p> |
| Revenue — services rendered                                     | <p>Completed service contract method or proportionate completion method permitted.</p> <p>Revenues from installation fees and production commission are recognised when installation and production is completed, unless the installation is incidental to sale.</p>                                                                                     | <p>IFRS requires recognition using percentage of completion method. Revenues from installation fees and production commission are recognised with reference to stages of completion, unless the installation is incidental to sale.</p>                                                                                                                                                                                                   |
| Barter Transactions involving advertising services              | <p>No specific guidance in AS 9. However, the guidance on accounting for Dot—Com companies provides guidance for advertising barter transactions which is similar to IFRS.</p>                                                                                                                                                                           | <p>Fair value of services provided is measured with reference to non—barter similar transactions that occur frequently and represent a substantial number of transactions. Consideration is given to cash or other securities that has a reliable measure of fair value, but not transaction with the same counterparty to the barter transaction.</p>                                                                                    |
| Customer Loyalty Programs                                       | No Specific Guidance.                                                                                                                                                                                                                                                                                                                                    | <p>Award credits are accounted for as a separate identifiable component of a sales transaction, with the consideration allocated between the awards credit and the other components of sale.</p>                                                                                                                                                                                                                                          |
| Earnings per share — disclosure in separate financial statement | <p>AS 20 requires disclosure of basic and diluted EPS information both in the separate and consolidated financial statements of the parents.</p>                                                                                                                                                                                                         | <p>When an entity presents both separate and consolidated financial statements, EPS is required to be presented only in the consolidated financials statements. An entity may disclose EPS in its separate financial statements voluntarily.</p>                                                                                                                                                                                          |

| Subject                                                | Indian GAAP                                                                                                                                                                                                                                                                                | IFRS                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Earning Per Share — Disclosure                         | Certain additional disclosures required under IFRS not mandatory.                                                                                                                                                                                                                          | IAS 33 requires additional disclosure for EPS from continuing and discontinued operations. Disclosure is also required for instruments (including contingently issuable shares) that could potentially dilute Basic EPS in the future, but were not included in the calculation of diluted EPS because they are anti-dilutive for the period presented. |
| Earning Per Share — Extra-ordinary Items               | EPS with and without Extra ordinary items to be presented                                                                                                                                                                                                                                  | Since IAS 1 prohibits the disclosure of items as extra-ordinary, no separate consideration is given to such items while calculating EPS.                                                                                                                                                                                                                |
| Earning per Share — Mandatorily convertible instrument | No specific requirement as in IFRS                                                                                                                                                                                                                                                         | Ordinary shares to be issued upon conversion of a mandatorily convertible instruments are included in the calculation of EPS from the date of the contract is entered into.                                                                                                                                                                             |
| Segments — Primary Literature                          |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                         |
| Operating Segments — determination of segments         | AS 17 requires an enterprise to identify two sets of segments (business & geographical), using a risk and reward approach, with a enterprise system of internal financial reporting to key management personal serving only as the starting point for the identification of such segments. | Operating segments are identified based on the financial information which is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and assessing performance.                                                                                                                                                 |

| Subject                                                                   | Indian GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                            | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operating Segments — measurement                                          | <p>Segment information is prepared in conformity with the accounting policy adopted for preparing and presenting financial statements of the enterprise as a whole. Segment revenue, Segment expense, segment assets, segment result and segment liability have been defined.</p> <p>A reconciliation is prepared between the information disclosed for reportable segments and the aggregate information in the enterprises financial statements.</p> | <p>Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker. There is no definition of segment revenue, segment expense, segment result, and segment asset or segment liability nor does it require segment information to be prepared in conformity with the accounting policies adopted for the entity's financial statement.</p> <p>IFRS requires reconciliation of segment performance measures with the corresponding amounts reported in the financial statements. A reconciliation of the total of the segments' assets and total of the segments' liabilities to the entity's assets and the entity's liabilities respectively should only be provided if the segment assets and segment liabilities are regularly provided to the chief operating decision-maker.</p> |
| Operating Segments — aggregation criteria                                 | No specific guidance in AS 17.                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>Two or more operating segments may be aggregated into a single operating segment if the aggregation is consistent with the principles laid down in the standard.</p> <p>Management need to disclose the judgments made in applying the aggregation criteria for operating segments.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Leases — initial direct costs of lessors for assets under a finance lease | <p>Initial direct costs are either recognised immediately in the statement of profit and loss or allocated against the finance income over the lease term.</p> <p>Initial lease costs incurred by manufacturer or dealer lessors are recognised as expense at the inception of the lease.</p>                                                                                                                                                          | <p>For finance leases other than those involving manufacturer or dealer lessors, initial direct costs are included in the measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.</p> <p>Initial lease costs incurred by manufacturer or dealer lessors are recognised as expense when selling profit is recognised, which is normally at the commencement of the lease term.</p>                                                                                                                                                                                                                                                                                                                                                                                                     |

| Subject                                                                      | Indian GAAP                                                                                                                                                                                                                                                             | IFRS                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Leases — initial direct costs of lessors for assets under operating leases   | Initial lease costs incurred by lessors are either deferred and allocated to income over the lease term in proportion to the recognition of lease income, or are recognised as an expense in the statement of profit and loss in the period in which they are incurred. | Initial lease costs incurred by lessors are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as lease income.                                                                                                                     |
| Determining whether an arrangement contains a lease                          | No specific guidance. Payments under such arrangements are recognised in accordance with nature of expense incurred.                                                                                                                                                    | Arrangements that do not take a legal form of lease but fulfilment of which is dependent on the use of specific assets and which convey the right to use the assets are accounted for as lease.                                                                                                      |
| Lease incentives                                                             | No specific guidance.                                                                                                                                                                                                                                                   | Lease incentives (such as rent-free period) are recognised by both the lessor and the lessee as a reduction of rental income and expenses, respectively, over the lease term.                                                                                                                        |
| Evaluating the substance of Transactions Involving the Legal Form of a Lease | No specific guidance.                                                                                                                                                                                                                                                   | If a series of transactions involves the legal form of a lease and the economic effect can only be understood with reference to the series as a whole, then the series is accounted for as a single transaction.                                                                                     |
| Borrowing Costs — scope                                                      | No such scope exception similar to IFRS/Ind AS is available.                                                                                                                                                                                                            | Borrowing Costs need to be capitalised in respect of (i) qualifying assets measured at fair value (e.g. biological assets) (ii) inventories that are manufactured, or otherwise produced, in large quantities on repetitive basis (even if they are otherwise qualifying assets). This is an option. |
| Borrowing Costs — Components of borrowing costs                              | No reference to effective interest rate. AS 16 requires amendment on AS 30 becoming mandatory.                                                                                                                                                                          | Description of specific components are linked to effective interest rate.                                                                                                                                                                                                                            |
| First Time Adoption — date of transition                                     | Not applicable.                                                                                                                                                                                                                                                         | Entities are required to present at least one year comparatives. The date of transition is the beginning of the earliest period for which an entity presents full comparative information under IFRS in its first financial statements.                                                              |
| First Time Adoption — additional comparatives as per previous GAAP           | Not applicable.                                                                                                                                                                                                                                                         | There is no requirement to present additional comparatives under previous GAAP.                                                                                                                                                                                                                      |

| Subject                                                                                                                          | Indian GAAP     | IFRS                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| First Time Adoption — Choice of previous GAAP                                                                                    | Not applicable. | It is not mandatory for entities to consider existing Indian GAAP as the previous GAAP for the purpose of transition to IFRS and can use other GAAP financial statements being presented by them to transition IFRS e.g. US GAAP financial statements may be used to transition to IFRS.                                                                                    |
| First Time Adoption — exemption to consider previous GAAP carrying value of property, plant and equipment as deemed cost         | Not applicable. | There is no exemption permitting previous GAAP carrying value of property, plant and equipment as deemed cost under IFRS (except for certain specific oil and gas assets, and rate regulated assets).                                                                                                                                                                       |
| First Time Adoption — exemption of unrealised foreign currency exchange differences on long-term monetary assets and liabilities | Not applicable. | The unrealised exchange differences arising on long-term monetary assets and liabilities are recognised immediately in profit or loss.                                                                                                                                                                                                                                      |
| First Time Adoption — exemption from retrospective application of effective interest method and impairments requirements         | Not applicable. | There is no exemption from retrospective application of effective interest method or the impairment requirements for financial instruments.                                                                                                                                                                                                                                 |
| First Time Adoption — non-current assets held for sale and discontinued operations                                               | Not applicable. | No exemption in respect of non-current assets held for sale and discontinued operations.                                                                                                                                                                                                                                                                                    |
| First Time Adoption — reconciliations                                                                                            | Not applicable. | IFRS requires reconciliations for opening equity, total comprehensive income, cash flow statement and closing equity for the comparative period to explain the transactions to IFRS from previous GAAP.                                                                                                                                                                     |
| First Time Adoption — corridor approach                                                                                          | Not applicable. | IFRS 1 provides an entity that adopted the corridor approach for recording actuarial gain and losses arising from accounting for employee obligations with an option to recognise the entire such gain or loss to retained earnings, at the date of transaction, rather than requiring them to split such gains and losses as recognised and unrecognised gains and losses. |

| Subject                                    | Indian GAAP                                                                                                    | IFRS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fair value — definition                    | No equivalent standard. Fair value is defined in the context of each accounting standard, wherever applicable. | As per IFRS 13, Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Fair value — classification and disclosure | No equivalent standard.                                                                                        | <p>IFRS requires with some exceptions, classification of these measurements into a ‘fair value hierarchy’ based on the nature of inputs:</p> <p>Level 1 — quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date;</p> <p>Level 2 — inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;</p> <p>Level 3 — unobservable inputs for the asset or liability.</p> <p>IFRS requires various disclosures depending on the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.</p> |

## THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the BSE and the NSE and has not been independently verified by the Company, the Trustee, the Registrar, Principal Agent, the Sole Bookrunner or its affiliates or advisers.

### Stock Exchange Regulation

India's stock exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Capital Market Division, under the Securities Contracts (Regulation) Act 1956, as amended (the "SCRA") and the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"). The SCRR along with the rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into and enforced between members.

SEBI Act granted powers to SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries in the capital markets, to promote and monitor self-regulatory organisations, to prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisition of shares and takeovers of companies, buyback of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FIIs, credit rating agencies and other capital market participants.

### Listing

The listing of securities on a recognised Indian stock exchange is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act, the SEBI Listing Regulations and various regulations and guidelines issued by the SEBI.

All listed companies are required to ensure that their minimum level of public shareholding remains at or above 25 per cent. In this regard, SEBI has provided several mechanisms to comply with this requirement.

The SEBI has notified the SEBI Listing Regulations which govern the obligations which were prescribed under the Erstwhile Listing Agreement.

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10 per cent., 15 per cent. and 20 per cent. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20 per cent. movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available. The stock exchanges in India can also suspend trading during periods of market volatility.

### Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 2013, Companies (Prospectus and Allotment of Securities) Rules, 2014 and the ICDR Regulations. SEBI has issued detailed guidelines concerning disclosure by public companies and investor protection.

Public limited companies are required under the Companies Act, and other applicable guidelines to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. Accordingly, companies are required to publish unaudited financial statements (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any stock price sensitive information.

### **Takeover Regulations**

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the provisions of the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeovers. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

### **Insider Trading Regulations**

Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for promoters, employees and directors, with regard to their shareholding in the Company, and the changes therein. The definition of "insider" includes any person who is in possession or has access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company.

### **Depositories**

The Depositories Act which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book -entry form. The Securities and Exchange Board of India (Depositories and Participants) Regulations 1996 which provide for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, the company, the beneficial owners and the issuers.

### **Derivatives**

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of the existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organisation under the supervision of the SEBI. Derivatives products have been introduced in a phased manner in India.

### **BSE**

The BSE, the oldest stock exchange in India, was established in 1875. The BSE switched to online trading from May 1995. Only a member of the BSE has the right to trade in the stocks listed on the BSE. Derivatives trading commenced on the BSE in 2000. The BSE has also wholesale and retail debt trading categories. Retail trading in Government securities commenced in January 2003.

## **NSE**

The NSE provides nationwide online satellite-linked screen-based trading facilities with market makers and electronic clearing and settlement for securities, including Government securities, debentures, public sector bonds and units. Deliveries for trades executed “on-market” are exchanged through the National Securities Clearing Corporation Limited. The NSE does not categorise shares into groups as in the case of the BSE, except in respect of the trade to trade category. The NSE commenced operations in the wholesale debt market in June 1994, in capital markets in November 1994 and in derivatives in June 2000. The NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on 22 April 1996 and the Mid-Cap Index on 1 January 1996. The securities in the NSE 50 Index are highly liquid.

## FOREIGN INVESTMENT AND EXCHANGE CONTROLS

### General

Foreign investment in Indian securities is regulated by the FEMA and the rules, regulations and notifications issued thereunder.

The FEM Securities Regulations regulate the issue of Indian securities to non-residents and the transfer of Indian securities by or to non-residents. The FEM Securities Regulations, prescribe amongst other things, the mode of investment, manner of receipt of funds, pricing guidelines and reporting of investments to RBI.

The FEM Transfer Regulations regulates the issue of foreign securities by a person resident in India. FEM Transfer Regulations defines FCCB as a bond issued by an Indian company expressed in foreign currency, and the principal and interest in respect of which is payable in foreign currency.

In addition the RBI has consolidated its various circulars on foreign investments in India into a Master Circular No. 15/2015-16 dated 1 July 2015 summarising the current regulatory provisions as amended.

FDI into India must be undertaken in accordance with the Consolidated FDI Policy formulated by the Department of Industrial Policy and Promotion, Government of India (the “**DIPP**”), regulated by the **FIPB**.

### Foreign direct investment

FDI refers to investment by way of subscription and/or purchase of equity shares (including partly paid equity shares) or fully, compulsorily and mandatorily convertible preference shares or fully, compulsorily and mandatorily convertible debentures or warrants (including share warrants) of an Indian company by a non-resident investor in accordance with the FDI scheme of the FEM Securities Regulations. FCCBs and depository receipts having underlying instruments which can be issued under schedule 5 of the FEM Securities Regulations, being in the nature of debt, shall not be treated as foreign investment. However, any equity held by a person resident outside India as a result of conversion of a debt instrument under any arrangement shall be recognised as a foreign investment.

FDI in India can be either through the automatic route where no prior approval of any regulatory authority is required or through the Government approval route. Over a period of time, the Government has relaxed the restrictions on foreign investment. Subject to certain conditions, FDI in most industry sectors does not require prior regulatory approval, if the aggregate foreign investment by all non-residents does not exceed industry specific thresholds. These conditions include certain minimum pricing requirements, compliance with the Takeover Regulations and ownership restrictions based on the nature of the non-resident investor.

The Consolidated FDI Policy and the FEM Securities Regulations prescribe the method of calculation of total foreign investment (i.e., direct foreign investment and indirect foreign investment) in an Indian company. For the purpose of computing indirect foreign investment, foreign investment in an Indian company shall include all types of foreign investments i.e., FDI, investment by foreign institutional investors (“**FIIs**”); foreign portfolio investors (“**FPIs**”); Qualified Financial Institutions (“**QFIs**”); non-resident Indians (“**NRIs**”), foreign venture capital investors (“**FVCIs**”) and Depository Receipts of FEM Securities Regulations (“**DRs**”), regardless of the mode of investment under the FEM Securities Regulations.

Further, FIIs/QFIs/FPIs may purchase and sell shares, convertible debentures and warrants of an Indian Company through a SEBI registered broker on recognised stock exchanges in India in accordance with the Portfolio Investment Scheme of the FEM Securities Regulations and the Consolidated FDI Policy (“**Portfolio Investment Scheme**”) as well as purchase shares and convertible debentures which are offered to public in terms of relevant SEBI regulations/guidelines.

Every Indian Company must issue the capital instruments i.e., shares or partly paid shares (to the extent equity shares are called up) or convertible debentures or convertible preference shares or warrants (to the extent equity shares are called up) within 180 days from the date of receipt of the inward remittance or by debit of non-resident external account or other permitted account of the non-resident investor, else the amount of consideration so received from the non-resident should be refunded immediately to the non-resident investor by outward remittance through normal banking channels. Every Indian company receiving FDI in accordance with the FEM Securities Regulations is required to make the necessary reporting with the RBI within 30 days of receipt of the consideration, in Form FC-GPR (prescribed under the FEMA Securities Regulations) with the RBI through an AD Category-I bank (a bank authorised under FEMA to undertake current and capital account transactions in accordance with RBI directions) within 30 days from the date of issue of shares to a non-resident purchaser.

Under the Consolidated FDI Policy, FDI up to 100 per cent is permitted under the automatic route in the Company.

The issue and transfer of shares including compulsorily convertible preference shares and compulsorily convertible debentures shall be in accordance with the pricing guidelines. Failure to comply with the pricing guidelines will require RBI approval.

The price/ conversion formula of convertible capital instruments should be determined upfront at the time of issue of the instruments.

Any foreign investment in an instrument issued by an Indian company which gives an option to the investor to convert or not to convert it into equity or does not involve upfront pricing of the instrument as a date would be reckoned as external commercial borrowing (“**ECB**”) and would have to comply with the ECB guidelines issued by RBI.

#### **Investment by Foreign Portfolio Investors (“FPIs”)**

SEBI has notified the SEBI (Foreign Portfolio Investors) Regulations, 2014 (the “**SEBI FPI Regulations**”), merging FIIs and their sub-accounts and QFIs under a single investor class termed “**FPIs**”. The purchase of equity of an Indian company by a single FII/QFI/FPI or investor group must be below 10 per cent. of the total paid up equity share capital of the company and the aggregate limit for FII/FPI/QFI is 24 per cent of the equity capital of the company. This aggregate limit of 24 per cent can be increased to the applicable sectoral cap/statutory ceiling, as applicable, by the Indian company concerned through a resolution by its board of directors followed by a special resolution to that effect by the shareholders in the general body meeting and subject to prior intimation to RBI. The aggregate FII/FPI/QFI investment, individually or in conjunction with other kind of foreign investment, shall not exceed the applicable sectoral/statutory cap. The aggregate limit for FII/QFI/FPI investment in the Company is currently 24 per cent. of its equity capital.

Any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995 (“**FII Regulations**”). Additionally, in terms of the SEBI FPI Regulations, an FII or its sub-account may, subject to payment of specified conversion fees, continue to buy, sell or otherwise deal in securities, subject to the SEBI FPI Regulations, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier.

#### **Investment by Non-Resident Indians (“NRIs”)**

In addition to FDI, an NRI may buy or sell shares/convertible debentures of an Indian company through a SEBI registered broker on a recognised stock exchange in India in accordance with the Portfolio Investment Scheme. Under the Portfolio Investment Scheme, NRIs can purchase up to 5 per cent of the paid-up capital or paid up value of each series of debentures of listed Indian companies. The aggregate paid up value of shares or convertible debentures purchased by all NRIs cannot exceed

10 per cent of the paid-up capital of the company or paid up value of each series of debentures of the company (which can be raised to 24 per cent by a resolution of the board of directors and shareholders of the company, and an immediate intimation to RBI). The aggregate limit for NRI investment in the Company is currently 10 per cent. as mentioned above.

The overseas corporate bodies (the “OCBs”) and entities that are prohibited from buying, selling or dealing in securities by the SEBI are not eligible to subscribe to FCCBs.

### **Transfer of shares and convertible debentures of an Indian company**

A non-resident may transfer shares or convertible debentures held by him in Indian companies in accordance with the FEM Securities Regulations and the Consolidated FDI Policy. A non-resident (not being an NRI or an overseas corporate body) may transfer, by way of sale or gift, equity shares or convertible debentures of an Indian company held by him, to any other non-resident without prior approval of the RBI. A non-resident may also transfer shares or convertible debentures in Indian companies held by it to a resident by way of gift without prior approval of the RBI. Further, general permission has been granted for the transfer of shares or convertible debentures by a non-resident to a resident by way of sale under private arrangement subject to compliance with certain terms, conditions, pricing guidelines and reporting requirements as stipulated in the FEM Securities Regulations. The transfer of shares from a Non Resident to Resident other than under SEBI regulations and where the pricing guidelines are not met would require the prior approval of the RBI. Further, an NRI may, by way of sale or gift, transfer the shares or convertible debentures held by him to another NRI without the prior approval of the RBI.

Under the Consolidated FDI Policy, an AD Category-I bank may permit the remittance of sale proceeds of equity shares (net of applicable taxes) to a seller resident outside India, provided that the equity shares were held on repatriation basis, the sale was in accordance with prescribed regulations and guidelines and a no objection or tax clearance certificate obtained from Indian income tax authorities is produced. Dividends on shares and interest on fully, mandatorily and compulsorily convertible debentures are freely repatriable, subject to deduction of all applicable taxes.

Reporting of sale of shares or convertible debentures and partly paid shares and warrants of an Indian company to extent the equity shares are called up, from non-residents to residents and vice versa, is to be made in Form FC-TRS (specified under the FEM Securities Regulations). The Form FC-TRS should be submitted to the AD Category-I bank, within 60 days from the date of receipt of the amount of consideration. The onus of submission of the form FC-TRS within the given timeframe would be on the transferor/ transferee, resident in India, or on the investee company in specified cases. The AD Category-1 bank will forward the FC-TRS to RBI.

### **ECB**

ECB refers to commercial loans in the form of bank loans, securitised instruments, buyers credit, suppliers credit availed of from non-resident lenders with a minimum average maturity of three years, five years or ten years, depending on the type of ECB, including FCCBs.

### **Eligible Borrowers**

Corporates, including those in the manufacturing and software development sectors are eligible to raise ECB under the automatic route, subject to individual limits specified under the ECB Policy.

### **Recognised Lenders**

Eligible borrowers can raise ECB from among other recognised sources such as international banks, the international capital markets and others as mentioned in the ECB Policy.

### **Issue of FCCBs**

The MoF, through the FCCB Scheme, FEM Transfer Regulations and ECB Policy, regulate the issuance of FCCBs by Indian corporates. An Indian company which is not eligible to raise funds from the Indian capital market including a company which has been restrained from accessing the securities market by the SEBI will not be eligible to issue FCCBs. An eligible Indian company may issue FCCBs to persons resident outside India either, through the automatic route, or with approval of the RBI, in accordance with the ECB Policy.

The ECB Policy provides the following:

- Manufacturing companies issuing FCCBs with a minimum average maturity of more than five years and less than ten years, are permitted to use FCCB proceeds for capital expenditure as specified under the ECB Policy;
- Companies in the infrastructure and manufacturing sectors can raise funds up to U.S.\$750 million under the automatic route in one fiscal year for permissible end uses and above U.S.\$750 million with the approval of the RBI;
- Pursuant to the ECB Policy, a manufacturing company issuing FCCBs with a minimum average maturity of five years and more and for an amount greater than U.S.\$50 million;
- the issue of FCCBs shall be subject to the FDI sectoral caps prescribed by the DIPP under the Consolidated FDI Policy;
- FCCBs can be issued with attached equity related warrants;
- the all in cost ceiling for FCCBs having a minimum average maturity period of three years and up to five years should not exceed six month London Inter Bank Offering Rate (“**LIBOR**”) for the respective currency borrowing or the applicable benchmark rate plus 300 basis points, and in the case of FCCBs having a minimum average maturity period of more than five years, should not exceed six month LIBOR for the respective currency borrowing or the applicable benchmark rate plus 450 basis points, additionally, in case of FCCBs with a minimum average maturity of more than ten years, the maximum spread over the benchmark should not exceed 500 basis points per annum.

### **Prepayment of FCCBs**

Prepayment of FCCBs may be allowed by AD Category-1 bank without prior approval of the RBI subject to compliance with the stipulated minimum average maturity period applicable to the FCCBs.

### **Refinancing of Existing FCCBs**

The ECB Policy has authorised AD Category-I banks to allow Indian companies to refinance its outstanding FCCBs, under the automatic route, subject to compliance with certain conditions as mentioned below:

- fresh FCCBs shall be raised with the average maturity period and applicable all-in-cost for ECB, but lower than existing all-in-cost of the original FCCBs and without reducing the existing maturity of the original FCCBs.

Under the ECB Policy, the AD Category-I banks have been delegated powers to approve certain requests from FCCB issuers, including for refinancing existing FCCBs, change/modification in the drawdown/repayment schedule etc., in accordance with the ECB Policy.

**Pricing Guidelines for FCCBs**

The pricing of FCCBs should not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the Indian stock exchanges during the two weeks preceding the relevant date. The “relevant date” is the date of the meeting in which the board of directors of the issuer company or a committee of directors duly authorised by the board of directors of the issuer company decides to open the proposed issue.

**Reporting Requirements for FCCBs**

Any Indian company issuing FCCBs is required to comply with certain reporting requirements prescribed by the RBI for ECB. These include filing of Form 83 (prescribed under the ECB Policy) to obtain the LRN and a monthly ECB-2 return (prescribed under the ECB Policy) certified by the designated AD category-1 Bank.

## GENERAL INFORMATION

1. The Company is incorporated in India with limited liability under the Companies Act under registration number 11-103624. The Company's registered office is situated at 14 km Stone, Aurangabad — Paithan Road, Village — Chittegaon, Taluka — Paithan, Dist — Aurangabad — 431 105, Maharashtra, India.
2. The issue of the Bonds and the Shares issuable on conversion of the Bonds was authorised by the Shareholders of the Company on 27 June 2015. The offering and the issue of the Bonds were approved by resolution of the Board of Directors passed at the meeting of the Committee of the Board of Directors held on 16 November 2015. The floor price for the conversion of the Bonds is Rs.132.40.
3. The Company has undertaken to apply to have the Shares issuable upon conversion of the Bonds approved for listing to each of the NSE and the BSE. The Company has applied to the NSE and the BSE and has obtained their in-principle approvals for the listing of the Shares issuable upon conversion of the Bonds.
4. Application will be made for the listing and quotation of the Bonds on the Official List of the SGX-ST. Such approval will be granted when the Bonds have been admitted to the Official List of the SGX-ST. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Certificates in definitive form. In addition, in the event that the Global Certificate is exchanged for Certificates in definitive form, announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.
5. Copies of the Memorandum and Articles of Association of the Company and copies of the Trust Deed and the Agency Agreement will be available for inspection during usual business hours on any weekday (except Friday and public holidays) at the Company's registered office and at the specified office of the Trustee.
6. The Company's Audited Consolidated Financial Statements have been jointly audited by Khandelwal Jain & Co. and Kadam & Co. The Six-Month Unaudited Unconsolidated Condensed Financial Information have been reviewed by Kadam & Co. and relied upon by Khandelwal Jain & Co. The Nine-Month Unaudited Unconsolidated Financial Results have been reviewed by Kadam & Co. Copies in English of the Company's Audited Consolidated Financial Statements, the Six-Month Unaudited Unconsolidated Condensed Financial Information and the Nine-Month Unaudited Unconsolidated Financial Results, each prepared in accordance with Indian GAAP, may be obtained during usual business hours at the office of the Principal Agent subject to provision of such financial statements by the Company to the Principal Agent.
7. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Bonds have a Common Code of 133457801. The International Securities Identification Number for the Bonds is XS1334578017.
8. The Company has obtained all consents, approvals and authorisations in India required in connection with the issue of the Bonds (including the approval from the RBI) except consents from certain lenders which will be obtained on or prior to the Closing Date.
9. There has been no significant change in the financial or trading position of the Company since 31 December 2014.
10. The Company is not involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds or to the Company's results of operations, except as stated in "Outstanding Litigation and Material Developments".

11. The Trustee is entitled under the Trust Deed to rely, without liability to the Bondholders, on certificates prepared by the Directors and certain authorised officers of the Company and any certificate or report of the Company's auditors or any other expert appointed pursuant to the Conditions and/or the Trust Deed, whether or not addressed to the Trustee and whether or not the liability of such auditors or expert in respect thereof is limited by a monetary cap or otherwise limited or excluded.

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## INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To,  
The Board of Directors  
**VIDEOCON INDUSTRIES LIMITED**

### Report on the Consolidated Financial Statements

1. We, have audited the accompanying Consolidated Financial Statements of Videocon Industries Limited (the Company) and its subsidiaries, associates and joint ventures, (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st December, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the 18 months period then ended and summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which are deemed to be applicable as per section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Groups preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

5. In our opinion and to the best of our information and according to explanations given to us and based on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiaries, associates and joint ventures, referred to below in the Other Matter paragraph, the aforesaid Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries, associates and joint ventures as at 31st December, 2014;
  - b) in the case of the Consolidated Statement of Profit and Loss, of the consolidated profit of the Company and its subsidiaries, associates and joint ventures for the 18 months period ended on that date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries, associates and joint ventures for the 18 months period ended on that date.

### Other Matter

6. We did not jointly audit the financial statements of certain Subsidiaries whose financial statements reflect total assets of ₹ 162,221.09 Million as at 31st December, 2014, total revenues of ₹ 164,184.20 Million and net cash flows amounting to ₹ (341.08) Million for the period ended on that date. These financial statements have been audited by one of us.
7. We did not audit the financial statements of certain Subsidiaries and Joint Ventures, whose financial statements reflect total assets of ₹ 120,245.45 Million as at 31st December, 2014, total revenues of ₹ 3,559.91 Million and net cash flows amounting to ₹ 32,622.75 Million for the period ended on that date and financial statements of associates in which the share of profit is ₹ 6.05 Million. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

For **KHANDELWAL JAIN & CO.**  
Chartered Accountants  
(Firm Registration No. 105049W)

**BHUPENDRA Y. KARKHANIS**  
Partner  
Membership No.: 108336

Place : Mumbai  
Date : 15th May, 2015

For **KADAM & CO.**  
Chartered Accountants  
(Firm Registration No. 104524W)

**U. S. KADAM**  
Partner  
Membership No.: 31055

## CONSOLIDATED BALANCE SHEET

As at 31st December, 2014

(₹ in Million)

| Particulars                                           | Note No. | As at<br>31st Dec., 2014 | As at<br>30th June, 2013 |
|-------------------------------------------------------|----------|--------------------------|--------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                      |          |                          |                          |
| <b>1) Shareholders' Funds</b>                         |          |                          |                          |
| a) Share Capital                                      | 3        | 3,344.59                 | 3,340.94                 |
| b) Reserves and Surplus                               | 4        | 98,707.84                | 43,796.04                |
|                                                       |          | <b>102,052.43</b>        | 47,136.98                |
| <b>2) Minority Interest</b>                           |          | <b>953.12</b>            | 2,079.81                 |
| <b>3) Non-Current Liabilities</b>                     |          |                          |                          |
| a) Long-Term Borrowings                               | 5        | 355,043.18               | 310,786.55               |
| b) Deferred Tax Liability (Net)                       | 6        | 7,092.51                 | -                        |
| c) Long-Term Provisions                               | 7        | 2,012.68                 | 1,499.40                 |
|                                                       |          | <b>364,148.37</b>        | 312,285.95               |
| <b>4) Current Liabilities</b>                         |          |                          |                          |
| a) Short-Term Borrowings                              | 8        | 46,440.44                | 58,083.65                |
| b) Trade Payables                                     | 9        | 17,346.79                | 15,775.64                |
| c) Other Current Liabilities                          | 10       | 65,003.60                | 58,361.04                |
| d) Short-Term Provisions                              | 11       | 2,207.53                 | 966.43                   |
|                                                       |          | <b>130,998.36</b>        | 133,186.76               |
| <b>TOTAL</b>                                          |          | <b>598,152.28</b>        | 494,689.50               |
| <b>II. ASSETS</b>                                     |          |                          |                          |
| <b>1) Non-Current Assets</b>                          |          |                          |                          |
| a) Fixed Assets                                       | 12       |                          |                          |
| i) Tangible Assets                                    |          | 71,901.42                | 75,715.31                |
| ii) Intangible Assets                                 |          | 21,390.96                | 23,226.54                |
| iii) Capital work-in-progress                         |          | 109,869.56               | 95,252.89                |
| b) Pre-operative Expenditure Pending Allocation       | 13       | 1,658.67                 | 1,606.12                 |
| c) Goodwill on Consolidation                          |          | 11,079.53                | 11,079.53                |
| d) Deferred Tax Assets (Net)                          | 6        | -                        | 17,925.34                |
| e) Non-Current Investments                            | 14       | 21,473.45                | 7,548.97                 |
| f) Long-Term Loans and Advances                       | 15       | 47,328.26                | 43,530.03                |
|                                                       |          | <b>284,701.85</b>        | 275,884.73               |
| <b>2) Current Assets</b>                              |          |                          |                          |
| a) Current Investments                                | 16       | 2,202.97                 | 632.49                   |
| b) Inventories                                        | 17       | 24,103.72                | 21,656.82                |
| c) Trade Receivables                                  | 18       | 30,135.66                | 29,433.94                |
| d) Cash and Bank Balances                             | 19       | 61,545.11                | 9,004.12                 |
| e) Short-Term Loans and Advances                      | 20       | 194,562.47               | 157,122.59               |
| f) Other Current Assets                               | 21       | 900.50                   | 954.81                   |
|                                                       |          | <b>313,450.43</b>        | 218,804.77               |
| <b>TOTAL</b>                                          |          | <b>598,152.28</b>        | 494,689.50               |
| <b>Significant Accounting Policies</b>                | 1        |                          |                          |
| <b>Notes forming part of the Financial Statements</b> | 2 to 51  |                          |                          |

As per our report of even date

For and on behalf of the Board

For **KHANDELWAL JAIN & CO.**  
Chartered Accountants

For **KADAM & CO.**  
Chartered Accountants

**V. N. DHOOT**  
Chairman and Managing Director

**BHUPENDRA Y. KARKHANIS**  
Partner  
Membership No. 108336

**U. S. KADAM**  
Partner  
Membership No. 31055

**VINOD KUMAR BOHRA**  
Company Secretary

**R. S. AGARWAL**  
Director

Place: Mumbai  
Date : 15th May, 2015

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the period 1st July, 2013 to 31st December, 2014

(₹ in Million)

| Particulars                                                                      | Note No. | 18 Months ended<br>31st Dec., 2014 | 18 Months ended<br>30th June, 2013 |
|----------------------------------------------------------------------------------|----------|------------------------------------|------------------------------------|
| <b>I. INCOME</b>                                                                 |          |                                    |                                    |
| Revenue from Operations                                                          | 22       | 209,952.86                         | 194,238.53                         |
| Less: Excise Duty                                                                |          | 5,330.56                           | 6,181.09                           |
| Net Revenue from Operations                                                      |          | 204,622.30                         | 188,057.44                         |
| Other Income                                                                     | 23       | 141,089.86                         | 8,903.04                           |
| <b>Total Income</b>                                                              |          | <b>345,712.16</b>                  | <b>196,960.48</b>                  |
| <b>II. EXPENSES</b>                                                              |          |                                    |                                    |
| Cost of Materials Consumed                                                       |          | 60,550.05                          | 56,643.70                          |
| Purchase of Stock-in-Trade                                                       |          | 59,666.53                          | 59,134.62                          |
| Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade     | 24       | (1,047.76)                         | (578.21)                           |
| Production and Exploration Expenses - Oil and Gas                                | 25       | 34,575.09                          | 26,602.34                          |
| Access Charges, License Fees and Network Expenses                                | 26       | 13,139.53                          | 9,505.34                           |
| Employee Benefits Expense                                                        | 27       | 6,265.74                           | 5,708.88                           |
| Finance Costs                                                                    | 28       | 49,717.68                          | 40,774.95                          |
| Depreciation and Amortisation                                                    | 12       | 15,364.77                          | 13,255.70                          |
| Other Expenses                                                                   | 29       | 32,599.99                          | 28,949.73                          |
| <b>Total Expenses</b>                                                            |          | <b>270,831.62</b>                  | <b>239,997.05</b>                  |
| <b>III. Profit/(Loss) Before Tax</b>                                             |          | <b>74,880.54</b>                   | <b>(43,036.57)</b>                 |
| Add: Share in Profit/(Loss) of Associates                                        |          | 6.05                               | (5.09)                             |
| Add: Profit/(Loss) on Disposal/Dilution of holding in<br>Subsidiaries/Associates |          | (8.18)                             | (1,032.21)                         |
| <b>IV. Tax Expenses</b>                                                          | 30       | <b>25,215.86</b>                   | <b>(12,005.08)</b>                 |
| <b>V. Profit/(Loss) Before Minority Interest</b>                                 |          | <b>49,662.55</b>                   | <b>(32,068.79)</b>                 |
| Add: Minority Interest                                                           |          | 1,533.84                           | 3,807.60                           |
| <b>VI. Profit/(Loss) for the Period</b>                                          |          | <b>51,196.39</b>                   | <b>(28,261.19)</b>                 |
| <b>VII. Earnings per Equity Share of face value ₹10/- each</b>                   | 31       |                                    |                                    |
| Basic and Diluted                                                                |          | 160.45                             | (89.91)                            |
| <b>Significant Accounting Policies</b>                                           | 1        |                                    |                                    |
| <b>Notes forming part of the Financial Statements</b>                            | 2 to 51  |                                    |                                    |

As per our report of even date

For and on behalf of the Board

For **KHANDELWAL JAIN & CO.**  
Chartered Accountants

For **KADAM & CO.**  
Chartered Accountants

**V. N. DHOOT**  
Chairman and Managing Director

**BHUPENDRA Y. KARKHANIS**  
Partner  
Membership No. 108336

**U. S. KADAM**  
Partner  
Membership No. 31055

**VINOD KUMAR BOHRA**  
Company Secretary

**R. S. AGARWAL**  
Director

Place: Mumbai  
Date : 15th May, 2015

## CONSOLIDATED CASH FLOW STATEMENT

For the period 1st July, 2013 to 31st December, 2014

|                                                                                          |                                    | (₹ in Million)                     |
|------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Particulars                                                                              | Period ended on<br>31st Dec., 2014 | Period ended on<br>30th June, 2013 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                            |                                    |                                    |
| Profit/(Loss) before Tax                                                                 | 74,880.54                          | (43,036.57)                        |
| Adjustments for:                                                                         |                                    |                                    |
| Depreciation and Amortisation                                                            | 15,364.77                          | 13,255.70                          |
| Finance Costs                                                                            | 49,717.68                          | 40,774.95                          |
| Provision for Leave Encashment                                                           | 7.41                               | (0.10)                             |
| Provision for Gratuity                                                                   | 16.70                              | 59.63                              |
| Provision for Warranty and Maintenance Expenses                                          | (4.78)                             | 21.09                              |
| Provision for Abandonment and Site Restoration Costs                                     | 491.19                             | 135.65                             |
| Provision for Doubtful Debts                                                             | 41.56                              | 179.74                             |
| Premium Deficiency Reserve                                                               | (2.38)                             | 2.38                               |
| Provision for Incentive Payment                                                          | 70.79                              | -                                  |
| Reserve for Unexpired Risk                                                               | 1,160.43                           | -                                  |
| Interest Received                                                                        | (1,856.11)                         | (5,175.91)                         |
| (Write back) in Value of Investments - Net                                               | (2.02)                             | (1.73)                             |
| Income from Investments and Securities Division/Profit on Sale of Investments            | (138,980.41)                       | (16.15)                            |
| (Profit)/ Loss on Sale/ Discard of Fixed Assets                                          | (7.25)                             | 3,813.90                           |
| Minority Interest for the period                                                         | 1,533.84                           | 3,807.60                           |
| <b>Operating Profit before Working Capital Changes</b>                                   | <b>2,431.96</b>                    | <b>13,820.18</b>                   |
| Adjustments for:                                                                         |                                    |                                    |
| Inventories                                                                              | (2,446.90)                         | (759.41)                           |
| Trade Receivables                                                                        | (743.28)                           | (1,460.57)                         |
| Loans and Advances                                                                       | (40,948.11)                        | (30,932.78)                        |
| Other Current Assets                                                                     | 54.31                              | (11.22)                            |
| Trade Payables                                                                           | 1,571.15                           | 1,624.18                           |
| Other Current Liabilities                                                                | (11,713.80)                        | 7,299.94                           |
| Cash generated from/(used in) Operations                                                 | (51,794.67)                        | (10,419.68)                        |
| Less: Taxes Paid/(Refund) - net                                                          | 488.01                             | 12,174.75                          |
| <b>Net Cash (used in) Operating Activities</b>                                           | <b>(A) (52,282.68)</b>             | <b>(22,594.43)</b>                 |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                            |                                    |                                    |
| Sale of Fixed Assets/ Adjustment on account of disposal/ cessation of Subsidiaries (Net) | 1,066.84                           | 12,412.59                          |
| (Increase) in Fixed Assets (Including Capital Work-in-Progress)                          | (25,391.56)                        | (75,906.68)                        |
| (Increase)/ Decrease in Pre-Operative Expenditure pending Allocation                     | (52.55)                            | 559.08                             |
| Share in Profit/ (Loss) of Associates                                                    | 6.05                               | (5.09)                             |
| Adjustment on Disposal/ Dilution of Subsidiaries/ Associates                             | (8.18)                             | (1,032.21)                         |
| Interest Received                                                                        | 1,856.11                           | 5,175.91                           |
| (Increase)/ Decrease in Other Bank Balances                                              | (50,225.03)                        | (1,209.56)                         |
| (Purchase)/ Sale of Investments (Net)                                                    | (15,492.94)                        | 2,903.45                           |
| (Increase) in Goodwill on Consolidation                                                  | -                                  | (11,001.62)                        |
| Income from Investments and Securities Division/Profit on Sale of Investments            | 138,980.41                         | 16.15                              |
| <b>Net Cash from/(used in) Investing Activities</b>                                      | <b>(B) 50,739.15</b>               | <b>(68,087.98)</b>                 |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                            |                                    |                                    |
| Increase in Equity Share Capital                                                         | 157.01                             | 157.53                             |
| (Decrease) in Preference Share Capital                                                   | (153.30)                           | (155.95)                           |
| Securities Premium Received                                                              | 2,694.49                           | 2,642.80                           |
| Increase/(Decrease) in Foreign Currency Translation Reserve on Consolidation             | 1,303.94                           | (1,204.10)                         |
| Increase/(Decrease) in Share Application Money                                           | -                                  | (5,448.74)                         |
| Increase/(Decrease) in Minority Interest                                                 | (1,126.69)                         | 1,975.71                           |
| Increase in Long-Term Borrowings                                                         | 62,613.19                          | 150,768.30                         |
| (Decrease) in Short-Term Borrowings                                                      | (11,643.21)                        | (21,484.06)                        |
| Finance Costs                                                                            | (49,717.68)                        | (40,774.95)                        |
| Payment of Dividend                                                                      | (226.65)                           | (211.25)                           |
| Tax on Dividend                                                                          | (38.48)                            | (31.33)                            |
| Share Issue Expenses                                                                     | (3.13)                             | (12.91)                            |
| <b>Net Cash from Financing Activities</b>                                                | <b>(C) 3,859.49</b>                | <b>86,221.05</b>                   |
| <b>Net Change in Cash and Cash Equivalents</b>                                           | <b>(A+B+C) 2,315.96</b>            | <b>(4,461.36)</b>                  |
| Cash and Cash Equivalents at beginning of the period                                     | 2,449.99                           | 6,911.35                           |
| Cash and Cash Equivalents at end of the period                                           | 4,765.95                           | 2,449.99                           |
| Other Bank Balances                                                                      | 56,779.16                          | 6,554.13                           |
| <b>Cash and Bank Balances at the end of the period (Note No. 19)</b>                     | <b>61,545.11</b>                   | <b>9,004.12</b>                    |

As per our report of even date

For **KHANDELWAL JAIN & CO.**  
Chartered Accountants

**BHUPENDRA Y. KARKHANIS**  
Partner  
Membership No. 108336

Place: Mumbai  
Date : 15th May, 2015

For **KADAM & CO.**  
Chartered Accountants

**U. S. KADAM**  
Partner  
Membership No. 31055

**VINOD KUMAR BOHRA**  
Company Secretary

For and on behalf of the Board

**V. N. DHOOT**  
Chairman and Managing Director

**R. S. AGARWAL**  
Director

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### A. Basis of Consolidation:

- a) The Consolidated Financial Statements ("CFS") relate to Videocon Industries Limited ("the Company" or "the Parent Company") and its subsidiary companies, joint ventures and associates collectively referred to as "the Group".
- b) The financial statements of the subsidiary companies used in the preparation of the CFS are drawn up to the same reporting date and reporting period as that of the Company i.e. 18 months period ended 31st December, 2014 except in case of Liberty Videocon General Insurance Company Limited where the financial statements are drawn up and considered for a period of 21 months upto 31st December, 2014.
- c) The CFS have been prepared in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" and Accounting Standard (AS) 23 "Accounting for investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- d) Principles of Consolidation:  
The CFS have been prepared on the following basis:
  - i) The financial statements of the Company, its subsidiary companies and jointly controlled entities have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances/transactions and unrealised profits or losses.
  - ii) All separate financial statements of subsidiaries, originally presented in currencies different from the Group's presentation currency, have been converted into Indian Rupees (INR) which is the functional currency of the Parent Company. In case of foreign subsidiaries being non-integral foreign operations, revenue items have been consolidated at the average of the rate prevailing during the period. All assets and liabilities are translated at rates prevailing at the balance sheet date. The exchange difference arising on the translation is debited or credited to Foreign Currency Translation Reserve.
  - iii) The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as Company's separate financial statements. In case of certain foreign subsidiaries and joint ventures, where the accounts have been prepared in compliance with local laws and/or International Financial Reporting Standards, appropriate adjustments for differences in accounting policies have been made to their financial statements while using in preparation of the CFS as required by AS 21 and AS 27 except: (a) In case of insurance subsidiary, no adjustment have been made to the financial statements on account of diverse accounting policies as the same, being insurance company, have been prepared under a different regulatory environment and (b) in respect of depreciation/amortisation and retirements benefits, where it is not practicable to use uniform accounting policies. However, the amount of impact of these differences is not material.
  - iv) The excess of the cost to the Company of its investment in subsidiary over the Company's share of equity of the subsidiary as at the date on which investment in subsidiary is made, is recognised in the

CFS as Goodwill. The excess of Company's share of equity and reserve of the subsidiary company over the cost of acquisition is treated as Capital Reserve in CFS.

- v) The difference between the proceeds from disposal of investment in a Subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Statement of Profit and Loss as the profit or loss on disposal of Investment in Subsidiary.
- vi) Minority interest's share of net profit of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Company.
- vii) Minority interest in the net assets of Consolidated Subsidiaries consists of (a) The amount of equity attributable to the minority shareholders at the date on which investment in a subsidiary is made and (b) The minority shareholders' share of movements in equity since the date the Parent Subsidiary relationship came into existence.
- viii) Investments in associate companies in which the Company or any of its subsidiaries has significant influence but not a controlling interest, are reported according to the equity method. The carrying amount of the investment is adjusted for the post acquisition change in the Group's share of net assets of the investee. The Consolidated Statement of Profit and Loss includes the Company's share of the results of the operations of the investee.

#### B. Basis of Accounting:

- a) The financial statements are prepared under historical cost convention, except for certain fixed assets which are revalued, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP), the requirements of the Companies Act, 1956, including the mandatory Accounting Standards notified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014), and in accordance with the applicable statutory requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the regulations') and related circulars, orders and directions issued by the IRDA in this behalf.
- b) 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 period. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognised in the period in which results are known or materialized.

#### C. Fixed Assets/Capital Work-in-Progress:

- a) Fixed Assets are stated at cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/amortisation and impairment

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses related to the acquisition and installation of the respective assets but does not include tax/duty credits availed.
- b) Capital Work-in-Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure.
- D. License/Spectrum Fees:**
- a) The one time non refundable entry fees paid for acquiring Licenses/Spectrum for providing Unified License (Access Services), along with the related borrowing cost is capitalized as an intangible asset and is amortised over the remaining period of License as per the license agreement from the commencement of commercial operations.
- b) The variable license fee and spectrum charges computed at prescribed rates of revenue share in terms of the license agreement are charged to the Statement of Profit and Loss in the period in which the related revenues are recognised.
- E. Joint Ventures for Oil and Gas Fields:**
- In respect of unincorporated joint ventures in the nature of Production Sharing Contracts (PSC) entered into by the Company for oil and gas exploration and production activities, the Group's share in the assets and liabilities as well as income and expenditure of Joint Venture Operations are accounted for, according to the Participating Interest of the Group as per the PSC and the Joint Operating Agreements on a line-by-line basis in the CFS. In respect of joint ventures in the form of incorporated jointly controlled entities, the investment in such joint venture is eliminated and share in assets and liabilities as well as income and expenditure of joint venture entities are accounted for on line-by-line basis in CFS.
- F. Exploration, Development Costs and Producing Properties:**
- The Company follows the "Full Cost" method of accounting for its oil and natural gas exploration and production activities. Accordingly, all acquisition, exploration and development costs are treated as capital work in progress and are accumulated in a cost centre. The cost centre is not, normally, smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work in progress to producing properties in the gross block of assets regardless of whether or not the results of specific costs are successful.
- G. Abandonment Costs:**
- The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as liability for abandonment cost based on evaluation by experts at current costs and is capitalised as producing property. The same is reviewed periodically.
- H. Depreciation and Amortisation:**
- a) The Parent Company and Indian Subsidiary Companies provide depreciation on fixed assets held in India on written down value method in the manner and at the rates specified in the Schedule XIV to the Companies Act, 1956, except a) on fixed assets of Consumer Electronics Division except Glass Shell Division; b) fixed assets of Telecommunications Division and; c) on office buildings acquired after 1st April, 2000, on which depreciation is provided on straight line method at the rates specified in the said Schedule or based on useful life of assets whichever is higher. Depreciation on fixed assets held outside India is calculated on straight line method at the rates prescribed in the aforesaid Schedule or based on useful life of assets whichever is higher. Producing Properties are depleted using the "Unit of Production Method". The rate of depletion is computed in proportion of oil and gas production achieved vis-a-vis proved reserves. Leasehold Land is amortised over the period of lease.
- Intangibles: One time entry fees for acquiring licenses/spectrum for Unified Access Services (UAS) are amortised over the remaining period of license as per the license agreement from the date of commencement of commercial operations. Other intangible assets are amortised over a period of five years.
- b) In case of foreign subsidiaries, depreciation is provided on a straight line basis over the estimated remaining useful life of the assets.
- I. Impairment of Assets:**
- The Fixed Assets or a group of assets (cash generating unit) and Producing Properties 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 asset or cash generating unit to which the asset belongs is less than its carrying amount, the impairment loss is recognised by writing down such assets and producing properties 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.
- J. Pre-operative Expenditure during construction period pending allocation:**
- Expenditure incurred till the commencement of commercial operations of a project is treated as "Pre-operative Expenditure Pending Allocation" and the same is appropriately allocated upon commencement of commercial operations.
- K. Investments:**
- a) Current Investments: Current Investments are carried at lower of cost or quoted/fair value.
- b) Non-Current Investments: Non-Current Investments are stated at cost. The decline in the value of the investment, other than temporary, is provided for.
- c) Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.
- d) Investments in respect of Insurance Business:
- i) Investments are recorded on trade date at cost. Cost includes brokerage, transaction taxes, etc. and excludes pre-acquisition interest, if any.
- ii) Classification:  
Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as Current Investments. Investments other than Current Investments are classified as Non Current Long-Term Investments.
- iii) Valuation:  
Debt Securities - All debt securities are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortisation of premium or accretion of discount on 'Straight Line' or 'Internal Rate of Return' basis (as applicable), in the revenue and Statement of Profit and Loss over the period of maturity/holding.
- The realised gain or loss on the securities is the difference between the sale consideration and the amortised cost in the books of the Company as on the date of sale determined on weighted average cost basis.
- L. Inventories:**
- Inventories including crude oil stocks are valued at cost or net realisable value whichever is lower. Cost of inventories comprises

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Basis.

### M. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of an qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### N. Excise and Custom Duty, CENVAT/Value Added Tax:

Excise Duty in respect of finished goods lying in the factory premises and Custom Duty on goods lying in the custom bonded warehouse are provided for and included in the valuation of inventory.

CENVAT/Value Added Tax Benefit is accounted for by reducing the purchase cost of the materials/ fixed assets/ services.

### O. Revenue Recognition:

- a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.
- b) Sales/turnover includes sales value of goods, services, excise duty, duty drawback and other recoveries such as insurance, transportation and packing charges but excludes sale tax and recovery of financial and discounting charges.
- c) Revenue from sale of electrical energy is accounted for on the basis of billing as per the provisions of Power Purchase Agreement.
- d) Revenue in respect of Telecommunications Services is recognised as and when the services are provided and are net of rebates, discounts and service tax. Activation charges recovered from subscribers is recognised as income on activation. Revenue on upfront charges for services with lifetime validity and fixed validity period of one year or more are recognised over the estimated useful life of subscribers and specified fixed validity period respectively. The estimated useful life is consistent with estimated churn of the subscribers.
- e) Revenue in respect of Insurance Business is recognised as:
  - i) Premium:  
Premium is recognised as income over the contract period or the period of risk whichever is appropriate on gross basis net of service tax. Premium is recorded for the policy period at the time of issuance of policies/endorsements.
  - ii) Commission on Reinsurance Ceded:  
Commission on reinsurance ceded is recognised as income in the period in which reinsurance premium is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the reinsurer.
  - iii) Investment Income:  
Interest income on investments is recognised on accrual basis. Accretion of discount and amortization of premium, as the case may be, in respect of fixed income securities is recognised on the basis of 'internal rate of return' over the period of maturity/ holding.
- f) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- g) Dividend on investments is recognised when the right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

### P. Other Policies in respect of Insurance Business:

- a) Reserve for unexpired risk:  
Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) in respect of each line of business which is attributable to, and set aside for, subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate.
- b) Reinsurance Ceded:  
Reinsurance cost, in respect of proportional reinsurance ceded, is accounted at policy inception and accrued over the contract period or the period of risk whichever is appropriate. Non-proportional reinsurance cost is recognized when incurred and due. Any subsequent revision to, refunds or cancellations of premiums are recognized in the year in which they occur.
- c) Claims incurred:  
Claims are recognised as and when reported. Claims paid (net of recoveries including salvage) are charged to the respective revenue accounts when approved for payment. Claims paid include claims settlement costs, comprising survey, legal and other fees and other attributable expenses. Estimated liability for outstanding claims is provided on the basis of claims reported till the end of the financial year. Recoveries from sale of salvage are recognised at the time of sale. Amounts received/receivable from the reinsurers, under the terms of the reinsurance agreements, are recognized together with the recognition of the claim.  
Amounts received/ receivable/ paid/ payable from/ to the coinsurers, under the terms of the coinsurance arrangements, is also recognised together with the recognition of the claim.
- d) IBNR and IBNER (claims incurred but not reported and claims incurred but not enough reported):  
IBNR represents that amount of claims that may have been incurred prior to the end of the current accounting period but have not been reported. The IBNR provision also includes provision, if any, required for claims incurred but not enough reported (IBNER). The said liability is determined on actuarial principles and certified by the Appointed Actuary. The methodology and assumptions on the basis of which the liability is determined is also certified by the actuary to be appropriate, in accordance with the guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDA.
- e) Indian Motor Third Party Declined Risk Insurance Pool [DR Pool]:  
In accordance with the directions of IRDA, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cede the insurance premium to the DR Pool. The DR Pool is administered by General Insurance Corporation of India ('GIC'). The Company accounts its share of declined pool transactions based on the accounts rendered by the declined pool administrator and on the basis of management estimates for the period for which statements are not received.

### Q. Foreign Currency Transactions:

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and Liabilities are translated at the year end rate. The difference between

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary Items at the end of the year/period is recognised, as the case may be, as income or expense for the period.

- b) Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transaction and accounted accordingly. Exchange differences arising on such contracts are recognised in the period in which they arise and the premium paid/received is recognised as expenses/income over the period of the contract. Cash flows arising on account of roll over/cancellation of forward contracts are recognised as income/expenses of the period in line with the movement in the underlying exposure.
- c) All other derivative contracts including forward contract entered into for hedging foreign currency risks on unexecuted firm commitments and highly probable forecast transactions which are not covered by the existing Accounting Standard (AS 11), are recognised in the financial statements at fair value as on the Balance Sheet date. The resultant gains and losses on fair valuation of such contracts are recognised in the Consolidated Statement of Profit and Loss.

### R. Employee Benefits:

- a) Short-Term Employees Benefits:  
Short-Term Employees Benefits are recognized as an expense at the undiscounted amount in the Consolidated Statement of Profit and Loss of the period in which the related services are rendered.
- b) Post Employment Benefits:  
In India:
  - i) Provident Fund - Defined Contribution Plan  
The Group contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Consolidated Statement of Profit and Loss on accrual basis.
  - ii) Gratuity - Defined Benefit Plan  
The Group provides for gratuity to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Consolidated Statement of Profit and Loss.
  - iii) Leave Encashment  
Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognised immediately in the Consolidated Statement of Profit and Loss.

Outside India:

In case of foreign subsidiaries, Liability for retirement benefit have been provided for as per the local laws of respective country.

### S. Taxation:

Income tax comprises of current tax and deferred tax. Provision for current income tax is calculated on the basis of the provisions of local laws of respective entity. Deferred tax assets and liabilities are recognised 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 recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

### T. Share Issue Expenses and Premium on Redemption of Bonds/Debentures:

Share issue expenses and Premium on Redemption of Bonds/ Debentures are written off to Securities Premium Account.

### U. Research and Development:

Revenue expenditure pertaining to Research and Development is charged to revenue under the respective heads of account in the period in which it is incurred. Capital expenditure, if any, on Research and Development is shown as an addition to Fixed Assets under the respective heads.

### V. Accounting for Leases:

Where the Company is lessee:

- a) Operating Leases: Rentals in respect of all operating leases are charged to Consolidated Statement of Profit and Loss.
- b) Finance Leases:
  - i) Rentals in respect of all finance leases entered before 1st April, 2001 are charged to Consolidated Statement of Profit and Loss.
  - ii) Assets acquired on or after 1st April, 2001, under finance lease or similar arrangements which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of their fair value and present value of the minimum lease payments and are disclosed as leased assets.

### W. Warranty:

Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.

### X. Prior Period Items:

Prior period items are included in the respective heads of accounts and material items are disclosed by way of Notes to Consolidated Financial Statements.

### Y. Provision, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which reliable estimate can be made.

Contingent Liabilities are not recognised but are disclosed in the Notes to Consolidated Financial Statements. Disputed demands in respect of Central Excise, Custom duty, 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.

Contingent assets are not recognised in the financial statements.

### Z. Other Accounting Policies:

These are consistent with the generally accepted accounting principles.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. The Companies which are included in the consolidation with their respective countries of incorporation and the percentage of ownership interest therein of the Company as on 31st December, 2014, are as under:

| Name of the Subsidiary                                                                               | Country of Incorporation | Percentage of Ownership Interest as at |                 |
|------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------|-----------------|
|                                                                                                      |                          | 31st Dec., 2014                        | 30th June, 2013 |
| Chhattisgarh Power Ventures Private Limited                                                          | India                    | 100%                                   | 100%            |
| Liberty Videocon General Insurance Company Limited                                                   | India                    | 81.9%                                  | 77.9%           |
| Middle East Appliances LLC                                                                           | Sultanate of Oman        | 100%                                   | 100%            |
| Pipavav Energy Private Limited                                                                       | India                    | 100%                                   | 100%            |
| Prosperous Energy Private Limited                                                                    | India                    | 100%                                   | 100%            |
| Videocon Electronics (Shenzhen) Limited<br>(Chinese Name - Weiyokang Electronic (Shenzhen) Co. Ltd.) | China                    | 100%                                   | 100%            |
| Videocon Global Limited                                                                              | British Virgin Islands   | 100%                                   | 100%            |
| Videocon Oil Ventures Limited                                                                        | India                    | 100%                                   | 100%            |
| Videocon Estelle Limited (upto 26th March, 2014) <sup>(1)</sup>                                      | Mauritius                | -                                      | 100%            |
| Videocon Ivory Limited (upto 15th February, 2014) <sup>(1)</sup>                                     | Mauritius                | -                                      | 100%            |
| Videocon Hydrocarbon Holdings Limited <sup>(1)</sup>                                                 | Cayman Islands           | 100%                                   | 100%            |
| Videocon JPDA 06-103 Limited <sup>(2)</sup>                                                          | Cayman Islands           | 100%                                   | 100%            |
| Videocon Indonesia Nunukan Inc. <sup>(2)</sup>                                                       | Cayman Islands           | 100%                                   | 100%            |
| Videocon Energy Brazil Limited <sup>(2)</sup>                                                        | British Virgin Islands   | 100%                                   | 100%            |
| Videocon Australia WA-388-P Limited <sup>(2)</sup>                                                   | Cayman Islands           | 100%                                   | 100%            |
| Videocon Mauritius Energy Limited <sup>(2)</sup>                                                     | Mauritius                | 100%                                   | 100%            |
| Videocon Mozambique Rovuma 1 Limited (upto 7th January, 2014) <sup>(3)</sup>                         | British Virgin Islands   | -                                      | 100%            |
| Videocon International Electronics Limited                                                           | India                    | 100%                                   | 100%            |
| Jumbo Techno Services Private Limited <sup>(4)</sup>                                                 | India                    | 100%                                   | 100%            |
| Senior Consulting Private Limited <sup>(4)</sup>                                                     | India                    | 100%                                   | 100%            |
| Videocon Telecommunications Limited <sup>(4)</sup>                                                   | India                    | 92.9%                                  | 90.8%           |
| Datacom Telecommunications Private Limited <sup>(5)</sup>                                            | India                    | 92.9%                                  | 90.8%           |
| Videocon Energy Limited                                                                              | India                    | 100%                                   | 100%            |
| Proficient Energy Private Limited <sup>(6)</sup>                                                     | India                    | 100%                                   | 100%            |
| Applied Energy Private Limited <sup>(7)</sup>                                                        | India                    | 100%                                   | 100%            |
| Unity Power Private Limited (upto 15th May, 2014) <sup>(8)</sup>                                     | India                    | -                                      | 51%             |
| Comet Power Private Limited <sup>(8)</sup>                                                           | India                    | 51%                                    | 51%             |
| Indigo Energy Private Limited <sup>(9)</sup>                                                         | India                    | 51%                                    | 51%             |
| Percept Energy Private Limited <sup>(9)</sup>                                                        | India                    | 51%                                    | 51%             |

| Name of the Joint Venture                        | Country of Incorporation | Percentage of Ownership Interest as at |                 |
|--------------------------------------------------|--------------------------|----------------------------------------|-----------------|
|                                                  |                          | 31st Dec., 2014                        | 30th June, 2013 |
| IBV Brasil Petroleo Limitada <sup>(10)</sup>     | Brazil                   | 50%                                    | 50%             |
| Videocon Infinity Infrastructure Private Limited | India                    | 50%                                    | 50%             |

| Name of the Associate                                               | Country of Incorporation | Percentage of Ownership Interest as at |                 |
|---------------------------------------------------------------------|--------------------------|----------------------------------------|-----------------|
|                                                                     |                          | 31st Dec., 2014                        | 30th June, 2013 |
| Radium Energy Private Limited                                       | India                    | 26%                                    | 26%             |
| Unity Power Private Limited (w.e.f. 16th May, 2014) <sup>(11)</sup> | India                    | 26%                                    | -               |

- Subsidiary of Videocon Oil Ventures Limited
- Subsidiary of Videocon Hydrocarbon Holdings Limited
- Subsidiary of Videocon Mauritius Energy Limited
- Subsidiary of Videocon International Electronics Limited
- Subsidiary of Videocon Telecommunications Limited

- Subsidiary of Videocon Energy Limited
- Subsidiary of Proficient Energy Private Limited
- Subsidiary of Applied Energy Private Limited
- Subsidiary of Comet Power Private Limited
- Joint Venture of Videocon Energy Brazil Limited
- Associate of Applied Energy Private Limited

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

|                                                                                                                                                                            |  | (₹ in Million)           |                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------|--------------------------|
|                                                                                                                                                                            |  | As at<br>31st Dec., 2014 | As at<br>30th June, 2013 |
| <b>3. SHARE CAPITAL</b>                                                                                                                                                    |  |                          |                          |
| <b>Authorised:</b>                                                                                                                                                         |  |                          |                          |
| 500,000,000 (As at 30th June, 2013 - 500,000,000) Equity Shares of ₹ 10/- each                                                                                             |  | 5,000.00                 | 5,000.00                 |
| 10,000,000 (As at 30th June, 2013 - 10,000,000) Redeemable Preference Shares of ₹ 100/- each                                                                               |  | 1,000.00                 | 1,000.00                 |
| <b>Total</b>                                                                                                                                                               |  | <b>6,000.00</b>          | <b>6,000.00</b>          |
| <b>Issued, Subscribed and Paid-up:</b>                                                                                                                                     |  |                          |                          |
| <b>Equity Shares</b>                                                                                                                                                       |  |                          |                          |
| 334,458,875 (As at 30th June, 2013 - 318,771,669) Equity Shares of ₹ 10/- each fully paid-up.                                                                              |  | 3,344.59                 | 3,187.72                 |
| Less: Calls in Arrears - by others                                                                                                                                         |  | -                        | 0.08                     |
| <b>(a)</b>                                                                                                                                                                 |  | <b>3,344.59</b>          | <b>3,187.64</b>          |
| <b>Preference Shares</b>                                                                                                                                                   |  |                          |                          |
| i) Nil (As at 30th June, 2013 - 4,523,990) 8% Cumulative Redeemable Preference Shares of ₹ Nil (As at 30th June, 2013 ₹ 33.32) each, redeemed at par on 1st October, 2013. |  | -                        | 150.74                   |
| ii) Nil (As at 30th June, 2013 - 76,870) 8% Cumulative Redeemable Preference Shares of ₹ Nil (As at 30th June, 2013 ₹ 33.34) each, redeemed at par on 1st February, 2014.  |  | -                        | 2.56                     |
| <b>(b)</b>                                                                                                                                                                 |  | <b>-</b>                 | <b>153.30</b>            |
| <b>Total (a + b)</b>                                                                                                                                                       |  | <b>3,344.59</b>          | <b>3,340.94</b>          |

### 3.1 Reconciliation of the Number of Shares:

|                                                                                                    | As at 31st Dec., 2014 |              | As at 30th June, 2013 |              |
|----------------------------------------------------------------------------------------------------|-----------------------|--------------|-----------------------|--------------|
|                                                                                                    | No. of Shares         | ₹ in Million | No. of Shares         | ₹ in Million |
| <b>a) Equity Shares of ₹ 10/- each</b>                                                             |                       |              |                       |              |
| Outstanding at the beginning of the period                                                         | 318,771,669           | 3,187.72     | 303,021,669           | 3,030.22     |
| Issued during the period*                                                                          | 15,700,000            | 157.00       | 15,750,000            | 157.50       |
| Less: Forfeited during the period                                                                  | 12,794                | 0.13         | -                     | -            |
| Outstanding at the end of the period                                                               | 334,458,875           | 3,344.59     | 318,771,669           | 3,187.72     |
| <b>b) 8% Cumulative Redeemable Preference Shares of ₹ Nil (As at 30th June, 2013 ₹ 33.32) each</b> |                       |              |                       |              |
| Outstanding at the beginning of the period                                                         | 4,523,990             | 150.74       | 4,523,990             | 301.56       |
| Redeemed during the period                                                                         | 4,523,990             | 150.74       | -                     | 150.82       |
| Outstanding at the end of the period                                                               | -                     | -            | 4,523,990             | 150.74       |
| <b>c) 8% Cumulative Redeemable Preference Shares of ₹ Nil (As at 30th June, 2013 ₹ 33.34) each</b> |                       |              |                       |              |
| Outstanding at the beginning of the period                                                         | 76,870                | 2.56         | 76,870                | 7.69         |
| Redeemed during the period                                                                         | 76,870                | 2.56         | -                     | 5.13         |
| Outstanding at the end of the period                                                               | -                     | -            | 76,870                | 2.56         |

\* The Company has allotted 15,700,000 underlying equity shares represented by the issue of 15,700,000 Global Depository Receipts (GDR) at a price of US\$ 2.88 per GDR, equivalent to ₹ 181.61 per equity share (including share premium of ₹ 171.61 per equity share) aggregating to ₹ 2,851.27 Million.

### 3.2 Rights, Preference and Restrictions:

- The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to equal right of voting and dividend.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- The preference shares do not have voting rights. They have preference over equity shareholder as to dividend and in case of liquidation.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3.3 Details of Shareholders holding more than 5% Shares:

| Name of Shareholders                                                                               | As at 31st Dec., 2014 |              | As at 30th June, 2013 |              |
|----------------------------------------------------------------------------------------------------|-----------------------|--------------|-----------------------|--------------|
|                                                                                                    | No. of Shares         | % of Holding | No. of Shares         | % of Holding |
| <b>a) Equity Shareholders</b>                                                                      |                       |              |                       |              |
| a) Dome-Bell Electronics India Private Limited                                                     | 19,741,049            | 5.90         | 19,741,049            | 6.19         |
| b) Shree Dhoot Trading And Agencies Limited                                                        | 26,604,836            | 7.95         | 28,404,836            | 8.91         |
| c) Synergy Appliances Private Limited                                                              | 16,010,575            | 4.79         | 16,010,575            | 5.02         |
| d) Videocon Realty and Infrastructures Limited                                                     | 63,570,518            | 19.01        | 63,570,518            | 19.94        |
| e) Deutsche Bank Trust Company Americas<br>(As depository of Global Deposits Receipts)             | 41,201,226            | 12.32        | 26,051,226            | 8.17         |
| <b>b) 8% Cumulative Redeemable Preference Shares of ₹ Nil (As at 30th June, 2013 ₹ 33.32) each</b> |                       |              |                       |              |
| a) LIC of India Limited                                                                            | -                     | -            | 441,990               | 9.77         |
| b) IDBI Bank Limited                                                                               | -                     | -            | 4,082,000             | 90.23        |
| <b>c) 8% Cumulative Redeemable Preference Shares of ₹ Nil (As at 30th June, 2013 ₹ 33.34) each</b> |                       |              |                       |              |
| General Insurance Corporation of India Limited                                                     | -                     | -            | 76,870                | 100.00       |

### 4. RESERVES AND SURPLUS

|                                                                     |                  |                  |
|---------------------------------------------------------------------|------------------|------------------|
| <b>a) Capital Reserve (including Capital Subsidy)</b>               |                  |                  |
| As per last Balance Sheet                                           | 9.74             | 9.74             |
| Add: On Forfeiture of Equity Shares                                 | 1.44             | -                |
| <b>(a)</b>                                                          | <b>11.18</b>     | <b>9.74</b>      |
| <b>b) Capital Redemption Reserve</b>                                |                  |                  |
| As per last Balance Sheet                                           | 844.29           | 688.33           |
| Add: Transferred from Surplus in the Statement of Profit and Loss   | 153.30           | 155.96           |
| <b>(b)</b>                                                          | <b>997.59</b>    | <b>844.29</b>    |
| <b>c) Securities Premium Account</b>                                |                  |                  |
| As per last Balance Sheet                                           | 46,205.41        | 43,576.23        |
| Add: Received during the period                                     | 2,694.27         | 2,642.09         |
| Less: Reversal of Securities Premium pertaining to shares forfeited | 2.75             | -                |
| Less: Share Issue Expenses                                          | 3.13             | 12.91            |
|                                                                     | 48,893.80        | 46,205.41        |
| Less: Calls in Arrears - by others                                  | -                | 1.59             |
| <b>(c)</b>                                                          | <b>48,893.80</b> | <b>46,203.82</b> |
| <b>d) Bond/Debenture Redemption Reserve</b>                         |                  |                  |
| As per last Balance Sheet                                           | 2,962.51         | 1,053.17         |
| Add: Transferred from Surplus in the Statement of Profit and Loss   | 2,054.24         | 1,909.34         |
| <b>(d)</b>                                                          | <b>5,016.75</b>  | <b>2,962.51</b>  |
| <b>e) Legal Reserve</b>                                             |                  |                  |
| As per last Balance Sheet                                           | 0.01             | 0.01             |
| Add: Transferred from Surplus in the Statement of Profit and Loss   | 0.31             | -                |
| <b>(e)</b>                                                          | <b>0.32</b>      | <b>0.01</b>      |
| <b>f) Foreign Currency Translation Reserve</b>                      |                  |                  |
| As per last Balance Sheet                                           | 2,787.90         | 2,546.06         |
| Add/(Less): During the period                                       | 1,303.94         | 241.84           |
| <b>(f)</b>                                                          | <b>4,091.84</b>  | <b>2,787.90</b>  |
| <b>g) General Reserve</b>                                           |                  |                  |
| As per last Balance Sheet                                           | 16,501.48        | 16,201.48        |
| Add: Transferred from Surplus in the Statement of Profit and Loss   | 300.00           | 300.00           |
| <b>(g)</b>                                                          | <b>16,801.48</b> | <b>16,501.48</b> |

(₹ in Million)

|            | As at<br>31st Dec., 2014 | As at<br>30th June, 2013 |
|------------|--------------------------|--------------------------|
|            | 9.74                     | 9.74                     |
|            | 1.44                     | -                        |
| <b>(a)</b> | <b>11.18</b>             | <b>9.74</b>              |
|            | 844.29                   | 688.33                   |
|            | 153.30                   | 155.96                   |
| <b>(b)</b> | <b>997.59</b>            | <b>844.29</b>            |
|            | 46,205.41                | 43,576.23                |
|            | 2,694.27                 | 2,642.09                 |
|            | 2.75                     | -                        |
|            | 3.13                     | 12.91                    |
|            | 48,893.80                | 46,205.41                |
|            | -                        | 1.59                     |
| <b>(c)</b> | <b>48,893.80</b>         | <b>46,203.82</b>         |
|            | 2,962.51                 | 1,053.17                 |
|            | 2,054.24                 | 1,909.34                 |
| <b>(d)</b> | <b>5,016.75</b>          | <b>2,962.51</b>          |
|            | 0.01                     | 0.01                     |
|            | 0.31                     | -                        |
| <b>(e)</b> | <b>0.32</b>              | <b>0.01</b>              |
|            | 2,787.90                 | 2,546.06                 |
|            | 1,303.94                 | 241.84                   |
| <b>(f)</b> | <b>4,091.84</b>          | <b>2,787.90</b>          |
|            | 16,501.48                | 16,201.48                |
|            | 300.00                   | 300.00                   |
| <b>(g)</b> | <b>16,801.48</b>         | <b>16,501.48</b>         |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

|                                                                 |                          | (₹ in Million)           |
|-----------------------------------------------------------------|--------------------------|--------------------------|
|                                                                 | As at<br>31st Dec., 2014 | As at<br>30th June, 2013 |
| <b>h) Surplus/(Deficit) in the Statement of Profit and Loss</b> |                          |                          |
| As per last Balance Sheet                                       | (25,513.71)              | 5,377.71                 |
| Add: Profit/(Loss) for the period                               | 51,196.39                | (28,261.19)              |
| <b>Balance available for Appropriations</b>                     | <b>25,682.68</b>         | <b>(22,883.48)</b>       |
| <b>Less: Appropriations</b>                                     |                          |                          |
| Transfer to Capital Redemption Reserve                          | 153.30                   | 155.96                   |
| Transfer to Bond/Debenture Redemption Reserve                   | 2,054.24                 | 1,909.34                 |
| Transfer to Legal Reserve                                       | 0.31                     | -                        |
| Transfer to General Reserve                                     | 300.00                   | 300.00                   |
| Proposed Dividend - Equity Shares                               | 230.14                   | 198.77                   |
| Proposed Dividend - Preference Shares                           | 3.16                     | 27.68                    |
| Tax on Proposed Dividend                                        | 46.65                    | 38.48                    |
| <b>(h)</b>                                                      | <b>22,894.88</b>         | <b>(25,513.71)</b>       |
| <b>Total (a to h)</b>                                           | <b>98,707.84</b>         | <b>43,796.04</b>         |

|                                        |            | (₹ in Million)        |                       |           |
|----------------------------------------|------------|-----------------------|-----------------------|-----------|
|                                        |            | As at 31st Dec., 2014 | As at 30th June, 2013 |           |
|                                        |            | Non-Current           | Current               |           |
|                                        |            | Non-Current           | Current               |           |
| <b>5. LONG-TERM BORROWINGS</b>         |            |                       |                       |           |
| <b>a) Secured</b>                      |            |                       |                       |           |
| Term Loans from Banks                  | 334,239.07 | 38,307.46             | 276,657.05            | 29,419.33 |
| Term Loans from Financial Institutions | 13,500.59  | 702.51                | 15,019.23             | 1,099.35  |
| External Commercial Borrowings         | -          | -                     | -                     | 589.41    |
| Vehicle Loan from Banks                | 51.32      | 71.89                 | 151.79                | 130.67    |
| Loan from Others                       | 0.05       | -                     | 0.05                  | -         |
| Deferred Payment Liabilities           | 7,146.20   | -                     | 7,146.20              | -         |
| (a)                                    | 354,937.23 | 39,081.86             | 298,974.32            | 31,238.76 |
| <b>b) Unsecured</b>                    |            |                       |                       |           |
| Term Loans from Banks                  | 75.00      | 100.00                | -                     | 2,000.00  |
| Foreign Currency Convertible Bonds     | -          | 12,402.72             | 11,652.34             | -         |
| Compulsorily Convertible Debentures    | -          | -                     | 115.59                | -         |
| Loan from Others                       | 26.79      | 7.04                  | 27.66                 | -         |
| Sales Tax Deferral                     | 4.16       | 12.48                 | 16.64                 | 8.78      |
| (b)                                    | 105.95     | 12,522.24             | 11,812.23             | 2,008.78  |
| Total (a + b)                          | 355,043.18 | 51,604.10             | 310,786.55            | 33,247.54 |

### 5.1 Secured Loans:

#### a) Term Loans from Banks and Financial Institutions:

- The Company, the subsidiary Videocon International Electronics Limited alongwith 11 other entities (collectively referred to as 'Obligors' and individually referred to as 'Borrower') executed facility agreement with consortium of existing domestic rupee term lenders, in the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities covered are Videocon Industries Limited (VIL), Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Techno Kart India Limited (formerly Next Retail India Limited), Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited.

Loans amounting to ₹ 169,745.20 Million (As at 30th June, 2013 ₹ 146,566.53 Million) are secured by first *pari-passu* charge on all present and future tangible/intangible assets (excluding the Identified Properties) of each of the Borrower, first *pari-passu* charge on the Trust and Retention Accounts of the Borrowers, second *pari-passu* charge on Identified Assets of Videocon Hydrocarbon Holdings Limited's (VHHL) subsidiaries through pledge of entire shareholding of VHHL in these overseas subsidiaries, second charge on pledge of 100% shares of Videocon Oil Ventures Limited and VHHL, second *pari-passu* charge on VHHL's share of cash flows from Identified Assets and second *pari-passu* charge over current assets of each of the Borrowers. The Rupee Term Loans are also secured by first ranking pledge over specified numbers of equity shares of Videocon Industries Limited, Trend Electronics Limited and Value Industries Limited held by the promoters, the personal guarantee of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot, Mr. Rajkumar N. Dhoot and first *pari-passu* charge on 'Videocon' brand (Also refer Note No. 38).

- The Consortium of various banks have sanctioned the Letter of Comfort (LoC)/Stand-by Letters of Credit (SBLC) facility to the Company and its subsidiary Videocon Oil Ventures Limited (VOVL) (collectively referred to as 'Obligors') to secure the

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

foreign currency facility raised/ to be raised by Videocon Hydrocarbon Holdings Limited (VHHL), an overseas subsidiary, from its lenders.

Loans amounting to ₹ 167,872.03 Million (As at 30th June, 2013 ₹ 108,942.38 Million) under this LoC/SBLC facility is secured by first ranking pledge of 100% shares of VOVL, VHHL and shares of certain subsidiaries of VHHL, charge over their fixed assets, VHHL's share of cash flows from identified oil & gas assets through escrow of receivables, first ranking / exclusive charge on specified bank accounts for the benefit of the relevant LoC/SBLC provider, exclusive charge on oil & gas facility servicing account of Obligors set-up under the onshore Trust and Retention Accounts, negative lien for shares of other subsidiaries of VHHL viz. Videocon JPDA 06-103 Limited and Videocon Australia WA-388P Limited, first *pari-passu* charge on Videocon brand and personal guarantee of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.

- iii) Loans amounting to ₹ 150.00 Million (As at 30th June, 2013 ₹ 1,200.00 Million) is secured by first *pari-passu* charge over the fixed assets situated at Bharuch and Aurangabad, both present and future.
- iv) Loans amounting to ₹ 512.40 Million (As at 30th June, 2013 ₹ 581.03 Million) is secured by mortgage of immovable assets and first charge on movable assets, cash flows and intangible assets pertaining to the 5.75 MW Multi Crystalline Silicon Photovoltaic Technology Project at Warora.
- v) Loans amounting to ₹ 10,750.00 Million (As at 30th June, 2013 ₹ Nil) are secured by first *pari-passu* charge on book debts of consumer electronics and home appliances division which are not charged to bankers for securing working capital loans and first *pari-passu* charge on equitable mortgage of specified properties owned by the Company and owned by other 6 entities. The loans are further secured by personal guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot and corporate guarantee of the entities whose properties have been mortgaged.
- vi) Loans amounting to ₹ 2,250.00 Million (As at 30th June, 2013 ₹ Nil) is secured by subservient charge on current assets of the Company, pledge of equity shares of Videocon Industries Limited held by other entities and personal guarantee of Mr. Venugopal N. Dhoot.
- vii) Loans amounting to ₹ 2,500.00 Million (As at 30th June, 2013 ₹ Nil) is secured by subservient charge on current assets of the Company, extension of pledge of equity shares of Videocon Industries Limited mentioned in note no. (vi) above and pledge of equity shares of Videocon d2h Limited held by other entities, mortgage of properties owned by other entities and personal guarantee of Mr. Venugopal N. Dhoot.
- viii) Loans amounting to ₹ 32,449.20 Million (As at 30th June, 2013 ₹ 33,710.00 Million) are secured by first *pari-passu* charge on existing and future assets of the Subsidiary Company viz. Videocon Telecommunications Limited (VTL), assignment of all telecom licenses held VTL by way of tripartite agreement to be executed between the Department of Telecommunications, VTL and Lenders and personal guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- ix) Loans amounting to ₹ 520.80 Million (As at 30th June, 2013 ₹ 590.55 Million) is secured by mortgage and first charge on entire immovable properties, both present and future of the Subsidiary Company viz. Comet Power Private Limited, first charge on cash flows, receivables, book debts and revenues, first charge on entire intangible assets, both present and future, first charge by way of hypothecation/mortgage/assignment of all the rights, titles, interest, benefits, claims and demands in project documents and power purchase agreement, clearances in letter of credit, guarantee, performance bond, corporate guarantee provided by project documents, first charge on trust and retention account and personal guarantee of Mr. Venugopal N. Dhoot.
- b) Vehicle Loan from Banks are secured by way of hypothecation of Vehicles acquired out of the said loan. The loans are also secured by personal guarantee of Mr. Venugopal N. Dhoot.
- c) Loan from Others is secured by certain investments held by the Subsidiary Company viz. Applied Energy Private Limited.
- d) Deferred Payment Liabilities:

Videocon Telecommunication Limited has availed deferred payment option for amount payable to Department of Telecommunications pertaining to Spectrum Fee. The deferred payment liabilities including interest are repayable in 10 equated annual installments commencing from 1st December, 2015. The annual installment is securitised through a financial bank guarantee of an amount of annual installment, which shall be renewed for a further period of one year on payment of each installment.

### 5.2 Unsecured Loans:

- a) The Parent Company had issued 2,000 Foreign Currency Convertible Bonds of US\$ 100,000 each (Bonds) during the year 2010, due on 16th December, 2015, out of which 1,944 (As at 30th June, 2013 - 1944) Bonds are outstanding.
  - i) The Bonds are convertible at the option of the bondholders at any time on or after 25th January, 2011 to 7 days before maturity date i.e. 16th December, 2015, at a fixed exchange rate of ₹ 45.255 per 1 US\$ and at initial conversion price of ₹ 239.5265 per share being at premium of 3% over reference share price. The conversion price will be subject to adjustment for, among other things, subdivision or consolidation of shares, rights issues, capital distributions, stock dividends and other dilutive events.
  - ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 15th December, 2013, if the closing price of shares for each of the 30 consecutive trading days prior to the date on which notice of such redemption is given was at least 130% of the conversion price.
  - iii) The Bonds are redeemable at maturity date i.e. on 16th December, 2015 at its principal amount, if not redeemed or converted earlier.
- b) The Parent Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of total outstanding, ₹ 12.48 Million is repayable in the financial year 2015 and balance amount of ₹ 4.16 Million is repayable in the financial year 2016.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5.3 Maturity Profile:

Maturity between 1st January to 31st December of:

Financial Year 2016  
Financial Year 2017  
Financial Year 2018  
Financial Year 2019  
Financial Year 2020  
Financial Year 2021  
Financial Year 2022  
Financial Year 2023  
Financial Year 2024  
Financial Year 2025  
Financial Year 2026

| Secured Loans         |                                        |                         | Unsecured Loans       |
|-----------------------|----------------------------------------|-------------------------|-----------------------|
| Term Loans from Banks | Term Loans from Financial Institutions | Vehicle Loan from Banks | Term Loans from Banks |
| 92,978.71             | 1,047.66                               | 46.57                   | 75.00                 |
| 41,378.19             | 1,469.91                               | 3.24                    | -                     |
| 36,724.57             | 1,867.72                               | 1.20                    | -                     |
| 46,595.64             | 2,789.05                               | 0.21                    | -                     |
| 41,295.01             | 2,248.00                               | 0.10                    | -                     |
| 41,295.01             | 2,248.00                               | -                       | -                     |
| 19,723.72             | 1,738.00                               | -                       | -                     |
| 130.00                | 92.25                                  | -                       | -                     |
| -                     | -                                      | -                       | -                     |
| -                     | -                                      | -                       | -                     |
| 14,118.22             | -                                      | -                       | -                     |

The Deferred Payment Liabilities including interest are repayable in 10 equated annual installments of ₹ 1,385.84 Million commencing from 1st December, 2015.

### 6. DEFERRED TAX LIABILITY/(ASSETS) - (NET)

a) Deferred Tax Liability  
Related to Depreciation and Amortisation on Fixed Assets

b) Deferred Tax Assets

- i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961  
ii) Unabsorbed Losses and Depreciation \*  
iii) Tax Credit Entitlement (Foreign Country)  
iv) Others

Net Deferred Tax Liability/(Assets)

6.1 \* The Subsidiary, Videocon Telecommunications Limited (VTL) had evaluated its future taxable income after it was awarded the Unified Licenses (Access services) in six circles with effect from 16th February, 2013 which are valid for a period of 20 years and also the allotment of 5 Mhz spectrum in 1800 Mhz category in each of these six circles and had recognized net deferred tax assets of ₹ 11,583.44 Million during the financial year 2012-13 on the unabsorbed depreciation and business losses based on the future business plan, estimated increase in subscribers base and considering additional capital infusion into the Company which would restrict further borrowings and related costs, and other factors. However, during the period the same has been reversed by the subsidiary, VTL.

### 7. LONG-TERM PROVISIONS

Provision for Gratuity (Refer Note No. 32B)  
Provision for Leave Encashment (Refer Note No. 32B)  
Provision for Abandonment and Site Restoration Costs

### 8. SHORT-TERM BORROWINGS

#### Secured

Loans from Banks  
Working Capital Loans from Banks

#### Unsecured

Loans from Banks  
Loans repayable on demand: From Others

(₹ in Million)

| As at<br>31st Dec., 2014 | As at<br>30th June, 2013 |
|--------------------------|--------------------------|
|--------------------------|--------------------------|

|              |                 |             |
|--------------|-----------------|-------------|
|              |                 |             |
|              | <b>8,133.50</b> | 9,374.13    |
| <b>(a)</b>   | <b>8,133.50</b> | 9,374.13    |
|              | <b>181.74</b>   | 346.11      |
|              | <b>783.85</b>   | 13,328.80   |
|              | -               | 13,431.77   |
|              | <b>75.40</b>    | 192.79      |
| <b>(b)</b>   | <b>1,040.99</b> | 27,299.47   |
| <b>(a-b)</b> | <b>7,092.51</b> | (17,925.34) |

(₹ in Million)

| As at<br>31st Dec., 2014 | As at<br>30th June, 2013 |
|--------------------------|--------------------------|
|--------------------------|--------------------------|

|              |                 |          |
|--------------|-----------------|----------|
|              | <b>177.87</b>   | 161.62   |
|              | <b>64.11</b>    | 58.27    |
|              | <b>1,770.70</b> | 1,279.51 |
| <b>Total</b> | <b>2,012.68</b> | 1,499.40 |

|                      |                  |           |
|----------------------|------------------|-----------|
|                      | <b>19,650.00</b> | 21,039.46 |
|                      | <b>10,913.12</b> | 15,476.39 |
| <b>(a)</b>           | <b>30,563.12</b> | 36,515.85 |
|                      | <b>1,249.93</b>  | 7,620.83  |
|                      | <b>14,627.39</b> | 13,946.97 |
| <b>(b)</b>           | <b>15,877.32</b> | 21,567.80 |
| <b>Total (a + b)</b> | <b>46,440.44</b> | 58,083.65 |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8.1 Secured Loans

- a) Short-Term Loans from Banks
- Loans amounting to ₹ 1,900.00 Million (As at 30th June, 2013 ₹ Nil) is secured by mortgage of specified property owned by the Company, negative lien on property owned by other entities and personal guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
  - Loans amounting to ₹ 1,500.00 Million (As at 30th June, 2013 ₹ Nil) is secured by first *pari-passu* charge on book debts of consumer electronics and home appliances division which are not charged to bankers for securing working capital loans. The loan is further secured by personal guarantee of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.
  - Loans amounting to ₹ 6,000.00 Million (As at 30th June, 2013 ₹ Nil) is secured against fixed deposits held by the Company.
  - Loans amounting to ₹ 1,000.00 Million (As at 30th June, 2013 ₹ Nil) is secured by subservient charge on current assets of the Company, pledge of equity shares of Videocon d2h Limited held by other entities, mortgage of specified properties owned by other entities, assignment of receivables from these properties and personal guarantee of Mr. Venugopal N. Dhoot.
  - Loans amounting to ₹ 9,250.00 Million (As at 30th June, 2013 ₹ Nil) is secured by exclusive charge over the land situated at Dist. Rewa, Madhya Pradesh owned by the Subsidiary Company viz. Prosperous Energy Private Limited, stake in PT. Gaung Alam Semesta's coal concession in Indonesia owned by other entities and personal guarantee of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- b) Working Capital Loans from Banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division and personal guarantee of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.

### 8.2 Unsecured Loans

Unsecured Loans from Banks amounting to ₹ 1,249.93 Million (As at 30th June, 2013 ₹ Nil) is secured by equitable mortgage of property owned by other entities and personal guarantee of Mr. Venugopal N. Dhoot, Mr. Rajkumar N. Dhoot and Mr. Pradipkumar N. Dhoot.

(₹ in Million)

|                                                                     | As at<br>31st Dec., 2014 | As at<br>30th June, 2013 |
|---------------------------------------------------------------------|--------------------------|--------------------------|
| <b>9. TRADE PAYABLES</b>                                            |                          |                          |
| Micro, Small and Medium Enterprises                                 | 75.16                    | 79.93                    |
| Others                                                              | 17,271.63                | 15,695.71                |
| <b>Total</b>                                                        | <b>17,346.79</b>         | <b>15,775.64</b>         |
| <b>10. OTHER CURRENT LIABILITIES</b>                                |                          |                          |
| Current maturities of Long-Term Borrowings (Refer Note No. 5)       | 51,604.10                | 33,247.54                |
| Bank Overdraft as per books                                         | 437.62                   | 889.11                   |
| Interest accrued but not due on Borrowings                          | 5,101.26                 | 3,250.36                 |
| Interest accrued and due on Borrowings                              | 529.70                   | 4,674.09                 |
| Advances from Customers and Unearned Income                         | 560.73                   | 483.66                   |
| Unclaimed Dividend                                                  | 10.24                    | 10.44                    |
| Creditors for Capital Expenditure                                   | 558.65                   | 9,735.73                 |
| Other Payables                                                      | 6,201.30                 | 6,070.11                 |
| <b>Total</b>                                                        | <b>65,003.60</b>         | <b>58,361.04</b>         |
| <b>11. SHORT-TERM PROVISIONS</b>                                    |                          |                          |
| Proposed Dividend - Equity Shares                                   | 230.14                   | 198.77                   |
| Proposed Dividend - Preference Shares                               | 3.16                     | 27.68                    |
| Provision for Tax on Dividend                                       | 46.65                    | 38.48                    |
| Provision for Warranty and Maintenance Expenses (Refer Note No. 46) | 648.46                   | 653.24                   |
| Premium Deficiency Reserve                                          | -                        | 2.38                     |
| Provision for Incentive Payment                                     | 70.79                    | -                        |
| Reserve for Unexpired Risk                                          | 1,160.43                 | -                        |
| Provision for Gratuity (Refer Note No. 32B)                         | 36.73                    | 36.28                    |
| Provision for Leave Encashment (Refer Note No. 32B)                 | 11.17                    | 9.60                     |
| <b>Total</b>                                                        | <b>2,207.53</b>          | <b>966.43</b>            |

## 12. FIXED ASSETS

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| Particulars                     | Gross Block           |                  |                         |                                  |                       |                       | Depreciation/ Amortisation/ Impairment |                         |                                  | Net Block             |                       |
|---------------------------------|-----------------------|------------------|-------------------------|----------------------------------|-----------------------|-----------------------|----------------------------------------|-------------------------|----------------------------------|-----------------------|-----------------------|
|                                 | As at 30th June, 2013 | Additions        | Deductions/ Adjustments | Currency Translation Adjustments | As at 31st Dec., 2014 | As at 30th June, 2013 | For the period                         | Deductions/ Adjustments | Currency Translation Adjustments | As at 31st Dec., 2014 | As at 30th June, 2013 |
| <b>i) Tangible Assets</b>       |                       |                  |                         |                                  |                       |                       |                                        |                         |                                  |                       |                       |
| Freehold Land                   | 878.73                | 9.46             | -                       | -                                | 888.19                | -                     | -                                      | -                       | -                                | 888.19                | 878.73                |
| Leasehold Land                  | 48.05                 | -                | -                       | -                                | 48.05                 | 12.15                 | 1.17                                   | -                       | -                                | 34.73                 | 35.90                 |
| Building                        | 6,821.05              | 9.60             | 28.05                   | 10.33                            | 6,812.93              | 2,538.71              | 249.09                                 | 1.29                    | 3.10                             | 4,073.32              | 4,282.34              |
| Leasehold Improvements          | 834.29                | 12.40            | 6.62                    | -                                | 840.07                | 275.43                | 128.84                                 | 2.42                    | -                                | 438.22                | 558.86                |
| Plant and Machinery             | 122,871.18            | 8,950.01         | 988.07                  | 6.20                             | 130,839.32            | 54,184.67             | 11,260.78                              | 193.27                  | 6.15                             | 65,258.33             | 68,686.51             |
| Furnace                         | 1,576.39              | -                | -                       | -                                | 1,576.39              | 1,560.62              | -                                      | -                       | -                                | 1,560.62              | 15.77                 |
| Electrical Installation         | 172.92                | 2.92             | -                       | -                                | 175.84                | 113.63                | 10.44                                  | -                       | -                                | 124.07                | 59.29                 |
| Computers                       | 469.85                | 66.93            | 3.37                    | (0.29)                           | 533.12                | 325.60                | 121.59                                 | 2.97                    | (0.27)                           | 443.95                | 144.25                |
| Furniture and Fixtures          | 468.84                | 41.61            | 203.09                  | 10.95                            | 318.31                | 223.16                | 34.77                                  | 35.77                   | 2.44                             | 224.60                | 245.68                |
| Office Equipments               | 401.59                | 31.25            | 2.27                    | -                                | 430.57                | 240.20                | 45.24                                  | 0.85                    | -                                | 284.59                | 161.39                |
| Vehicles                        | 1,292.29              | 124.70           | 86.60                   | 1.93                             | 1,332.32              | 659.90                | 169.62                                 | 36.02                   | (0.17)                           | 793.33                | 632.39                |
| Others                          | 21.20                 | 3.80             | 24.20                   | 1.08                             | 1.88                  | 7.00                  | 4.01                                   | 10.09                   | 0.38                             | 0.58                  | 14.20                 |
| <b>Total (i)</b>                | <b>135,856.38</b>     | <b>9,252.68</b>  | <b>1,342.27</b>         | <b>30.20</b>                     | <b>143,796.99</b>     | <b>60,141.07</b>      | <b>12,025.55</b>                       | <b>282.68</b>           | <b>11.63</b>                     | <b>71,895.57</b>      | <b>75,715.31</b>      |
| <b>ii) Intangible Assets</b>    |                       |                  |                         |                                  |                       |                       |                                        |                         |                                  |                       |                       |
| Computer Software               | 1,241.09              | 223.92           | -                       | 0.01                             | 1,465.02              | 801.55                | 439.61                                 | -                       | 0.01                             | 1,241.17              | 439.54                |
| License/ Spectrum Fees          | 22,333.77             | -                | -                       | -                                | 22,333.77             | 419.06                | 1,679.86                               | -                       | -                                | 2,098.92              | 21,914.71             |
| Producing Properties            | 4,847.31              | 1,333.26         | -                       | -                                | 6,180.57              | 4,425.93              | 1,221.15                               | -                       | -                                | 5,647.08              | 421.38                |
| Others                          | 451.21                | 0.20             | -                       | (52.31)                          | 399.10                | 0.30                  | 0.07                                   | -                       | (0.04)                           | 398.77                | 450.91                |
| <b>Total (ii)</b>               | <b>28,873.38</b>      | <b>1,557.38</b>  | <b>-</b>                | <b>(52.30)</b>                   | <b>30,378.46</b>      | <b>5,646.84</b>       | <b>3,340.69</b>                        | <b>-</b>                | <b>(0.03)</b>                    | <b>8,987.50</b>       | <b>23,226.54</b>      |
| <b>Total (i+ii)</b>             | <b>164,729.76</b>     | <b>10,810.06</b> | <b>1,342.27</b>         | <b>(22.10)</b>                   | <b>174,175.45</b>     | <b>65,787.91</b>      | <b>15,366.24</b>                       | <b>282.68</b>           | <b>11.60</b>                     | <b>80,883.07</b>      | <b>98,941.85</b>      |
| As at 30th June, 2013           | 148,845.02            | 35,893.48        | 20,012.67               | 3.93                             | 164,729.76            | 56,298.23             | 13,257.19                              | 3,786.18                | 18.67                            | 65,787.91             | 98,941.85             |
| <b>Capital Work-in-Progress</b> | 95,252.89             |                  |                         |                                  | <b>109,869.56</b>     |                       |                                        |                         |                                  | <b>109,869.56</b>     | <b>95,252.89</b>      |

### Notes:

- Plant and Machinery (Gross Block) includes assets capitalised under finance lease of ₹ 806.14 Million (As at 30th June, 2013 ₹ 806.14 Million) and corresponding accumulated depreciation of ₹ 758.06 Million (As at 30th June, 2013 ₹ 515.55 Million).
- Computer Software (Gross Block) includes assets capitalised under finance lease of ₹ 10.00 Million (As at 30th June, 2013 ₹ 10.00 Million) and corresponding accumulated depreciation of ₹ 3.83 Million (As at 30th June, 2013 ₹ 0.85 Million).
- Out of the Depreciation for the period, an amount of ₹ 1.47 Million (Previous period ₹ 1.49 Million) is transferred to "Pre-operative Expenditure Pending Allocation".

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| (₹ in Million)                                                                                     |                             |                             | (₹ in Million)                                                                |                             |                             |
|----------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                                    | As at<br>31st Dec.,<br>2014 | As at<br>30th June,<br>2013 |                                                                               | As at<br>31st Dec.,<br>2014 | As at<br>30th June,<br>2013 |
| <b>13. PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION</b>                                            |                             |                             | <b>17. INVENTORIES</b>                                                        |                             |                             |
| Balance as per last Balance Sheet                                                                  | 1,606.12                    | 2,165.20                    | (As taken, valued and certified by the Management)                            |                             |                             |
| Add: Incurred during the period                                                                    | 52.55                       | 679.69                      | Raw Materials including Consumables, Stores and Spares                        | 14,625.16                   | 13,527.94                   |
|                                                                                                    | 1,658.67                    | 2,844.89                    | Materials in Transit and in Bonded Warehouse                                  | 2,682.83                    | 2,560.53                    |
| Less: Expenditure apportioned over cost of Fixed Assets/ Capital Work-in-Progress/Capital Advances | -                           | 421.63                      | Work-in-Process                                                               | 1,288.29                    | 994.04                      |
| Less: Transfer to Statement of Profit and Loss                                                     | -                           | 817.14                      | Finished Goods and Stock in Trade                                             | 4,668.03                    | 4,172.90                    |
| <b>Total</b>                                                                                       | <b>1,658.67</b>             | <b>1,606.12</b>             | Drilling and Production Materials                                             | 441.55                      | 266.22                      |
|                                                                                                    |                             |                             | Crude Oil                                                                     | 361.40                      | 103.02                      |
|                                                                                                    |                             |                             | Sim Card                                                                      | 36.46                       | 32.17                       |
|                                                                                                    |                             |                             | <b>Total</b>                                                                  | <b>24,103.72</b>            | <b>21,656.82</b>            |
| <b>14. NON-CURRENT INVESTMENTS</b>                                                                 |                             |                             | <b>18. TRADE RECEIVABLES</b>                                                  |                             |                             |
| <b>QUOTED</b>                                                                                      |                             |                             | (Unsecured)                                                                   |                             |                             |
| i) In Equity Shares (Fully paid-up) - Trade                                                        | 45.23                       | 38.04                       | Outstanding for a period exceeding six months                                 |                             |                             |
| ii) In Equity Shares (Fully paid-up) - Others                                                      | 86.14                       | 176.93                      | Considered Good                                                               | 676.73                      | 715.10                      |
| <b>UNQUOTED</b>                                                                                    |                             |                             | Considered Doubtful                                                           | 357.81                      | 316.41                      |
| i) In Equity Shares (Fully Paid-up) - Trade                                                        | 14,025.78                   | 1,281.74                    |                                                                               | 1,034.54                    | 1,031.51                    |
| ii) In Equity Shares (Fully Paid-up) - Others                                                      | 380.24                      | 530.76                      | Less: Provision for Doubtful Debts                                            | 357.81                      | 316.41                      |
| iii) In Preference Shares (Fully paid-up)                                                          | 1,020.38                    | 1,020.38                    |                                                                               | 676.73                      | 715.10                      |
| iv) In Debentures/Bonds                                                                            | 5,863.94                    | 4,452.67                    | Others - Considered Good                                                      | 29,458.93                   | 28,718.84                   |
| v) In Other Investments                                                                            | 51.74                       | 48.45                       | <b>Total</b>                                                                  | <b>30,135.66</b>            | <b>29,433.94</b>            |
| <b>Total</b>                                                                                       | <b>21,473.45</b>            | <b>7,548.97</b>             |                                                                               |                             |                             |
| <b>15. LONG TERM LOANS AND ADVANCES</b>                                                            |                             |                             | <b>19. CASH AND BANK BALANCES</b>                                             |                             |                             |
| (Unsecured, considered good)                                                                       |                             |                             | <b>Cash and Cash Equivalents</b>                                              |                             |                             |
| Capital Advances                                                                                   | 10,391.50                   | 13,049.80                   | Cash on hand                                                                  | 12.76                       | 18.50                       |
| Security/Other Deposits                                                                            | 920.33                      | 468.60                      | Cheques/Drafts on hand/in transit                                             | 0.08                        | 0.63                        |
| Advance Income Tax (Net of Provision)                                                              | 760.25                      | 470.38                      | Balances with Banks                                                           |                             |                             |
| MAT Credit Entitlement                                                                             | 7.64                        | 7.51                        | - In Current Accounts                                                         | 4,038.11                    | 2,000.86                    |
| Balance with Central Excise/ Customs Department                                                    | 1,794.72                    | 2,705.08                    | - In Fixed Deposits having maturity of 3 months or less                       | 715.00                      | 430.00                      |
| Loans and Advances to Others                                                                       | 33,453.82                   | 26,828.66                   | (a)                                                                           | 4,765.95                    | 2,449.99                    |
| <b>Total</b>                                                                                       | <b>47,328.26</b>            | <b>43,530.03</b>            | <b>Other Bank Balances</b>                                                    |                             |                             |
| <b>16. CURRENT INVESTMENTS</b>                                                                     |                             |                             | In Dividend Warrant Accounts                                                  | 10.24                       | 10.44                       |
| <b>UNQUOTED - Others</b>                                                                           |                             |                             | In Earmarked Accounts                                                         | 589.60                      | 750.93                      |
| In Units of Mutual Funds                                                                           | 60.78                       | 48.52                       | In Escrow Account (Refer Note No. 43)                                         | 11,842.88                   | -                           |
| In Debentures/Bonds                                                                                | 149.95                      | 50.80                       | In Fixed Deposits earmarked towards Site Restoration costs                    | 826.99                      | 624.14                      |
| In Infrastructure and Social Sector                                                                | 199.96                      | -                           | In Fixed Deposits:                                                            |                             |                             |
| In Government or Trust Securities                                                                  | 1,693.92                    | 433.90                      | a) Maturity 12 months or less:                                                |                             |                             |
| In Certificate of Deposits                                                                         | 98.36                       | 99.27                       | - Held as margin money for credit facilities and other commitments            | 33,797.90                   | 3,761.26                    |
| <b>Total</b>                                                                                       | <b>2,202.97</b>             | <b>632.49</b>               | - Given as security for short term loan of ₹ 6,000.00 Million                 | 6,000.00                    | -                           |
|                                                                                                    |                             |                             | - Others                                                                      | 116.00                      | -                           |
|                                                                                                    |                             |                             | b) Maturity more than 12 months:                                              |                             |                             |
|                                                                                                    |                             |                             | - Held as margin money for credit facilities and other commitments            | 1,021.33                    | 1,407.36                    |
|                                                                                                    |                             |                             | - Lien in favour of the Registrar, Supreme Court of India (Refer Note No. 37) | 2,574.22                    | -                           |
|                                                                                                    |                             |                             | (b)                                                                           | 56,779.16                   | 6,554.13                    |
|                                                                                                    |                             |                             | <b>Total (a+b)</b>                                                            | <b>61,545.11</b>            | <b>9,004.12</b>             |

|                                                                                         | (₹ in Million)                         |                                        |                                                                             | (₹ in Million)                           |                                          |
|-----------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
|                                                                                         | As at<br>31st Dec.,<br>2014            | As at<br>30th June,<br>2013            |                                                                             | 18 Months<br>ended<br>31st Dec.,<br>2014 | 18 Months<br>ended<br>30th June,<br>2013 |
| <b>20. SHORT TERM LOANS AND ADVANCES</b><br>(Unsecured, considered good)                |                                        |                                        | <b>25. PRODUCTION AND EXPLORATION EXPENSE - OIL AND GAS</b>                 |                                          |                                          |
| Balance with Central Excise/ Customs Department                                         | 1,677.78                               | 937.24                                 | Production and Exploration Expenses                                         | 25,595.06                                | 14,982.65                                |
| Deposits                                                                                | 26.40                                  | 223.08                                 | Royalty                                                                     | 267.98                                   | 322.01                                   |
| Loans and Advances to Related Parties (Refer Note No. 44)                               | 0.56                                   | 0.54                                   | Cess                                                                        | 350.17                                   | 371.20                                   |
| Loans and Advances to Others                                                            | 192,857.73                             | 155,961.73                             | Production Bonus                                                            | 50.16                                    | 71.66                                    |
| <b>Total</b>                                                                            | <b>194,562.47</b>                      | <b>157,122.59</b>                      | Government Share in Profit Petroleum Insurance Expenses                     | 8,265.53                                 | 10,812.77                                |
| <b>21. OTHER CURRENT ASSETS</b>                                                         |                                        |                                        | <b>Total</b>                                                                | <b>46.19</b>                             | <b>42.05</b>                             |
| Interest Accrued                                                                        | 542.90                                 | 620.47                                 | <b>26. ACCESS CHARGES, LICENSE FEES AND NETWORK EXPENSES</b>                | <b>34,575.09</b>                         | <b>26,602.34</b>                         |
| Insurance Claim Receivable                                                              | 1.13                                   | 1.45                                   | Access and Roaming Charges                                                  | 6,552.98                                 | 3,207.91                                 |
| Other Receivables                                                                       | 356.47                                 | 332.89                                 | License Fees and WPC Charges                                                | 721.31                                   | 352.00                                   |
| <b>Total</b>                                                                            | <b>900.50</b>                          | <b>954.81</b>                          | Rent                                                                        | 2,521.61                                 | 3,266.62                                 |
|                                                                                         |                                        | (₹ in Million)                         | Leased Line, Port and Bandwidth Charges                                     | 1,687.46                                 | 986.05                                   |
| <b>22. REVENUE FROM OPERATIONS</b>                                                      | <b>18 Months ended 31st Dec., 2014</b> | <b>18 Months ended 30th June, 2013</b> | Power and Fuel                                                              | 1,215.24                                 | 1,145.77                                 |
| Sale of Products/Services                                                               | 209,219.68                             | 193,752.71                             | IT Expenses                                                                 | 32.77                                    | 177.13                                   |
| Income from Other Services                                                              | 86.00                                  | 89.75                                  | Other Value Added Services Charges                                          | 11.33                                    | 96.37                                    |
| Other Operating Revenue                                                                 | 647.18                                 | 396.07                                 | Network Expenses- Others                                                    | 166.78                                   | 190.62                                   |
| <b>Total</b>                                                                            | <b>209,952.86</b>                      | <b>194,238.53</b>                      | Site Expenses- Managed Services                                             | 200.11                                   | 60.48                                    |
| <b>22.1 Particulars of Sale of Products/Services</b>                                    |                                        |                                        | Freight and Carriage Expenses                                               | 25.33                                    | 4.65                                     |
| Electrical and Electronic items                                                         | 174,945.84                             | 167,315.57                             | Repairs and Maintenance - Site Buildings                                    | 4.61                                     | 17.74                                    |
| Crude Oil and Natural Gas                                                               | 18,985.90                              | 19,700.64                              | <b>Total</b>                                                                | <b>13,139.53</b>                         | <b>9,505.34</b>                          |
| Telecommunication Services                                                              | 12,932.16                              | 6,052.26                               | <b>27. EMPLOYEE BENEFITS EXPENSE</b>                                        |                                          |                                          |
| Electrical Energy (Power)                                                               | 612.70                                 | 688.86                                 | Salary, Wages and Other Benefits                                            | 5,743.18                                 | 5,221.09                                 |
| Insurance Business - Premium Earned (Net)                                               | 1,743.08                               | (4.62)                                 | Contribution to Provident Fund and Other Funds                              | 273.16                                   | 255.07                                   |
|                                                                                         | <b>209,219.68</b>                      | <b>193,752.71</b>                      | Staff Welfare Expenses                                                      | 249.40                                   | 232.72                                   |
| <b>23. OTHER INCOME</b>                                                                 |                                        |                                        | <b>Total</b>                                                                | <b>6,265.74</b>                          | <b>5,708.88</b>                          |
| Interest Income                                                                         | 1,856.11                               | 5,175.91                               | <b>28. FINANCE COSTS</b>                                                    |                                          |                                          |
| Income from Investments and Securities Division/Profit on Sale of Investments           | 138,982.43                             | 17.88                                  | Interest Expenses                                                           | 48,464.52                                | 38,716.00                                |
| Profit on Sale of Fixed Assets                                                          | 7.25                                   | -                                      | Other Borrowing Costs                                                       | 1,005.43                                 | 1,081.22                                 |
| Insurance Claim Received                                                                | 34.14                                  | 34.12                                  | Applicable Net Loss/(Gain) on Foreign Currency Transactions and Translation | 247.73                                   | 977.73                                   |
| Other Non Operating Income                                                              | 209.93                                 | 3,675.13                               | <b>Total</b>                                                                | <b>49,717.68</b>                         | <b>40,774.95</b>                         |
| <b>Total</b>                                                                            | <b>141,089.86</b>                      | <b>8,903.04</b>                        | <b>29. OTHER EXPENSES</b>                                                   |                                          |                                          |
| <b>24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b> |                                        |                                        | Power, Fuel and Water                                                       | 1,233.52                                 | 1,432.19                                 |
| <b>Closing Inventories</b>                                                              |                                        |                                        | Freight and Forwarding                                                      | 1,847.89                                 | 2,098.95                                 |
| Finished Goods and Stock-in-Trade                                                       | 5,029.43                               | 4,275.92                               | Vehicle Running Expenses                                                    | 754.18                                   | 388.55                                   |
| Work-in-Process                                                                         | 1,288.29                               | 994.04                                 | Rent, Rates and Taxes                                                       | 834.05                                   | 686.48                                   |
| <b>(a)</b>                                                                              | <b>6,317.72</b>                        | <b>5,269.96</b>                        | Repairs to Building                                                         | 69.52                                    | 25.11                                    |
| <b>Opening Inventories</b>                                                              |                                        |                                        | Repairs to Plant and Machinery                                              | 93.44                                    | 91.21                                    |
| Finished Goods and Stock-in-Trade                                                       | 4,275.92                               | 3,861.36                               | Other Repairs and Maintenance                                               | 252.36                                   | 225.43                                   |
| Work-in-Process                                                                         | 994.04                                 | 830.39                                 | Insurance                                                                   | 104.85                                   | 114.46                                   |
| <b>(b)</b>                                                                              | <b>5,269.96</b>                        | <b>4,691.75</b>                        | Advertisement and Publicity                                                 | 2,582.45                                 | 2,689.14                                 |
| <b>Total (b-a)</b>                                                                      | <b>(1,047.76)</b>                      | <b>(578.21)</b>                        | Sales Promotion Expenses                                                    | 878.42                                   | 215.55                                   |
|                                                                                         |                                        |                                        | Discount and Incentive Schemes                                              | 7,660.10                                 | 7,136.27                                 |
|                                                                                         |                                        |                                        | Bank Charges                                                                | 253.12                                   | 386.40                                   |
|                                                                                         |                                        |                                        | Payment to Auditors'                                                        | 33.33                                    | 29.07                                    |
|                                                                                         |                                        |                                        | Donation                                                                    | 241.06                                   | 89.91                                    |
|                                                                                         |                                        |                                        | Directors' Sitting Fees                                                     | 3.37                                     | 2.34                                     |
|                                                                                         |                                        |                                        | Legal and Professional Charges                                              | 7,489.48                                 | 452.46                                   |
|                                                                                         |                                        |                                        | Liquidated Damages                                                          | -                                        | 1.30                                     |
|                                                                                         |                                        |                                        | Sim Cost                                                                    | 90.78                                    | 44.60                                    |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| 29. OTHER EXPENSES (Contd.)                                                                                         |                                 |                                 | 31. EARNINGS PER SHARE                                                               |                                 |                                 |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|--------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                                                                                     |                                 |                                 |                                                                                      |                                 |                                 |
|                                                                                                                     | (₹ in Million)                  |                                 |                                                                                      | (₹ in Million)                  |                                 |
|                                                                                                                     | 18 Months ended 31st Dec., 2014 | 18 Months ended 30th June, 2013 |                                                                                      | 18 Months ended 31st Dec., 2014 | 18 Months ended 30th June, 2013 |
| Customer Service Cost                                                                                               | 178.57                          | 190.53                          | i) Net Profit/(Loss) attributable to Equity Shareholders                             |                                 |                                 |
| Claim and Commission related to Insurance Business                                                                  | 1,783.09                        | 4.00                            | Net Profit/(Loss) for the period                                                     | 51,196.39                       | (28,261.19)                     |
| Royalty                                                                                                             | 354.30                          | 262.39                          | Less: Dividend on Preference Shares including Tax on the same                        | 3.79                            | 32.38                           |
| Printing and Stationery                                                                                             | 54.91                           | 42.26                           | Net Profit/(Loss) attributable to Equity Shareholders                                | 51,192.60                       | (28,293.57)                     |
| Warranty and Maintenance                                                                                            | 1,360.01                        | 1,332.68                        | ii) Weighted Average Number of Equity Shares considered for calculation of Basic EPS | 319,054,381                     | 314,683,004                     |
| Provision for Doubtful Debts                                                                                        | 41.56                           | 179.74                          | Weighted Average Number of Equity Shares considered for calculation of Diluted EPS   | 319,054,381                     | 314,683,004                     |
| Loss on Sale/Discard of Assets, Capital Work-in-Progress including Pre-Operative Expenditure pending Capitalisation | -                               | 3,813.90                        | (The effect of conversion option of FCCBs is anti dilutive in nature)                |                                 |                                 |
| Exchange Rate Fluctuation                                                                                           | 2,331.58                        | 5,314.66                        | iii) Basic Earnings per Share of ₹ 10/- each (₹)                                     | 160.45                          | (89.91)                         |
| Office and General Expenses                                                                                         | 2,074.05                        | 1,700.15                        | Diluted Earnings per Share of ₹ 10/- each (₹)                                        | 160.45                          | (89.91)                         |
| <b>Total</b>                                                                                                        | <b>32,599.99</b>                | <b>28,949.73</b>                |                                                                                      |                                 |                                 |
| 30. TAX EXPENSES                                                                                                    |                                 |                                 |                                                                                      |                                 |                                 |
| Current Tax                                                                                                         | 198.14                          | 11,987.80                       |                                                                                      |                                 |                                 |
| MAT Credit Entitlement                                                                                              | (0.13)                          | -                               |                                                                                      |                                 |                                 |
| Deferred Tax                                                                                                        | 2.64                            | (11,844.76)                     |                                                                                      |                                 |                                 |
| Reversal of Deferred Tax Assets recognised by the Subsidiary in previous year (Refer Note 6.1)                      | 11,583.44                       | -                               |                                                                                      |                                 |                                 |
| Tax Credit Utilised/(Entitlement) - Foreign Company                                                                 | 13,431.77                       | (11,985.83)                     |                                                                                      |                                 |                                 |
| (Excess)/Short Provision of Income Tax for earlier years                                                            | -                               | (162.29)                        |                                                                                      |                                 |                                 |
| <b>Total</b>                                                                                                        | <b>25,215.86</b>                | <b>(12,005.08)</b>              |                                                                                      |                                 |                                 |

## ADDITIONAL NOTES TO FINANCIAL STATEMENTS

### 32. EMPLOYEE BENEFITS: Disclosure pursuant to Accounting Standard (AS) 15 (Revised):

#### A) Defined Contribution Plans:

Amount of ₹ 273.16 Million (Previous period ₹ 255.07 Million) related to contribution to Provident and Other Funds are recognised as an expense and shown under the head "Employee Benefits Expense" (Note No. 27) in the Consolidated Statement of Profit and Loss.

#### B) Defined Benefit Plans:

I) The amounts recognised in the Balance Sheet as at the end of the period:

|                                                | Gratuity        |                 | Leave Encashment |                 |
|------------------------------------------------|-----------------|-----------------|------------------|-----------------|
|                                                | 31st Dec., 2014 | 30th June, 2013 | 31st Dec., 2014  | 30th June, 2013 |
| a) Present value of Defined Benefit Obligation | 299.78          | 253.24          | 75.28            | 67.87           |
| b) Fair value of Plan Assets                   | 85.18           | 55.34           | -                | -               |
| c) Funded Status - Surplus/(Deficit)           | (214.60)        | (197.90)        | (75.28)          | (67.87)         |
| d) Net Assets/(Liability)                      |                 |                 |                  |                 |
| i) Non Current                                 | (177.87)        | (161.62)        | (64.11)          | (58.27)         |
| ii) Current                                    | (36.73)         | (36.28)         | (11.17)          | (9.60)          |

II) The amounts recognised in the Statement of Profit and Loss for the period:

|                                 |         |        |       |       |
|---------------------------------|---------|--------|-------|-------|
| a) Current Service Cost         | 54.03   | 70.06  | 24.92 | 26.52 |
| b) Interest Cost                | 32.48   | 26.07  | 8.33  | 7.62  |
| c) Actuarial (Gains)/Losses     | (22.93) | 19.48  | 5.83  | 21.39 |
| d) Past Service Cost            | -       | -      | 7.54  | -     |
| e) Actual return on Plan Assets | 8.78    | 7.52   | -     | -     |
| f) Total Expenses               | 54.80   | 108.09 | 46.62 | 55.53 |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

|      |                                                                            | (₹ in Million)                                    |                 |                  |                 |
|------|----------------------------------------------------------------------------|---------------------------------------------------|-----------------|------------------|-----------------|
|      |                                                                            | Gratuity                                          |                 | Leave Encashment |                 |
|      |                                                                            | 31st Dec., 2014                                   | 30th June, 2013 | 31st Dec., 2014  | 30th June, 2013 |
| III) | The changes in Obligations during the period:                              |                                                   |                 |                  |                 |
| a)   | Present value of Defined Benefit Obligation at the beginning of the period | 253.24                                            | 193.01          | 67.87            | 67.36           |
| b)   | Current Service Cost                                                       | 54.03                                             | 70.06           | 24.92            | 26.52           |
| c)   | Interest Cost                                                              | 32.48                                             | 26.07           | 8.33             | 7.62            |
| d)   | Actuarial (Gains)/Losses                                                   | (22.93)                                           | 19.48           | 5.83             | 21.39           |
| e)   | Past Service Cost                                                          | 20.02                                             | -               | 7.54             | 0.01            |
| f)   | Benefit Payments                                                           | 37.06                                             | 55.38           | 39.21            | 55.03           |
| g)   | Present value of Defined Benefit Obligation at the end of the period       | 299.78                                            | 253.24          | 75.28            | 67.87           |
| IV)  | The changes in Plan Assets during the period:                              |                                                   |                 |                  |                 |
| a)   | Plan Assets at the beginning of the period                                 | 55.34                                             | 54.74           | -                | -               |
| b)   | Contribution by Employer                                                   | 32.09                                             | 8.36            | -                | -               |
| c)   | Actual Benefits paid                                                       | 11.03                                             | 15.28           | -                | -               |
| d)   | Plan Assets at the end of the period                                       | 85.18                                             | 55.34           | -                | -               |
| e)   | Actual return on Plan Assets                                               | 8.78                                              | 7.52            | -                | -               |
| V)   | Actuarial Assumptions                                                      |                                                   |                 |                  |                 |
| a)   | Discount Rate                                                              | 7.85% to 8.50% per annum                          |                 |                  |                 |
| b)   | Mortality                                                                  | Indian Assured Lives Mortality (2006-08) Ultimate |                 |                  |                 |
| c)   | Turnover Rate                                                              | 1% to 12%                                         |                 |                  |                 |
| d)   | Future Salary Increase                                                     | 5% to 8% per annum                                |                 |                  |                 |

### 33. CONTINGENT LIABILITIES AND COMMITMENTS

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (₹ in Million)        |                       |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | As at 31st Dec., 2014 | As at 30th June, 2013 |
| A)   | <b>Commitments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                       |                       |
|      | Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1,218.80              | 591.20                |
| B)   | <b>Contingent Liabilities not provided for:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                       |
| i)   | Letters of Guarantees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 42,220.77             | 39,315.56             |
| ii)  | Letters of Credit opened (including Standby Letters of Credit)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1,026.85              | 21,668.51             |
| iii) | Claims against the Company not acknowledged as debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                       |                       |
| a)   | Custom Duty demands and penalties under dispute<br>[Amount paid under protest ₹ 0.07 Million (As at 30th June, 2013 ₹ 3.41 Million)]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 282.77                | 502.46                |
| b)   | Income Tax demands under dispute<br>[Amount paid under protest ₹ 67.11 Million (As at 30th June, 2013 ₹ Nil)]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 284.74                | 3,149.41              |
| c)   | Excise Duty and Service Tax demands and penalties under dispute<br>[Amount paid under protest ₹ 31.53 Million (As at 30th June, 2013 ₹ 30.86 Million)]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,285.14              | 1,034.95              |
| d)   | Sales Tax demands under dispute<br>[Amount paid under protest ₹ 70.93 Million (As at 30th June, 2013 ₹ 377.09 Million)]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1,135.24              | 1,131.51              |
| e)   | Others<br>[Amount paid under protest ₹ 50.00 Million (As at 30th June, 2013 ₹ 50.00 Million)]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 9,519.51              | 4,966.95              |
| f)   | Show Cause Notices (SCNs) have been served on the Operator of the Ravva Oil & Gas Field Joint Venture (Ravva JV) for non payment of Service Tax and Educational Cess on various services for the period July 2003 to 31st March, 2013. The amount involved relating to Ravva Block is ₹ 419.71 Million (As at 30th June, 2013 ₹ 418.88 Million).<br><br>The Operator is contesting the SCNs/demands before Commissioner of Service Tax and has filed appeal before CESTAT, Bangalore and also writ petition before Hon'ble High Court of Madras challenging service tax demands on some of the services and believes that its position is likely to be upheld. The ultimate outcome of the matter cannot be presently determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto ₹ 104.93 Million (As at 30th June, 2013 ₹ 104.72 Million). |                       |                       |
| g)   | Disputed Income Tax demand amounting to ₹ 22.29 Million (As at 30th June, 2013 ₹ 22.29 Million) in respect of certain payments made by Ravva Oil & Gas Field Joint Venture is currently pending before the Hon'ble High Court of Madras. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto ₹ 5.57 Million (As at 30th June, 2013 ₹ 5.57 Million).                                                                                                                                                                                                                                                                                                                                                                                                                                           |                       |                       |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. There are certain disputes with the Government of India ("GOI") with respect to the Production Sharing Contract dated 28th October, 1994 ("Ravva PSC") pertaining to Ravva Oil & Gas Field which were referred to more than one international arbitration for resolution. The respective International Arbitral Tribunals have issued their respective Awards from time to time substantially in favour of the Company. However the GOI has preferred to challenge few of the Awards in various Courts in India and overseas but has not succeeded so far in any of the Courts. Pending final resolution of the disputes, certain amounts have been excess recovered, deducted or short paid by the GOI and / or its Nominees which have been challenged by the Company and the Company is seeking recovery of amounts excessively recovered, deducted or short paid by the GOI and/ or its Nominees. Based on legal advice, the Company believes its contentions will be upheld. Any further sum required to be paid by the Company or recoverable by the Company in respect of any of these disputes in accordance with the determination of the amount by the Hon'ble Arbitral Tribunal/relevant courts in this regard shall be accounted for on the final outcome in those matters.

35. Videocon Telecommunications Limited ('VTL'), a subsidiary, had received a notice dated 17th November, 2014 from the Department of Telecommunications ('DoT') (Access Service Division), Ministry of Communications & IT directing it to show cause as to why the reserve price of ₹ 4,766.90 Million and interest on this amount are not to be recovered from the VTL as per the direction of Hon'ble Supreme Court of India in I.A. No. 11 of 2012 in Writ Petition (Civil) No. 423 of 2010.

VTL in its response to the said show cause notice has denied the allegation made against it and has submitted that VTL is not liable to make payment of the reserve price of ₹ 4,766.90 Million and interest on this amount as per the direction of the Hon'ble Supreme Court and that the said show cause notice is not sustainable on facts and in law for the reasons given therein.

36. The DoT had issued demand notices for Liquidated Damages aggregating to ₹ 534.50 Million for 20 out of the 21 circles (all the circles except Delhi) allotted to VTL on account of delay in meeting 10% roll-out obligations as stipulated in the Unified Access Service License ('UASL') (since quashed vide judgement dated 2nd February 2012 of Hon'ble Supreme Court). Against these demand notices, VTL has paid a total sum of ₹ 419.30 Million of which it has charged ₹ 169.50 Million to the Statement of Profit and Loss for the year ended 31st December, 2011 and the remaining amount of ₹ 249.80 Million has been shown under Loans and Advances as the same are disputed and paid 'under protest'.

a) VTL challenged before the Telecom Dispute Settlement Appellate Tribunal ('TDSAT') the claim of Liquidated Damages in respect of 10 circles (i.e. Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Karnataka, Kolkata, Madhya Pradesh, North East, Uttar Pradesh – East and West Bengal) seeking interim stay and finally setting aside the demand, inter alia on the ground that (1) there has been a delay in the allocation of start-up spectrum; (2) delay in SACFA clearance should have been calculated on the actual maximum delay and not the average delay; and (3) delay in meeting 10% roll-out obligations was on account of introduction by the DoT of new and onerous conditions

in the license agreement (e.g. LI Testing, security clearance of equipment, etc.).

b) The TDSAT has passed an order and judgment on 13th January, 2012 whereby it has set aside the demands of DoT in respect of 10 circles and directed DoT to give opportunity to the licensee before raising these fresh demands for liquidated damages. The Hon'ble TDSAT, vide 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.

c) VTL has also challenged before the TDSAT the claim of Liquidated Damages in respect of 7 circles (i.e. Bihar, Gujarat, Kerala, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh-West) seeking interim stay and setting aside the demand, inter alia on the ground that (1) there has been a delay in the allocation of start-up spectrum; (2) delay in SACFA clearance should have been calculated on the actual maximum delay and not the average delay; and (3) delay in meeting 10% roll-out obligations was on account of introduction by the DoT of new and onerous conditions in the license agreement (e.g. LI Testing, security clearance of equipment, etc.).

d) The TDSAT passed an order on 30th April, 2014 whereby the demands of DoT were quashed in respect of 7 circles in line with the TDSAT order dated 13th January, 2012 and directed DoT to give opportunity to the licensee before raising fresh demands for liquidated damages. The TDSAT, vide its said judgment has also directed DoT to refund the amount of ₹ 177.00 Million paid by VTL as liquidated damages in respect of 7 circles along with 12% interest and VTL has been directed to deposit bank guarantees for the amount of liquidated damages originally demanded.

The order of the TDSAT dated 13th January, 2012 has been challenged by the DoT before the Hon'ble Supreme Court and by an order dated 23rd November, 2012, the Hon'ble Supreme Court has admitted the appeal and directed that there will be an interim order staying the interest payable on the principal amount, in terms of the impugned judgment of the Appellate Tribunal.

The final demands payable by VTL, if any, is, therefore, unascertainable.

37. Intesa Sanpaolo S.p.A., an Italian bank, initiated winding up proceedings against the Company on the basis of 'Patronage Letter' issued by the Parent Company to the said Italian bank in June, 2007 for financial assistance given to one level step down subsidiary, M/s. VDC Technologies S.p.A., an Italian defunct company acquired by another subsidiary of the Company, M/s. Eagle Corporation Limited registered in Cayman Island. Single judge vide judgement dated 5th December, 2013 passed a conditional order of winding up of the Company on its failure to deposit in court the amount of ₹ 2,597.30 Million equivalent of Euro 38.00 Million, which was confirmed by the division bench of the High Court of Judicature at Bombay on 18th July, 2014.

The Company has challenged the order of Bombay High Court by way of Special Leave Petition ('SLP') in the Supreme Court. The Company has denied its liability out of the said 'Patronage

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Letter'. The Company, pending the final disposal of SLP, agreed to create lien on Fixed Deposit Receipts of ₹ 1,363.82 Million and ₹ 1,210.40 Million in favour of the Registrar of Supreme Court. The Hon'ble Supreme Court has stayed the impugned order of the Bombay High Court and directed to issue Notice for further hearing of the matter. The Company has been advised by the legal counsels that the Italian bank does not have sustainable claim against the Company and as such no provision has been considered in the financial statements.

38. The Parent Company alongwith the subsidiary Videocon International Electronics Limited and 11 other entities (collectively referred to as 'Obligors' or individually as 'Borrower') executed Facility Agreement with the consortium of existing domestic rupee term lenders, under the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities are Videocon Industries Limited, Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Techno Kart India Limited (formerly Next Retail India Limited), Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited ('VIEL'). As per the said Facility Agreement, the Parent Company is agent of the Obligors and has been referred to as 'Obligor Agent'. The Rupee Term Loans have to be utilised for the purpose mentioned in the Facility Agreement which is mainly for refinancing of existing Rupee Term Loans of the Obligors. Accordingly, the Rupee Term Loans of ₹ 28,149.54 Million have been allocated to respective Obligors based on their outstanding amount as on 31st December, 2011 and the lenders have also disbursed ₹ 2,520.00 Million to some Obligors. As the Parent Company and VIEL are co-obligors, they are contingently liable in respect of the borrowings of other Obligors/Borrowers to the extent of outstanding balance of Rupee Term Loans as on 31st December, 2014 of ₹ 27,699.55 Million (As at 30th June, 2013 ₹ 17,919.40 Million).
39. The Directorate of Revenue Intelligence, Mumbai Zonal Unit ('DRI') has issued Show Cause Notice(s) ('SCN') dated 10th September, 2014 and 30th December, 2014 to the Company in connection with import of Colour Picture Tubes ('CPTs') by the Company and other concerns. Vide SCNs, the Company has been asked to explain / as to why the declared value of CPTs imported should not be rejected and re-determined and why the amount of anti-dumping duty of ₹ 1,657.21 Million and penalty thereon should not be recovered under the extended period under the provisions of the Customs Act, 1962.
- The Company has denied the allegation made by DRI for alleged evasion of duty before the adjudicating authority. Further, the Company has been advised by its counsels that as the goods in question are not domestically produced or manufactured in India, the question of levy of anti-dumping duty is untenable in the court of laws and, accordingly, there is no question of duty evasion or penalty thereon and no provision has been considered necessary in the financial statements.
40. Videocon Telecommunications Limited (VTL), a subsidiary, had been awarded licenses by the Department of Telecommunications ("DoT") to provide Unified Access Services ("UAS") in 21 telecom circles in India with effect from 25th January, 2008 which were valid for a period of 20 years. VTL had also been

allocated spectrum in 20 circles and had launched its commercial operations in 17 circles. The Hon'ble Supreme Court of India, vide its order and judgment dated 2nd February, 2012 ("Judgment") in two separate writ petitions, quashed the UAS licenses granted on or after 10th January, 2008 pursuant to two press releases issued on 10th January, 2008 and the subsequent allocation of spectrum to licensees which included the 21 UAS licenses issued and allocation of spectrum to the VTL.

The Hon'ble Supreme Court of India vide its Judgment had also directed the Central Government to grant fresh UAS licenses and spectrum allocation by auction. The DoT, had issued a Notice inviting applications for auction of spectrum. VTL participated in the said auction and has been awarded the Unified Licenses (Access Services) for 6 circles with effect from 16th February, 2013 which are valid for a period of 20 years. VTL has also been allotted spectrum in these 6 circles. VTL is continuing its commercial operations.

During the period, VTL has incurred a net loss of ₹ 28,045.33 Million resulting into accumulated losses of ₹ 68,390.26 Million as at 31st December, 2014. VTL has further issued and allotted share capital whereby the net worth has become positive as on 31st December, 2014. The ability of VTL to continue as a going concern is substantially dependent on its ability to fund its operating and capital expenditure requirements. The management of VTL, based on the business plan, increase in subscribers base, additional capital infusion in VTL which would restrict further borrowings and related costs, is confident of continuing its operations. Accordingly, the financial statements have been prepared by VTL on a going concern basis.

### 41. Joint Venture Disclosure:

A. The Financial Statements reflect the share of the Group in the assets and the liabilities as well as the income and the expenditure of Joint Venture Operations on a line-by-line basis. The Group incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator. The Group has, in terms of Significant Accounting Policy No. 1(E), recognised abandonment costs based on the technical assessment of current costs as cost of producing properties and has provided Depletion thereon under 'Unit of Production' method as part of Producing Properties in line with the Guidance Note on Accounting of Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India.

### B. Unincorporated Joint Ventures:

- The Company has participating interest of 25% in Ravva Oil and Gas Field Joint Venture (JV) through a Production Sharing Contract (PSC). Other members of the JV are Oil and Natural Gas Corporation Limited, Cairn India Limited (formerly Cairn Energy India Pty Limited) and Ravva Oil (Singapore) Pte. Limited. The parties have pursuant to the PSC, entered into a Joint Operating Agreement. Cairn India Limited is the Operator.
- On 15th November, 2006, the consortium, comprising Videocon JPDA 06-103 Limited ("Videocon JPDA") one of the wholly owned subsidiaries, Oilex (JPDA 06-103) Limited – as Operator, Bharat PetroResources JPDA Limited and GSPC (JPDA) Limited, was allotted the petroleum block JPDA 06-103, under a Production Sharing Contract (PSC) by the Timor Sea Designated Authority. This block

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

is located in the Timor Sea between Australia and Timor-Leste. Videocon JPDA had originally a participating interest of 25% in the PSC. Oilex has farmed-out 15% of its 25% Participating Interest to Japan Energy Corporation. Videocon JPDA has farmed-out 5% of its Participating Interest to Pan Pacific Petroleum of Australia reducing the same to 20%.

After two exploration wells at Lore and Lolotoe were drilled unsuccessfully, the work on the third well at Bazartate was suspended because of a dispute on the Maritime boundary between Governments of Timor Leste and Australia. The Joint Venture (JV) parties have put in a formal request to Government for termination of the PSC without penalty and in good standing. The regulator, Autoridade Nacional Do Petroleo, Temor-Leste (ANP) vide its letter dated 13th May, 2015 has informed the Operator that upon termination, the JV is liable to ANP for estimated costs of exploration not carried out and the damages for breach of its local content obligation aggregating to US\$ 17.02 Million. ANP has invited JV parties to submit in writing any matters, it wishes the ANP to consider by 12th June, 2015. The ultimate outcome of the matter can not be presently determined and no provision for any liability that may result has been made. Should it ultimately become payable, the subsidiary share as per participating interest would be upto ₹ 217.16 Million.

- c) On 4th September, 2009, Videocon Indonesia Nunukan Inc. (VIN), one of the wholly owned subsidiaries, has executed a Farmout Agreement with Anadarko Indonesia Nunukan Company - a wholly owned subsidiary Anadarko Petroleum Corporation, USA along with the related Joint Operating Agreement. The transaction was completed on 28th December 2009 (the Closing Date). Pursuant to this agreement, VIN has acquired a 12.50% participating interest in the Production Sharing Contract, covering the area referred to as Nunukan Block, located offshore Indonesia, with effect from 1st August, 2009 (the Effective Date). Other members of the consortium are Anadarko Indonesia Nunukan Company, PT Medco E&P Nunukan and BPRL Ventures Indonesia, BV (a step down wholly owned subsidiary of Bharat Petroleum Corporation Limited). Following Anadarko's sale of all the issued share capital in Nunukan Block, PSC to PT Pertamina Hulu Energi ("PHENC"), effective 15th February, 2013, PHENC became new Operator.

Badik-1 exploration well intersected 133 net feet of Oil and gas pay, which has been notified as a discovery. 1600 sq. km. 3D seismic data has been acquired in the Block to locate possible well location and identify further leads and prospects for drilling two appraisal wells and one commitment exploration well in the exploration phase. Badik-2 appraisal well was spud on 20th September, 2013 and drilled as a vertical well. The well was plugged and abandoned as a Gas/condensate well. Badik-3 was spud on 19th January, 2014 in a water depth of 203 ft and a TD of 10790 ft TVD/ 12131 ft MD. Badik-3 was also drilled as an Exclusive Operation, with PT Medco opted not to participate in the drilling. After drilling and testing of Badik-3 the resource base (2C) was estimated to 104.7 mmbob. To enhance the resource base of Badik, the West Badik exploration well has been drilled, again as an Exclusive Operation (PT Medco opted not to participate). The Operator, vide letter dated 22nd

October, 2014 to SKK Migas sought PSC extension for 18 months i.e. upto 11th June, 2016, which has been accepted vide approval letter dated 10th December, 2014 by the Competent Authority, Directorate General of Oil & Gas. PT Medco holding 40% participating interest has indicated its intention to withdraw from PSC by assigning its 40% participating interest to other JV partners without any cost. The withdrawal and assignment agreement between PT Medco and other JV partner is expected to be executed soon, which would then be submitted to Government for necessary approval. The Operator has submitted preliminary draft Plan of Development (POD) to SKK Migas.

### C. Incorporated Jointly Controlled Entities:

- a) IBV Brasil Petroleo Limitada (IBV), a company incorporated in Brazil, is 50 : 50 joint venture between Videocon Energy Brazil Limited (VEBL), a wholly owned subsidiary of the Company and Bharat PetroResources Limited, a wholly owned subsidiary of Bharat Petroleum Corporation Limited. IBV has interests in following four concessions with ten deep water offshore exploration blocks in Brazil.
  - i) Campos Concession: A discovery of hydrocarbons has been made in Wahoo well prospect (BMC-30 Concession) in the Campos Basin. VEBL has 12.50% participating interest in the BM-C30 Campos Concession, where Anadarko is Operator. The JV has retained the entire Block, after Second Phase of Exploration ended on 24th November, 2010, for a Five Year Evaluation Phase approved by ANP. Discoveries have been announced in the Pre-Salt Upper-Sag Carbonates, of Aptian Age in Wahoo #1 and Wahoo #2 Wells. Drilling of Wahoo#3 well was completed on 3rd September, 2010 and was capped and abandoned with scope for re-entry in future. Drilling of appraisal well Wahoo#4, with oil column similar to Wahoo#1, was completed on 11th December, 2012. Detailed analysis of data and cores collected in Wahoo#4 is done. Wahoo#5, with an additional Coquinas prospect, to the North of Wahoo discovery, was drilled by Blackford Dolphin from 17th June, 2013. The well, completed on 2nd October, 2013, while confirming the extension of the pay zone, thicker than prognosed, had oil shows in Coquina section. MDT in pay zone confirmed oil similar to that encountered in Wahoo#1, whereas Coquina section yielded water. After the drilling of Wahoo#5, all of the proposed firm activities in the evaluation plan have been completed. The consortium has further carried out reprocessing of seismic data, incorporating all the data from the wells drilled, core lab studies etc. Presently Velocity modelling studies, Pre-FEED and FEED engineering studies are in progress to study/ screen various development options for the Wahoo field.
  - ii) Sergipe Concession: Sergipe Concession Blocks has 4 Blocks located in the North-Eastern offshore of Brazilian Basin, covers an area of 2,831 Sq.Km. Petrobras is the Operator with 60% and VEBL has a 20% participating interest in the Sergipe Concession. The second period of exploration has been fulfilled for all the four blocks. ANP has approved five appraisal plans in this concession with various timelines extending upto year

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2018, which have witnessed significant hydrocarbon discoveries in the Barra, Farfan, Cumbe, Papangu and Poco Verde structures, which are all in different stages of appraisal/ evaluation phases along with neighbouring Joint Venturers in a unitization proposal and the same are heading towards commercialization.

i) Block SEAL-M-426 in Sergipe Concession: The First Exploration Phase was completed with the drilling of first commitment well Barra (1-SES-158) drilled in Block – SEAL-M-26 on 15th July, 2010 in water depth of 2,340 metres, with target depth of 5,123 metres to access Maastrichtian and Campanian turbidite sands. Discovery of hydrocarbon was announced in the targeted Maastrichtian Turbidite reservoirs on 27th October, 2010. The well was temporarily abandoned and re-entered on 29th November, 2010, for exploring the deeper targets and test Albion source rock properties and was drilled to a TD of 6,510 metres. The deepened section has also encountered about 45 metres of additional Campanian pay zone by good LWD response and fluorescence. During wireline logs Light Black Oil was collected during MDT Test. Additionally the JV Parties declared oil discovery in Barra Structure in the deeper section with good quality sandstone reservoirs in Campanian section. Appraisal plan for Barra structure approved by ANP to develop the mean risked volumes of 4.35 TCF of gas and 151 million barrels of condensate. Subsequently, Barra#1 well in Barra Appraisal Plan, was drilled which encountered oil in Campanian sands, as was the case in the discovery well Barra. In August, 2014 Barra#3 appraisal well, was drilled, successfully, which appraised the Barra discovery to the northern part with 53 metres of pay thickness. The Drill Stem Test (DST) was carried out following the drilling established good flow potential for these reservoirs.

In the Second Exploration Phase, commitment well Farfan, in Block SEAL-M-426, was drilled, which encountered about 46 metres of gross oil column in the Campanian section. An Evaluation Plan (PAD) has been approved by ANP to appraise Farfan Structure where additional Campanian and Maastrichtian prospects are to be tested. Subsequently, Farfan#1 Appraisal Well was successfully drilled as one of the firm wells in Farfan PAD, from 21st May, 2013 to 7th September, 2013, which tested the same quality of oil encountered in the discovery well Farfan. Successful DST has been conducted in Farfan#1 which has established good productivity of the Farfan reservoirs. Three more appraisal wells were drilled in Farfan Appraisal Plan during 2014. Farfan Injector well (Farfan ADR) successfully confirmed & appraised the light Oil and Gas discovery in Farfan area with 54 meters thickness. Additionally, a new light oil accumulation in deeper reservoirs with a thickness of 28 meters with good permo-porositites has been discovered in this well. Injectivity test was carried out subsequent to completing the drilling activities in this well. The Farfan#3 well successfully

appraised and confirmed the extension of Farfan discovery and in addition found presence of new light oil accumulation with a total thickness of 68 metres in shallower reservoirs.

The operator has already initiated pre-development engineering studies and other subsurface studies for development of the Barra and Farfan discoveries.

ii) Block SEAL-M-349 in Sergipe Concession: Exploration well Cumbe was drilled by deep water discovery to a final TD of 6,056 metres which had encountered gas and condensate in Maastrichtian section and oil in 3 sands in Campanian Section (gross ~70 metres). Deeper Santonian/Turonian section also had good gas shows, but couldn't be tested due to well complications. Evaluation Plan approved by ANP envisages to appraise Cumbe discovery area where additional Campanian and Maastrichtian prospects are to be tested. The first commitment well Cumbe#1 in Appraisal Plan could not be drilled to its target depth, due to well complications. The second appraisal well Cumbe#2 is presently under drilling.

iii) Block SEAL-M-569 in Sergipe Concession: In Block 569, the MWP well Papangu was drilled targeting Campanian sands and Albion Carbonates. Campanian sands had numerous shows. ANP had approved the Papangu appraisal plan in 2013 with only seismic reprocessing as firm activity. The consortium has completed the firm activities under the Papangu appraisal plan and decided not to proceed to the contingent period, due to sub-commercial of field size. The area under the Papangu appraisal plan has been relinquished by the consortium, retaining approx. 20 sq.km. of area in block 569 under Verde appraisal plan.

iv) Block SEAL-M-497 in Sergipe Concession: ANP has approved a joint appraisal plan part of BM-SEAL-11 and adjacent concession BM-SEAL-4 called as "Verde" joint appraisal plan, for the Verde Campanian discovery in the adjacent concession BM-SEAL-4. The firm appraisal period is valid till June, 2015 and consortium is yet to take a decision on drilling of a well. Two structures at the Campanian level have been identified as drillable prospects.

III) Potiguar Concession: Potiguar Concession POT-M-16 comprises of 2 Blocks POT-M-760 and POT-M-663 with total area of 1,535 Sq. Kms is located in the North-eastern region of Brazil and lies partly onshore and offshore over most of the Rio Grande do Norte State was, awarded in 2006 under ANP-7 round, is located close to existing light oil fields and the exploration targets are in Tertiary and Cretaceous age turbidites in Stratigraphic and Strati-Structural traps. Deepwater portion of this basin is virtually unexplored. VEBL has 10% participating interest in the Potiguar Concession. In the first phase of exploration, one pre-existing well (1-CES-154) was drilled in Block POT-M-663. Albo-Cenomanian prospect identified based on detailed interpretation of 3D data.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In March, 2013 BP Energy do Brasil Ltda (BP) farmed-in into Petrobras's participating interest, acquiring 30% participating interest in the BM-POT-16 Concession. Petrobras assigned 50% of its 60% participating interest in BM-POT-16 Concession to BP. Exploration commitment well Ararauna was drilled in Block POT-M-760 on 11th February, 2013 and completed on 10th October, 2013, with discovery of thin oil bearing sands in Albanian/Cenomana age. Drilling results integration and interpretation are in progress. JV parties decided to enter into Ararauna appraisal plan, instead of entering into exploration phase-II and subsequently submitted the appraisal proposal to the regulator. ANP has approved Ararauna appraisal plan for a period of four years covering both the blocks. The firm activities as per this appraisal plan consist of G&G studies and drilling of one appraisal well within the first two year period. Presently G&G studies are being carried out to mature some of the prospects identified by the Operator and other consortium members. One exploratory/appraisal well is planned to be drilled in mid/late 2015. A small area of these blocks has been relinquished by the consortium.

- IV) Espirito Santos (ES-24) Concession: The Espirito Santos Concession is located along the Brazilian Continental Margin and extending from the Central-Southern part of Espirito Santos state to the Southern part of Bahia State. The concession Blocks cover an area of 1,645 sq. km. A pre-salt well, Serpa, in Block 588, reported a discovery but poor permeability prevents hydrocarbons from being commercially exploited with ordinary production techniques. The second Exploration Well Gouda in Block 663 was drilled to a depth of 3,576 metres without any hydrocarbon show. ANP accepted JV's proposal for continuing with Block-663 to second phase without commitment, along with Block-588, provided Requeijao is drilled. Thus, the second phase warranted two wells i.e one in 661 and other in 588/663.

Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in Campos Concession whereas Petroleo Brasileiro S.A. is the operator in the other three Concessions.

- b) Videocon Infinity Infrastructures Private Limited is a 50 : 50 Joint Venture Company incorporated in India, with Infinity Infotech Parks Limited to carry on the business of infrastructure development like construction of IT/ITES Parks, Biotech Parks etc. The Joint Venture Company has not commenced its commercial operations.
- c) The financial interest of the Group in the jointly controlled incorporated entities based on financial statement received from these Joint Venture entities are as under:

| (₹ in Million)   |                 |                 |
|------------------|-----------------|-----------------|
| Group's share in | 31st Dec., 2014 | 30th June, 2013 |
| Assets           | 42,799.25       | 32,600.90       |
| Liabilities      | 41,970.93       | 31,672.85       |
| Income           | -               | -               |
| Expenses         | -               | -               |

- D. The estimated amount of commitment of the Group towards contribution in various Joint Ventures for next year based on minimum work program is ₹ 24,295.88 Million (As at 30th June, 2013 ₹ 29,898.56 Million).

42. The Subsidiary Company Videocon Hydrocarbon Holdings Limited (VHHL) had sold and transferred its entire shareholding in Videocon Mozambique Rovuma 1 Limited to its subsidiary Videocon Mauritius Energy Limited for a consideration of USD 2,141.16 Million as per the agreement dated 28th December, 2012 after obtaining approval of the Government of Republic of Mozambique and payment of appropriate income tax.

43. The Subsidiary Company Videocon Mauritius Energy Limited (VMEL) alongwith its holding company Videocon Hydrocarbon Holdings Limited (subsidiary of the Company) had entered into a Share Sale and Purchase Agreement (SSPA) on 25th June, 2013 with ONGC Videsh Limited and OIL India Limited (Buyers) for sale of the entire shareholding in Videocon Mozambique Rovuma 1 Limited (VMRL), which owns 10% participating interest in Oil & Gas Block covering Area 1 Offshore of the Rovuma Block, Republic of Mozambique for a base consideration of US\$ 2,475.00 Million. Closing of the said transaction was consummated on 7th January, 2014 when entire share capital of VMRL was transferred by VMEL to Buyers in accordance with the said SSPA. The profit on disposal of the said subsidiary viz. VMRL, is included in Income from Investments and Securities Division/ Profit on Sale of Investments under Other Income in Note No. 23.

As per the terms of sale, a sum of USD 185.625 Million (equivalent to ₹ 11,842.88 Million) has been kept in Escrow Account with BNP Paribas Securities Services, (the Escrow Agent) to meet indemnity claim of the Buyers, if any, under SSPA. As on the balance sheet date, no claim has been received from the Buyers. The balance in the Escrow Account is classified and shown under "Other Bank Balances" under the Cash and Bank Balances (Note No. 19).

#### 44. Related Party Disclosures:

As required under Accounting Standard (AS) 18 on "Related Party Disclosures", the disclosure of transaction with related parties as defined in the Accounting Standard are given below:

- a) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:
- i) Associates:
- Radium Energy Private Limited - Associate - 26%
  - Unity Power Private Limited - Associate - 26% (w.e.f. 16th May, 2014)
- ii) Key Management Personnel:
- Mr. Venugopal N. Dhoot - Chairman & Managing Director
  - Mr. Rajkumar N. Dhoot - Chairman & Managing Director (Videocon Telecommunications Limited) - upto 18th February, 2014
  - Mr. Arvind Bali - Chief Executive Officer (Videocon Telecommunications Limited) - w.e.f. 18th February, 2014
  - Mr. Pradipkumar N. Dhoot - Whole Time Director (Videocon Hydrocarbon Holdings Limited)
  - Mr. Sunil Kumar Jain - Senior Vice President
  - Mr. Sunil Tandon - Senior Vice President (w.e.f. 1st July, 2013)
  - Mr. Chandramani M. Singh - Vice President
  - Mr. Abhijit Kotnis - Vice President
  - Mr. Arun Pal - Vice President
  - Mr. Roopam Asthana - Chief Executive Officer (Liberty Videocon General Insurance Company Limited)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

b) Transactions/outstanding balances with Related Parties:

The Company has entered into transactions with certain related parties during the period as listed below. The Board considers such transactions to be in normal course of business:

(₹ in Million)

| Particulars                                  | Associates      | Key Management Personnel |
|----------------------------------------------|-----------------|--------------------------|
| <b>Nature of Transactions</b>                |                 |                          |
| Reimbursement of Expenses                    | -<br>(9.63)     |                          |
| Short Term Advances/Loans given              | 0.02<br>(0.04)  |                          |
| Short Term Advances/Loans received back      | -<br>(368.08)   |                          |
| Remuneration                                 |                 | 194.98<br>(145.27)       |
| <b>Outstanding as at 31st December, 2014</b> |                 |                          |
| Short Term Advances/Loans given              | 0.56<br>(0.54)  |                          |
| Investments                                  | 61.38<br>(0.03) |                          |

(figures in bracket are for the period ended 30th June, 2013)

c) Material transactions with Related Parties during the period are:

Short Term Advances/Loans Given to Radium Energy Private Limited ₹ 0.02 Million (Previous period ₹ 0.04 Million).

45. The effect of acquisition and disposal of subsidiaries during the period on the Consolidated Financial Statements is as follows:

(₹ in Million)

| Name of the Company                  | Effect on Consolidated Profit/(Loss) | Net Assets As at 31st Dec., 2014 |
|--------------------------------------|--------------------------------------|----------------------------------|
| <b>Disposals/Cessation</b>           |                                      |                                  |
| Videocon Mozambique Rovuma 1 Limited | 124,614.38                           | 63.80                            |
| Unity Power Private Limited          | 16.23                                | (28.94)                          |
| Videocon Ivory Limited               | (0.58)                               | 1.72                             |
| Videocon Estelle Limited             | (0.57)                               | 1.59                             |

46. As required by Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the disclosure with respect to Provision for Warranty and Maintenance Expenses is as follows:

(₹ in Million)

| Particulars                                    | Period ended 31st Dec., 2014 | Period ended 30th June, 2013 |
|------------------------------------------------|------------------------------|------------------------------|
| a) Amount at the beginning of the period       | 653.24                       | 632.15                       |
| b) Additional provision made during the period | 648.46                       | 653.24                       |
| c) Amount used                                 | 624.71                       | 602.89                       |
| d) Unused amount reversed during the period    | 28.53                        | 29.26                        |
| e) Amount at the end of the period             | 648.46                       | 653.24                       |

47. a) Operating Lease:

- Lease payments under cancellable leases are recognised as an expenses in the Consolidated Statement of Profit and Loss.
- The maximum obligation on long-term non-cancellable operating leases entered on or after 1st April, 2001 payable as per the rentals stated in respective agreements are as follows:

(₹ in Million)

| Minimum Lease Payments                       | As at 31st Dec., 2014 | As at 30th June, 2013 |
|----------------------------------------------|-----------------------|-----------------------|
| Not later than 1 year                        | 81.20                 | 137.60                |
| Later than 1 year and not later than 5 years | 143.99                | 549.11                |
| More than 5 years                            | 140.02                | 269.59                |
| <b>Total</b>                                 | <b>365.21</b>         | <b>956.30</b>         |

- b) The Subsidiary Company viz. Videocon Telecommunications Limited (VTL) has entered into composite IT outsourcing agreements, wherein vendors have supplied the fixed assets and IT related services to VTL. Based on the risk and rewards incidental to the ownership, the fixed asset and liability are recorded at the fair value of the leased assets at the time of the receipt of the assets, since it is not possible for VTL to determine the extent of fixed assets and services under the contract at the inception of the contract. Such fixed assets received have been accounted for as finance lease. These assets are depreciated over the stated useful lives applicable to similar assets of VTL. Since the entire amount payable to vendors towards the supply of fixed assets and services during the period is accrued, the disclosures as per Accounting Standard 19 are not applicable.

48. The outstanding balances of certain Trade Receivables, Trade Payables, Deposits, Advances and Other Current Assets/Liabilities are subject to confirmation and reconciliation, if any. However, in the opinion of the management, adjustment, if any, will not be material.

49. In the opinion of the Board, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.

50. Segment Information:

The Company and its subsidiaries have identified four reportable segments viz. Consumer Electronics and Home Appliances, Crude Oil and Natural Gas, Telecommunications and Power. Segments have been identified and reported taking into account nature of products and services, the differing risks and return.

- a) Segment revenue and expenses include the respective amounts identifiable to each of the segments on the basis of relationship to operating activities of the segment as also amounts allocated on a reasonable basis. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other corporate assets and liabilities that cannot be allocated between the segment are disclosed as "Unallocable".
- c) Primary Segment Information - Business segment:

(₹ in Million)

| Particulars                                                                     | Consumer Electronics and Home Appliances |                         | Crude Oil and Natural Gas |                         | Telecommunications      |                         | Power                   |                         | Others                  |                         | Total                   |                         |
|---------------------------------------------------------------------------------|------------------------------------------|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                 | Period ended 31.12.2014                  | Period ended 30.06.2013 | Period ended 31.12.2014   | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 |
| <b>i) Segment Revenue</b>                                                       |                                          |                         |                           |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| - External                                                                      | 175,675.44                               | 167,800.19              | 18,985.90                 | 19,700.64               | 12,933.36               | 6,053.46                | 612.70                  | 688.86                  | 1,745.46                | (4.62)                  | 209,952.86              | 194,238.53              |
| - Inter Segment                                                                 | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       |
| Total Segment                                                                   | 175,675.44                               | 167,800.19              | 18,985.90                 | 19,700.64               | 12,933.36               | 6,053.46                | 612.70                  | 688.86                  | 1,745.46                | (4.62)                  | 209,952.86              | 194,238.53              |
| <b>ii) Segment Result before Interest</b>                                       | 19,296.06                                | 16,143.89               | (16,980.98)               | (7,626.35)              | (7,677.03)              | (15,190.67)             | 281.17                  | 367.03                  | (2,634.69)              | (610.22)                | (7,715.47)              | (6,916.32)              |
| Less: Finance Costs                                                             | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 49,717.68               | 40,774.95               |
| Add: Other Unallocable Income/ (Expenses)                                       | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 132,313.69              | 4,654.70                |
| Profit/(Loss) before Tax                                                        | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 74,880.54               | (43,036.57)             |
| Add: Share in Profit/ (Loss) of Associates                                      | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 6.05                    | (5.09)                  |
| Add: Profit/(Loss) on Disposal/ Dilution of holding in Subsidiaries/ Associates | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | (8.18)                  | (1,032.21)              |
| Tax Expenses                                                                    | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 25,215.86               | (12,005.08)             |
| Profit/(Loss) before Minority Interest                                          | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 49,662.55               | (32,068.79)             |
| Add: Minority Interest                                                          | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 1,533.84                | 3,807.60                |
| Profit/(Loss) for the period                                                    | -                                        | -                       | -                         | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 51,196.39               | (28,261.19)             |

**iii) Other Information:**

(₹ in Million)

| Particulars                           | Consumer Electronics and Home Appliances |                         | Crude Oil and Natural Gas |                         | Telecommunications      |                         | Power                   |                         | Others/Unallocable      |                         | Total                   |                         |
|---------------------------------------|------------------------------------------|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                       | Period ended 31.12.2014                  | Period ended 30.06.2013 | Period ended 31.12.2014   | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 |
| Segment Assets                        | 194,243.68                               | 168,747.59              | 178,981.71                | 139,705.67              | 49,101.72               | 62,543.63               | 11,724.26               | 12,603.40               | 164,100.91              | 111,089.21              | 598,152.28              | 494,689.50              |
| Segment Liabilities                   | 126,969.85                               | 101,390.85              | 173,189.47                | 148,589.00              | 47,492.58               | 48,551.49               | 6,374.62                | 7,376.32                | 142,073.33              | 141,644.86              | 496,099.85              | 447,552.52              |
| Capital Expenditure during the period | 8,845.39                                 | 11,912.73               | 43,912.14                 | 45,664.53               | 15.02                   | 18,467.28               | 91.08                   | (507.10)                | 291.48                  | 385.47                  | 53,155.11               | 75,922.91               |
| Depreciation for the period           | 8,385.15                                 | 7,526.87                | 1,377.52                  | 599.83                  | 5,083.47                | 4,709.84                | 231.16                  | 280.55                  | 287.47                  | 138.61                  | 15,364.77               | 13,255.70               |

**d) Secondary Segment Information:**

(₹ in Million)

| Particulars                         | Within India            |                         | Outside India           |                         | Total                   |                         |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                     | Period ended 31.12.2014 | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 | Period ended 31.12.2014 | Period ended 30.06.2013 |
| Segment Revenue - External Turnover | 198,223.71              | 187,780.60              | 11,729.15               | 6,457.93                | 209,952.86              | 194,238.53              |
| Segment Assets                      | 360,330.98              | 354,449.24              | 237,821.30              | 140,240.26              | 598,152.28              | 494,689.50              |
| Segment Liabilities                 | 324,244.75              | 318,224.10              | 171,855.10              | 129,328.42              | 496,099.85              | 447,552.52              |
| Capital Expenditure                 | 10,912.94               | 30,426.21               | 42,242.17               | 45,496.70               | 53,155.11               | 75,922.91               |

51. Previous period figures have been reclassified, restated, recasted to conform to the classification of the current period. The figures of the current period are not comparable with those of the previous period, as the current period's figures do not include operations of certain subsidiaries, consequent to their cessation to be subsidiaries of the Company in the previous period and include operations of certain subsidiaries for part of the period, consequent to their acquisition as stated in Note No. 2 above.

As per our report of even date

For **KHANDELWAL JAIN & CO.**  
Chartered Accountants

For **KADAM & CO.**  
Chartered Accountants

For and on behalf of the Board

**V. N. DHOOT**  
Chairman and Managing Director

**BHUPENDRA Y. KARKHANIS**  
Partner  
Membership No. 108336

**U. S. KADAM**  
Partner  
Membership No. 31055

**VINOD KUMAR BOHRA**  
Company Secretary

**R. S. AGARWAL**  
Director

Place: Mumbai  
Date : 15th May, 2015

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011, respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

| Sr. No. | Name of the Subsidiary Company                                                                   | Reporting Currency | Amount in | Exchange Rate | Capital    | Reserves    | Total Assets | Total Liabilities | Investment (Other than Investments in Subsidiaries) | Turnover/ Total Income | Profit Before Tax | Provision for Tax (Net of Write back) | Profit after Tax | Proposed Dividend | Country               |
|---------|--------------------------------------------------------------------------------------------------|--------------------|-----------|---------------|------------|-------------|--------------|-------------------|-----------------------------------------------------|------------------------|-------------------|---------------------------------------|------------------|-------------------|-----------------------|
| 1       | Indigo Energy Private Limited                                                                    | ₹                  | ₹ Mn      |               | 0.10       | (0.33)      | 0.08         | 0.31              | -                                                   | -                      | (0.02)            | -                                     | (0.02)           | -                 | India                 |
| 2       | Percept Energy Private Limited                                                                   | ₹                  | ₹ Mn      |               | 0.10       | (1.65)      | 0.09         | 1.64              | -                                                   | -                      | (0.03)            | -                                     | (0.03)           | -                 | India                 |
| 3       | Comet Power Private Limited                                                                      | ₹                  | ₹ Mn      |               | 207.32     | (30.72)     | 724.94       | 548.34            | 51.59                                               | 261.02                 | 1.43              | 0.01                                  | 1.42             | -                 | India                 |
| 4       | Applied Energy Private Limited                                                                   | ₹                  | ₹ Mn      |               | 0.10       | (3.89)      | 172.01       | 175.80            | 61.36                                               | 0.05                   | (0.01)            | -                                     | (0.01)           | -                 | India                 |
| 5       | Proficient Energy Private Limited                                                                | ₹                  | ₹ Mn      |               | 0.10       | (3.63)      | 334.05       | 337.58            | -                                                   | 68.81                  | 2.01              | 0.58                                  | 1.43             | -                 | India                 |
| 6       | Videocon Energy Limited                                                                          | ₹                  | ₹ Mn      |               | 1,000.00   | (7.26)      | 993.38       | 0.64              | -                                                   | -                      | (0.07)            | -                                     | (0.07)           | -                 | India                 |
| 7       | Prosperous Energy Private Limited                                                                | ₹                  | ₹ Mn      |               | 0.10       | (0.14)      | 446.61       | 446.65            | -                                                   | -                      | (0.08)            | (0.02)                                | (0.06)           | -                 | India                 |
| 8       | Chhattisgarh Power Ventures Private Limited                                                      | ₹                  | ₹ Mn      |               | 0.10       | (0.17)      | 1,565.33     | 1,565.40          | -                                                   | -                      | (0.13)            | (0.04)                                | (0.09)           | -                 | India                 |
| 9       | Pipavav Energy Private Limited                                                                   | ₹                  | ₹ Mn      |               | 5,500.00   | (7.30)      | 7,131.88     | 1,639.18          | -                                                   | -                      | (0.16)            | -                                     | (0.16)           | -                 | India                 |
| 10      | Videocon JFDA 06-103 Limited                                                                     | US\$               | ₹ Mn      | 63.80         | 0.06       | (378.72)    | 7,080.97     | 7,459.63          | -                                                   | -                      | (8.62)            | -                                     | (8.62)           | -                 | Cayman Island         |
|         |                                                                                                  |                    | US\$ Mn   |               | 0.001      | (5.94)      | 110.99       | 116.93            | -                                                   | -                      | (0.14)            | -                                     | (0.14)           | -                 |                       |
| 11      | Videocon Energy Brazil Limited                                                                   | US\$               | ₹ Mn      | 63.80         | 0.06       | (677.45)    | 86,594.54    | 87,271.93         | -                                                   | -                      | (16.15)           | -                                     | (16.15)          | -                 | British Virgin Island |
|         |                                                                                                  |                    | US\$ Mn   |               | 0.001      | (10.62)     | 1,357.28     | 1,367.90          | -                                                   | -                      | (0.25)            | -                                     | (0.25)           | -                 |                       |
| 12      | Videocon Indonesia Nunukan Inc.                                                                  | US\$               | ₹ Mn      | 63.80         | 0.06       | (18.72)     | 6,439.37     | 6,458.03          | -                                                   | -                      | (12.17)           | -                                     | (12.17)          | -                 | Cayman Island         |
|         |                                                                                                  |                    | US\$ Mn   |               | 0.001      | (0.29)      | 100.93       | 101.22            | -                                                   | -                      | (0.19)            | -                                     | (0.19)           | -                 |                       |
| 13      | Videocon Australia WA-388-P Limited                                                              | US\$               | ₹ Mn      | 63.80         | -          | (13.64)     | 0.98         | 14.62             | -                                                   | -                      | (9.00)            | -                                     | (9.00)           | -                 | Cayman Island         |
|         |                                                                                                  |                    | US\$ Mn   |               | -          | (0.21)      | 0.02         | 0.23              | -                                                   | -                      | (0.14)            | -                                     | (0.14)           | -                 |                       |
| 14      | Videocon Mauritius Energy Limited                                                                | US\$               | ₹ Mn      | 63.80         | 103,698.61 | (26,022.40) | 77,676.58    | 0.37              | 34,412.04                                           | 1,380.45               | (18,355.06)       | 191.45                                | (18,546.51)      | -                 | Mauritius             |
|         |                                                                                                  |                    | US\$ Mn   |               | 1,625.37   | (407.87)    | 1,217.51     | 0.01              | 539.37                                              | 21.64                  | (287.70)          | 3.00                                  | (290.70)         | -                 |                       |
| 15      | Videocon Hydrocarbon Holdings Limited                                                            | US\$               | ₹ Mn      | 63.80         | 12,951.40  | 108,421.32  | 291,252.77   | 169,880.05        | -                                                   | 34,757.09              | (10,466.39)       | -                                     | (10,466.39)      | -                 | Cayman Island         |
|         |                                                                                                  |                    | US\$ Mn   |               | 203.00     | 1,699.39    | 4,565.09     | 2,662.70          | -                                                   | 544.78                 | (164.05)          | -                                     | (164.05)         | -                 |                       |
| 16      | Videocon Oil Ventures Limited                                                                    | ₹                  | ₹ Mn      |               | 1,000.00   | (6,902.49)  | 9,623.69     | 15,526.18         | -                                                   | 0.46                   | (3,313.61)        | -                                     | (3,313.61)       | -                 | India                 |
| 17      | Videocon Global Limited                                                                          | US\$               | ₹ Mn      | 63.80         | 51.20      | (126.27)    | 5,587.18     | 5,662.25          | -                                                   | 2.89                   | (195.91)          | -                                     | (195.91)         | -                 | British Virgin Island |
|         |                                                                                                  |                    | US\$ Mn   |               | 0.80       | (1.98)      | 87.57        | 88.75             | -                                                   | 0.05                   | (3.07)            | -                                     | (3.07)           | -                 |                       |
| 18      | Middle East Appliances LLC                                                                       | RO                 | ₹ Mn      | 166.23        | 374.32     | (885.49)    | 180.79       | 691.96            | -                                                   | 0.30                   | (27.75)           | -                                     | (27.75)          | -                 | Sultanate of Oman     |
|         |                                                                                                  |                    | RO Mn     |               | 2.25       | (5.33)      | 1.09         | 4.17              | -                                                   | -                      | (0.17)            | -                                     | (0.17)           | -                 |                       |
| 19      | Videocon Electronic (Shenzhen) Limited (Chinese Name- Wei You Kang Electronic (Shenzhen) Co Ltd) | CNY                | ₹ Mn      | 10.393        | 9.56       | (3.18)      | 48.38        | 42.00             | -                                                   | 53.07                  | 28.71             | -                                     | 28.71            | -                 | China                 |
|         |                                                                                                  |                    | CNY Mn    |               | 0.92       | (0.31)      | 4.65         | 4.04              | -                                                   | 5.11                   | 2.76              | -                                     | 2.76             | -                 |                       |
| 20      | Videocon International Electronics Limited                                                       | ₹                  | ₹ Mn      |               | 50,011.90  | (11,947.65) | 69,148.92    | 31,084.67         | 2,758.30                                            | 0.45                   | (5,851.48)        | -                                     | (5,851.48)       | -                 | India                 |
| 21      | Jumbo Techno Services Private Limited                                                            | ₹                  | ₹ Mn      |               | 1,000.00   | 1,221.88    | 7,812.99     | 5,591.11          | -                                                   | 0.47                   | (0.04)            | -                                     | (0.04)           | -                 | India                 |
| 22      | Senior Consulting Private Limited                                                                | ₹                  | ₹ Mn      |               | 10.00      | (3.14)      | 1,386.78     | 1,379.92          | -                                                   | 0.45                   | (0.05)            | -                                     | (0.05)           | -                 | India                 |
| 23      | Videocon Telecommunications Limited                                                              | ₹                  | ₹ Mn      |               | 70,000.00  | (68,390.26) | 49,102.28    | 47,492.54         | 0.02                                                | 12,983.85              | (16,461.89)       | 11,583.44                             | (28,045.33)      | -                 | India                 |
| 24      | Datacom Telecommunications Private Limited                                                       | ₹                  | ₹ Mn      |               | 0.50       | (0.60)      | 0.25         | 0.35              | -                                                   | 1.22                   | (0.17)            | -                                     | (0.17)           | -                 | India                 |
| 25      | Liberty Videocon General Insurance Company Limited                                               | ₹                  | ₹ Mn      |               | 6,793.50   | (2,633.29)  | 6,623.82     | 2,463.61          | 5,116.50                                            | 2,188.92               | (2,188.85)        | -                                     | (2,188.85)       | -                 | India                 |

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors

### VIDEOCON INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of Videocon Industries Limited (the Company) and its subsidiaries, associates and joint ventures, as at 30th June, 2013, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the 18 months period ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Consolidated Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
  - a) We did not jointly audit the financial statements of certain Subsidiaries whose financial statements reflect total assets (net) of ₹ 155,061.25 Million as at 30th June 2013/ 31st March 2013, total revenues (net) of ₹ 30,833.32 Million and net cash flows amounting to ₹ (2,900.01) Million for the period ended on that date. These financial statements have been audited by one of us.
  - b) We did not audit the financial statements of certain Subsidiaries and Joint Ventures, whose financial statements reflect total assets (net) of ₹ 4,670.19 Million as at 30th June 2013/ 31st March 2013, total revenues (net) of ₹ 480.84 Million and net cash flows amounting to ₹ 506.37 Million for the period ended on that date and financial statements of associates in which the share of loss is ₹ 5.09 Million. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 on "Consolidated Financial Statements", Accounting Standard (AS) 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, and its subsidiaries included in Consolidated Financial Statements.
5. Without qualifying our report we draw attention to:
  - a) Note No. 35 to the Financial Statements, Videocon Telecommunications Limited (VTL), a subsidiary, had been awarded licenses by the Department of Telecommunications ("DoT") to provide Unified Access Services ("UAS") in 21 telecom circles in India with effect from 25th January, 2008 which were valid for a period of 20 years. VTL had also been allocated spectrum in 20 circles and had launched its commercial operations in 17 circles.

The Hon'ble Supreme Court of India, vide its order and judgment dated 2nd February, 2012 ("Judgment") in two separate writ petitions, quashed the UAS licenses granted on or after 10<sup>th</sup> January 2008 pursuant to two press releases issued on 10<sup>th</sup> January, 2008 and the subsequent allocation of spectrum to licensees which included the 21 UAS licenses issued and allocation of spectrum to the VTL.

The Hon'ble Supreme Court of India vide its Judgment had also directed the Central Government to grant fresh UAS licenses and spectrum allocation by auction. The DoT, had issued a Notice inviting applications for auction of spectrum. VTL participated in the said auction and has been awarded the Unified Licenses (Access Services) for 6 circles w.e.f. 16th February, 2013 which are valid for a period of 20 years. VTL has also been allotted spectrum in these 6 circles. VTL is continuing its commercial operations.

During the period, VTL has incurred a net loss of ₹ 12,036.14 Million resulting into accumulated losses of ₹ 40,344.93 Million as at 30th June, 2013. VTL has further issued and allotted share capital whereby the net worth has become positive as on 30th June, 2013. The ability of VTL to continue as a going concern is substantially dependent on its ability to fund its operating and capital expenditure requirements. The management of VTL is confident of mobilizing the necessary resources for continuing its operations as per the business plan. Accordingly, the financial statements have been prepared by VTL on a going concern basis.
  - b) Note No. 38(B)(a) to the Financial Statements, regarding incorporation of the Company's share, in the operations of the joint ventures based on the statements received from the respective Operator. The Company has received the audited financial statements for the period upto 31st March, 2013 and un-audited financial statements for the period 1st April, 2013 to 30th June, 2013 in respect of Ravva Oil & Gas Field Joint Venture on which we have placed reliance.
6. As mentioned in Note No.13.1 to the Financial Statements, the Subsidiary, VTL has recognized net Deferred Tax Assets of ₹ 11,583.48 Million on the unabsorbed depreciation and business losses, based on future business plan, estimated increase in subscribers base, additional capital infusion which would restrict further borrowings and related costs and that there would be sufficient profits to absorb the entire unabsorbed depreciation and business losses. However, in the absence of convincing supporting evidence of future taxable profits, we are unable to comment on the reasonableness of recognition of the said Deferred Tax Assets, the effect whereof, if any, on the financial statements for the period is unascertainable.
7. On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company, its Joint Ventures and its subsidiaries, we are of the opinion that the attached Consolidated Financial Statements *subject to paragraph 6 above, the consequent impact of which on the financial statements, if any, is unascertainable* and read with the notes and the significant accounting policies thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries, associates and joint ventures as at 30th June, 2013;
  - b. in the case of the Consolidated Statement of Profit and Loss, of the consolidated loss of the Company and its subsidiaries, associates and joint ventures for the period ended on that date; and
  - c. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries, associates and joint ventures for the period ended on that date.

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

**SHIVRATAN AGARWAL**  
Partner  
Membership No.: 104180

Place : Mumbai  
Date : 29th November, 2013

For **KADAM & CO.**  
Chartered Accountants  
Firm Registration No. 104524W

**U.S.KADAM**  
Partner  
Membership No.: 31055

## CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2013

(₹ in Million)

| Particulars                                           | Note No. | As at<br>30th June, 2013 | As at<br>31st Dec., 2011 |
|-------------------------------------------------------|----------|--------------------------|--------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                      |          |                          |                          |
| <b>1) Shareholders' Funds</b>                         |          |                          |                          |
| a) Share Capital                                      | 3        | 3,340.94                 | 3,339.36                 |
| b) Reserves and Surplus                               | 4        | 43,796.04                | 69,450.43                |
|                                                       |          | <u>47,136.98</u>         | <u>72,789.79</u>         |
| <b>2) Share Application Money Pending Allotment</b>   |          | -                        | 5,448.74                 |
| <b>3) Minority Interest</b>                           |          | 2,079.81                 | 104.10                   |
| <b>4) Non-Current Liabilities</b>                     |          |                          |                          |
| a) Long Term Borrowings                               | 5        | 310,786.55               | 143,960.69               |
| b) Deferred Tax Liability (Net)                       | 13       | -                        | 7,351.19                 |
| c) Long Term Provisions                               | 6        | 1,499.40                 | 1,299.74                 |
|                                                       |          | <u>312,285.95</u>        | <u>152,611.62</u>        |
| <b>5) Current Liabilities</b>                         |          |                          |                          |
| a) Short Term Borrowings                              | 7        | 58,083.65                | 79,567.71                |
| b) Trade Payables                                     | 8        | 15,775.64                | 14,151.46                |
| c) Other Current Liabilities                          | 9        | 58,361.04                | 67,136.75                |
| d) Short Term Provisions                              | 10       | 966.43                   | 907.00                   |
|                                                       |          | <u>133,186.76</u>        | <u>161,762.92</u>        |
| <b>TOTAL</b>                                          |          | <u><u>494,689.50</u></u> | <u><u>392,717.17</u></u> |
| <b>II. ASSETS</b>                                     |          |                          |                          |
| <b>1) Non-Current Assets</b>                          |          |                          |                          |
| a) Fixed Assets                                       | 11       |                          |                          |
| i) Tangible Assets                                    |          | 75,715.31                | 73,864.49                |
| ii) Intangible Assets                                 |          | 23,226.54                | 18,682.30                |
| iii) Capital work-in-progress                         |          | 95,252.89                | 55,223.46                |
| b) Pre-Operative Expenditure Pending Allocation       | 12       | 1,606.12                 | 2,165.20                 |
| c) Goodwill on Consolidation                          |          | 11,079.53                | 77.91                    |
| d) Deferred Tax Assets (Net)                          | 13       | 17,925.34                | -                        |
| e) Non-Current Investments                            | 14       | 7,548.97                 | 10,875.07                |
| f) Long Term Loans and Advances                       | 15       | 43,530.03                | 37,260.83                |
|                                                       |          | <u>275,884.73</u>        | <u>198,149.26</u>        |
| <b>2) Current Assets</b>                              |          |                          |                          |
| a) Current Investments                                | 16       | 632.49                   | 208.11                   |
| b) Inventories                                        | 17       | 21,656.82                | 20,897.41                |
| c) Trade Receivables                                  | 18       | 29,433.94                | 28,153.11                |
| d) Cash and Bank Balances                             | 19       | 9,004.12                 | 12,255.92                |
| e) Short Term Loans and Advances                      | 20       | 157,122.59               | 132,109.77               |
| f) Other Current Assets                               | 21       | 954.81                   | 943.59                   |
|                                                       |          | <u>218,804.77</u>        | <u>194,567.91</u>        |
| <b>TOTAL</b>                                          |          | <u><u>494,689.50</u></u> | <u><u>392,717.17</u></u> |
| <b>Significant Accounting Policies</b>                | 1        |                          |                          |
| <b>Notes forming part of the Financial Statements</b> | 2 to 48  |                          |                          |

As per our report of even date

For and on behalf of the Board

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**For KADAM & CO.**  
Chartered Accountants

**V. N. DHOOT**  
Chairman and Managing Director

**SHIVRATAN AGARWAL**  
Partner  
Membership No. 104180

**U. S. KADAM**  
Partner  
Membership No. 31055

**VINOD KUMAR BOHRA**  
Company Secretary

**S. PADMANABHAN**  
Director

Place : Mumbai  
Date : 29th November, 2013

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 1ST JANUARY, 2012 TO 30TH JUNE, 2013

(₹ in Million)

| Particulars                                                                   | Note No. | Period ended<br>30th June, 2013 | Year ended<br>31st Dec., 2011 |
|-------------------------------------------------------------------------------|----------|---------------------------------|-------------------------------|
| <b>I. INCOME</b>                                                              |          |                                 |                               |
| Revenue from Operations                                                       | 22       | 194,238.53                      | 136,845.07                    |
| Less: Excise Duty                                                             |          | 6,181.09                        | 2,692.48                      |
| Net Revenue from Operations                                                   |          | 188,057.44                      | 134,152.59                    |
| Other Income                                                                  | 23       | 8,903.04                        | 1,375.74                      |
| <b>Total Income</b>                                                           |          | <b>196,960.48</b>               | <b>135,528.33</b>             |
| <b>II. EXPENSES</b>                                                           |          |                                 |                               |
| Cost of Materials Consumed                                                    |          | 56,643.70                       | 40,562.96                     |
| Purchase of Stock-in-Trade                                                    |          | 59,134.62                       | 39,909.38                     |
| Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade  | 24       | (578.21)                        | (137.64)                      |
| Production and Exploration Expenses - Oil and Gas                             | 25       | 26,602.34                       | 9,007.76                      |
| Access Charges, License Fees and Network Expenses                             | 26       | 9,505.34                        | 11,381.39                     |
| Employee Benefits Expense                                                     | 27       | 5,708.88                        | 3,875.25                      |
| Finance Costs                                                                 | 28       | 40,774.95                       | 15,563.88                     |
| Depreciation and Amortisation                                                 | 11       | 13,255.70                       | 9,160.75                      |
| Other Expenses                                                                | 29       | 28,949.73                       | 17,932.71                     |
| <b>Total Expenses</b>                                                         |          | <b>239,997.05</b>               | <b>147,256.44</b>             |
| <b>III. Profit/(Loss) Before Tax</b>                                          |          | <b>(43,036.57)</b>              | <b>(11,728.11)</b>            |
| Add: Share in Profit/(Loss) of Associates                                     |          | (5.09)                          | (0.19)                        |
| Add: Profit/(Loss) on Disposal/Dilution of holding in Subsidiaries/Associates |          | (1,032.21)                      | 49.74                         |
| <b>IV. Tax Expenses</b>                                                       | 30       | <b>(12,005.08)</b>              | <b>1,964.31</b>               |
| <b>V. Profit/(Loss) Before Minority Interest</b>                              |          | <b>(32,068.79)</b>              | <b>(13,642.87)</b>            |
| Add: Minority Interest                                                        |          | 3,807.60                        | 5.21                          |
| <b>VI. Profit/(Loss) for the Period</b>                                       |          | <b>(28,261.19)</b>              | <b>(13,637.66)</b>            |
| <b>VII. Earnings per Equity Share of face value ₹10/- each</b>                | 31       |                                 |                               |
| Basic and Diluted                                                             |          | (89.91)                         | (45.24)                       |
| <b>Significant Accounting Policies</b>                                        | 1        |                                 |                               |
| <b>Notes forming part of the Financial Statements</b>                         | 2 to 48  |                                 |                               |

As per our report of even date

For and on behalf of the Board

**For KHADELWAL JAIN & CO.**  
Chartered Accountants

**For KADAM & CO.**  
Chartered Accountants

**V. N. DHOOT**  
Chairman and Managing Director

**SHIVRATAN AGARWAL**  
Partner  
Membership No. 104180

**U. S. KADAM**  
Partner  
Membership No. 31055

**VINOD KUMAR BOHRA**  
Company Secretary

**S. PADMANABHAN**  
Director

Place : Mumbai  
Date : 29th November, 2013

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 30TH JUNE, 2013

(₹ in Million)

| Particulars                                                                            | Period ended on<br>30th June, 2013 | Year ended on<br>31st Dec., 2011 |
|----------------------------------------------------------------------------------------|------------------------------------|----------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                          |                                    |                                  |
| Profit/(Loss) before Tax                                                               | (43,036.57)                        | (11,728.11)                      |
| Adjustments for:                                                                       |                                    |                                  |
| Depreciation and Amortisation                                                          | 13,255.70                          | 9,160.75                         |
| Finance Costs                                                                          | 40,774.95                          | 15,563.88                        |
| Provision for Leave Encashment                                                         | (0.10)                             | 2.85                             |
| Provision for Gratuity                                                                 | 59.63                              | 30.54                            |
| Provision for Warranty and Maintenance Expenses                                        | 21.09                              | (6.36)                           |
| Provision for Abandonment and Site Restoration Costs                                   | 135.65                             | 187.97                           |
| Provision for Doubtful Debts                                                           | 179.74                             | 94.73                            |
| Premium Deficiency Reserve                                                             | 2.38                               | -                                |
| Interest Received                                                                      | (5,175.91)                         | (743.09)                         |
| Diminution/(Write back) in Value of Investments                                        | (1.73)                             | 180.82                           |
| Income from Investments and Securities Division                                        | (16.15)                            | (279.59)                         |
| (Profit)/Loss on Sale/Discard of Fixed Assets                                          | 3,813.90                           | (180.38)                         |
| Minority Interest for the period/year                                                  | 3,807.60                           | 5.21                             |
| <b>Operating Profit before Working Capital Changes</b>                                 | <b>13,820.18</b>                   | <b>12,289.22</b>                 |
| Adjustments for:                                                                       |                                    |                                  |
| Inventories                                                                            | (759.41)                           | (297.86)                         |
| Trade Receivables                                                                      | (1,460.57)                         | (1,580.86)                       |
| Loans and Advances                                                                     | (30,932.78)                        | (83,497.73)                      |
| Other Current Assets                                                                   | (11.22)                            | (372.80)                         |
| Trade Payables                                                                         | 1,624.18                           | 4,056.27                         |
| Other Current Liabilities                                                              | 7,299.94                           | 6,484.81                         |
| Cash generated from/(used in) Operations                                               | (10,419.68)                        | (62,918.95)                      |
| Less: Taxes Paid/(Refund)-net                                                          | 12,174.75                          | 1,410.22                         |
| <b>Net Cash from/(used in) Operating Activities</b>                                    | <b>(A) (22,594.43)</b>             | <b>(64,329.17)</b>               |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                          |                                    |                                  |
| Sale of Fixed Assets/Adjustment on account of disposal/cessation of Subsidiaries (Net) | 12,412.59                          | 1,456.93                         |
| (Increase) in Fixed Assets (Including Capital Work-in-Progress)                        | (75,906.68)                        | (49,034.43)                      |
| (Increase)/Decrease in Pre-Operative Expenditure pending Allocation                    | 559.08                             | (1,332.69)                       |
| Share in Profit/(Loss) of Associates                                                   | (5.09)                             | (0.19)                           |
| Adjustment on Disposal/Dilution of Subsidiaries/Associates                             | (1,032.21)                         | 49.74                            |
| Interest Received                                                                      | 5,175.91                           | 743.09                           |
| (Increase)/Decrease in Other Bank Balances                                             | (1,209.56)                         | 2,408.51                         |
| (Purchase)/Sale of Investments (Net)                                                   | 2,903.45                           | (7,775.98)                       |
| (Increase) in Goodwill on Consolidation                                                | (11,001.62)                        | (39.59)                          |
| Income from Investments and Securities Division                                        | 16.15                              | 279.59                           |
| <b>Net Cash from/(used in) Investing Activities</b>                                    | <b>(B) (68,087.98)</b>             | <b>(53,245.02)</b>               |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                          |                                    |                                  |
| Increase in Equity Share Capital                                                       | 157.53                             | 10.63                            |
| (Decrease) in Preference Share Capital                                                 | (155.95)                           | (150.84)                         |
| Share Premium Received                                                                 | 2,642.80                           | 260.69                           |
| Increase/(Decrease) in Foreign Currency Translation Reserve on Consolidation           | (1,204.10)                         | 2,460.86                         |
| Increase/(Decrease) in Share Application Money                                         | (5,448.74)                         | 448.74                           |
| Increase in Minority Interest                                                          | 1,975.71                           | 100.91                           |
| Adjustment in Deferred Tax Liabilities                                                 | -                                  | 7.96                             |
| Increase in Long Term Borrowings                                                       | 150,768.30                         | 91,484.47                        |
| Increase/(Decrease) in Short Term Borrowings                                           | (21,484.06)                        | 38,656.45                        |
| Redemption Premium paid on Foreign Currency Convertible Bonds                          | -                                  | (1,133.67)                       |
| Finance Costs                                                                          | (40,774.95)                        | (15,563.88)                      |
| Payment of Dividend                                                                    | (211.25)                           | (350.55)                         |
| Tax on Dividend                                                                        | (31.33)                            | (57.81)                          |
| Share Issue Expenses                                                                   | (12.91)                            | (0.25)                           |
| <b>Net Cash from/(used in) Financing Activities</b>                                    | <b>(C) 86,221.05</b>               | <b>116,173.71</b>                |
| <b>Net Change in Cash and Cash Equivalents</b>                                         | <b>(A+B+C) (4,461.36)</b>          | <b>(1,400.48)</b>                |
| Cash and Cash Equivalents at beginning of the period                                   | 6,911.35                           | 8,311.83                         |
| Cash and Cash Equivalents at end of the period                                         | 2,449.99                           | 6,911.35                         |
| Other Bank Balances                                                                    | 6,554.13                           | 5,344.57                         |
| <b>Cash and Bank Balances at the end of the period (Note No. 19)</b>                   | <b>9,004.12</b>                    | <b>12,255.92</b>                 |

As per our report of even date

For and on behalf of the Board

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**For KADAM & CO.**  
Chartered Accountants

**V. N. DHOOT**  
Chairman and Managing Director

**SHIVRATAN AGARWAL**  
Partner  
Membership No. 104180

**U. S. KADAM**  
Partner  
Membership No. 31055

**VINOD KUMAR BOHRA**  
Company Secretary

**S. PADMANABHAN**  
Director

Place : Mumbai  
Date : 29th November, 2013

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### A. Basis of Consolidation:

- a) The Consolidated Financial Statements ("CFS") relate to Videocon Industries Limited ("the Company" or "the Parent Company") and its subsidiary companies, joint ventures and associates collectively referred to as "the Group".
- b) The financial statements of the subsidiary companies used in the preparation of the CFS are drawn upto the same reporting date as that of the Company i.e., 30th June, 2013 except in case of Liberty Videocon General Insurance Company Limited whereby the financial statements are drawn and considered upto 31st March, 2013. There are no material significant events between the period 1st April, 2013 to 30th June, 2013.
- c) The CFS have been prepared in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" and Accounting Standard (AS) 23 "Accounting for investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

#### d) Principles of Consolidation:

The CFS have been prepared on the following basis:

- i) The financial statements of the Company, its subsidiary companies and jointly controlled entities have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances/transactions and unrealised profits or losses.
- ii) All separate financial statements of subsidiaries, originally presented in currencies different from the Group's presentation currency, have been converted into Indian Rupees (INR) which is the functional currency of the Parent Company. In case of foreign subsidiaries being non-integral foreign operations, revenue items have been consolidated at the average of the rate prevailing during the year. All assets and liabilities are translated at rates prevailing at the balance sheet date. The exchange difference arising on the translation is debited or credited to Foreign Currency Translation Reserve.
- iii) The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as Company's separate financial statements. In case of certain foreign subsidiaries and joint ventures, where the accounts have been prepared in compliance with local laws and/or International Financial Reporting Standards, appropriate adjustments for differences in accounting policies have been made to their financial statements while using in preparation of the CFS as required by AS 21 and AS 27 except: (a) In case on insurance subsidiary, no adjustment have been made to the financial statements on account of diverse accounting policies as the same, being insurance company, have been prepared under a different regulatory environment and (b) in respect of depreciation/amortisation and retirements benefits, where it is not practicable to use uniform accounting policies. However, the amount of impact of these differences is not material.
- iv) The excess of the cost to the Company of its investment in subsidiary over the Company's share of equity of the subsidiary as at the date on which investment in subsidiary is made, is recognised in the CFS as

Goodwill. The excess of Company's share of equity and reserve of the subsidiary company over the cost of acquisition is treated as Capital Reserve in CFS.

- v) The difference between the proceeds from disposal of investment in a Subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Statement of Profit and Loss as the profit or loss on disposal of Investment in Subsidiary.
- vi) Minority interest's share of net profit of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Company.
- vii) Minority interest in the net assets of Consolidated Subsidiaries consists of (a) The amount of equity attributable to the minority shareholders at the date on which investment in a subsidiary is made and (b) The minority shareholders' share of movements in equity since the date the Parent Subsidiary relationship came into existence.
- viii) Investments in associate companies in which the Company or any of its subsidiaries has significant influence but not a controlling interest, are reported according to the equity method. The carrying amount of the investment is adjusted for the post acquisition change in the Group's share of net assets of the investee. The Consolidated Statement of Profit and Loss includes the Company's share of the results of the operations of the investee.

#### B. Basis of Accounting:

- a) The financial statements are prepared under historical cost convention, except for certain fixed assets which are revalued, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP), the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006, and in accordance with the applicable statutory requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the regulations') and related orders and directions issued by the IRDA in this behalf.
- b) 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 period. Example of such estimates include provisions for doubtful debts, employee retirement benefits 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.

#### C. Fixed Assets/Capital Work-in-Progress:

- a) Fixed Assets are stated at cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/amortisation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses related

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

to the acquisition and installation of the respective assets but does not include tax/duty credits availed.

- b) Capital Work-in-Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure.

### D. License/Spectrum Fees:

- a) The one time non refundable entry fees paid for acquiring Licenses/Spectrum for providing Unified License (Access Services), along with the related borrowing cost is capitalized as an intangible asset and is amortized over the remaining period of License as per the license agreement from the commencement of commercial operations.
- b) The variable license fee and spectrum charges computed at prescribed rates of revenue share in terms of the license agreement are charged to the Statement of Profit and Loss in the period in which the related revenues are recognized.

### E. Joint Ventures for Oil and Gas Fields:

In respect of unincorporated joint ventures in the nature of Production Sharing Contracts (PSC) entered into by the Company for oil and gas exploration and production activities, the Group's share in the assets and liabilities as well as income and expenditure of Joint Venture Operations are accounted for, according to the Participating Interest of the Group as per the PSC and the Joint Operating Agreements on a line-by-line basis in the CFS. In respect of joint ventures in the form of incorporated jointly controlled entities, the investment in such joint venture is eliminated and share in assets and liabilities as well as income and expenditure of joint venture entities are accounted for on line-by-line basis in CFS.

### F. Exploration, Development Costs and Producing Properties:

The Company follows the "Full Cost" method of accounting for its oil and natural gas exploration and production activities. Accordingly, all acquisition, exploration and development costs are treated as capital work in progress and are accumulated in a cost centre. The cost centre is not, normally, smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work in progress to producing properties in the gross block of assets regardless of whether or not the results of specific costs are successful.

### G. Abandonment Costs:

The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as liability for abandonment cost based on evaluation by experts at current costs and is capitalised as producing property. The same is reviewed periodically.

### H. Depreciation and Amortisation:

- a) The Parent Company and Indian Subsidiary Companies provide depreciation on fixed assets held in India on written down value method in the manner and at the rates specified in the Schedule XIV to the Companies Act, 1956, except a) on fixed assets of Consumer Electronics Division except Glass Shell Division; b) fixed assets of Telecommunications Division and; c) on office buildings acquired after 1st April, 2000, on which depreciation is provided on straight line method at the rates specified in the said Schedule or based on useful life of assets whichever is higher. Depreciation on fixed assets held outside India is calculated on straight line method at the rates prescribed in the aforesaid Schedule or based on useful life of assets whichever is higher. Producing Properties are depleted using the "Unit of Production Method". The rate of depletion is computed in proportion of

oil and gas production achieved vis-a-vis proved reserves. Leasehold Land is amortised over the period of lease.

Intangibles: One time entry fees for acquiring licenses for Unified Access Services (UAS) are amortised over the remaining period of license as per the license agreement from the date of commencement of commercial operations. Other intangible assets are amortised over a period of five years.

- b) In case of foreign subsidiaries, depreciation is provided on a straight line basis over the estimated remaining useful life of the assets.

### I. Impairment of Assets:

The Fixed Assets or a group of assets (cash generating unit) and Producing Properties 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 asset or cash generating unit to which the asset belongs is less than its carrying amount, the impairment loss is recognised by writing down such assets and producing properties 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.

### J. Pre-Operative Expenditure during construction period pending allocation:

Expenditure incurred till the commencement of commercial operations of a project is treated as "Pre-Operative Expenditure Pending Allocation" and the same is appropriately allocated upon commencement of commercial operations.

### K. Investments:

- a) Current Investments: Current Investments are carried at lower of cost or quoted/fair value.
- b) Non Current Investments: Non Current Investments are stated at cost. The decline in the value of the investment, other than temporary, is provided for.
- c) Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.
- d) Investments in respect of Insurance Business:
  - i) Classification:
 

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as Current Investments. Investments other than Current Investments are classified as Non Current Investments.
  - ii) Valuation:
 

Debt Securities - All debt securities are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortization of premium or accretion of discount on 'Straight Line' or 'Internal Rate of Return' basis (as applicable), in the revenue and Statement of Profit and Loss over the period of maturity/holding.

The realized gain or loss on the securities is the difference between the sale consideration and the amortized cost in the books of the Company as on the date of sale determined on weighted average cost basis.

### L. Inventories:

Inventories including crude oil stocks are valued at cost or net realisable value whichever is lower. Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Basis.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### M. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of an qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### N. Excise and Customs Duty, CENVAT/Value Added Tax:

Excise Duty in respect of finished goods lying in the factory premises and Customs Duty on goods lying in the customs bonded warehouse are provided for and included in the valuation of inventory.

CENVAT/Value Added Tax Benefit is accounted for by reducing the purchase cost of the materials/fixed assets/services.

### O. Revenue Recognition:

- a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.
- b) Sales/turnover includes sales value of goods, services, excise duty, duty drawback and other recoveries such as insurance, transportation and packing charges but excludes sale tax and recovery of financial and discounting charges.
- c) Revenue from sale of electrical energy is accounted for on the basis of billing as per the provisions of Power Purchase Agreement.
- d) Revenue in respect of Telecommunications Services is recognized as and when the services are provided and are net of rebates, discounts and service tax. Activation charges recovered from subscribers is recognized as income on activation. Revenue on upfront charges for services with lifetime validity and fixed validity period of one year or more are recognized over the estimated useful life of subscribers and specified fixed validity period respectively. The estimated useful life is consistent with estimated churn of the subscribers.
- e) Revenue in respect of Insurance Business is recognised as:
  - i) Premium:
 

Premium is recognized as income over the contract period or the period of risk whichever is appropriate on gross basis net of service tax. Premium is recorded for the policy period at the time of issuance of policies/endorsements.
  - ii) Commission on Reinsurance Ceded:
 

Commission on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognized in the year of final determination of the profits and as intimated by the reinsurer.
  - iii) Investment Income:
 

Interest income on investments is recognized on accrual basis. Accretion of discount and amortization of premium, as the case may be, in respect of fixed income securities is recognized on the basis of 'internal rate of return' over the period of maturity/holding.
- f) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- g) Dividend on investments is recognised when the right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

### P. Other Policies in respect of Insurance Business:

- a) Reserve for unexpired risk:
 

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) in respect of each line of business which is attributable to, and set aside for, subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum percentage as required under section 64V(1)(ii)(b) of the Insurance Act, 1938.
- b) Acquisition costs:
 

Acquisition costs, defined as costs that vary with, and are primarily related to, the acquisition of new and renewal insurance contracts viz., commission, brokerage etc., are expensed in the year in which they are incurred.
- c) Reinsurance Ceded:
 

Reinsurance cost, in respect of proportional reinsurance, is accrued at policy inception. Non-proportional reinsurance cost is recognized when incurred and due. Any subsequent revision to, refunds or cancellations of premiums are recognized in the year in which they occur.
- d) Benefits Paid (including claims):
 

Claims are recognized as and when reported. Claims paid (net of recoveries including salvage) are charged to the respective revenue accounts when approved for payment. Claims paid include claims settlement costs, comprising survey, legal and other fees and other attributable expenses. Estimated liability for outstanding claims is provided on the basis of claims reported till the end of the financial year. Recoveries from sale of salvage are recognized at the time of sale. Amounts received/receivable from the reinsurers, under the terms of the reinsurance agreements, are recognized together with the recognition of the claim.

Amounts received/ receivable/ paid/ payable from/ to the coinsurers, under the terms of the coinsurance arrangements, is also recognized together with the recognition of the claim.
- e) IBNR and IBNER (claims incurred but not reported and claims incurred but not enough reported):
 

IBNR represents that amount of claims that may have been incurred prior to the end of the current accounting period but have not been reported. The IBNR provision also includes provision, if any, required for claims incurred but not enough reported (IBNER). The said liability is determined on actuarial principles and certified by the Appointed Actuary. The methodology and assumptions on the basis of which the liability is determined is also certified by the actuary to be appropriate, in accordance with the guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDA.
- f) Indian Motor Third Party Declined Risk Insurance Pool [DR Pool]:
 

In accordance with the directions of IRDA, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cede the insurance premium to the DR Pool. The DR Pool is administered by General Insurance Corporation of India ('GIC'). Share of declined pool transactions is accounted for based on the accounts rendered by the declined pool administrator.

### Q. Foreign Currency Transactions:

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Currency Monetary Assets and Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary Items at the end of the period is recognised, as the case may be, as income or expense for the period.

- b) Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transaction and accounted accordingly. Exchange differences arising on such contracts are recognised in the period in which they arise and the premium paid/received is recognised as expenses/income over the period of the contract. Cash flows arising on account of roll over/cancellation of forward contracts are recognised as income/expenses of the period in line with the movement in the underlying exposure.
- c) All other derivative contracts including forward contract entered into for hedging foreign currency risks on unexecuted firm commitments and highly probable forecast transactions which are not covered by the existing Accounting Standard (AS 11), are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the Institute of Chartered Accountants of India (ICAI) dated 29th March, 2008, on accounting of derivatives. The resultant gains and losses on fair valuation of such contracts are recognised in the Consolidated Statement of Profit and Loss.

### R. Employee Benefits:

- a) Short Term Employees Benefits:

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Consolidated Statement of Profit and Loss of the period/year in which the related services are rendered.

- b) Post Employment Benefits:

In India:

- i) Provident Fund - Defined Contribution Plan

The Group contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Consolidated Statement of Profit and Loss on accrual basis.

- ii) Gratuity - Defined Benefit Plan

The Group provides for gratuity to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Consolidated Statement of Profit and Loss.

- iii) Leave Encashment

Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Consolidated Statement of Profit and Loss.

Outside India:

In case of foreign subsidiaries, Liability for retirement benefit have been provided for as per the local laws of respective country.

### S. Taxation:

Income tax comprises of current tax and deferred tax. Provision for current income tax is calculated on the basis of the provisions of local laws of respective entity. Deferred tax assets and liabilities are recognised 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 recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

### T. Share Issue Expenses and Premium on Redemption of Bonds/ Debentures:

Share issue expenses and Premium on Redemption of Bonds/ Debentures are written off to Securities Premium Account.

### U. Research and Development:

Revenue expenditure pertaining to Research and Development is charged to revenue under the respective heads of account in the period in which it is incurred. Capital expenditure, if any, on Research and Development is shown as an addition to Fixed Assets under the respective heads.

### V. Accounting for Leases:

Where the Company is lessee:

- a) Operating Leases: Rentals in respect of all operating leases are charged to Consolidated Statement of Profit and Loss.
- b) Finance Leases:
  - i) Rentals in respect of all finance leases entered before 1st April, 2001 are charged to Consolidated Statement of Profit and Loss.
  - ii) Assets acquired on or after 1st April, 2001, under finance lease or similar arrangements which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of their fair value and present value of the minimum lease payments and are disclosed as leased assets.

### W. Warranty:

Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.

### X. Prior Period Items:

Prior period items are included in the respective heads of accounts and material items are disclosed by way of Notes to Consolidated Financial Statements.

### Y. Provision, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which reliable estimate can be made.

Contingent Liabilities are not recognised but are disclosed in the Notes. Disputed demands in respect of Central Excise, Custom duty, 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.

Contingent assets are not recognised in the financial statements.

### Z. Other Accounting Policies:

These are consistent with the generally accepted accounting principles.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. The companies which are included in the consolidation with their respective countries of incorporation and the percentage of ownership interest therein of the Company as on 30th June, 2013, are as under:

| Name of the Subsidiary                                                                                          | Country of Incorporation | Percentage of Ownership Interest as at |                 |
|-----------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------|-----------------|
|                                                                                                                 |                          | 30th June, 2013                        | 31st Dec., 2011 |
| Chhattisgarh Power Ventures Private Limited                                                                     | India                    | 100%                                   | 100%            |
| Eagle ECorp Limited (upto 20th June, 2013)                                                                      | British Virgin Islands   | -                                      | 100%            |
| Liberty Videocon General Insurance Company Limited                                                              | India                    | 77.9%                                  | 100%            |
| Middle East Appliances LLC                                                                                      | Sultanate of Oman        | 100%                                   | 100%            |
| Pipavav Energy Private Limited                                                                                  | India                    | 100%                                   | 100%            |
| Prosperous Energy Private Limited                                                                               | India                    | 100%                                   | 100%            |
| Videocon Electronics (Shenzhen) Limited<br>(Chinese Name-Weiyokang Electronic (Shenzhen) Co., Ltd.)             | China                    | 100%                                   | 100%            |
| Videocon Global Limited                                                                                         | British Virgin Islands   | 100%                                   | 100%            |
| Videocon Oil Ventures Limited                                                                                   | India                    | 100%                                   | 100%            |
| Videocon Estelle Limited <sup>(1)</sup>                                                                         | Mauritius                | 100%                                   | 100%            |
| Videocon Ivory Limited <sup>(1)</sup>                                                                           | Mauritius                | 100%                                   | 100%            |
| Videocon Hydrocarbon Holdings Limited <sup>(1)</sup>                                                            | Cayman Islands           | 100%                                   | 100%            |
| Videocon JPDA 06-103 Limited <sup>(2)</sup>                                                                     | Cayman Islands           | 100%                                   | 100%            |
| Videocon Indonesia Nunukan Inc. <sup>(2)</sup>                                                                  | Cayman Islands           | 100%                                   | 100%            |
| Videocon Energy Brazil Limited <sup>(2)</sup>                                                                   | British Virgin Islands   | 100%                                   | 100%            |
| Videocon Australia WA-388-P Limited <sup>(2)</sup>                                                              | Cayman Islands           | 100%                                   | 100%            |
| Oil Services International S.A.S. (Liquidated on 10th July, 2012) <sup>(2)</sup>                                | France                   | -                                      | 100%            |
| Videocon Mauritius Energy Limited (w.e.f. 17th December, 2012) <sup>(2)</sup>                                   | Mauritius                | 100%                                   | -               |
| Videocon Mozambique Rovuma 1 Limited <sup>(3)</sup>                                                             | British Virgin Islands   | 100%                                   | 100%            |
| Emerald Corporate Ventures Limited (upto 20th June, 2013)<br>(formerly Videocon Energy Ventures Limited)        | British Virgin Islands   | -                                      | 100%            |
| Mercury Corporate Ventures Limited (formerly Videocon Oman 56 Limited)<br>(upto 20th June, 2013) <sup>(4)</sup> | British Virgin Islands   | -                                      | 100%            |
| Videocon International Electronics Limited                                                                      | India                    | 100%                                   | 100%            |
| Jumbo Techno Services Private Limited <sup>(5)</sup>                                                            | India                    | 100%                                   | 99%             |
| Senior Consulting Private Limited <sup>(5)</sup>                                                                | India                    | 100%                                   | 90%             |
| Videocon Telecommunications Limited <sup>(5)</sup>                                                              | India                    | 90.8%                                  | 99.9%           |
| Datacom Telecommunications Private Limited <sup>(6)</sup>                                                       | India                    | 90.8%                                  | 99.9%           |
| Videocon Energy Limited                                                                                         | India                    | 100%                                   | 100%            |
| Proficient Energy Private Limited <sup>(7)</sup>                                                                | India                    | 100%                                   | 100%            |
| Applied Energy Private Limited <sup>(8)</sup>                                                                   | India                    | 100%                                   | 100%            |
| Unity Power Private Limited <sup>(9)</sup>                                                                      | India                    | 51%                                    | 51%             |
| Comet Power Private Limited <sup>(9)</sup>                                                                      | India                    | 51%                                    | 51%             |
| Indigo Energy Private Limited (w.e.f. 16th January, 2013) <sup>(10)</sup>                                       | India                    | 51%                                    | -               |
| Percept Energy Private Limited (w.e.f. 16th January, 2013) <sup>(10)</sup>                                      | India                    | 51%                                    | -               |

| Name of the Associate/Joint Venture                                       | Country of Incorporation | Percentage of Ownership Interest as at |                 |
|---------------------------------------------------------------------------|--------------------------|----------------------------------------|-----------------|
|                                                                           |                          | 30th June, 2013                        | 31st Dec., 2011 |
| IBV Brasil Petroleo Limitada <sup>(11)</sup>                              | Brazil                   | 50%                                    | 50%             |
| Videocon Infinity Infrastructure Private Limited                          | India                    | 50%                                    | 50%             |
| Goa Energy Private Limited (upto 1st March, 2012)                         | India                    | -                                      | 26%             |
| Radium Energy Private Limited                                             | India                    | 26%                                    | 26%             |
| Northwest Energy Private Limited (upto 7th January, 2013) <sup>(12)</sup> | India                    | -                                      | 47%             |

**Notes:**

- |                                                             |                                                     |
|-------------------------------------------------------------|-----------------------------------------------------|
| 1. Subsidiary of Videocon Oil Ventures Limited              | 7. Subsidiary of Videocon Energy Limited            |
| 2. Subsidiary of Videocon Hydrocarbon Holdings Limited      | 8. Subsidiary of Proficient Energy Private Limited  |
| 3. Subsidiary of Videocon Mauritius Energy Limited          | 9. Subsidiary of Applied Energy Private Limited     |
| 4. Subsidiary of Videocon Energy Ventures Limited           | 10. Subsidiary of Comet Power Private Limited       |
| 5. Subsidiary of Videocon International Electronics Limited | 11. Joint Venture of Videocon Energy Brazil Limited |
| 6. Subsidiary of Videocon Telecommunications Limited        | 12. Associate of Proficient Energy Private Limited  |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. SHARE CAPITAL

#### Authorised:

500,000,000 (Previous year 500,000,000) Equity Shares of ₹ 10/- each  
10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of ₹ 100/- each

#### Issued, Subscribed and Paid-up:

##### Equity Shares

318,771,669 (Previous year 303,021,669) Equity Shares of ₹ 10/- each fully paid-up.  
Less: Calls in Arrears - by others

##### Preference Shares

- i) 4,523,990 (Previous year 4,523,990) 8% Cumulative Redeemable Preference Shares of ₹ 33.32 each (Previous year ₹ 66.66 each) fully paid-up, redeemable at par on 1st October, 2013.  
ii) 76,870 (Previous year 76,870) 8% Cumulative Redeemable Preference Shares of ₹ 33.34 each (Previous year ₹ 100/- each) fully paid-up, redeemable at par on 1st February, 2014.

|                    | (₹ in Million)           |                          |
|--------------------|--------------------------|--------------------------|
|                    | As at<br>30th June, 2013 | As at<br>31st Dec., 2011 |
| <b>Total</b>       | <b>5,000.00</b>          | 5,000.00                 |
|                    | <b>1,000.00</b>          | 1,000.00                 |
|                    | <b>6,000.00</b>          | 6,000.00                 |
| <b>(a)</b>         | <b>3,187.72</b>          | 3,030.22                 |
|                    | <b>0.08</b>              | 0.11                     |
|                    | <b>3,187.64</b>          | 3,030.11                 |
| <b>(b)</b>         | <b>150.74</b>            | 301.56                   |
|                    | <b>2.56</b>              | 7.69                     |
| <b>(b)</b>         | <b>153.30</b>            | 309.25                   |
| <b>Total (a+b)</b> | <b>3,340.94</b>          | 3,339.36                 |

### 3.1 Reconciliation of the Number of Shares:

#### a) Equity Shares of ₹ 10/- each

Outstanding at the beginning of the period

Issued during the period

Outstanding at the end of the period

#### b) 8% Cumulative Redeemable Preference Shares of ₹ 33.32 each (Previous year ₹ 66.66 each)

Outstanding at the beginning of the period

Redeemed during the period

Outstanding at the end of the period

#### c) 8% Cumulative Redeemable Preference Shares of ₹ 33.34 each (Previous year ₹ 100/- each)

Outstanding at the beginning of the period

Redeemed during the period

Outstanding at the end of the period

| As at 30th June, 2013 |              | As at 31st Dec., 2011 |              |
|-----------------------|--------------|-----------------------|--------------|
| No. of Shares         | ₹ in Million | No. of Shares         | ₹ in Million |
| 303,021,669           | 3,030.22     | 301,963,634           | 3,019.64     |
| 15,750,000            | 157.50       | 1,058,035             | 10.58        |
| 318,771,669           | 3,187.72     | 303,021,669           | 3,030.22     |
| 4,523,990             | 301.56       | 4,523,990             | 452.40       |
| -                     | 150.82       | -                     | 150.84       |
| 4,523,990             | 150.74       | 4,523,990             | 301.56       |
| 76,870                | 7.69         | 76,870                | 7.69         |
| -                     | 5.13         | -                     | -            |
| 76,870                | 2.56         | 76,870                | 7.69         |

### 3.2 Rights, Preference and Restrictions:

- a) The Company has only one class of equity shares having par value of ₹ 10/- per Share. Each holder of Equity Shares is entitled to equal right of voting and dividend.
- b) In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.
- c) The Preference Shares do not have voting rights. They have preference over equity shareholder as to dividend and in case of liquidation.

### 3.3 Details of Shareholders holding more than 5% Shares:

#### Name of Shareholders

##### a) Equity Shareholders

- a) Dome-Bell Electronics India Private Limited  
b) Platinum Appliances Private Limited  
c) Shree Dhoot Trading And Agencies Limited  
d) Synergy Appliances Private Limited  
e) Videocon Realty and Infrastructures Limited

##### b) 8% Cumulative Redeemable Preference Shares of ₹ 33.32 each (Previous year ₹ 66.66 each)

- a) LIC of India Limited  
b) IDBI Bank Limited

##### c) 8% Cumulative Redeemable Preference Shares of ₹ 33.34 each (Previous year ₹ 100/- each)

General Insurance Corporation of India Limited

| As at 30th June, 2013 |              | As at 31st Dec., 2011 |              |
|-----------------------|--------------|-----------------------|--------------|
| No. of Shares         | % of Holding | No. of Shares         | % of Holding |
| 19,741,049            | 6.19         | 19,067,113            | 6.29         |
| 15,604,666            | 4.90         | 15,604,666            | 5.15         |
| 28,404,836            | 8.91         | 26,015,207            | 8.59         |
| 16,010,575            | 5.02         | 16,010,575            | 5.28         |
| 63,570,518            | 19.94        | 63,566,495            | 20.98        |
| 441,990               | 9.77         | 441,990               | 9.77         |
| 4,082,000             | 90.23        | 4,082,000             | 90.23        |
| 76,870                | 100.00       | 76,870                | 100.00       |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(₹ in Million)

### 4. RESERVES AND SURPLUS

|                                                                               | As at<br>30th June, 2013 | As at<br>31st Dec., 2011 |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|
| a) <b>Capital Reserve (including Capital Subsidy)</b>                         |                          |                          |
| As per last Balance Sheet                                                     | 9.74                     | 9.74                     |
|                                                                               | 9.74                     | 9.74                     |
| (a)                                                                           |                          |                          |
| b) <b>Capital Redemption Reserve</b>                                          |                          |                          |
| As per last Balance Sheet                                                     | 688.33                   | 537.50                   |
| Add: Transferred from Surplus in the Statement of Profit and Loss             | 155.96                   | 150.83                   |
|                                                                               | 844.29                   | 688.33                   |
| (b)                                                                           |                          |                          |
| c) <b>Securities Premium Account</b>                                          |                          |                          |
| As per last Balance Sheet                                                     | 43,576.23                | 43,403.87                |
| Add: Received during the year                                                 | 2,642.09                 | 259.66                   |
| Less: Share Issue Expenses                                                    | 12.91                    | 0.25                     |
| Less: Premium payable on Redemption of Convertible Bonds                      | -                        | 87.05                    |
|                                                                               | 46,205.41                | 43,576.23                |
| Less: Calls in Arrears - by others                                            | 1.59                     | 2.30                     |
|                                                                               | 46,203.82                | 43,573.93                |
| (c)                                                                           |                          |                          |
| d) <b>Bond/Debenture Redemption Reserve</b>                                   |                          |                          |
| As per last Balance Sheet                                                     | 1,053.17                 | 3,029.64                 |
| Add/(Less): Transferred from/(to) Surplus in the Statement of Profit and Loss | 1,909.34                 | (1,976.47)               |
|                                                                               | 2,962.51                 | 1,053.17                 |
| (d)                                                                           |                          |                          |
| e) <b>Legal Reserve</b>                                                       |                          |                          |
| As per last Balance Sheet                                                     | 0.01                     | 0.01                     |
| Add/(Less): Adjustment on account of Foreign Currency Translation             | -                        | -                        |
|                                                                               | 0.01                     | 0.01                     |
| (e)                                                                           |                          |                          |
| f) <b>Foreign Currency Translation Reserve</b>                                |                          |                          |
| As per last Balance Sheet                                                     | 2,546.06                 | 85.20                    |
| Add/(Less): During the period/year                                            | 241.84                   | 2,460.86                 |
|                                                                               | 2,787.90                 | 2,546.06                 |
| (f)                                                                           |                          |                          |
| g) <b>General Reserve</b>                                                     |                          |                          |
| As per last Balance Sheet                                                     | 16,201.48                | 15,201.48                |
| Add: Transferred from Surplus in the Statement of Profit and Loss             | 300.00                   | 1,000.00                 |
|                                                                               | 16,501.48                | 16,201.48                |
| (g)                                                                           |                          |                          |
| h) <b>Surplus/(Deficit) in the Statement of Profit and Loss</b>               |                          |                          |
| As per last Balance Sheet                                                     | 5,377.71                 | 18,414.22                |
| Add: Profit/(Loss) for the period                                             | (28,261.19)              | (13,637.66)              |
| Add: Transferred from Bond/Debenture Redemption Reserve                       | -                        | 1,976.47                 |
| <b>Balance available for Appropriations</b>                                   | (22,883.48)              | 6,753.03                 |
| <b>Less: Appropriations</b>                                                   |                          |                          |
| Transfer to Capital Redemption Reserve                                        | 155.96                   | 150.83                   |
| Transfer to Bond/Debenture Redemption Reserve                                 | 1,909.34                 | -                        |
| Transfer to General Reserve                                                   | 300.00                   | 1,000.00                 |
| Proposed Dividend - Equity Shares                                             | 198.77                   | 159.39                   |
| Proposed Dividend - Preference Shares                                         | 27.68                    | 33.77                    |
| Tax on Proposed Dividend                                                      | 38.48                    | 31.33                    |
|                                                                               | (25,513.71)              | 5,377.71                 |
| (h)                                                                           |                          |                          |
| <b>Total (a to h)</b>                                                         | 43,796.04                | 69,450.43                |

(₹ in Million)

### 5. LONG-TERM BORROWINGS

| LONG-TERM BORROWINGS                |                                        | As at 30th June, 2013 |           | As at 31st Dec., 2011 |           |
|-------------------------------------|----------------------------------------|-----------------------|-----------|-----------------------|-----------|
|                                     |                                        | Non-Current           | Current   | Non-Current           | Current   |
| a) Secured                          |                                        |                       |           |                       |           |
| Non-Convertible Debentures          |                                        | -                     | -         | -                     | 21.60     |
| Term Loans                          |                                        |                       |           |                       |           |
| i)                                  | Term Loans from Banks                  | 276,657.05            | 29,419.33 | 91,156.44             | 16,334.73 |
| ii)                                 | Term Loans from Financial Institutions | 15,019.23             | 1,099.35  | 7,155.89              | 983.59    |
| iii)                                | External Commercial Borrowings         | -                     | 589.41    | 1,164.44              | 1,541.58  |
| iv)                                 | Vehicle Loan from Banks                | 151.79                | 130.67    | 148.00                | 76.74     |
| v)                                  | From Others                            | 0.05                  | -         | 75.25                 | -         |
| vi)                                 | Deferred Payment Liabilities           | 7,146.20              | -         | -                     | -         |
|                                     | (a)                                    | 298,974.32            | 31,238.76 | 99,700.02             | 18,958.24 |
| b) Unsecured                        |                                        |                       |           |                       |           |
| Rupee Loans from Banks              |                                        | -                     | 2,000.00  | 6,749.94              | 30,331.35 |
| Foreign Currency Convertible Bonds  |                                        | 11,652.34             | -         | 10,423.73             | -         |
| Compulsorily Convertible Debentures |                                        | 115.59                | -         | -                     | -         |
| Loan from Others                    |                                        | 27.66                 | -         | 27,046.07             | -         |
| Sales Tax Deferral                  |                                        | 16.64                 | 8.78      | 40.93                 | 15.51     |
|                                     | (b)                                    | 11,812.23             | 2,008.78  | 44,260.67             | 30,346.86 |
| Total (a+b)                         |                                        | 310,786.55            | 33,247.54 | 143,960.69            | 49,305.10 |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5.1 Secured Loans:

#### a) Term Loans from Banks and Financial Institutions:

- i) The Company, the subsidiary Videocon International Electronics Limited alongwith 11 other entities (collectively referred to as 'Obligors' and individually referred to as 'Borrower') executed facility agreement with consortium of existing domestic rupee term lenders, in the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities covered are Videocon Industries Limited (VIL), Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Next Retail India Limited, Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited.

Loans amounting to ₹ 146,566.53 Million are secured by first *pari-passu* charge on all present and future tangible/intangible assets (excluding the Identified Properties) of each of the Borrower, first *pari-passu* charge on the Trust and Retention Accounts of the Borrowers, second *pari-passu* charge on Identified Assets of Videocon Hydrocarbon Holdings Limited's (VHHL) subsidiaries through pledge of entire shareholding of VHHL in these overseas subsidiaries, second charge on pledge of 100% shares of Videocon Oil Ventures Limited and VHHL, second *pari-passu* charge on VHHL's share of cash flows from Identified Assets and second *pari-passu* charge over current assets of each of the Borrowers. The Rupee Term Loans are also secured by first ranking pledge by the promoters over equity shares of Videocon Industries Limited, Trend Electronics Limited and Value Industries Limited held by them, the personal guarantees of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot, Mr. Rajkumar N. Dhoot and first *pari-passu* charge on 'Videocon' brand. However, charge has not been created in favor of such Consortium of banks (A) for the credit facility to the Obligors on the assets by way of pledge of shares of the subsidiaries viz. Videocon Mauritius Energy Limited and Videocon Mozambique Rovuma 1 Limited, which have been pledged to Standard Chartered Bank for the loans mentioned in Sr. No. (x) of the Note No. 5.1(a); (B) for any other receivables from Videocon Mozambique Rovuma 1 Limited and (C) on any assets of Videocon Mozambique Rovuma 1 Limited; (Also refer Note No. 37)

- ii) The Consortium of various banks have sanctioned the Letter of Comfort (LoC)/Stand-by Letters of Credit (SBLC) facility to the Company and its subsidiary Videocon Oil Ventures Limited (VOVL) (collectively referred to as 'Obligors') to secure the foreign currency facility raised / to be raised by Videocon Hydrocarbon Holdings Limited (VHHL), an overseas subsidiary, from its lenders.

Loans amounting to ₹ 108,942.38 Million under this LoC/SBLC facility is secured by first ranking pledge of 100% shares of VOVL, VHHL and shares of certain subsidiaries of VHHL, charge over their fixed assets, VHHL's share of cash flows from identified oil & gas assets through escrow of receivables, first ranking/exclusive charge on specified bank accounts for the benefit of the relevant LoC/SBLC provider, exclusive charge on oil & gas facility servicing account of Obligors set-up under the onshore Trust and Retention Accounts, negative lien for shares of other subsidiaries of VHHL viz. Videocon JPDA 06-103 Limited and Videocon Australia WA-388-P Limited, first *pari-passu* charge on Videocon brand and personal guarantees of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot. However, charge has not been created in favor of such Consortium of banks (A) for the credit facility to the Obligors on the assets by way of pledge of shares of the subsidiaries viz. Videocon Mauritius Energy Limited and Videocon Mozambique Rovuma 1 Limited, which have been pledged to Standard Chartered Bank for the loans mentioned in Sr. No. (x) of the Note No. 5.1(a); (B) for any other receivables from Videocon Mozambique Rovuma 1 Limited and (C) on any assets of Videocon Mozambique Rovuma 1 Limited.

- iii) Loans amounting to ₹ 2,250.00 Million is secured by subservient charge on entire movables and current assets, both present and future of the Company and 12 other borrowers except for the assets of Ravva Oil Field. The loans are further secured by subservient charge on 'Videocon' and 'Kenstar' brands and irrevocable and unconditional personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- iv) Loans amounting to ₹ 1,200.00 Million is secured by first *pari-passu* charge over the fixed assets situated at Bharuch and Aurangabad, both present and future.
- v) Loans amounting to ₹ 9,583.33 Million are secured by Equitable Mortgage on *pari-passu* basis on immovable property situated at Videocon Tower, New Delhi and immovable property including land, building and machinery situated at Village Manjra, Warora, Dist. Chandrapur. The loans are further secured by first *pari-passu* charge on book debts of consumer electronics and home appliances division which are not charged to bankers for securing working capital loans.
- vi) Loans amounting to ₹ 581.03 Million is secured by mortgage of immovable assets and first charge on movable assets, cash flows and intangible assets pertaining to the 5.75 MW Multi Crystalline Silicon Photovoltaic Technology Project at Warora.
- vii) Loans amounting to ₹ 33,710.00 Million are secured by first *pari-passu* charge on existing and future assets of the Subsidiary Company viz. Videocon Telecommunications Limited (VTL), assignment of all telecom licenses held VTL by way of tripartite agreement to be executed between the Department of Telecommunications, VTL and Lenders and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- viii) Loans amounting to ₹ 590.55 Million is secured by mortgage and first charge on entire immovable properties, both present and future of the Subsidiary Company viz. Comet Power Private Limited, first charge on cash flows, receivables, book debts and revenues, first charge on entire intangible assets, both present and future, first charge by way of hypothecation/mortgage/assignment of all the rights, titles, interest, benefits, claims and demands in project documents and power purchase agreement, clearances in letter of credit, guarantee, performance bond, corporate guarantee provided by project documents, first charge on trust and retention account and personal guarantee of Mr. Venugopal N. Dhoot.
- ix) Loans amounting to ₹ 429.50 Million is secured by mortgage and first charge on entire immovable properties, both present and future of the Subsidiary Company viz. Unity Power Private Limited, first charge on cash flows, receivables, book debts and revenues, first charge on entire intangible assets, both present and future, first charge by way of hypothecation/mortgage/assignment of all the rights, titles, interest, benefits, claims and demands in project documents and power purchase agreement, clearances in letter of credit, guarantee, performance bond, corporate guarantee provided by project documents, first charge on trust and retention account and personal guarantee of Mr. Venugopal N. Dhoot.
- x) Loans amounting to ₹ 18,341.64 Million are secured primarily by pledge of shares of the subsidiaries of Videocon Hydrocarbon Holdings Limited (VHHL) viz. Videocon Mauritius Energy Limited and Videocon Mozambique Rovuma 1 Limited, assignment of certain receivables of VHHL and charge over specified bank accounts maintained with Standard Chartered Bank.

Some of the loans are also secured by pledge of certain investments of the Company.

- b) External Commercial Borrowings are secured by a first ranking *pari-passu* charge over all the present and future movable and immovable fixed assets. The loan is further secured by personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- c) Vehicle Loans from Banks are secured by way of hypothecation of Vehicles acquired out of the said loan. The loans are also secured by personal guarantee of Mr. Venugopal N. Dhoot.
- d) Deferred Payment Liabilities:
- Videocon Telecommunications Limited has availed deferred payment option for amount payable to Department of Telecommunications pertaining to Spectrum Fee. The deferred payment liabilities including interest are repayable in 10 equated annual installments commencing from 1st December, 2015. The annual installment is securitized through a financial bank guarantee of an amount of annual installment, which shall be renewed for a further period of one year on payment of each installment.

### 5.2 Unsecured Loans:

- a) Unsecured Rupee Loans from Banks are guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- b) The Parent Company had, during the year 2010, issued 2,000 Foreign Currency Convertible Bonds of US\$ 100,000 each (Bonds) due on 16th December, 2015, out of which 1,944 (Previous year 1,944) Bonds are outstanding.
- i) The Bonds are convertible at the option of the bondholders at any time on or after 25th January, 2011 to 7 days before maturity date i.e. 16th December, 2015, at a fixed exchange rate of ₹ 45.255 per 1 US\$ and at initial conversion price of ₹ 239.5265 per share being at premium of 3% over reference share price. The conversion price will be subject to adjustment for, among other things, subdivision or consolidation of shares, rights issues, capital distributions, stock dividends and other dilutive events.
- ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 15th December, 2013, if the closing price of shares for each of the 30 consecutive trading days prior to the date on which notice of such redemption is given was at least 130% of the conversion price.
- iii) The Bonds are redeemable at maturity date i.e. on 16th December, 2015 at its principal amount, if not redeemed or converted earlier.
- c) 0%, 11,559,100 Compulsorily Convertible Debentures (CCD) of face value of ₹ 10/- each. The CCD will be converted without any further act or application by the CCD holders into the equity shares of ₹ 10/- each of the Subsidiary Company Unity Appliances Private Limited credited as fully paid-up on or after 30th June, 2017.
- d) The Parent Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of total outstanding, ₹ 8.78 Million is repayable in FY 2013-14, ₹ 12.48 Million is repayable in FY 2014-15 and balance amount of ₹ 4.16 Million is repayable in FY 2015-16.

### 5.3 Maturity Profile of Secured Loans:

|                        | (₹ in Million)        |                                        |                         |
|------------------------|-----------------------|----------------------------------------|-------------------------|
|                        | Term Loans from Banks | Term Loans from Financial Institutions | Vehicle Loan from Banks |
| Financial Year 2014-15 | 20,797.25             | 874.61                                 | 84.46                   |
| Financial Year 2015-16 | 78,238.75             | 781.04                                 | 58.22                   |
| Financial Year 2016-17 | 12,437.39             | 1,359.16                               | 9.11                    |
| Financial Year 2017-18 | 24,677.78             | 1,746.51                               | -                       |
| Financial Year 2018-19 | 30,785.42             | 2,686.34                               | -                       |
| Financial Year 2019-20 | 37,566.62             | 2,735.10                               | -                       |
| Financial Year 2020-21 | 35,025.11             | 2,301.75                               | -                       |
| Financial Year 2021-22 | 27,018.31             | 2,051.44                               | -                       |
| Financial Year 2022-23 | 1,610.93              | 452.53                                 | -                       |
| Financial Year 2023-24 | -                     | 30.75                                  | -                       |
| Financial Year 2024-25 | -                     | -                                      | -                       |
| Financial Year 2025-26 | -                     | -                                      | -                       |
| Financial Year 2026-27 | 8,499.49              | -                                      | -                       |

The Deferred Payment Liabilities including interest are repayable in 10 equated annual installments of ₹ 1,385.84 Million commencing from 1st December, 2015.

## 6. LONG-TERM PROVISIONS

Provision for Gratuity (Refer Note No. 32B)

Provision for Leave Encashment (Refer Note No. 32B)

Provision for Abandonment and Site Restoration Costs

|              | (₹ in Million)        |                       |
|--------------|-----------------------|-----------------------|
|              | As at 30th June, 2013 | As at 31st Dec., 2011 |
|              | 161.62                | 106.36                |
|              | 58.27                 | 49.52                 |
|              | 1,279.51              | 1,143.86              |
| <b>Total</b> | <b>1,499.40</b>       | <b>1,299.74</b>       |

## 7. SHORT-TERM BORROWINGS

### Secured

Loan from Banks

Working Capital Loans from Banks

### Unsecured

Loan from Banks

Loan from Others

|                    | (₹ in Million)        |                       |
|--------------------|-----------------------|-----------------------|
|                    | As at 30th June, 2013 | As at 31st Dec., 2011 |
|                    | 21,039.46             | 29,573.50             |
|                    | 15,476.39             | 9,351.89              |
| <b>(a)</b>         | <b>36,515.85</b>      | <b>38,925.39</b>      |
|                    | 7,620.83              | 40,642.32             |
|                    | 13,946.97             | -                     |
| <b>(b)</b>         | <b>21,567.80</b>      | <b>40,642.32</b>      |
| <b>Total (a+b)</b> | <b>58,083.65</b>      | <b>79,567.71</b>      |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7.1 Secured Loans

- a) Short Term Loans from Banks
  - i) Loans amounting to ₹ 15,000.00 Million are secured by subservient charge on entire movables and current assets, both present and future of the Company and 12 other borrowers except for the assets of Ravva Oil Field. The loans are further secured by subservient charge on 'Videocon' and 'Kenstar' brands and irrevocable and unconditional personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
  - ii) Loans amounting to ₹ 2,500.00 Million is secured by mortgage of properties owned by the Company and owned by others. The loan is further secured by personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
  - iii) For security of loans amounting to ₹ 3,000.00 Million Refer Note No. 5.1 (a) (i).
  - iv) For security of loans amounting to ₹ 539.46 Million Refer Note No. 5.1 (a) (ii).
- b) Working Capital Loans from Banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division only and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

### 7.2 Unsecured Loans

Unsecured Loans from Banks are secured by personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot and loans amounting to ₹ 5,000.00 Million are further secured by mortgage of properties owned by others situated at Ahmedabad, Aurangabad and Mumbai.

(₹ in Million)

### 8. TRADE PAYABLES

|                                     | As at<br>30th June, 2013 | As at<br>31st Dec., 2011 |
|-------------------------------------|--------------------------|--------------------------|
| Micro, Small and Medium Enterprises | 79.93                    | 4.61                     |
| Others                              | 15,695.71                | 14,146.85                |
| <b>Total</b>                        | <b>15,775.64</b>         | <b>14,151.46</b>         |

### 9. OTHER CURRENT LIABILITIES

|                                                               |                  |                  |
|---------------------------------------------------------------|------------------|------------------|
| Current maturities of Long-term Borrowings (Refer Note No. 5) | 33,247.54        | 49,305.10        |
| Bank Overdraft as per books                                   | 889.11           | 82.55            |
| Interest accrued but not due on Borrowings                    | 3,250.36         | 513.53           |
| Interest accrued and due on Borrowings                        | 4,674.09         | -                |
| Advances from Customers and Unearned Income                   | 483.66           | 436.10           |
| Unclaimed Dividend                                            | 10.44            | 28.53            |
| Creditors for Capital Expenditure                             | 9,735.73         | 9,867.97         |
| Other Payables                                                | 6,070.11         | 6,902.97         |
| <b>Total</b>                                                  | <b>58,361.04</b> | <b>67,136.75</b> |

### 10. SHORT-TERM PROVISIONS

|                                                                     |               |               |
|---------------------------------------------------------------------|---------------|---------------|
| Proposed Dividend - Equity Shares                                   | 198.77        | 159.39        |
| Proposed Dividend - Preference Shares                               | 27.68         | 33.77         |
| Provision for Tax on Dividend                                       | 38.48         | 31.33         |
| Provision for Warranty and Maintenance Expenses (Refer Note No. 43) | 653.24        | 632.15        |
| Premium Deficiency Reserve                                          | 2.38          | -             |
| Provision for Gratuity (Refer Note No. 32B)                         | 36.28         | 31.91         |
| Provision for Leave Encashment (Refer Note No. 32B)                 | 9.60          | 18.45         |
| <b>Total</b>                                                        | <b>966.43</b> | <b>907.00</b> |

# 11. FIXED ASSETS

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(₹ in Million)

| Particulars                          | Gross Block           |                         |                  |                         | Depreciation/Amortisation/Impairment |                       |                       |                         | Net Block        |                         |                                  |                       |                       |
|--------------------------------------|-----------------------|-------------------------|------------------|-------------------------|--------------------------------------|-----------------------|-----------------------|-------------------------|------------------|-------------------------|----------------------------------|-----------------------|-----------------------|
|                                      | As at 31st Dec., 2011 | Addition on Acquisition | Additions        | Deductions/ Adjustments | Currency Translation Adjustments     | As at 30th June, 2013 | As at 31st Dec., 2011 | Addition on Acquisition | For the period   | Deductions/ Adjustments | Currency Translation Adjustments | As at 30th June, 2013 | As at 31st Dec., 2011 |
| i) <b>Tangible Assets</b>            |                       |                         |                  |                         |                                      |                       |                       |                         |                  |                         |                                  |                       |                       |
| Freehold Land                        | 875.43                | -                       | 4.94             | 1.64                    | -                                    | 878.73                | -                     | -                       | -                | -                       | -                                | -                     | 878.73                |
| Leasehold Land                       | 48.05                 | -                       | -                | -                       | -                                    | 48.05                 | 10.98                 | -                       | 1.17             | -                       | -                                | 12.15                 | 35.90                 |
| Building                             | 6,813.49              | -                       | 15.59            | 24.70                   | 16.67                                | 6,821.05              | 2,275.28              | -                       | 262.00           | 2.87                    | 4.30                             | 2,538.71              | 4,282.34              |
| Leasehold Improvements               | 846.67                | -                       | 66.78            | 79.16                   | -                                    | 834.29                | 202.66                | -                       | 92.55            | 19.78                   | -                                | 275.43                | 558.86                |
| Plant and Machinery                  | 111,583.31            | -                       | 12,832.32        | 1,554.44                | 9.99                                 | 122,871.18            | 44,891.23             | -                       | 10,381.30        | 1,097.68                | 9.82                             | 54,184.67             | 68,686.51             |
| Furnace                              | 1,576.39              | -                       | -                | -                       | -                                    | 1,576.39              | 1,538.47              | -                       | 22.15            | -                       | -                                | 1,560.62              | 15.77                 |
| Electrical Installation              | 158.94                | -                       | 13.98            | -                       | -                                    | 172.92                | 102.80                | -                       | 10.83            | -                       | -                                | 113.63                | 59.29                 |
| Computers                            | 366.67                | -                       | 108.47           | 5.13                    | (0.16)                               | 469.85                | 279.88                | -                       | 48.66            | 2.81                    | (0.13)                           | 325.60                | 144.25                |
| Furniture and Fixtures               | 356.31                | -                       | 115.00           | 9.71                    | 7.24                                 | 468.84                | 180.81                | -                       | 41.00            | 2.33                    | 3.68                             | 223.16                | 245.68                |
| Office Equipments                    | 396.63                | -                       | 22.35            | 17.39                   | -                                    | 401.59                | 219.39                | -                       | 24.89            | 4.08                    | -                                | 240.20                | 161.39                |
| Vehicles                             | 1,068.64              | -                       | 259.18           | 36.54                   | 1.01                                 | 1,292.29              | 527.05                | -                       | 157.86           | 25.46                   | 0.45                             | 659.90                | 632.39                |
| Others                               | 4.68                  | -                       | 16.21            | -                       | 0.31                                 | 21.20                 | 2.17                  | -                       | 4.26             | -                       | 0.57                             | 7.00                  | 14.20                 |
| <b>Total (i)</b>                     | <b>124,095.21</b>     | <b>-</b>                | <b>13,454.82</b> | <b>1,728.71</b>         | <b>35.06</b>                         | <b>135,856.38</b>     | <b>50,230.72</b>      | <b>-</b>                | <b>11,046.67</b> | <b>1,155.01</b>         | <b>18.69</b>                     | <b>60,141.07</b>      | <b>75,715.31</b>      |
| ii) <b>Intangible Assets</b>         |                       |                         |                  |                         |                                      |                       |                       |                         |                  |                         |                                  |                       |                       |
| Computer Software                    | 1,114.70              | -                       | 126.38           | -                       | 0.01                                 | 1,241.09              | 494.99                | -                       | 306.56           | -                       | -                                | 801.55                | 439.54                |
| License Fees                         | 18,343.33             | -                       | 22,274.40        | 18,283.96               | -                                    | 22,333.77             | 1,528.04              | -                       | 1,522.19         | 2,631.17                | -                                | 419.06                | 21,914.71             |
| Producing Properties                 | 4,809.46              | -                       | 37.85            | -                       | -                                    | 4,847.31              | 4,044.23              | -                       | 381.70           | -                       | -                                | 4,425.93              | 421.38                |
| Others                               | 482.32                | -                       | 0.03             | -                       | (31.14)                              | 451.21                | 0.25                  | -                       | 0.07             | -                       | (0.02)                           | 0.30                  | 450.91                |
| <b>Total (ii)</b>                    | <b>24,749.81</b>      | <b>-</b>                | <b>22,438.66</b> | <b>18,283.96</b>        | <b>(31.13)</b>                       | <b>28,873.38</b>      | <b>6,067.51</b>       | <b>-</b>                | <b>2,210.52</b>  | <b>2,631.17</b>         | <b>(0.02)</b>                    | <b>5,646.84</b>       | <b>23,226.54</b>      |
| <b>Total (i+ii)</b>                  | <b>148,845.02</b>     | <b>-</b>                | <b>35,893.48</b> | <b>20,012.67</b>        | <b>3.93</b>                          | <b>164,729.76</b>     | <b>56,298.23</b>      | <b>-</b>                | <b>13,257.19</b> | <b>3,786.18</b>         | <b>18.67</b>                     | <b>65,787.91</b>      | <b>98,941.85</b>      |
| Previous year as at 31st Dec., 2011  | 135,674.68            | 2.87                    | 17,264.69        | 4,224.32                | 127.10                               | 148,845.02            | 50,025.92             | 0.51                    | 9,161.24         | 2,947.77                | 58.33                            | 56,298.23             | 92,546.79             |
| iii) <b>Capital Work-in-Progress</b> | 55,223.46             |                         |                  |                         |                                      | 95,252.89             |                       |                         |                  |                         |                                  |                       | 95,252.89             |
|                                      |                       |                         |                  |                         |                                      |                       |                       |                         |                  |                         |                                  |                       | 55,223.46             |

\*Gross Block of Plant and Machinery includes the amount added on revaluation on 1st April, 1998 and 1st October, 2002.

## Notes:

- Plant and Machinery (Gross Block) includes assets capitalised under finance lease of ₹ 806.14 Million (Previous year ₹ 806.14 Million) and corresponding accumulated depreciation of ₹ 515.55 Million (Previous year ₹ 274.24 Million).
- Computer Software (Gross Block) includes assets capitalised under finance lease of ₹ 10.71 Million (Previous year ₹ Nil) and corresponding accumulated depreciation of ₹ 0.85 Million (Previous year ₹ Nil).
- Out of the Depreciation for the period, an amount of ₹ 1.49 Million (Previous year ₹ 0.49 Million) is transferred to "Pre-Operative Expenditure Pending Allocation".

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| (₹ in Million)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                             |                             | (₹ in Million)                                                          |                             |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | As at<br>30th June,<br>2013 | As at<br>31st Dec.,<br>2011 |                                                                         | As at<br>30th June,<br>2013 | As at<br>31st Dec.,<br>2011 |
| <b>12. PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                             |                             | <b>15. LONG TERM LOANS AND ADVANCES</b><br>(Unsecured, considered good) |                             |                             |
| Balance as per last Balance Sheet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2,165.20                    | 832.51                      | Capital Advances                                                        | 13,049.80                   | 15,413.26                   |
| Add: Incurred during the period/year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 679.69                      | 1,489.63                    | Security/Other Deposits                                                 | 468.60                      | 1,017.17                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 2,844.89                    | 2,322.14                    | Advance Income Tax (Net of Provision)                                   | 470.38                      | 128.65                      |
| Less: Expenditure apportioned over cost of Fixed Assets/Capital Work-in Progress/Capital Advances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 421.63                      | 113.10                      | MAT Credit Entitlement                                                  | 7.51                        | -                           |
| Less: Transfer to Statement of Profit and Loss                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 817.14                      | 43.84                       | Balance with Central Excise/Customs Department                          | 2,705.08                    | 1,766.14                    |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1,606.12</b>             | <b>2,165.20</b>             | Loans and Advances to Others                                            | 26,828.66                   | 18,935.61                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | <b>Total</b>                                                            | <b>43,530.03</b>            | <b>37,260.83</b>            |
| <b>13. DEFERRED TAX ASETS/(LIABILITY) - Net</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | <b>16. CURRENT INVESTMENTS</b>                                          |                             |                             |
| a) Deferred Tax Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                             |                             | <b>UNQUOTED - Others</b>                                                |                             |                             |
| i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 346.11                      | 64.02                       | In Units of Mutual Funds                                                | 48.52                       | 208.11                      |
| ii) Unabsorbed Depreciation/Carried Forward Losses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 13,328.80                   | -                           | In Bonds                                                                | 50.80                       | -                           |
| iii) Tax Credit Entitlement (Foreign Country)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 13,431.77                   | -                           | In Government or Trust Securities                                       | 433.90                      | -                           |
| iv) Others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 192.79                      | 459.92                      | In Certificate of Deposits                                              | 99.27                       | -                           |
| (a)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 27,299.47                   | 523.94                      | <b>Total</b>                                                            | <b>632.49</b>               | <b>208.11</b>               |
| b) Deferred Tax Liability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                             |                             | <b>17. INVENTORIES</b>                                                  |                             |                             |
| Related to Depreciation and Amortisation on Fixed Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 9,374.13                    | 7,875.13                    | (As taken, valued and certified by the Management)                      |                             |                             |
| (b)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 9,374.13                    | 7,875.13                    | Raw Materials including Consumables, Stores and Spares                  | 13,527.94                   | 13,583.66                   |
| Net Deferred Tax Assets/(Liability) (a-b)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 17,925.34                   | (7,351.19)                  | Materials in Transit and in Bonded Warehouse                            | 2,560.53                    | 2,295.62                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Work-in-Process                                                         | 994.04                      | 830.39                      |
| <b>13.1</b> The Subsidiary, Videocon Telecommunications Limited (VTL) has evaluated its future taxable income after it has been awarded the Unified Licenses (Access services) in 6 circles with effect from 16th February 2013 which are valid for a period of 20 years and also been allotted 5Mhz spectrum in 1800 Mhz category in each of these 6 circles. The management is of the opinion that there is a virtual certainty, based on the future business plan, estimated increase in subscribers base and considering additional capital infusion into the Company which would restrict further borrowings and related costs, that sufficient future taxable income will be available against which the deferred tax assets can be realized. Accordingly, VTL has recognized net deferred tax assets of ₹11,583.48 Million on the unabsorbed depreciation and business losses. |                             |                             | Finished Goods and Stock in Trade                                       | 4,172.90                    | 3,800.85                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Drilling and Production Materials                                       | 266.22                      | 247.41                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Crude Oil                                                               | 103.02                      | 60.51                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Sim Card                                                                | 32.17                       | 78.97                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | <b>Total</b>                                                            | <b>21,656.82</b>            | <b>20,897.41</b>            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | <b>18. TRADE RECEIVABLES (Unsecured)</b>                                |                             |                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Outstanding for a period exceeding six months                           |                             |                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Considered Good                                                         | 715.10                      | 251.41                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Considered Doubtful                                                     | 316.41                      | 338.40                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             |                                                                         | 1,031.51                    | 589.81                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Less: Provision for Doubtful Debts                                      | 316.41                      | 338.40                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             |                                                                         | 715.10                      | 251.41                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Others - Considered Good                                                | 28,718.84                   | 27,901.70                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | <b>Total</b>                                                            | <b>29,433.94</b>            | <b>28,153.11</b>            |
| <b>14. NON-CURRENT INVESTMENTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                             |                             | <b>19. CASH AND BANK BALANCES</b>                                       |                             |                             |
| <b>QUOTED</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                             |                             | <b>Cash and Cash Equivalents</b>                                        |                             |                             |
| i) In Equity Shares (Fully paid-up) - Trade                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 38.04                       | 50.84                       | Cash on hand                                                            | 18.50                       | 11.63                       |
| ii) In Equity Shares (Fully paid-up) - Others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 176.93                      | 167.06                      | Cheques/Drafts on hand/in transit                                       | 0.63                        | 0.47                        |
| <b>UNQUOTED</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | Balances with Banks                                                     |                             |                             |
| i) In Equity Shares (Fully Paid-up) - Trade                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,281.74                    | 1,330.42                    | - In Current Accounts                                                   | 2,000.86                    | 1,632.05                    |
| ii) In Equity Shares (Fully Paid-up) - Others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 530.76                      | 417.53                      | - In Fixed Deposits having maturity of 3 months or less                 | 430.00                      | 5,267.20                    |
| iii) In Preference Shares (Fully paid-up)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,020.38                    | 0.38                        | <b>Sub-Total</b>                                                        | <b>2,449.99</b>             | <b>6,911.35</b>             |
| iv) In Debentures/Bonds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 4,452.67                    | 3,908.30                    | <b>Other Bank Balances</b>                                              |                             |                             |
| v) In Other Investments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 48.45                       | 0.54                        | In Dividend Warrant Accounts                                            | 10.44                       | 28.53                       |
| <b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                           | 5,000.00                    | In Earmarked Accounts                                                   | 750.93                      | 259.50                      |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>7,548.97</b>             | <b>10,875.07</b>            | In Fixed Deposits earmarked towards Site Restoration                    | 624.14                      | 279.81                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | In Fixed Deposits (held as margin money for credit facilities)          |                             |                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | - Maturity 12 months or less                                            | 3,761.26                    | 3,053.77                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | - Maturity more than 12 months                                          | 1,407.36                    | 1,722.96                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | <b>Sub-Total</b>                                                        | <b>6,554.13</b>             | <b>5,344.57</b>             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             | <b>Total</b>                                                            | <b>9,004.12</b>             | <b>12,255.92</b>            |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| (₹ in Million)                                                                                   |                                    |                                  | (₹ in Million)                                                                                                            |                                    |                                  |
|--------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------|
|                                                                                                  | As at<br>30th June,<br>2013        | As at<br>31st Dec.,<br>2011      |                                                                                                                           | Period ended<br>30th June,<br>2013 | Year ended<br>31st Dec.,<br>2011 |
| <b>20. SHORT TERM LOANS AND ADVANCES</b><br>(Unsecured, considered good)                         |                                    |                                  | <b>25. PRODUCTION AND EXPLORATION<br/>EXPENSE - OIL AND GAS</b>                                                           |                                    |                                  |
| Balance with Central Excise/Customs<br>Department                                                | 937.24                             | 1,480.11                         | Production and Exploration Expenses                                                                                       | 14,982.65                          | 783.99                           |
| Deposits                                                                                         | 223.08                             | 1.40                             | Royalty                                                                                                                   | 322.01                             | 245.42                           |
| Loans and Advances to Related Parties<br>(Refer Note No. 41)                                     | 0.54                               | 368.58                           | Cess                                                                                                                      | 371.20                             | 310.38                           |
| Loans and Advances to Others                                                                     | 155,961.73                         | 130,259.68                       | Production Bonus                                                                                                          | 71.66                              | 54.44                            |
|                                                                                                  | 157,122.59                         | 132,109.77                       | Government Share in Profit Petroleum<br>Insurance Expenses                                                                | 10,812.77                          | 7,587.37                         |
| <b>Total</b>                                                                                     | <b>157,122.59</b>                  | <b>132,109.77</b>                |                                                                                                                           | 42.05                              | 26.16                            |
| <b>21. OTHER CURRENT ASSETS</b>                                                                  |                                    |                                  | <b>Total</b>                                                                                                              | <b>26,602.34</b>                   | <b>9,007.76</b>                  |
| Interest Accrued                                                                                 | 620.47                             | 417.71                           | <b>26. ACCESS CHARGES, LICENSE FEES<br/>AND NETWORK EXPENSES</b>                                                          |                                    |                                  |
| Insurance Claim Receivable                                                                       | 1.45                               | 10.71                            | Access and Roaming Charges                                                                                                | 3,207.91                           | 4,830.65                         |
| Other Receivables                                                                                | 332.89                             | 515.08                           | License Fees and WPC Charges                                                                                              | 352.00                             | 246.71                           |
| Preliminary Expenses (to the extent not<br>written off)                                          | -                                  | 0.09                             | Rent                                                                                                                      | 3,266.62                           | 3,012.58                         |
| <b>Total</b>                                                                                     | <b>954.81</b>                      | <b>943.59</b>                    | Leased Line, Port and Bandwidth Charges                                                                                   | 986.05                             | 909.12                           |
|                                                                                                  |                                    |                                  | Power and Fuel                                                                                                            | 1,145.77                           | 1,002.23                         |
|                                                                                                  |                                    |                                  | IT Expenses                                                                                                               | 177.13                             | 532.26                           |
|                                                                                                  |                                    |                                  | Other Value Added Services Charges                                                                                        | 96.37                              | 100.39                           |
|                                                                                                  |                                    |                                  | Network Expenses- Others                                                                                                  | 190.62                             | 234.01                           |
|                                                                                                  |                                    |                                  | Site Expenses- Managed Services                                                                                           | 60.48                              | 502.10                           |
|                                                                                                  |                                    |                                  | Freight and Carriage Expenses                                                                                             | 4.65                               | -                                |
|                                                                                                  |                                    |                                  | Repairs and Maintenance- Site Buildings                                                                                   | 17.74                              | 11.34                            |
|                                                                                                  |                                    |                                  | <b>Total</b>                                                                                                              | <b>9,505.34</b>                    | <b>11,381.39</b>                 |
| <b>22. REVENUE FROM OPERATIONS</b>                                                               |                                    |                                  | <b>27. EMPLOYEE BENEFITS EXPENSE</b>                                                                                      |                                    |                                  |
|                                                                                                  | Period ended<br>30th June,<br>2013 | Year ended<br>31st Dec.,<br>2011 | Salary, Wages and Other Benefits                                                                                          | 5,221.09                           | 3,570.74                         |
| Sale of Products/Services                                                                        | 193,752.71                         | 136,692.28                       | Contribution to Provident Fund and Other<br>Funds (Refer Note No. 32A)                                                    | 255.07                             | 181.39                           |
| Income from Other Services                                                                       | 89.75                              | 38.44                            | Staff Welfare Expenses                                                                                                    | 232.72                             | 123.12                           |
| Other Operating Revenue                                                                          | 396.07                             | 114.35                           | <b>Total</b>                                                                                                              | <b>5,708.88</b>                    | <b>3,875.25</b>                  |
| <b>Total</b>                                                                                     | <b>194,238.53</b>                  | <b>136,845.07</b>                | <b>28. FINANCE COSTS</b>                                                                                                  |                                    |                                  |
| <b>22.1 Particulars of Sale of Products/<br/>Services</b>                                        |                                    |                                  | Interest Expenses                                                                                                         | 38,716.00                          | 15,385.48                        |
| Electrical and Electronic items                                                                  | 167,315.57                         | 115,499.16                       | Other Borrowing Costs                                                                                                     | 1,081.22                           | 178.40                           |
| Crude Oil and Natural Gas                                                                        | 19,700.64                          | 14,934.64                        | Applicable Net Loss/(Gain) on Foreign<br>Currency Transactions                                                            | 977.73                             | -                                |
| Telecommunication Services                                                                       | 6,052.26                           | 6,226.25                         | <b>Total</b>                                                                                                              | <b>40,774.95</b>                   | <b>15,563.88</b>                 |
| Electrical Energy (Power)                                                                        | 688.86                             | 32.23                            | <b>29. OTHER EXPENSES</b>                                                                                                 |                                    |                                  |
| Insurance Business - Premium<br>Earned (Net)                                                     | (4.62)                             | -                                | Power, Fuel and Water                                                                                                     | 1,432.19                           | 860.71                           |
|                                                                                                  | 193,752.71                         | 136,692.28                       | Freight and Forwarding                                                                                                    | 2,098.95                           | 1,442.57                         |
| <b>23. OTHER INCOME</b>                                                                          |                                    |                                  | Rent, Rates and Taxes                                                                                                     | 686.48                             | 383.25                           |
| Interest Income                                                                                  | 5,175.91                           | 743.09                           | Repairs to Building                                                                                                       | 25.11                              | 16.58                            |
| Income from Investments and Securities<br>Division                                               | 17.88                              | 98.77                            | Repairs to Plant and Machinery                                                                                            | 91.21                              | 63.95                            |
| Profit on Sale of Fixed Assets                                                                   | -                                  | 180.38                           | Other Repairs and Maintenance                                                                                             | 225.43                             | 213.60                           |
| Insurance Claim Received                                                                         | 34.12                              | 160.04                           | Insurance                                                                                                                 | 114.46                             | 78.78                            |
| Other Non Operating Income                                                                       | 3,675.13                           | 193.46                           | Advertisement and Publicity                                                                                               | 2,689.14                           | 1,615.11                         |
| <b>Total</b>                                                                                     | <b>8,903.04</b>                    | <b>1,375.74</b>                  | Sales Promotion Expenses                                                                                                  | 215.55                             | 125.77                           |
| <b>24. CHANGES IN INVENTORIES OF<br/>FINISHED GOODS, WORK-IN-<br/>PROCESS AND STOCK-IN-TRADE</b> |                                    |                                  | Discount and Incentive Schemes                                                                                            | 7,136.27                           | 5,725.54                         |
| <b>Closing Inventories</b>                                                                       |                                    |                                  | Bank Charges                                                                                                              | 386.40                             | 677.63                           |
| Finished Goods and Stock-in-Trade                                                                | 4,275.92                           | 3,861.36                         | Payment to Auditors'                                                                                                      | 29.07                              | 20.23                            |
| Work-in-Process                                                                                  | 994.04                             | 830.39                           | Donation                                                                                                                  | 89.91                              | 50.54                            |
| <b>Sub-Total</b>                                                                                 | <b>5,269.96</b>                    | <b>4,691.75</b>                  | Directors' Sitting Fees                                                                                                   | 2.34                               | 1.40                             |
| <b>Opening Inventories</b>                                                                       |                                    |                                  | Legal and Professional Charges                                                                                            | 452.46                             | 897.40                           |
| Finished Goods and Stock-in-Trade                                                                | 3,861.36                           | 3,777.62                         | Liquidated Damages                                                                                                        | 1.30                               | -                                |
| Work-in-Process                                                                                  | 830.39                             | 776.49                           | Sim Cost                                                                                                                  | 44.60                              | 127.98                           |
| <b>Sub-Total</b>                                                                                 | <b>4,691.75</b>                    | <b>4,554.11</b>                  | Customer Service Cost                                                                                                     | 190.53                             | 347.66                           |
| <b>Total</b>                                                                                     | <b>(578.21)</b>                    | <b>(137.64)</b>                  | Claim and Commission related to Insurance<br>Business                                                                     | 4.00                               | -                                |
|                                                                                                  |                                    |                                  | Royalty                                                                                                                   | 262.39                             | 180.76                           |
|                                                                                                  |                                    |                                  | Printing and Stationery                                                                                                   | 42.26                              | 42.89                            |
|                                                                                                  |                                    |                                  | Warranty and Maintenance                                                                                                  | 1,332.68                           | 819.81                           |
|                                                                                                  |                                    |                                  | Provision for Doubtful Debts                                                                                              | 179.74                             | 94.73                            |
|                                                                                                  |                                    |                                  | Loss on Sale/Discard of Assets, Capital<br>Work-in-Progress including Pre-Operative<br>Expenditure pending Capitalisation | 3,813.90                           | -                                |
|                                                                                                  |                                    |                                  | Exchange Rate Fluctuation                                                                                                 | 5,314.66                           | 3,013.23                         |
|                                                                                                  |                                    |                                  | Office and General Expenses                                                                                               | 2,088.70                           | 1,132.59                         |
|                                                                                                  |                                    |                                  | <b>Total</b>                                                                                                              | <b>28,949.73</b>                   | <b>17,932.71</b>                 |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 30. TAX EXPENSES

Income Tax Expense includes Current Income Tax of ₹ 11,987.80 Million (Previous year ₹ 1,304.87 Million), Deferred Tax Credit ₹ 11,844.76 Million (Previous year Debit of ₹ 602.00 Million), Tax Credit Entitlement (Foreign Company) of ₹ 11,985.83 Million (Previous year ₹ Nil) and Excess Provision of Income Tax for earlier years written back ₹ 162.29 Million (Previous year Short Provision of Income Tax ₹ 57.44 Million).

### 31. EARNINGS PER SHARE

|                                                                                                                                                             | (₹ in Million)                  |                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|
|                                                                                                                                                             | Period ended<br>30th June, 2013 | Year ended<br>31st Dec., 2011 |
| i) Net Profit/(Loss) attributable to Equity Shareholders                                                                                                    |                                 |                               |
| Net Profit/(Loss) for the period after tax adjustments for earlier years                                                                                    | (28,261.19)                     | (13,637.66)                   |
| Less: Dividend on Preference Shares including Tax on the same                                                                                               | 32.38                           | 39.25                         |
| Net Profit/(Loss) attributable to Equity Shareholders                                                                                                       | (28,293.57)                     | (13,676.91)                   |
| ii) Weighted Average Number of Equity Shares considered for calculation of Basic EPS                                                                        | 314,683,004                     | 302,308,789                   |
| Weighted Average Number of Equity Shares considered for calculation of Diluted EPS<br>(The effect of conversion option of FCCBs is anti dilutive in nature) | 314,683,004                     | 302,308,789                   |
| iii) Basic Earnings per Share of ₹ 10/- each (₹)                                                                                                            | (89.91)                         | (45.24)                       |
| Diluted Earnings per Share of ₹ 10/- each (₹)                                                                                                               | (89.91)                         | (45.24)                       |

### 32. EMPLOYEE BENEFITS: Disclosure pursuant to Accounting Standard (AS) 15 (Revised):

#### A) Defined Contribution Plans:

Amount of ₹ 255.07 Million (Previous year ₹ 181.39 Million) related to contribution to Provident and Other Funds are recognised as an expense and shown under the head "Employee Benefits Expense" (Refer Note No. 27) in the Consolidated Statement of Profit and Loss.

#### B) Defined Benefit Plans:

|                                                                                | (₹ in Million)     |                                                 |                    |                 |
|--------------------------------------------------------------------------------|--------------------|-------------------------------------------------|--------------------|-----------------|
|                                                                                | Gratuity           |                                                 | Leave Encashment   |                 |
|                                                                                | 30th June,<br>2013 | 31st Dec., 2011                                 | 30th June,<br>2013 | 31st Dec., 2011 |
| I) The amounts recognised in the Balance Sheet as at the end of the period:    |                    |                                                 |                    |                 |
| a) Present value of Defined Benefit Obligation                                 | 253.24             | 193.01                                          | 67.87              | 67.36           |
| b) Fair value of Plan Assets                                                   | 55.34              | 54.74                                           | -                  | -               |
| c) Funded Status - Surplus/(Deficit)                                           | (197.90)           | (138.27)                                        | (67.87)            | (67.36)         |
| d) Net Assets/(Liability)                                                      |                    |                                                 |                    |                 |
| i) Non Current                                                                 | (161.62)           | (106.36)                                        | (58.27)            | (49.52)         |
| ii) Current                                                                    | (36.28)            | (31.91)                                         | (9.60)             | (17.84)         |
| II) The amounts recognised in the Statement of Profit and Loss for the period: |                    |                                                 |                    |                 |
| a) Current Service Cost                                                        | 70.06              | 37.87                                           | 26.52              | 18.61           |
| b) Interest Cost                                                               | 26.07              | 12.47                                           | 7.62               | 4.96            |
| c) Actuarial (Gains)/Losses                                                    | 19.48              | 14.31                                           | 21.39              | 11.59           |
| d) Past Service Cost                                                           | -                  | -                                               | 0.01               | -               |
| e) Actual return on Plan Assets                                                | 7.52               | 4.31                                            | -                  | -               |
| f) Total Expenses                                                              | 108.09             | 60.34                                           | 55.54              | 35.16           |
| III) The changes in Obligations during the period:                             |                    |                                                 |                    |                 |
| a) Present value of Defined Benefit Obligation at the beginning of the period  | 193.01             | 157.78                                          | 67.36              | 64.34           |
| b) Current Service Cost                                                        | 70.06              | 37.87                                           | 26.52              | 18.61           |
| c) Interest Cost                                                               | 26.07              | 12.47                                           | 7.62               | 4.96            |
| d) Actuarial (Gains)/Losses                                                    | 19.48              | 14.31                                           | 21.39              | 11.59           |
| e) Past Service Cost                                                           | -                  | -                                               | 0.01               | -               |
| f) Benefit Payments                                                            | 55.38              | 29.42                                           | 55.03              | 32.14           |
| g) Present value of Defined Benefit Obligation at the end of the period        | 253.24             | 193.01                                          | 67.87              | 67.36           |
| IV) The changes in Plan Assets during the period:                              |                    |                                                 |                    |                 |
| a) Plan Assets at the beginning of the period                                  | 54.74              | 50.05                                           | -                  | -               |
| b) Contribution by Employer                                                    | 8.36               | 8.57                                            | -                  | -               |
| c) Actual Benefits paid                                                        | 15.28              | 8.19                                            | -                  | -               |
| d) Plan Assets at the end of the period                                        | 55.34              | 54.74                                           | -                  | -               |
| e) Actual return on Plan Assets                                                | 7.52               | 4.31                                            | -                  | -               |
| V) Actuarial Assumptions                                                       |                    |                                                 |                    |                 |
| a) Discount Rate                                                               | -                  | 8% per annum                                    |                    |                 |
| b) Mortality                                                                   | -                  | LIC (1994-96) Ultimate                          |                    |                 |
| c) Turnover Rate                                                               | -                  | 5% at younger ages reducing to 1% at older ages |                    |                 |
| d) Future Salary Increase                                                      | -                  | 5% per annum                                    |                    |                 |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(₹ in Million)

### 33. CONTINGENT LIABILITIES AND COMMITMENTS

#### A) Commitments

Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)

591.20      29,693.72

#### B) Contingent Liabilities not provided for:

i) Letters of Guarantees

39,315.56      49,655.61

ii) Letters of Credit opened (including Standby Letters of Credit)

21,668.51      29,921.44

iii) Claims against the Company not acknowledged as debts

a) Custom Duty demands and penalties under dispute

502.46      447.02

[Amount paid under protest ₹ 3.41 Million (Previous year ₹ 0.07 Million)]

b) Income Tax demands under dispute

3,149.41      494.74

c) Excise Duty and Service Tax demands and penalties under dispute

1,034.95      610.88

[Amount paid under protest ₹ 30.86 Million (Previous year ₹ 4.21 Million)]

d) Sales Tax demands under dispute

1,131.51      919.84

[Amount paid under protest ₹ 377.09 Million (Previous year ₹ 360.08 Million)]

e) Others

4,966.95      1,062.64

[Amount paid under protest ₹ 50.00 Million (Previous year ₹ 50.00 Million)]

f) Show Cause Notices (SCNs) have been served on the Operator of the Ravva Oil & Gas Field Joint Venture (Ravva JV) for non payment of Service Tax and Educational Cess on various services for the period July 2003 to 31st March, 2012. The amount involved relating to Ravva Block is ₹ 418.88 Million (Previous year ₹ 412.56 Million).

The Operator is contesting the SCNs/demands before Commissioner of Service Tax and has filed appeal before CESTAT, Bangalore and also writ petition before Hon'ble High Court of Madras challenging service tax demands on some of the services and believes that its position is likely to be upheld. The ultimate outcome of the matter cannot be presently determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto ₹ 104.72 Million (Previous year ₹ 103.14 Million).

g) Disputed Income Tax demand amounting to ₹ 22.29 Million (Previous year ₹ 22.29 Million) in respect of certain payments made by Ravva Oil & Gas Field Joint Venture is currently pending before the Hon'ble High Court of Madras. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto ₹ 5.57 Million (Previous year ₹ 5.57 Million).

34. There were certain disputes with the Government of India ("GOI") with respect to the Production Sharing Contract dated 28th October, 1994 ("Ravva PSC") pertaining to Ravva Oil & Gas Field which were referred to international arbitration for resolution. The Arbitral Tribunal has issued a Partial Award and is still seized of the matter and is yet to issue a Final Award, other than for the dispute relating to Base Development Costs ("BDC") for which a final award was issued on 18th January, 2011 substantially in favour of the Company. Issue relating to deductibility of ONGC Carry Costs arising out of the Partial Award was appealed by the GOI before the Malaysian Appellate Authorities which has since been rejected (on grounds, *inter-alia*, of jurisdiction and maintainability) by such authorities and is now before the final appellate authority i.e. the Federal Court of Malaysia. Issue relating to deductibility of the BDC was appealed by the GOI before the Malaysian Appellate Authority which has since been rejected by such authority and is now before the Court of Appeal at Malaysia. Pending final resolution of the disputes, certain amounts have been short paid by GOI Nominees which have been disputed by the Company and the Company is seeking refund of amounts excessively deducted. Based on legal advice, the Company believes its contentions will be upheld. Any further sum required to be paid or returnable in respect of such disputes in accordance with the determination of the amount by the Hon'ble Arbitral Tribunal/relevant courts in this regard shall be accounted for on the final outcome in those matters.

35. Videocon Telecommunications Limited (VTL), a subsidiary, had been awarded licenses by the Department of Telecommunications ("DoT") to provide Unified Access Services ("UAS") in 21 telecom circles in India with effect from 25th January, 2008 which were valid for a period of 20 years. VTL had also been allocated spectrum in 20 circles and had launched its commercial operations in 17 circles.

The Hon'ble Supreme Court of India, vide its order and judgment dated 2nd February, 2012 ("Judgment") in two separate writ petitions, quashed the UAS licenses granted on or after 10th January, 2008 pursuant to two press releases issued on 10th January, 2008 and the subsequent allocation of spectrum to licensees which included the 21 UAS licenses issued and allocation of spectrum to the VTL.

The Hon'ble Supreme Court of India vide its Judgment had also directed the Central Government to grant fresh UAS licenses and spectrum allocation by auction. The DoT, had issued a Notice inviting applications for auction of spectrum. VTL participated in the said auction and has been awarded the Unified Licenses (Access Services) for 6 circles w.e.f. 16th February, 2013 which are valid for a period of 20 years. VTL has also been allotted spectrum in these 6 circles. VTL is continuing its commercial operations.

During the period, VTL has incurred a net loss of ₹ 12,036.14 Million resulting into accumulated losses of ₹ 40,344.93 Million as at 30th June, 2013. VTL has further issued and allotted share capital whereby the net worth has become positive as on 30th June, 2013. The ability of VTL to continue as a going concern is substantially dependent on its ability to fund its operating and capital expenditure requirements. The management of VTL is confident of mobilizing the necessary resources for continuing its operations as per the business plan. Accordingly, the financial statements have been prepared by VTL on a going concern basis.

36. The DoT had issued demand notices for Liquidated Damages aggregating to ₹ 534.50 Million for 20 out of the 21 circles (all the circles except Delhi) allotted to VTL on account of delay in meeting 10% roll-out obligations as stipulated in the Unified Access Service License ('UASL') (since quashed vide judgement dated 2nd February, 2012 of Hon'ble Supreme Court). Against these demand notices, VTL has paid a total sum of ₹ 419.30 Million of which it has charged ₹ 169.50 Million to the Statement of Profit and Loss for the year ended 31st December, 2011 and the remaining amount of ₹ 249.80 Million has been shown under Loans and Advances as the same are disputed and paid 'under protest'.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- a) VTL challenged before the Telecom Dispute Settlement Appellate Tribunal ('TDSAT') the claim of Liquidated Damages in respect of 10 circles (i.e. Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Karnataka, Kolkata, Madhya Pradesh, North East, Uttar Pradesh – East and West Bengal) seeking interim stay and finally setting aside the demand, inter alia on the ground that (1) there has been a delay in the allocation of start-up spectrum; (2) delay in SACFA clearance should have been calculated on the actual maximum delay and not the average delay; and (3) delay in meeting 10% roll-out obligations was on account of introduction by the DoT of new and onerous conditions in the license agreement (e.g. LI Testing, security clearance of equipment, etc.).
- b) The TDSAT has passed an order and judgment on 13th January, 2012 whereby it has set aside the demands of DoT in respect of 10 circles and directed DoT to give opportunity to the licensee before raising these fresh demands for liquidated damages. The Hon'ble TDSAT, vide its said judgment has also directed DoT to refund the amount of ₹ 242.30 Million paid by VTL as liquidated damages in respect of 10 circles along with 12% interest and VTL has been directed to deposit bank guarantees for the amount of liquidated damages originally demanded. The order of the TDSAT dated 13th January, 2012 has been challenged by the DoT before the Hon'ble Supreme Court and by an order dated 23rd November, 2012 the Hon'ble Supreme Court has admitted the appeal and has passed an interim order staying the interest payable on the principal amount, in terms of the order and judgement dated 13th January, 2012 passed by TDSAT.
- c) VTL has also challenged the claim of Liquidated Damages in respect of 7 circles (i.e. Bihar, Gujarat, Kerala, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh-West) before the TDSAT, seeking interim stay and setting aside the demand, inter alia on the similar grounds. VTL is hopeful that similar order may be passed by Hon'ble TDSAT as passed in its order dated 13th January, 2012.

The final demands payable by VTL, if any, is, therefore, unascertainable.

37. The Parent Company alongwith the subsidiary Videocon International Electronics Limited and 11 other entities (collectively referred to as 'Obligors' or individually as 'Borrower') executed Facility Agreement with the consortium of existing domestic rupee term lenders, under the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities are Videocon Industries Limited, Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Next Retail India Limited, Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited (VIEL). As per the said Facility Agreement, the Parent Company is agent of the Obligors and has been referred to as 'Obligor Agent'. The Rupee Term Loans have to be utilised for the purpose mentioned in the Facility Agreement which is mainly for refinancing of existing Rupee Term Loans of the Obligors. Accordingly, the Rupee Term Loans of ₹ 20,439.54 Million have been allocated to respective Obligors based on their outstanding amount as on 31st December, 2011. As the Parent Company and the VIEL are co-obligors, they are contingently liable in respect of the borrowings of other Obligors/Borrowers to the extent of outstanding balance of Rupee Term Loans as on 30th June, 2013 of ₹ 17,919.40 Million (Previous year ₹ Nil).

### 38. Joint Venture Disclosure:

- A. The Financial Statements reflect the share of the Group in the assets and the liabilities as well as the income and the expenditure of Joint Venture Operations on a line-by-line basis. The Group incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator. The Group has, in terms of Significant Accounting Policy No. 1(E), recognised abandonment costs based on the technical assessment of current costs as cost of producing properties and has provided Depletion thereon under 'Unit of Production' method as part of Producing Properties in line with the Guidance Note on Accounting of Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India.

### B. Unincorporated Joint Ventures:

- a) The Company has participating interest of 25% in Ravva Oil and Gas Field Joint Venture (JV) through a Production Sharing Contract (PSC). Other members of the JV are Oil and Natural Gas Corporation Limited, Cairn India Limited (formerly Cairn Energy India Pty Limited) and Ravva Oil (Singapore) Pte. Limited. The parties have pursuant to the PSC, entered into a Joint Operating Agreement. Cairn India Limited is now the Operator (Cairn Energy India Pty Limited was the Operator upto 15th October, 2012).
- b) The Company had participating interest of 8.4% in Block WA-388-P in exploration permit for a term of 6 years from 28th August, 2006. The Joint Venture (JV) comprised of the Company, Oilex Limited, Gujarat State Petroleum Corporation Limited, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, Sasol Petroleum Australia Limited and Apache Northwest Pty Limited ("Apache"). Apache was the Operator with 40% interest in JV. The Petroleum Exploration Permit WA-388-P expired on 27th August, 2012 and ceased to be in force.
- c) On 15th November, 2006, the consortium, comprising Videocon JPDA 06-103 Limited ("Videocon JPDA") one of the wholly owned subsidiaries, Oilex (JPDA 06-103) Limited – as Operator, Bharat PetroResources JPDA Limited and GSPC (JPDA) Limited, was allotted the petroleum block JPDA 06-103, under a Production Sharing Contract (PSC) by the Timor Sea Designated Authority. This block is located in the Timor Sea between Australia and Timor-Leste. Videocon JPDA had originally a participating interest of 25% in the PSC. Oilex has farmed-out 15% of its 25% Participating Interest to Japan Energy. Videocon JPDA has farmed-out 5% of its Participating Interest to Pan Pacific Petroleum of Australia reducing the same to 20%.

Out of the four commitment wells, two exploration wells at Lore and Lolotoe were drilled unsuccessfully. Autoridade Nacional do Petroleo (ANP) has agreed to a 12 months extension to the primary Exploration period, subject to a 25% relinquishment of the PSC area. The Joint Venture (JV) has proposed to drill one out of the two remaining commitment wells in lieu of excess seismic data acquired, to which ANP has reserved its position until the results of the drilling of the third commitment well are available. The JV has further acquired 200 sq. kms. 3D Seismic Survey in the northern part of the Block and based on processing thereof, decision to spud third commitment exploration well at Bazartete prospect has been taken.

- d) Videocon Mozambique Rovuma 1 Limited (VMRL), one of the wholly owned subsidiaries, has executed a participation agreement with Anadarko Mozambique Area 1 Limitada, a wholly owned subsidiary of Anadarko Petroleum Corporation, USA. Pursuant to this Agreement, VMRL has acquired 10% participating interest in the Oil Block covering Area 1 Offshore of the Rovuma Block, Republic of Mozambique. The Agreement was closed on 26th December, 2008 (the Closing Date).

Total 28 wells drilled to date, of which 10 Exploration Wells and 12 Appraisal Wells were successful in locating enough Natural Gas to support large commercially viable LNG Projects.

Gas is located in the Prosperidade and Golfinho-Atum Discovery Areas. The Prosperidade Discovery Area is a straddling resources shared by the Area1 JV Partners and Area4 JV Partners, led by ENI.

For Prosperidade Discovery Areas, a Pre-Unit and Cooperation Term Sheet has been executed on 17th December, 2012 by and between Anadarko Mozambique Area1 Limitada, on behalf of Area1 JV Parties and Eni East Africa on behalf of Area 4 JV Parties, to develop and produced in a manner that unitizes the Straddling Reservoir under reasonable terms and conditions, in compliance with applicable Mozambican Petroleum Laws and Regulations. Area 1 and Area 4, located

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

offshore Mozambique, comprise multiple hydrocarbon reservoirs, some of which are fully contained within each area, this agreement only concerns those reservoirs that straddle the boundary of the two areas.

The LNG park plan has been evolved which envisages the development, construction and operation of an LNG park comprising LNG trains and common facilities that will provide liquefaction services to Operators for potential capacity of up to 50 MMTPA.

Mozambique LNG is emerging as a global LNG leader with up to 65+ Tcf of recoverable natural gas resources discovered to date in the Offshore Area 1 of Mozambique. By the end of 2013, the JV will have invested approximately \$3 billion (gross), and will have made significant advancements in a world-scale LNG development, with first cargoes expected in 2018, and a design that facilitates future expansions of up to 50 MMTPA. The JV has already discovered sufficient resources to support a development of this scale and is continuing to explore in the Offshore Area 1.

- e) On 4th September 2009, Videocon Indonesia Nunukan Inc. (VIN), one of the wholly owned subsidiaries, has executed a Farmout Agreement with Anadarko Indonesia Nunukan Company - a wholly owned subsidiary Anadarko Petroleum Corporation, USA along with the related Joint Operating Agreement. The transaction was completed on 28th December 2009 (the Closing Date). Pursuant to this agreement, VIN has acquired a 12.50% participating interest in the Production Sharing Contract, covering the area referred to as Nunukan Block, located offshore Indonesia, with effect from 1st August 2009 (the Effective Date). Other members of the consortium are Anadarko Indonesia Nunukan Company, PT Medco E&P Nunukan and BPRL Ventures Indonesia, BV (a step down wholly owned subsidiary of Bharat Petroleum Corporation Limited). Following Anadarko's sale of all the issued share capital in Nunukan Block, PSC to PT Pertamina Hulu Energi ("PHENC"), effective 15th February, 2013, PHENC became new Operator. Badik-1 well intersected 133 net feet of Oil and gas pay, which has been notified as a discovery. 1600 sq. km. 3D seismic data has been acquired in the Block to locate possible well location and identify further leads and prospects for drilling two appraisal wells and one commitment exploration well in the exploration phase.

### C. Incorporated Jointly Controlled Entities:

- a) IBV Brasil Petroleo Limitada (IBV), a company incorporated in Brazil, is 50 : 50 joint venture between Videocon Energy Brazil Limited (VEBL), a wholly owned subsidiary of the Company and Bharat PetroResources Limited, a wholly owned subsidiary of Bharat Petroleum Corporation Limited. IBV has interests in following four concessions with ten deep water offshore exploration blocks in Brazil.
- i) Campos Concession: A discovery of hydrocarbons has been made in Wahoo well prospect (BMC-30 Concession) in the Campos Basin. VEBL has 12.50% participating interest in the Wahoo Concession. The Concession is presently in five year Evaluation Phase. Discoveries announced in Appraisal Wells Wahoo #2 & Wahoo #3. DST has been completed in Wahoo Exploration Well. These Discoveries are in the Pre-Salt Upper-Sag Carbonates, of Aptian Age. Drilling of appraisal well Wahoo#4, with oil column similar to Wahoo#1, was completed on 11th December, 2012. Wahoo #5 Appraisal Well was spudded on 17th June, 2013 and drilling was completed on 2nd October, 2013. The drilling result of the well has proved beyond doubt the extent of the Upper Sag pay towards the NE of the Wahoo main structure. The success of the Wahoo #5 well as oil bearing has lowered the geological uncertainty and thus the resources can be upgraded to a higher level.

During drilling of Wahoo #5, oil and gas shows have been reported within the Coquina section. The well logs have also indicated Oil saturation in the interval 5,188.76 to 5,295.14 metres.

- ii) Sergipe Concession: Sergipe Blocks are Located in the North-Eastern offshore of Brazilian Basin. BM-SEAL-11 Concession has 4 blocks and covers an area of 2,831 sq. km., in the Deep Waters of Sergipe Basin with Petrobras as JV Partner and Operator has witnessed Discoveries in the Barra, Farfan, Cumbe, Papangu and Poco Verde which are all in different stages of Appraisal/Evaluation Phases along with neighbouring Joint Venturers and heading towards commercialization. BM-SEAL-11 is going to become Oil, Gas and Condensate Field. VEBL has 20% participating interest in the Sergipe Concession

The first exploration well was taken up by the JV at Barra in Block SEAL-M-426, resulting in a discovery notified on 27th October, 2010.

In October, 2012 hydrocarbons discovery was made during drilling of well 1-BRSA-1083-SES (1-SES-167), informally known as 'Farfan', situated in a water depth of 2,720 metres, located 109 km. from the city of Aracaju. The Farfan well is about 21 km. southeast to the Barra Exploration Well 1-SES-158 (Barra). The discovery at Farfan evidences of oil found at the depth of 5,582 metres during well drilling, analysis of electric logs and fluid samples recovered. A hydrocarbon column of about 44 metres gross and 40 metres net which is formed by porous sandstone carriers of light hydrocarbons as tested.

In November, 2012 the discovery well #1-SES-166, informally called "Cumbe" the first exploration well drilled in block SEAL-M-349, located 9.4 kms northeast to the discovery well 'Farfan' drilled recently in Block SEAL-M-426 in Sergipe Concession and 109 km. from the city of Aracaju in water depth of 2,313 metres. The well proved presence of sandstone reservoirs saturated with light hydrocarbons in the Maastrichtian and Campanian sections with gross pay thickness of 98 metres in intervals of 4,578 to 4,605 metres (net pay of 17 metres) and 5,321 to 5,635 metres (net pay of 24 metres) respectively. The discovery in Cumbe augments the three earlier discoveries of Maastrichtian gas & condensate (Barra) and Campanian light oil (Barra, Barra-1 and Farfan) in the Sergipe Concession. Furthermore, the discovery of light oil in the Maastrichtian indicates presence of multiple pools of hydrocarbon, thus upgrading the potential of the SEAL-11 Sergipe Concession significantly.

Well BRSA-1131-SES (known as Papangu) was drilled during the second exploration period, with the objective to test the presence of HC in stratigraphic traps mapped at Campanian sandstones of the Middle Fm. Calumbi. About 100 metres thick sandstones and conglomerates reservoir with good porosity and permeability was encountered in the target zone, but it is water wet. The well was further deepened to explore possible carbonate reservoirs/deltaic sandstones of Albian age. From 6,380 metres thick sandstone rocks with good gas shows (up 122 UGTs) were encountered which continued up to the TD of 6,556 metres. Accordingly, the Notice of Discovery was sent to ANP on 27th February, 2013.

Poco Verde Joint Appraisal Area is a straddling resources area shared by the BM-SEAL-11 and BM-SEAL-4 Concessioners, both operated by Petrobras. Petrobras has proposed a joint appraisal plan covering Block SEAL-M-590 in BM-SEAL-4 and Block SEAL-M-497 in BM-SEAL-11 Concessions and for Campanian discovery of the well Verde (1-SES-159), which was drilled during 2012, in the adjacent concession BM-SEAL-4 (PB 75% & OVL 25%). Well Verde had encountered 11.8 metres of

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

net oil pay (44 degree API) in Paleocene and 3.8 metres of net gas pay in Campanian. Fluid samples were taken from respective intervals.

- iii) Potiguar Concession: The first phase of exploration in Potiguar Concession located in the North-eastern region of Brazil, has been extended with a commitment to drill exploration well in Block POT-M-760. VEBL has 10% participating interest in the Potiguar Concession.

The Concession has 6 prospects in 2 different blocks, with a total area of 1,535 sq. km. is in the 1st Phase of exploration. One pre-existing well (1-CES-154) drilled in Block 663. Ararauna commitment well drilled/spudded on 11th February, 2013 and was completed in August, 2013. Drilling results are under study.

- iv) Espírito Santos Concession: Located along the Brazilian Continental Margin, extending from the central-southern part of Espírito Santos State to the southern part of Bahia State. The concession Blocks cover an area of 1,645 sq. km.

Requeijao Well drilled in ES-M-588 Block was completed on 2nd September, 2012 which encountered thin oil zones in the target Aptian sands and in fractured basement. ES-24 JV are in discussion with ANP about a joint Evaluation Plan with the adjoining Block in ES-25 Concession.

Grana Padano Well drilled announces the discovery of a new oil accumulation (15° API) in the post-salt layer of Espírito Santo Basin, in Concession BM-ES-24 (Block ES-M-661), located 58 km from the city of Vitória, state of Espírito Santo. ANP has approved the Evaluation Plan.

Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in Campos Concession whereas Petroleo Brasileiro S.A. is the operator in the other three Concessions.

- b) Videocon Infinity Infrastructures Private Limited is a 50 : 50 Joint Venture Company incorporated in India, with Infinity Infotech Parks Limited to carry on the business of infrastructure development like construction of IT/ITES Parks, Biotech Parks etc. The Joint Venture Company has not commenced its commercial operations.
- c) The financial interest of the Group in the jointly controlled incorporated entities based on financial statement received from these Joint Venture entities are as under:

(₹ in Million)

| Group's share in | 30th June, 2013 | 31st Dec., 2011 |
|------------------|-----------------|-----------------|
| Assets           | 32,600.90       | 18,984.69       |
| Liabilities      | 31,672.85       | 17,992.60       |
| Income           | -               | -               |
| Expenses         | -               | -               |
| Tax              | -               | (379.58)        |

- D. The estimated amount of commitment of the Group towards contribution in various Joint Ventures for next year based on minimum work program is ₹ 29,898.56 Million (Previous year ₹ 18,461.94 Million).

39. During the period, the Subsidiary Company Videocon Hydrocarbon Holdings Limited (VHHL) has sold and transferred its entire shareholding in Videocon Mozambique Rovuma 1 Limited to its subsidiary Videocon Mauritius Energy Limited for a consideration of US\$ 2,141.16 Million as per the agreement dated 28th December, 2012 after obtaining approval of the Government of Republic of Mozambique and payment of appropriate income tax. The resultant profit on sale of investment of US\$ 2,141.15 Million being unrealised profit, has been eliminated in this consolidated financial statements.

40. The Subsidiary Company Videocon Mauritius Energy Limited alongwith its holding company Videocon Hydrocarbon Holdings Limited (subsidiary of the Company) have entered into a Share Sale and Purchase Agreement on 25th June, 2013 with ONGC Videsh Limited and OIL India Limited for sale of the entire shareholding in Videocon Mozambique Rovuma 1 Limited, which owns 10% participating interest in Oil &

Gas Block covering Area 1 Offshore of the Rovuma Block, Republic of Mozambique for a base consideration of US\$ 2,475.00 Million. However, pending closure of the transaction, Videocon Mozambique Rovuma 1 Limited continues to be subsidiary of the Videocon Mauritius Energy Limited.

### 41. Related Party Disclosures:

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transaction with related parties as defined in the Accounting Standard are given below:

- a) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:
- i) Associates:
- Radium Energy Private Limited - Associate - 26%
  - Goa Energy Private Limited - Associate - 26% (upto 1st March, 2012)
  - Northwest Energy Private Limited - Associate - 47% (upto 7th January, 2013)
- ii) Key Management Personnel:
- Mr. Venugopal N. Dhoot - Chairman & Managing Director
  - Mr. Rajkumar N. Dhoot - Chairman & Managing Director (Videocon Telecommunications Limited)
  - Mr. Pradipkumar N. Dhoot - Whole Time Director (Videocon Hydrocarbon Holdings Limited)
  - Mr. Sunil Kumar Jain - Senior Vice President
  - Mr. Shekhar Jyoti - Vice President
  - Mr. Chandramani M. Singh - Vice President
  - Mr. Jaideep R. Rathore - Senior Vice President (upto 31st March, 2013)
  - Mr. Abhijit Kotnis - Vice President
  - Mr. Arun Pal - Vice President
  - Mr. Roopam Asthana - Chief Executive Officer (Liberty Videocon General Insurance Company Limited )

- b) Transactions/outstanding balances with Related Parties:

The Company has entered into transactions with certain related parties during the period as listed below. The Board considers such transactions to be in normal course of business:

(₹ in Million)

| Particulars                              | Associates       | Key Management Personnel |
|------------------------------------------|------------------|--------------------------|
| <b>Nature of Transactions</b>            |                  |                          |
| Reimbursement of Expenses                | 9.63<br>(90.42)  |                          |
| Short Term Advances/Loans given          | 0.04<br>(5.90)   |                          |
| Short Term Advances/Loans received back  | 368.08<br>(-)    |                          |
| Remuneration                             |                  | 145.27<br>(53.49)        |
| <b>Outstanding as at 30th June, 2013</b> |                  |                          |
| Short Term Advances/Loans given          | 0.54<br>(368.58) |                          |
| Investments                              | 0.03<br>(0.05)   |                          |

- c) Material transactions with Related Parties during the period are:

Reimbursement of Expenses from Goa Energy Private Limited ₹ 9.63 Million (Previous year ₹ 90.42 Million); Short Term Advances/Loans Given to Radium Energy Private Limited ₹ 0.04 Million (Previous year ₹ 0.51 Million) and Goa Energy Private Limited ₹ Nil (Previous year ₹ 5.39 Million); Short term Advances/Loans received back from Goa Energy Private Limited ₹ 368.07 Million (Previous year ₹ Nil).

**42. The effect of acquisition and disposal of subsidiaries during the period on the Consolidated Financial Statements is as follows:**

(₹ in Million)

| Name of the Company                                                           | Effect on Consolidated Profit/(Loss) | Net Assets As at 30th June, 2013 |
|-------------------------------------------------------------------------------|--------------------------------------|----------------------------------|
| <b>a) Acquisitions/Incorporations</b>                                         |                                      |                                  |
| Videocon Mauritius Energy Limited                                             | (6,390.99)                           | (7,023.52)                       |
| Indigo Energy Private Limited                                                 | (0.29)                               | (0.21)                           |
| Percept Energy Private Limited                                                | (0.02)                               | (1.52)                           |
| <b>b) Disposals/Cessation</b>                                                 |                                      |                                  |
| Eagle E Corp Limited                                                          | (0.08)                               | (1,047.08)                       |
| Oil Services International S.A.S                                              | 0.34                                 | -                                |
| Emerald Coporate Ventures Limited (formerly Videocon Energy Ventures Limited) | (0.09)                               | 9.75                             |
| Mercury Corporate Ventures Limited (formerly Videocon Oman 56 Limited)        | 0.13                                 | (0.16)                           |

**43. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the disclosure with respect to Provision for Warranty and Maintenance Expenses is as follows:**

(₹ in Million)

| Particulars                                    | Period ended 30th June, 2013 | Year ended 31st Dec., 2011 |
|------------------------------------------------|------------------------------|----------------------------|
| a) Amount at the beginning of the period       | <b>632.15</b>                | 638.51                     |
| b) Additional provision made during the period | <b>653.24</b>                | 632.15                     |
| c) Amount used                                 | <b>602.89</b>                | 602.82                     |
| d) Unused amount reversed during the period    | <b>29.26</b>                 | 35.69                      |
| e) Amount at the end of the period             | <b>653.24</b>                | 632.15                     |

**47. Segment Information:**

The Company and its subsidiaries have identified four reportable segments viz. Consumer Electronics and Home Appliances, Crude Oil and Natural Gas, Telecommunications and Power. Segments have been identified and reported taking into account nature of products and services, the differing risks and return.

- Segment revenue and expenses include the respective amounts identifiable to each of the segments on the basis of relationship to operating activities of the segment as also amounts allocated on a reasonable basis. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other corporate assets and liabilities that cannot be allocated between the segment are disclosed as "Unallocable".
- Primary Segment Information - Business segment:

(₹ in Million)

| Particulars                               | Consumer Electronics and Home Appliances |            | Crude Oil and Natural Gas |            | Telecommunications |             | Power        |            | Others       |            | Total        |            |
|-------------------------------------------|------------------------------------------|------------|---------------------------|------------|--------------------|-------------|--------------|------------|--------------|------------|--------------|------------|
|                                           | Period ended                             | Year ended | Period ended              | Year ended | Period ended       | Year ended  | Period ended | Year ended | Period ended | Year ended | Period ended | Year ended |
|                                           | 30.06.2013                               | 31.12.2011 | 30.06.2013                | 31.12.2011 | 30.06.2013         | 31.12.2011  | 30.06.2013   | 31.12.2011 | 30.06.2013   | 31.12.2011 | 30.06.2013   | 31.12.2011 |
| <b>i) Segment Revenue</b>                 |                                          |            |                           |            |                    |             |              |            |              |            |              |            |
| - External                                | 167,800.19                               | 115,651.15 | 19,700.64                 | 14,934.64  | 6,053.46           | 6,227.05    | 688.86       | 32.23      | (4.62)       | -          | 194,238.53   | 136,845.07 |
| - Inter Segment                           | -                                        | -          | -                         | -          | -                  | -           | -            | -          | -            | -          | -            | -          |
| Total Segment                             | 167,800.19                               | 115,651.15 | 19,700.64                 | 14,934.64  | 6,053.46           | 6,227.05    | 688.86       | 32.23      | (4.62)       | -          | 194,238.53   | 136,845.07 |
| <b>ii) Segment Result before Interest</b> | 16,143.89                                | 12,313.78  | (7,626.35)                | 4,771.93   | (15,190.67)        | (12,393.32) | 367.03       | (25.14)    | (610.22)     | (5.01)     | (6,916.32)   | 4,662.24   |
| Less: Finance Costs                       | -                                        | -          | -                         | -          | -                  | -           | -            | -          | -            | -          | 40,774.95    | 15,563.88  |
| Add: Other Unallocable Income/ (Expenses) | -                                        | -          | -                         | -          | -                  | -           | -            | -          | -            | -          | 4,654.70     | (826.47)   |

**44. a) Operating Lease:**

- Lease payments under cancellable leases are recognised as an expenses in the Consolidated Statement of Profit and Loss.
- The maximum obligation on long-term non-cancellable operating leases entered on or after 1st April 2001 payable as per the rentals stated in respective agreements are as follows:

(₹ in Million)

| Minimum Lease Payments                       | As at 30th June, 2013 | As at 31st Dec., 2011 |
|----------------------------------------------|-----------------------|-----------------------|
| Not later than 1 year                        | <b>137.60</b>         | 73.77                 |
| Later than 1 year and not later than 5 years | <b>549.11</b>         | 404.01                |
| More than 5 years                            | <b>269.59</b>         | 397.52                |
| Total                                        | <b>956.30</b>         | 875.30                |

- The Subsidiary Company viz. Videocon Telecommunications Limited (VTL) has entered into composite IT outsourcing agreements, wherein vendors have supplied the fixed assets and IT related services to VTL. Based on the risk and rewards incidental to the ownership, the fixed asset and liability are recorded at the fair value of the leased assets at the time of the receipt of the assets, since it is not possible for VTL to determine the extent of fixed assets and services under the contract at the inception of the contract. Such fixed assets received have been accounted for as finance lease. These assets are depreciated over the stated useful lives applicable to similar assets of VTL. Since the entire amount payable to vendors towards the supply of fixed assets and services during the period is accrued, the disclosures as per Accounting Standard 19 are not applicable.

**45. The outstanding balances of certain Trade Receivables, Trade Payables, Deposits, Advances and Other Current Assets/ Liabilities are subject to confirmation and reconciliation, if any. However, in the opinion of the management, adjustment, if any, will not be material.**

**46. In the opinion of the Board, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the amount at which they are stated in the Consolidated Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.**

(₹ in Million)

| Particulars                                                                    | Consumer Electronics and Home Appliances |                          | Crude Oil and Natural Gas  |                          | Telecommunications         |                          | Power                      |                          | Others                     |                          | Total                      |                          |
|--------------------------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
|                                                                                | Period ended<br>30.06.2013               | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 |
| Profit/(Loss) before Taxation                                                  | -                                        | -                        | -                          | -                        | -                          | -                        | -                          | -                        | -                          | -                        | (43,036.57)                | (11,728.11)              |
| Add: Share in Profit/(Loss) of Associates                                      | -                                        | -                        | -                          | -                        | -                          | -                        | -                          | -                        | -                          | -                        | (5.09)                     | (0.19)                   |
| Add: Profit/(Loss) on Disposal/ Dilution of holding in Subsidiaries/Associates | -                                        | -                        | -                          | -                        | -                          | -                        | -                          | -                        | -                          | -                        | (1,032.21)                 | 49.74                    |
| Tax Expenses                                                                   | -                                        | -                        | -                          | -                        | -                          | -                        | -                          | -                        | -                          | -                        | (12,005.08)                | 1,964.31                 |
| Profit/(Loss) before Minority Interest                                         | -                                        | -                        | -                          | -                        | -                          | -                        | -                          | -                        | -                          | -                        | (32,068.79)                | (13,642.87)              |
| Add: Minority Interest                                                         | -                                        | -                        | -                          | -                        | -                          | -                        | -                          | -                        | -                          | -                        | 3,807.60                   | 5.21                     |
| Profit/(Loss) for the period/year                                              | -                                        | -                        | -                          | -                        | -                          | -                        | -                          | -                        | -                          | -                        | (28,261.19)                | (13,637.66)              |

## iii) Other Information:

(₹ in Million)

| Particulars         | Consumer Electronics and Home Appliances |                          | Crude Oil and Natural Gas  |                          | Telecommunications         |                          | Power                      |                          | Others/Unallocable         |                          | Total                      |                          |
|---------------------|------------------------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
|                     | Period ended<br>30.06.2013               | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 |
| Segment Assets      | 168,747.59                               | 166,207.17               | 139,705.67                 | 69,550.51                | 62,543.63                  | 52,020.73                | 12,603.40                  | 16,516.86                | 111,089.21                 | 88,421.90                | 494,689.50                 | 392,717.17               |
| Segment Liabilities | 101,390.85                               | 97,156.88                | 148,589.00                 | 65,573.63                | 48,551.49                  | 65,329.78                | 7,376.32                   | 11,034.44                | 141,644.86                 | 80,832.65                | 447,552.52                 | 319,927.38               |
| Capital Expenditure | 11,912.73                                | 9,280.52                 | 45,664.53                  | 20,790.19                | 18,467.28                  | 1,934.48                 | (507.10)                   | 5,963.64                 | 385.47                     | 109.34                   | 75,922.91                  | 38,078.17                |
| Depreciation        | 7,526.87                                 | 5,244.73                 | 599.83                     | 795.49                   | 4,709.84                   | 3,015.73                 | 280.55                     | 32.97                    | 138.61                     | 71.83                    | 13,255.70                  | 9,160.75                 |

## d) Secondary Segment Information:

(₹ in Million)

| Particulars                         | Within India               |                          | Outside India              |                          | Total                      |                          |
|-------------------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
|                                     | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 | Period ended<br>30.06.2013 | Year ended<br>31.12.2011 |
| Segment Revenue - External Turnover | 187,780.60                 | 131,112.77               | 6,457.93                   | 5,732.30                 | 194,238.53                 | 136,845.07               |
| Segment Assets                      | 354,449.24                 | 311,973.89               | 140,240.26                 | 80,743.28                | 494,689.50                 | 392,717.17               |
| Segment Liabilities                 | 318,224.10                 | 250,737.41               | 129,328.42                 | 69,189.97                | 447,552.52                 | 319,927.38               |
| Capital Expenditure                 | 30,426.21                  | 17,886.80                | 45,496.70                  | 20,191.37                | 75,922.91                  | 38,078.17                |

48. These consolidated financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year figures have been reclassified, restated, recasted to conform to the classification of the current period. The figures of the current period are not comparable with those of the previous year, as: a) the current period's figures do not include operations of certain subsidiaries, consequent to their cessation to be subsidiaries of the Company in the previous period and include operations of certain subsidiaries for part of the period, consequent to their acquisition as stated in Note No. 2 above; b) the figures for the current period are for a period of 18 months as against 12 months in previous year.

As per our report of even date

For and on behalf of the Board

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**For KADAM & CO.**  
Chartered Accountants

**V. N. DHOOT**  
Chairman and Managing Director

**SHIVRATAN AGARWAL**  
Partner  
Membership No. 104180

**U. S. KADAM**  
Partner  
Membership No. 31055

**VINOD KUMAR BOHRA**  
Company Secretary

**S. PADMANABHAN**  
Director

Place : Mumbai  
Date : 29th November, 2013

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011, respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

| Sr. No. | Name of the Subsidiary Company              | Reporting Currency | Amount in        | Exchange Rate | Capital  | Share Application Money Received | Reserves   | Total Assets | Total Liabilities | Investment (Other than Investments in Subsidiaries) | Turnover/ Total Income | Profit Before Tax | Provision for Tax (Net of Write back) | Profit after Tax | Proposed Dividend | Country               |
|---------|---------------------------------------------|--------------------|------------------|---------------|----------|----------------------------------|------------|--------------|-------------------|-----------------------------------------------------|------------------------|-------------------|---------------------------------------|------------------|-------------------|-----------------------|
| 1       | Indigo Energy Private Limited               | ₹                  | INR Mn           |               | 0.10     | -                                | (0.30)     | 0.10         | 0.30              | -                                                   | -                      | (0.30)            | -                                     | (0.30)           | -                 | India                 |
| 2       | Percept Energy Private Limited              | ₹                  | INR Mn           |               | 0.10     | -                                | (1.63)     | 0.10         | 1.63              | -                                                   | -                      | (0.02)            | -                                     | (0.02)           | -                 | India                 |
| 3       | Comet Power Private Limited                 | ₹                  | INR Mn           |               | 207.32   | -                                | (32.13)    | 791.41       | 616.22            | 54.77                                               | 263.20                 | (37.03)           | 0.15                                  | (37.18)          | -                 | India                 |
| 4       | Unity Power Private Limited                 | ₹                  | INR Mn           |               | 0.10     | -                                | 23.60      | 762.84       | 739.14            | -                                                   | 197.39                 | 38.39             | 14.76                                 | 23.63            | -                 | India                 |
| 5       | Applied Energy Private Limited              | ₹                  | INR Mn           |               | 0.10     | -                                | (3.88)     | 230.99       | 234.77            | -                                                   | 0.03                   | (12.04)           | (2.53)                                | (9.51)           | -                 | India                 |
| 6       | Proficient Energy Private Limited           | ₹                  | INR Mn           |               | 0.10     | -                                | (5.06)     | 297.31       | 302.27            | -                                                   | 0.08                   | (22.26)           | (5.60)                                | (16.66)          | -                 | India                 |
| 7       | Videocon Energy Limited                     | ₹                  | INR Mn           |               | 1,000.00 | -                                | (7.19)     | 993.42       | 0.61              | 0.03                                                | -                      | (0.05)            | -                                     | (0.05)           | -                 | India                 |
| 8       | Prosperous Energy Private Limited           | ₹                  | INR Mn           |               | 0.10     | -                                | (0.08)     | 417.73       | 417.71            | -                                                   | -                      | (0.06)            | (0.01)                                | (0.05)           | -                 | India                 |
| 9       | Chhattisgarh Power Ventures Private Limited | ₹                  | INR Mn           |               | 0.10     | -                                | (0.08)     | 1,509.66     | 1,509.64          | -                                                   | 0.07                   | (0.04)            | 0.001                                 | (0.04)           | -                 | India                 |
| 10      | Phavay Energy Private Limited               | ₹                  | INR Mn           |               | 5,500.00 | -                                | (7.15)     | 7,078.16     | 1,585.31          | -                                                   | 0.13                   | (0.68)            | -                                     | (0.68)           | -                 | India                 |
| 11      | Videocon JPDA 06-103 Limited                | US\$               | INR Mn<br>USD Mn | 59.94         | 0.06     | -                                | (347.71)   | 6,109.56     | 6,457.21          | -                                                   | 10.42                  | 6.94              | -                                     | 6.94             | -                 | Cayman Island         |
|         |                                             |                    |                  |               | 0.001    | -                                | (5.80)     | 101.93       | 107.73            | -                                                   | 0.17                   | 0.12              | -                                     | 0.12             | -                 |                       |
| 12      | Videocon Mozambique Rovuma 1 Limited        | US\$               | INR Mn<br>USD Mn | 59.94         | 0.60     | -                                | (50.24)    | 27,132.83    | 27,182.47         | -                                                   | -                      | (31.70)           | -                                     | (31.70)          | -                 | British Virgin Island |
|         |                                             |                    |                  |               | 0.01     | -                                | (0.84)     | 452.66       | 453.49            | -                                                   | -                      | (0.53)            | -                                     | (0.53)           | -                 |                       |
| 13      | Videocon Energy Brazil Limited              | US\$               | INR Mn<br>USD Mn | 59.94         | 0.06     | -                                | (261.98)   | 50,486.10    | 50,748.02         | -                                                   | -                      | (6.60)            | -                                     | (6.60)           | -                 | British Virgin Island |
|         |                                             |                    |                  |               | 0.001    | -                                | (4.37)     | 842.28       | 846.65            | -                                                   | -                      | (0.11)            | -                                     | (0.11)           | -                 |                       |
| 14      | Videocon Indonesia Nunukan Inc.             | US\$               | INR Mn<br>USD Mn | 59.94         | 0.06     | -                                | (6.16)     | 3,136.15     | 3,142.25          | -                                                   | 0.001                  | (4.77)            | -                                     | (4.77)           | -                 | Cayman Island         |
|         |                                             |                    |                  |               | 0.001    | -                                | (0.10)     | 52.32        | 52.42             | -                                                   | 0.000                  | (0.08)            | -                                     | (0.08)           | -                 |                       |
| 15      | Videocon Australia WA-388-P Limited         | US\$               | INR Mn<br>USD Mn | 59.94         | 0.000    | -                                | (4.37)     | 1.49         | 5.86              | -                                                   | -                      | (3.48)            | -                                     | (3.48)           | -                 | Cayman Island         |
|         |                                             |                    |                  |               | 0.000    | -                                | (0.07)     | 0.03         | 0.10              | -                                                   | -                      | (0.06)            | -                                     | (0.06)           | -                 |                       |
| 16      | Videocon Mauritius Energy Limited           | US\$               | INR Mn<br>USD Mn | 59.94         | 0.06     | -                                | (7,023.58) | 155,518.45   | 162,541.97        | -                                                   | 1,337.29               | (7,021.94)        | -                                     | (7,021.93)       | -                 | Mauritius             |
|         |                                             |                    |                  |               | 0.001    | -                                | (117.18)   | 2,594.56     | 2,711.74          | -                                                   | 22.31                  | (117.15)          | -                                     | (117.15)         | -                 |                       |

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

| Sr. No. | Name of the Subsidiary Company                                                                   | Reporting Currency | Amount in                  | Exchange Rate | Capital              | Share Application Money Received | Reserves                   | Total Assets           | Total Liabilities      | Investment (Other than Investments in Subsidiaries) | Turnover/ Total Income | Profit Before Tax          | Provision for Tax (Net of Write back) | Profit after Tax           | Proposed Dividend | Country               |
|---------|--------------------------------------------------------------------------------------------------|--------------------|----------------------------|---------------|----------------------|----------------------------------|----------------------------|------------------------|------------------------|-----------------------------------------------------|------------------------|----------------------------|---------------------------------------|----------------------------|-------------------|-----------------------|
| 17      | Videocon Hydrocarbon Holdings Limited                                                            | US\$               | INR Mn<br>USD Mn           | 59.94         | 12,167.82<br>203.00  | 4,075.92<br>68.00                | 111,694.81<br>1,863.44     | 259,624.22<br>4,331.40 | 131,685.67<br>2,196.96 | -                                                   | 143,352.04<br>2,391.59 | 125,300.42<br>2,090.43     | 13,431.77<br>224.09                   | 111,866.65<br>1,866.34     |                   | Cayman Island         |
| 18      | Videocon Oil Ventures Limited                                                                    | ₹                  | INR Mn                     |               | 1,000.00             | -                                | (3,588.88)                 | 12,971.52              | 15,560.40              | -                                                   | 0.59                   | (3,523.57)                 | -                                     | (3,523.57)                 |                   | India                 |
| 19      | Videocon Global Limited                                                                          | US\$               | INR Mn<br>USD Mn           | 59.94         | 48.10<br>0.80        | -<br>-                           | 66.42<br>1.09              | 4,263.60<br>71.13      | 4,150.08<br>69.24      | -                                                   | 414.40<br>6.91         | (172.70)<br>(2.88)         | -<br>(2.88)                           | (172.70)<br>(2.88)         |                   | British Virgin Island |
| 20      | Middle East Appliances LLC                                                                       | RO                 | INR Mn<br>RO Mn            | 156.08        | 351.45<br>2.25       | 647.89<br>4.15                   | (805.34)<br>(5.16)         | 196.75<br>1.26         | 2.75<br>0.02           | -                                                   | 48.71<br>0.31          | (0.63)<br>(0.004)          | -<br>(0.004)                          | (0.63)<br>(0.004)          |                   | Sultanate of Oman     |
| 21      | Videocon Electronic (Shenzhen) Limited (Chinese Name: Wei You Kang Electronic (Shenzhen) Co Ltd) | CNY                | INR Mn                     | 9.71028       | 8.93                 | -                                | (29.80)                    | 32.77                  | 53.64                  | -                                                   | 33.37                  | (27.68)                    | -                                     | (27.68)                    |                   | China                 |
| 22      | Videocon Estelle Limited                                                                         | US\$               | CNY Mn<br>INR Mn<br>USD Mn | 59.94         | 0.92<br>1.50<br>0.03 | -<br>-<br>-                      | (3.07)<br>(1.02)<br>(0.02) | 3.37<br>1.50<br>0.03   | 5.52<br>1.02<br>0.02   | -                                                   | 3.44<br>-<br>-         | (2.85)<br>(0.81)<br>(0.01) | -<br>-<br>-                           | (2.85)<br>(0.81)<br>(0.01) |                   | Mauritius             |
| 23      | Videocon Ivory Limited                                                                           | US\$               | INR Mn<br>USD Mn           | 59.94         | 0.06<br>0.001        | -<br>-                           | (1.14)<br>(0.02)           | 0.06<br>0.001          | 1.14<br>0.02           | -                                                   | -<br>-                 | (0.81)<br>(0.01)           | -<br>-                                | (0.81)<br>(0.01)           |                   | Mauritius             |
| 24      | Videocon International Electronics Limited                                                       | ₹                  | INR Mn                     |               | 30,000.00            | -                                | (6,096.16)                 | 58,011.85              | 34,108.01              | 2,758.30                                            | 0.22                   | (4,997.18)                 | -                                     | (4,997.18)                 |                   | India                 |
| 25      | Jumbo Techno Services Private Limited                                                            | ₹                  | INR Mn                     |               | 1,000.00             | -                                | 1,221.92                   | 6,246.29               | 4,024.37               | -                                                   | 0.22                   | (0.17)                     | 0.39                                  | (0.56)                     |                   | India                 |
| 26      | Senior Consulting Private Limited                                                                | ₹                  | INR Mn                     |               | 10.00                | -                                | (3.09)                     | 1,386.34               | 1,379.43               | -                                                   | 0.22                   | (0.07)                     | 0.05                                  | (0.12)                     |                   | India                 |
| 27      | Videocon Telecommunications Limited                                                              | ₹                  | INR Mn                     |               | 54,337.50            | -                                | (40,344.93)                | 62,544.02              | 48,551.45              | 0.02                                                | 6,057.57               | (23,619.58)                | (11,583.44)                           | (12,036.14)                |                   | India                 |
| 28      | Dalacom Telecommunications Private Limited                                                       | ₹                  | INR Mn                     |               | 0.50                 | -                                | (0.44)                     | 1.93                   | 1.87                   | -                                                   | 1.20                   | (0.17)                     | -                                     | (0.17)                     |                   | India                 |
| 29      | Liberty Videocon General Insurance Company Limited                                               | ₹                  | INR Mn                     |               | 3,593.50             | -                                | (444.44)                   | 3,258.15               | 109.09                 | 2,228.34                                            | 209.08                 | (396.59)                   | -                                     | (396.59)                   |                   | India                 |

## **Report on Review of Interim Financial Information**

To,

The Board of Directors of

**VIDEOCON INDUSTRIES LIMITED**

Dear Sir(s)

### **1. Introduction**

We have reviewed the accompanying Standalone Unaudited Condensed Balance Sheet of **VIDEOCON INDUSTRIES LIMITED** (the "Company") as at June 30, 2015 and the related Unaudited Condensed Statement of Profit and Loss and Cash Flow Statement for the six months period then ended (collectively referred as "Interim Financial Information"). Management is responsible for the preparation and fair presentation of this Interim Financial Information, in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, "Interim Financial Reporting", prescribed by the Companies (Accounting Standards) Rules, 2006 referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on this Interim Financial Information based on our review of such Interim Financial Information.

### **2. Scope of Review**

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of Interim Financial Information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed audit and accordingly, we do not express an audit opinion.

### **3. Basis for Qualified Conclusion**

*As mentioned in Note No. 8 to the Interim Financial Information, the Company has up to June 30, 2015, directly and through its subsidiaries, made investments of Rs. 69,502.03 Million and also given advances to Videocon Telecommunications Limited (VTL), the subsidiary. The licenses awarded by the Department of Telecommunications (DoT) to VTL to provide Unified Access Services (UAS) in 21 circles in India w.e.f. January 25, 2008, were quashed by the Hon'ble Supreme Court of India, vide its order and*

*judgment dated February 2, 2012. Subsequently, VTL participated in the auction conducted by DoT and has been awarded the Unified Licenses (Access Services) for 6 circles with effect from February 16, 2013, which are valid for a period of 20 years. VTL has also been allotted spectrum in these 6 circles. VTL is continuing its commercial operations.*

*VTL has been continuously incurring losses and has huge accumulated losses as at June 30, 2015. The ability of VTL to continue as a going concern is substantially dependent on its ability to fund its operating and capital expenditure requirements. The management is confident of mobilizing the necessary resources for continuing the operations of VTL as per the business plan.*

*However, in view of the huge accumulated losses of the VTL, we are unable to express an opinion on the extent of realisability of aforesaid investments in and advances to VTL. The consequential effect of the above, on the profit for the 6 months period ended 30<sup>th</sup> June, 2015 is not ascertainable.*

#### **4. Qualified Conclusion**

Based on our review conducted as above, *except for the possible effects if any, of the matter described in the Basis for Qualified Conclusion paragraph above*, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information does not present fairly, in all material respects, the State of Affairs of the Company as at June 30, 2015 and of its results of operations and its cash flows for the six months period then ended in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, "Interim Financial Reporting", prescribed by the Companies (Accounting Standards) Rules, 2006 referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.

For **KHANDELWAL JAIN & CO.**  
*Chartered Accountants*  
(Firm Registration No.: 105049W)

For **KADAM & CO.**  
*Chartered Accountants*  
(Firm Registration No.: 104524W)

**BHUPENDRA Y. KARKHANIS**  
*Partner*  
Membership No. 108336

**U. S. KADAM**  
*Partner*  
Membership No.: 31055

Place: Mumbai  
Date: August 14, 2015

**VIDEOCON INDUSTRIES LIMITED**  
**Unaudited Standalone Condensed Balance Sheet as at June 30, 2015**

(Rs. in Million)

| Particulars                      | At the end of the<br>Current Interim<br>Period as at<br>June 30, 2015<br>(Reviewed) | At the end of the<br>Previous Financial<br>Year As at<br>December 31, 2014<br>(Audited) |
|----------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>I. EQUITY AND LIABILITIES</b> |                                                                                     |                                                                                         |
| 1) Shareholders' Funds           |                                                                                     |                                                                                         |
| a) Share Capital                 | 3,344.59                                                                            | 3,344.59                                                                                |
| b) Reserves and Surplus          | 100,491.38                                                                          | 100,280.91                                                                              |
|                                  | 103,835.97                                                                          | 103,625.50                                                                              |
| 2) Non-Current Liabilities       |                                                                                     |                                                                                         |
| a) Long Term Borrowings          | 182,490.17                                                                          | 180,258.37                                                                              |
| b) Deferred Tax Liability (Net)  | 7,152.45                                                                            | 7,092.51                                                                                |
| c) Long Term Provisions          | 2,005.35                                                                            | 1,971.06                                                                                |
|                                  | 191,647.97                                                                          | 189,321.94                                                                              |
| 3) Current Liabilities           |                                                                                     |                                                                                         |
| a) Short Term Borrowings         | 47,624.23                                                                           | 46,440.44                                                                               |
| b) Trade Payables                | 11,386.60                                                                           | 11,524.70                                                                               |
| c) Other Current Liabilities     | 32,468.73                                                                           | 29,785.60                                                                               |
| d) Short Term Provisions         | 943.78                                                                              | 963.15                                                                                  |
|                                  | 92,423.34                                                                           | 88,713.89                                                                               |
| <b>TOTAL</b>                     | <b>387,907.28</b>                                                                   | <b>381,661.33</b>                                                                       |
| <b>II. ASSETS</b>                |                                                                                     |                                                                                         |
| 1) Non-Current Assets            |                                                                                     |                                                                                         |
| a) Fixed Assets                  |                                                                                     |                                                                                         |
| i) Tangible Assets               | 57,974.49                                                                           | 58,778.75                                                                               |
| ii) Intangible Assets            | 455.91                                                                              | 547.60                                                                                  |
| iii) Capital work-in-progress    | 7,008.12                                                                            | 7,292.92                                                                                |
| b) Non-Current Investments       | 57,198.61                                                                           | 56,208.88                                                                               |
| c) Long Term Loans and Advances  | 70,803.27                                                                           | 79,170.73                                                                               |
|                                  | 193,440.40                                                                          | 201,998.88                                                                              |
| 2) Current Assets                |                                                                                     |                                                                                         |
| a) Current Investments           | 60.26                                                                               | 60.39                                                                                   |
| b) Inventories                   | 24,253.13                                                                           | 24,040.99                                                                               |
| c) Trade Receivables             | 28,530.54                                                                           | 28,627.62                                                                               |
| d) Cash and Bank Balances        | 22,899.68                                                                           | 24,496.96                                                                               |
| e) Short Term Loans and Advances | 117,535.67                                                                          | 101,252.44                                                                              |
| f) Other Current Assets          | 1,187.60                                                                            | 1,184.05                                                                                |
|                                  | 194,466.88                                                                          | 179,662.45                                                                              |
| <b>TOTAL</b>                     | <b>387,907.28</b>                                                                   | <b>381,661.33</b>                                                                       |

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**For KADAM & CO.**  
Chartered Accountants

For and on behalf of the Board

**V. N. DHOOT**  
Chairman and Managing Director

**BHUPENDRA Y. KARKHANIS**  
Partner  
Membership No. 108336

**U. S. KADAM**  
Partner  
Membership No. 31055

**R. S. AGARWAL**  
Director

Place: Mumbai  
Date : August 14, 2015

**VINOD KUMAR BOHRA**  
Company secretary

**VIDEOCON INDUSTRIES LIMITED**  
**Unaudited Standalone Condensed Statement of Profit and Loss**  
**for the 6 months ended June 30, 2015**

(Rs. in Million)

| Particulars                                                                           | 6 months of<br>the current<br>financial year<br>ended<br>June 30, 2015<br>(Reviewed) | Corresponding<br>6 months of the<br>previous financial<br>year ended<br>December 31, 2013<br>(Reviewed) | 18 months<br>period of the<br>previous financial<br>year ended<br>December 31, 2014<br>(Audited) |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>I. INCOME</b>                                                                      |                                                                                      |                                                                                                         |                                                                                                  |
| Revenue from Operations                                                               | 64,725.44                                                                            | 65,759.21                                                                                               | 195,006.59                                                                                       |
| Less: Excise Duty                                                                     | 2,632.98                                                                             | 1,668.73                                                                                                | 5,330.56                                                                                         |
| Net Revenue from Operations                                                           | 62,092.46                                                                            | 64,090.48                                                                                               | 189,676.03                                                                                       |
| Other Income                                                                          | 4,041.02                                                                             | 3,827.11                                                                                                | 11,651.42                                                                                        |
| Total Income                                                                          | 66,133.48                                                                            | 67,917.59                                                                                               | 201,327.45                                                                                       |
| <b>II. EXPENSES</b>                                                                   |                                                                                      |                                                                                                         |                                                                                                  |
| Cost of Materials Consumed                                                            | 19,692.04                                                                            | 20,439.36                                                                                               | 60,550.05                                                                                        |
| Purchase of Stock-in-Trade                                                            | 19,615.51                                                                            | 19,735.18                                                                                               | 59,621.35                                                                                        |
| Changes in Inventories of Finished Goods, Work-in-<br>Process and Stock-in-Trade      | (4.66)                                                                               | 50.22                                                                                                   | (1,035.79)                                                                                       |
| Production and Exploration Expenses - Oil and Gas                                     | 3,623.71                                                                             | 5,053.44                                                                                                | 13,381.98                                                                                        |
| Employee Benefits Expense                                                             | 1,441.83                                                                             | 1,452.20                                                                                                | 4,361.74                                                                                         |
| Finance Costs                                                                         | 11,820.72                                                                            | 11,788.02                                                                                               | 35,188.96                                                                                        |
| Depreciation and Amortisation                                                         | 3,392.92                                                                             | 2,610.97                                                                                                | 9,858.11                                                                                         |
| Other Expenses                                                                        | 6,281.00                                                                             | 6,307.77                                                                                                | 19,355.10                                                                                        |
| Total Expenses                                                                        | 65,863.07                                                                            | 67,437.16                                                                                               | 201,281.50                                                                                       |
| <b>III. Profit/(Loss) Before Tax</b>                                                  | 270.41                                                                               | 480.43                                                                                                  | 45.95                                                                                            |
| <b>IV. Tax Expenses</b>                                                               | 59.94                                                                                | 102.31                                                                                                  | 15.55                                                                                            |
| <b>V. Profit/(Loss) for the Period</b>                                                | 210.47                                                                               | 378.12                                                                                                  | 30.40                                                                                            |
| <b>VI. Earnings per Equity Share of face value Rs.10/- each<br/>Basic and Diluted</b> | 0.63                                                                                 | 1.19                                                                                                    | 0.08                                                                                             |

As per our report of even date

**For KHANDELWAL JAIN & CO.**

*Chartered Accountants*

**For KADAM & CO.**

*Chartered Accountants*

For and on behalf of the Board

**V. N. DHOOT**

*Chairman and Managing Director*

**BHUPENDRA Y. KARKHANIS**

*Partner*

Membership No. 108336

**U. S. KADAM**

*Partner*

Membership No. 31055

**R. S. AGARWAL**

*Director*

Place: Mumbai

Date : August 14, 2015

**VINOD KUMAR BOHRA**

*Company secretary*

**VIDEOCON INDUSTRIES LIMITED**  
**Unaudited Standalone Condensed Cash Flow Statement**  
**for the 6 months ended June 30, 2015**

(Rs. in Million)

| Particulars                                          | 6 months of<br>the current<br>financial year<br>ended<br>June 30, 2015 | Corresponding<br>6 months of the<br>previous financial<br>year ended<br>December 31, 2013 | 18 months<br>period of the<br>previous financial<br>year ended<br>December 31, 2014 |
|------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|                                                      | (Reviewed)                                                             | (Reviewed)                                                                                | (Audited)                                                                           |
| Cash Flows from Operating Activities                 | 6,991.78                                                               | (18,985.81)                                                                               | 54,808.24                                                                           |
| Cash Flows from Investing Activities                 | 365.57                                                                 | (1,326.96)                                                                                | (32,970.96)                                                                         |
| Cash Flows from Financing Activities                 | (6,180.47)                                                             | 20,090.77                                                                                 | (19,914.88)                                                                         |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 1,176.88                                                               | (222.00)                                                                                  | 1,922.40                                                                            |
| Cash and Cash Equivalents at beginning of the period | 3,192.19                                                               | 1,269.79                                                                                  | 1,269.79                                                                            |
| Cash and Cash Equivalents at end of the period       | 4,369.07                                                               | 1,047.79                                                                                  | 3,192.19                                                                            |
| Other Bank Balances                                  | 18,530.61                                                              | 2,033.68                                                                                  | 21,304.77                                                                           |
| Cash and Bank Balances at the end of the period      | 22,899.68                                                              | 3,081.47                                                                                  | 24,496.96                                                                           |

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
*Chartered Accountants*

**For KADAM & CO.**  
*Chartered Accountants*

For and on behalf of the Board

**V. N. DHOOT**  
*Chairman and Managing Director*

**BHUPENDRA Y. KARKHANIS**  
*Partner*  
 Membership No. 108336

**U. S. KADAM**  
*Partner*  
 Membership No. 31055

**R. S. AGARWAL**  
*Director*

Place: Mumbai  
 Date : August 14, 2015

**VINOD KUMAR BOHRA**  
*Company secretary*

## Notes forming part of the Unaudited Standalone Condensed Financial Statements:

## 1. Basis of Accounting

- a) The financial statements are prepared under historical cost convention, except for certain Fixed Assets which are revalued, 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, 2013, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006.
- b) 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 period. Example of such estimates include provisions for doubtful debts, employee retirement benefits 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.
- c) The accounting policies followed in the preparation of these Interim financial statements are the same as those followed in the last audited financial statements of the Company as at December 31, 2014 except that the depreciation on fixed assets is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013, as against the rates specified in Schedule XIV to the Companies Act, 1956.

## 2. Contingent Liabilities and Commitments:

## A) Commitments

Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)

## B) Contingent Liabilities not provided for:

## i) Letters of Guarantees

## ii) Letters of Credit opened (including Standby Letters of Credit and Letter of Comfort)

## iii) Claims against the Company not acknowledged as debts

## a) Custom Duty demands and penalties under dispute

[Amount paid under protest Rs. 0.07 Million (As at December 31, 2014 Rs. 0.07 Million)]

## b) Income Tax demands under dispute

## c) Excise Duty and Service Tax demands and penalties under dispute

[Amount paid under protest Rs. 33.10 Million (As at December 31, 2014 Rs. 31.53 Million)]

## d) Sales Tax demands under dispute

[Amount paid under protest Rs. 76.71 Million (As at December 31, 2014 Rs. 70.93 Million)]

## e) Others

[Amount paid under protest Rs. 50.00 Million (As at December 31, 2014 Rs. 50.00 Million)]

- f) Show Cause Notices (SCNs) have been served on the Operator of the Ravva Oil & Gas Field Joint Venture (Ravva JV) for non payment of Service Tax and Educational Cess on various services for the period July 2003 to March 31, 2014. The amount involved relating to Ravva Block is Rs. 420.13 Million (As at December 31, 2014 Rs. 419.71 Million).

The Operator is contesting the SCNs/demands before Commissioner of Service Tax and has filed appeal before CESTAT, Bangalore and also writ petition before Hon'ble High Court of Madras challenging service tax demands on some of the services and believes that its position is likely to be upheld. The ultimate outcome of the matter cannot be presently determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto Rs. 105.03 Million (As at December 31, 2014 Rs. 104.93 Million).

| (Rs. in Million)                                                                    |                                                                                         |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| At the end of the<br>Current Interim<br>Period As at<br>June 30, 2015<br>(Reviewed) | At the end of the<br>Previous Financial<br>Year As at<br>December 31, 2014<br>(Audited) |
| 738.11                                                                              | 1,032.83                                                                                |
| 42,026.40                                                                           | 43,086.10                                                                               |
| 91,770.23                                                                           | 82,394.06                                                                               |
| 449.27                                                                              | 282.77                                                                                  |
| 217.63                                                                              | 217.63                                                                                  |
| 1,444.14                                                                            | 1,230.79                                                                                |
| 1,153.65                                                                            | 1,135.24                                                                                |
| 2,171.18                                                                            | 2,166.72                                                                                |

- g) Disputed Income Tax demand amounting to Rs. 22.29 Million (As at December 31, 2014 Rs. 22.29 Million) in respect of certain payments made by Ravva Oil & Gas Field Joint Venture is currently pending before the Hon'ble High Court of Madras. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto Rs. 5.57 Million (As at December 31, 2014 Rs. 5.57 Million).
3. There are certain disputes with the Government of India ("GOI") with respect to the Production Sharing Contract dated October 28, 1994 ("Ravva PSC") pertaining to Ravva Oil & Gas Field which were referred to more than one international arbitration for resolution. The respective International Arbitral Tribunals have issued their respective Awards from time to time substantially in favour of the Company. However the GOI has preferred to challenge few of the Awards in various Courts in India and overseas but has not succeeded so far in any of the Courts. Pending final resolution of the disputes, certain amounts have been excess recovered, deducted or short paid by the GOI and / or its Nominees which have been challenged by the Company and the Company is seeking recovery of amounts excessively recovered, deducted or short paid by the GOI and/or its Nominees. Based on legal advice, the Company believes its contentions will be upheld. Any further sum required to be paid by the Company or recoverable by the Company in respect of any of these disputes in accordance with the determination of the amount by the Hon'ble Arbitral Tribunal/relevant courts in this regard shall be accounted for on the final outcome in those matters.
  4. The Company alongwith 12 other affiliates/entities (collectively referred to as 'Obligors' or individually as 'Borrower') executed Facility Agreement with the consortium of existing domestic rupee term lenders, under the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities are Videocon Industries Limited, Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Techno Kart India Limited, Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited. As per the said Facility Agreement, the Company is agent of the Obligors and has been referred to as 'Obligor Agent'. The Rupee Term Loans have to be utilised for the purpose mentioned in the Facility Agreement which is mainly for refinancing of existing Rupee Term Loans of the Obligors. Accordingly, the Rupee Term Loans of Rs. 28,149.54 Million have been allocated to respective Obligors based on their outstanding amount as on December 31, 2011 and the lenders have also disbursed Rs. 2,520.00 Million to some Obligors. As the Company is a co-obligor, it is contingently liable in respect of the borrowings of other Obligors/Borrowers to the extent of outstanding balance of Rupee Term Loans as on June 30, 2015 of Rs. 29,898.20 Million (As at December 31, 2014 Rs. 30,051.55 Million).
  5. The Consortium of various banks have sanctioned the Letter of Comfort (LoC)/Stand-by Letters of Credit (SBLC) facility to the Company and its subsidiary Videocon Oil Ventures Limited (VOVL) (collectively referred to as 'Obligors') to secure the foreign currency facility raised / to be raised by Videocon Hydrocarbon Holdings Limited (VHHL), an overseas subsidiary, from its lenders. The LoC/SBLC facility is secured by first ranking pledge of 100% shares of VOVL, VHHL and shares of certain subsidiaries of VHHL, charge over their fixed assets, VHHL's share of cash flows from identified oil & gas assets through escrow of receivables, first ranking / exclusive charge on specified bank accounts for the benefit of the relevant LoC/SBLC provider, exclusive charge on oil & gas facility servicing account of Obligors set-up under the onshore Trust and Retention Accounts, negative lien for shares of other subsidiaries of VHHL viz. Videocon JPDA 06-103 Limited and Videocon Australia WA-388P Limited, first *pari-passu* charge on Videocon brand and personal guarantees of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.

Accordingly, the Company is contingently liable in respect of the LoC/SBLC facility of VOVL to the extent of Rs. 86,946.31 Million (As at December 31, 2014 Rs. 86,504.82 Million).

6. Intesa Sanpaolo S.p.A., an Italian bank, initiated winding up proceedings against the Company on the basis of 'Patronage Letter' issued by the Company to the said Italian bank in June, 2007 for financial assistance given to one level step down subsidiary, M/s. VDC Technologies S.p.A., an Italian defunct company acquired by another subsidiary of the Company, M/s. Eagle Corporation Limited registered in Cayman Island. Single judge vide judgement dated December 5, 2013 passed a conditional order of winding up of the company on its failure to deposit in court the amount of Rs. 2,597.30 Million equivalent of Euro 38.00 Million, which was confirmed by the division bench of the High Court of Judicature at Bombay on July 18, 2014.

The Company has challenged the order of Bombay High Court by way of Special Leave Petition ('SLP') in the Supreme Court. The Company has denied its liability out of the said 'Patronage Letter'. The Company, pending the final disposal of SLP, agreed to create lien on Fixed Deposit Receipts of Rs. 1,363.82 Million and Rs. 1,210.40 Million in favour of the Registrar of Supreme Court. The Hon'ble Supreme Court has stayed the impugned order of the Bombay High Court and directed to issue Notice for further hearing of the matter. The Company has been advised by the legal counsels that the Italian bank does not have sustainable claim against the Company and as such no provision has been considered in the financial statements.

7. The Directorate of Revenue Intelligence, Mumbai Zonal Unit ('DRI') has issued Show Cause Notice(s) ('SCN') dated September 10, 2014 and December 30, 2014 to the Company in connection with import of Colour Picture Tubes ('CPTs') by the Company and other concerns. Vide SCNs, the Company has been asked to explain / as to why the declared value of CPTs imported should not be rejected and re-determined and why the amount of anti-dumping duty of Rs. 1,657.21 Million and penalty thereon should not be recovered under the extended period under the provisions of the Customs Act, 1962.

The Company has denied the allegation made by DRI for alleged evasion of duty before the adjudicating authority. Further, the Company has been advised by its counsels that as the goods in question are not domestically produced or manufactured in India, the question of levy of anti-dumping duty is untenable in the court of laws and, accordingly, there is no question of duty evasion or penalty thereon and no provision has been considered necessary in the financial statements.

8. The Company has, directly and through its subsidiaries, made investments aggregating to Rs. 69,502.03 Million (As at December 31, 2014 Rs. 65,002.03 Million) and also given advances of Rs. 332.46 Million (As at December 31, 2014 Rs. 340.46 Million) to Videocon Telecommunications Limited (VTL), the subsidiary. VTL was granted the license for providing Unified Access Services (UAS) in 21 circles by the Department of Telecommunications, Government of India (DoT) in 2008 and was also allotted spectrum in 20 circles. The Hon'ble Supreme Court of India, vide its judgment dated February 2, 2012, quashed all the UAS licenses granted on or after January 10, 2008 and the subsequent allocation of spectrum to these licensees, which also included the 21 UAS licenses granted to VTL and the spectrum allotted to it. The Hon'ble Supreme Court of India, also directed the Telecom Regulatory Authority of India (TRAI) to make fresh recommendations for grant of licenses and allocation of spectrum and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter.

The Central Government conducted the auction of spectrum in November, 2012. VTL participated in the auction and has been awarded spectrum in 6 circles. VTL is continuing its business as a going concern. As VTL has huge accumulated losses, its ability to continue as going concern is dependent on its ability to fund its operating and capital requirements. VTL has further issued and allotted share capital whereby the net worth has become positive as on June 30, 2015. The management of VTL based on the business plan, increase in subscribers base, additional capital infusion which would restrict further borrowing and related costs, is confident of continuing its operations. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments and advances to VTL.

9. Segment Information:

The Company has identified three reportable segments viz. Consumer electronics and home appliances, Crude oil and natural gas and Power. Segments have been identified and reported taking into account nature of products and services, the differing risks and return.

- a) Segment revenue and expenses include the respective amounts identifiable to each of the segments on the basis of relationship to operating activities of the segment as also amounts allocated on a reasonable basis. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

- b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other corporate assets and liabilities that cannot be allocated between the segment are disclosed as "Unallocable".

c) Primary Segment Information - Business segment:

(Rs. in Million)

| Particulars                                                                                                           | 6 months of the current financial year ended June 30, 2015<br>(Reviewed) | Corresponding 6 months of the previous financial year ended December 31, 2013<br>(Reviewed) | 18 months period of the previous financial year ended December 31, 2014<br>(Audited) |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| i) Segment revenue                                                                                                    |                                                                          |                                                                                             |                                                                                      |
| a) Consumer electronics and home appliances                                                                           | 57,363.80                                                                | 56,411.20                                                                                   | 170,461.67                                                                           |
| b) Crude Oil and Natural Gas                                                                                          | 4,644.44                                                                 | 7,610.19                                                                                    | 18,985.90                                                                            |
| c) Power                                                                                                              | 84.22                                                                    | 69.09                                                                                       | 228.46                                                                               |
| Total                                                                                                                 | 62,092.46                                                                | 64,090.48                                                                                   | 189,676.03                                                                           |
| Less: Inter segment revenue                                                                                           | -                                                                        | -                                                                                           | -                                                                                    |
| Net Sales/Income from operations                                                                                      | 62,092.46                                                                | 64,090.48                                                                                   | 189,676.03                                                                           |
| ii) Segment results<br>[Profit before tax and Interest from each segment]                                             |                                                                          |                                                                                             |                                                                                      |
| a) Consumer electronics and home appliances                                                                           | 7,354.40                                                                 | 6,036.09                                                                                    | 19,345.84                                                                            |
| b) Crude Oil and Natural Gas                                                                                          | 736.82                                                                   | 2,433.76                                                                                    | 4,409.68                                                                             |
| c) Power                                                                                                              | 47.13                                                                    | 34.31                                                                                       | 120.99                                                                               |
| Total                                                                                                                 | 8,138.35                                                                 | 8,504.16                                                                                    | 23,876.51                                                                            |
| Less:                                                                                                                 |                                                                          |                                                                                             |                                                                                      |
| a) Finance costs                                                                                                      | 11,820.72                                                                | 11,788.02                                                                                   | 35,188.96                                                                            |
| b) Other unallocable expenditure net of unallocable income (income)                                                   | (3,952.78)                                                               | (3,764.29)                                                                                  | (11,358.40)                                                                          |
| Total profit before tax                                                                                               | 270.41                                                                   | 480.43                                                                                      | 45.95                                                                                |
| iii) Capital employed<br>[Segment Assets Less Segment Liabilities]<br>[Based on estimates in terms of available data] |                                                                          |                                                                                             |                                                                                      |
| a) Consumer electronics and home appliances                                                                           | 67,783.78                                                                | 67,849.61                                                                                   | 67,693.94                                                                            |
| b) Crude Oil and Natural Gas                                                                                          | 3,885.69                                                                 | 4,014.78                                                                                    | 3,882.09                                                                             |
| c) Power                                                                                                              | 5,441.62                                                                 | 5,528.13                                                                                    | 5,433.56                                                                             |
| Total capital employed in segments                                                                                    | 77,111.09                                                                | 77,392.52                                                                                   | 77,009.59                                                                            |
| Unallocable corporate assets less corporate liabilities                                                               | 26,724.88                                                                | 24,014.92                                                                                   | 26,615.91                                                                            |
| Total capital employed                                                                                                | 103,835.97                                                               | 101,407.44                                                                                  | 103,625.50                                                                           |

10. The following step-down subsidiaries were acquired / incorporated by the Company during the period: a) Videocon International Cööperatie U.A., b) Videocon Brazil Ventures B.V., and c) Videocon Hydrocarbon Ventures B.V.

11. Previous period figures have been reclassified, restated, recasted to conform to the classification of the current period.

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As per our report of even date

**For KHANDLWAL JAIN & CO.**  
*Chartered Accountants*

**BHUPENDRA Y. KARKHANIS**  
*Partner*  
Membership No. 108336

Place: Mumbai

Date : August 14, 2015

**For KADAM & CO.**  
*Chartered Accountants*

**U. S. KADAM**  
*Partner*  
Membership No. 31055

For and on behalf of the Board

**V. N. DHOOT**  
*Chairman and Managing Director*

**R. S. AGARWAL**  
*Director*

**VINOD KUMAR BOHRA**  
*Company secretary*

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To,  
The Board of Directors of  
**VIDEOCON INDUSTRIES LIMITED**

Dear Sir(s)

1. We have reviewed the accompanying statement of Unaudited Financial Results of **VIDEOCON INDUSTRIES LIMITED** (the "Company" ) for the Quarter ended 30<sup>th</sup> September, 2015, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have neither been reviewed nor been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/Committee of the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *As mentioned in Note No. 2 to the standalone unaudited financial results, the Company has up to 30<sup>th</sup> September, 2015, directly and through its subsidiaries, made investments of Rs. 7,150.20 Crore and also given advances to Videocon Telecommunications Limited (VTL), the subsidiary. The licenses awarded by the Department of Telecommunications (DoT) to VTL to provide Unified Access Services (UAS) in 21 circles in India w.e.f. 25th January, 2008, were quashed by the Hon'ble Supreme Court of India, vide its order and judgment dated 2nd February, 2012. Subsequently, VTL participated in the auction conducted by DoT and has been awarded the Unified Licenses (Access Services) for 6 circles with effect from 16<sup>th</sup> February, 2013, which are valid for a period of 20 years. VTL has also been allotted spectrum in these 6 circles. VTL is continuing its commercial operations.*

*VTL has been continuously incurring losses and has huge accumulated losses as at 30<sup>th</sup> September, 2015. The ability of VTL to continue as a going concern is substantially dependent on its ability to fund its operating and capital expenditure requirements. The management is confident of mobilizing the necessary resources for continuing the operations of VTL as per the business plan.*

*However, in view of the huge accumulated losses of the VTL, we are unable to express an opinion on the extent of realisability of aforesaid investments in and advances to VTL. The consequential effect of the above, on the standalone financial results for the quarter and period ended 30<sup>th</sup> September, 2015 is not ascertainable.*

4. Based on our review conducted as above, *except for the possible effect of the matter described in paragraph 3 above, the impact of which on the results of the Company is unascertainable*, nothing further has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges including the manner in which is to be disclosed, or that it contains any material misstatement.

**For KADAM & CO.**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No.: 104524W

**U. S. KADAM**  
**PARTNER**  
Membership No.: 31055

Place: Mumbai  
Date: 14<sup>th</sup> November, 2015

**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS  
FOR THE QUARTER ENDED 30TH SEPTEMBER, 2015**

| PART I                                                                                                  |                 |                 |                 |                   |                 | [Rs. in Crore]   |
|---------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-------------------|-----------------|------------------|
| Particulars                                                                                             | Quarter ended   |                 |                 | Nine months ended |                 | 18 Months ended  |
|                                                                                                         | 30.09.2015      | 30.06.2015      | 30.09.2014      | 30.09.2015        | 30.09.2014      | 31.12.2014       |
|                                                                                                         | Unaudited       | Unaudited       | Unaudited       | Unaudited         | Unaudited       | Audited          |
| <b>1. Income from operations</b>                                                                        |                 |                 |                 |                   |                 |                  |
| a) Net sales/income from operations (net of excise duty)                                                | 3,110.63        | 3,113.00        | 3,187.31        | 9,302.90          | 9,385.61        | 18,904.35        |
| b) Other operating income                                                                               | 7.26            | 6.10            | 11.29           | 24.23             | 35.11           | 63.25            |
| <b>Total income from operations (net)</b>                                                               | <b>3,117.89</b> | <b>3,119.10</b> | <b>3,198.60</b> | <b>9,327.13</b>   | <b>9,420.72</b> | <b>18,967.60</b> |
| <b>2. Expenses</b>                                                                                      |                 |                 |                 |                   |                 |                  |
| a) Cost of materials consumed                                                                           | 1,005.29        | 986.30          | 1,016.86        | 2,974.50          | 3,006.98        | 6,055.01         |
| b) Purchases of stock-in-trade                                                                          | 998.25          | 982.92          | 1,004.43        | 2,959.80          | 2,983.11        | 5,962.13         |
| c) Changes in inventories of finished goods, work-in-progress and stock-in-trade                        | (4.87)          | 1.91            | (17.74)         | (5.34)            | (99.19)         | (103.58)         |
| d) Employee benefits expense                                                                            | 70.08           | 70.49           | 73.16           | 214.26            | 215.93          | 436.17           |
| e) Depreciation and amortisation expense                                                                | 185.36          | 180.07          | 180.58          | 524.65            | 554.64          | 985.81           |
| f) Other expenses                                                                                       | 437.14          | 483.24          | 563.21          | 1,427.61          | 1,640.35        | 3,273.71         |
| <b>Total expenses</b>                                                                                   | <b>2,691.25</b> | <b>2,704.93</b> | <b>2,820.50</b> | <b>8,095.48</b>   | <b>8,301.82</b> | <b>16,609.25</b> |
| <b>3. Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)</b>  | <b>426.64</b>   | <b>414.17</b>   | <b>378.10</b>   | <b>1,231.65</b>   | <b>1,118.90</b> | <b>2,358.35</b>  |
| <b>4. Other income</b>                                                                                  | <b>173.81</b>   | <b>190.63</b>   | <b>209.26</b>   | <b>577.91</b>     | <b>565.10</b>   | <b>1,165.14</b>  |
| <b>5. Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>       | <b>600.45</b>   | <b>604.80</b>   | <b>587.36</b>   | <b>1,809.56</b>   | <b>1,684.00</b> | <b>3,523.49</b>  |
| <b>6. Finance costs</b>                                                                                 | <b>589.13</b>   | <b>590.72</b>   | <b>585.67</b>   | <b>1,771.20</b>   | <b>1,750.12</b> | <b>3,518.90</b>  |
| <b>7. Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b> | <b>11.32</b>    | <b>14.08</b>    | <b>1.69</b>     | <b>38.36</b>      | <b>(66.12)</b>  | <b>4.59</b>      |
| <b>8. Exceptional items</b>                                                                             | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>          | <b>-</b>        | <b>-</b>         |
| <b>9. Profit/(Loss) from ordinary activities before tax (7+8)</b>                                       | <b>11.32</b>    | <b>14.08</b>    | <b>1.69</b>     | <b>38.36</b>      | <b>(66.12)</b>  | <b>4.59</b>      |
| <b>10. Tax expense</b>                                                                                  | <b>3.75</b>     | <b>3.49</b>     | <b>0.35</b>     | <b>9.74</b>       | <b>(12.74)</b>  | <b>1.55</b>      |
| <b>11. Net Profit/(Loss) from ordinary activities after tax (9-10)</b>                                  | <b>7.57</b>     | <b>10.59</b>    | <b>1.34</b>     | <b>28.62</b>      | <b>(53.38)</b>  | <b>3.04</b>      |
| <b>12. Extraordinary items (net of tax expenses)</b>                                                    | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>          | <b>-</b>        | <b>-</b>         |
| <b>13. Net Profit/(Loss) for the period (11-12)</b>                                                     | <b>7.57</b>     | <b>10.59</b>    | <b>1.34</b>     | <b>28.62</b>      | <b>(53.38)</b>  | <b>3.04</b>      |
| <b>14. Paid-up equity share capital (FV Rs.10/- per share)</b>                                          | <b>334.46</b>   | <b>334.46</b>   | <b>318.76</b>   | <b>334.46</b>     | <b>318.76</b>   | <b>334.46</b>    |
| <b>15. Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year</b>     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>          | <b>-</b>        | <b>10,028.09</b> |
| <b>16.i. Earnings per share (before extraordinary items) (of Rs. 10/- each) (not annualised)</b>        |                 |                 |                 |                   |                 |                  |
| a) Basic                                                                                                | 0.23            | 0.32            | 0.04            | 0.86              | (1.67)          | 0.08             |
| b) Diluted                                                                                              | 0.23            | 0.32            | 0.04            | 0.86              | (1.67)          | 0.08             |
| <b>16.ii. Earnings per share (after extraordinary items) (of Rs. 10/- each) (not annualised)</b>        |                 |                 |                 |                   |                 |                  |
| a) Basic                                                                                                | 0.23            | 0.32            | 0.04            | 0.86              | (1.67)          | 0.08             |
| b) Diluted                                                                                              | 0.23            | 0.32            | 0.04            | 0.86              | (1.67)          | 0.08             |

| PART II - Select Information for the Quarter Ended 30th September, 2015                  |               |             |             |                   |             |                 |
|------------------------------------------------------------------------------------------|---------------|-------------|-------------|-------------------|-------------|-----------------|
| Particulars                                                                              | Quarter ended |             |             | Nine months ended |             | 18 Months ended |
|                                                                                          | 30.09.2015    | 30.06.2015  | 30.09.2014  | 30.09.2015        | 30.09.2014  | 31.12.2014      |
|                                                                                          | Unaudited     | Unaudited   | Unaudited   | Unaudited         | Unaudited   | Audited         |
| <b>A. PARTICULARS OF SHAREHOLDING</b>                                                    |               |             |             |                   |             |                 |
| 1. Public shareholding<br>[including Global Depository Receipts (GDR's)]                 |               |             |             |                   |             |                 |
| - Number of equity shares                                                                | 115,070,461   | 115,070,461 | 99,370,461  | 115,070,461       | 99,370,461  | 115,070,461     |
| - Percentage of equity shareholding                                                      | 34.40%        | 34.40%      | 31.18%      | 34.40%            | 31.18%      | 34.40%          |
| 2. Promoters and Promoter Group shareholding                                             |               |             |             |                   |             |                 |
| a) Pledged/Encumbered                                                                    |               |             |             |                   |             |                 |
| - Number of shares                                                                       | 217,278,287   | 182,275,460 | 152,918,960 | 217,278,287       | 152,918,960 | 153,837,091     |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 99.04%        | 83.08%      | 69.70%      | 99.04%            | 69.70%      | 70.12%          |
| - Percentage of shares (as a % of the total share capital of the Company)                | 64.96%        | 54.50%      | 47.97%      | 64.96%            | 47.97%      | 46.00%          |
| b) Non-encumbered                                                                        |               |             |             |                   |             |                 |
| - Number of shares                                                                       | 2,110,127     | 37,112,954  | 66,469,454  | 2,110,127         | 66,469,454  | 65,551,323      |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 0.96%         | 16.92%      | 30.30%      | 0.96%             | 30.30%      | 29.88%          |
| - Percentage of shares (as a % of the total share capital of the Company)                | 0.63%         | 11.10%      | 20.85%      | 0.63%             | 20.85%      | 19.60%          |

| Particulars                                    | Quarter ended 30.09.2015 |
|------------------------------------------------|--------------------------|
| <b>B INVESTOR COMPLAINTS</b>                   |                          |
| Pending at the beginning of the quarter        | 2                        |
| Received during the quarter                    | 283                      |
| Disposed off during the quarter                | 281                      |
| Remaining unresolved at the end of the quarter | 4                        |

**Notes:**

- The Statutory Auditors have carried out limited review of the above results and the same have been reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on 14th November, 2015.
- In respect of Auditors' qualifications in the review report for the quarter ended 30th September, 2015, regarding the extent of realisability of the investments made in and the advances given to Videocon Telecommunications Limited (VTL), the subsidiary, the explanation of management is as under:  
  

The Company has, directly and through its subsidiaries, made investments of Rs. 7,150.20 Crore and has also given advances to Videocon Telecommunications Limited (VTL), the subsidiary. The licenses awarded by the Department of Telecommunications (DoT) to VTL to provide Unified Access Services (UAS) in 21 circles in India w.e.f. 25th January, 2008, were quashed by the Hon'ble Supreme Court of India, vide its order and judgment dated 2nd February, 2012. Subsequently, VTL participated in the auction conducted by DoT and has been awarded the Unified Licenses (Access Services) for 6 circles with effect from 16th February, 2013, which are valid for a period of 20 years. VTL has also been allotted spectrum in these 6 circles. VTL is continuing its commercial operations.

Though VTL has huge accumulated losses, its network is positive, the management is confident of mobilizing necessary resources for continuing operations of VTL as per the business plan. VTL is continuing its commercial operations. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments and advances to VTL.
- Tax expense for the quarter and period ended represents provision for current tax, MAT credit entitlement, deferred tax and excess/short provision of income tax for earlier years.
- The figures have been regrouped/reclassified wherever necessary to make them comparable.

5. Segment-wise details of Revenue, Results and Capital Employed:

[Rs. in Crore]

| Particulars                                                         | Quarter ended |            |            | Nine months ended |            | 18 Months ended |
|---------------------------------------------------------------------|---------------|------------|------------|-------------------|------------|-----------------|
|                                                                     | 30.09.2015    | 30.06.2015 | 30.09.2014 | 30.09.2015        | 30.09.2014 | 31.12.2014      |
|                                                                     | Unaudited     | Unaudited  | Unaudited  | Unaudited         | Unaudited  | Audited         |
| i) Segment revenue                                                  |               |            |            |                   |            |                 |
| a) Consumer electronics and home appliances                         | 2,930.01      | 2,885.08   | 2,891.65   | 8,666.39          | 8,516.08   | 17,046.16       |
| b) Crude oil and natural gas                                        | 184.35        | 230.03     | 303.62     | 648.79            | 892.91     | 1,898.59        |
| c) Power                                                            | 3.53          | 3.99       | 3.33       | 11.95             | 11.73      | 22.85           |
| Total                                                               | 3,117.89      | 3,119.10   | 3,198.60   | 9,327.13          | 9,420.72   | 18,967.60       |
| Less: Inter segment revenue                                         | -             | -          | -          | -                 | -          | -               |
| Net sales/income from operations                                    | 3,117.89      | 3,119.10   | 3,198.60   | 9,327.13          | 9,420.72   | 18,967.60       |
| ii) Segment results                                                 |               |            |            |                   |            |                 |
| [Profit before tax and finance costs from each segment]             |               |            |            |                   |            |                 |
| a) Consumer electronics and home appliances                         | 377.94        | 370.31     | 345.32     | 1,113.38          | 962.69     | 1,934.58        |
| b) Crude oil and natural gas                                        | 50.51         | 47.67      | 33.11      | 124.19            | 158.56     | 440.97          |
| c) Power                                                            | 1.76          | 1.97       | 1.47       | 6.47              | 6.36       | 12.10           |
| Total                                                               | 430.21        | 419.95     | 379.90     | 1,244.04          | 1,127.61   | 2,387.65        |
| Less:                                                               |               |            |            |                   |            |                 |
| a) Finance costs                                                    | 589.13        | 590.72     | 585.67     | 1,771.20          | 1,750.12   | 3,518.90        |
| b) Other unallocable expenditure net of unallocable income (income) | (170.24)      | (184.85)   | (207.46)   | (565.52)          | (556.39)   | (1,135.84)      |
| Total profit before tax                                             | 11.32         | 14.08      | 1.69       | 38.36             | (66.12)    | 4.59            |
| iii) Capital employed                                               |               |            |            |                   |            |                 |
| [Segment assets less segment liabilities]                           |               |            |            |                   |            |                 |
| [Based on estimates in terms of available data]                     |               |            |            |                   |            |                 |
| a) Consumer electronics and home appliances                         | 6,780.52      | 6,778.38   | 6,744.08   | 6,780.52          | 6,744.08   | 6,769.39        |
| b) Crude oil and natural gas                                        | 389.94        | 388.57     | 399.36     | 389.94            | 399.36     | 388.21          |
| c) Power                                                            | 544.39        | 544.16     | 541.77     | 544.39            | 541.77     | 543.36          |
| Total capital employed in segments                                  | 7,714.85      | 7,711.11   | 7,685.21   | 7,714.85          | 7,685.21   | 7,700.96        |
| Unallocable corporate assets less corporate liabilities             | 2,676.32      | 2,672.49   | 2,401.90   | 2,676.32          | 2,401.90   | 2,661.59        |
| Total capital employed                                              | 10,391.17     | 10,383.60  | 10,087.11  | 10,391.17         | 10,087.11  | 10,362.55       |

Notes:

- Segments have been identified in accordance with the Accounting Standard (AS) -17 "Segment Reporting", considering the organization structure and the return/risk profiles of the business.
- Segment revenue includes sales and other income directly identifiable and allocable to the segment.
- Other unallocable expenditure includes expenses incurred on common services provided to segments and corporate expenses. Unallocable income mainly includes income from investments and divestment income.

For and on behalf of the Board of  
**VIDEOCON INDUSTRIES LIMITED**

**V. N. DHOOT**  
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai  
Date: 14th November, 2015

## **THE COMPANY**

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