

REFERENCE INTERCONNECT OFFER FOR CARRIAGE OF CHANNELS

This Agreement is made at Mumbai on this ____ day of _____ month, 2012 by and between:

Home Systems Pvt Ltd., a Private Limited Firm, having its office at A-17, Gaurav Annex, RRT Road, Mulund West, Mumbai – 400 080, represented by its Managing Director & authorized signatory, Mr. Girish Kothari (hereinafter referred to as “HSPL”, which expression, unless repugnant to the context or otherwise, shall mean and include its successors in interest and permitted assigns);

AND

_____, a company incorporated under the Companies Act 1956, having its registered office at _____ represented by its authorized signatory, Mr. _____ (hereinafter referred to as “Broadcaster”, which expression, unless repugnant to the context or otherwise, shall mean and include its successors in interest and permitted assigns).

WHEREAS:

A. HSPL is engaged in the business of providing Cable TV Services in DAS Areas and HSPL owns and operates Cable Television Networks in DAS Areas for providing such Cable TV Services.

B. The Broadcaster owns and operates various satellite television channels, which *are specified/ included* in Annexure 2.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, constituting good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Definitions:

As specified in latest Cable Television *Network* (Regulation) Act 1995 (As amended) and TRAI notifications

Terms and Conditions :

2. Carriage Fees and other costs

The Broadcaster hereby requests the HSPL to carry its TV channel/s (which are specifically described in **Annexure 2** annexed hereto) and pursuant to the request made by the Broadcaster, the HSPL has agreed to carry *those* TV channel(s) of the Broadcaster and provide access to the subscribers in its area who choose them and are connected to the cable television network(s) owned/ operated by HSPL and its Associates, Alliance Partners and / or Franchisees in general and more particularly as mentioned in **Annexure 1**. In consideration for the HSPL agreeing to provide access to the HSPL's network, the Broadcaster shall pay to the HSPL a Carriage Fee as follows:

- 2.1 Broadcaster will provide either a professional IRD **OR** pay to HSPL Rs. 200,000.00 (Rupees Two Lakhs only) in lieu thereof to enable HSPL to buy a suitable Professional IRD of its choice.
- 2.2 Carriage Fee: A Monthly Fee of Rs. 100000.00 (Rupees one Lakh) per program Service/ TV Channel per month shall be paid in advance to HSPL This will be contributing to partially meet the Capital expenses incurred by the HSPL on the Equipment and the Network.
- 2.3 A recurring Charge of Re.1.00 (Rupee one) per month per STB shall be payable to partially contribute to the OAM (Operation, Administration and Maintenance) costs of HSPL.
- 2.4 All applicable Taxes on the amounts payable on items 2.1 to 2.3 above if any.

The basis for determining the carriage fee is to partially and minimally defray the costs incurred by HSPL to set up and operate a Digital Addressable Cable TV Network. The very minimal amount indicated above shall in no way meet the expenses but just a small token contribution towards the costs that the HSPL has incurred. The description of items of CAPEX and OPEX are mentioned briefly in **Annexure 3**.

The broadcaster recognises that by reason of the aforesaid capital and operative costs the price of a Set Top Box ("STB") at the rates proposed to be offered by the HSPL to the subscriber will yield a negative return to the HSPL. The Broadcaster

recognises and agrees that in order that the HSPL retain its vast subscriber base and in order to make the STB available to the subscriber at competitive/subsidised rates the broadcaster is offering to pay the above mentioned Carriage Fee to access the Digital Addressable Cable television Network of the HSPL.

3. Payment and other terms

3.1 The Carriage fee Components as described in clause 2.1 above shall be paid in full in case the specified Professional *IRD* is not made available by the Broadcaster; at the time of signing the Contract or within 3 days if mutually agreed.

3.2 The Carriage fee Component as described in clause 2.1 & 2.3 above (Rupees one Lakh per program Service/ TV Channel per month and Re. 1.00 per STB per Month) shall be paid in advance, on or before the 10th day of the month in which it is due. E.g. the carriage fee for the aforesaid item for the month of June 2012 shall be paid on 10th June 2012 based on the closing subscriber numbers of the previous month. Adjustments if necessary can be made if required.

The HSPL shall within 5 days from the start of a month, raise an invoice upon the Broadcaster based on which the Broadcaster shall make payment against the invoice raised. Even if the HSPL fails to raise their invoice within the time stipulated herein above, the Broadcaster shall still be liable and continue to be liable to pay the carriage fee for that particular month within the time period stipulated in **clause 3.2** above.

3.3 If the Payment of carriage fee is subject to any withholding of tax or TDS in accordance with the provisions of the Indian Income Tax Act 1961, the Broadcaster shall provide tax withholding certificates to the HSPL within such period as may be specified under the prevalent laws of India.

3.4 If the Broadcaster fails or neglects to make payment of the carriage fee with the time period stipulated in **clause 3.2** above, then the Broadcaster shall be liable to pay interest on the delayed payment at the rate of 18% per annum from the due date till the date of payment.

3.5 The HSPL shall carry the TV Channels of the Broadcaster without any editing, delays, interruptions, additions, deletions and alterations except as necessary in relation to the Electronic Program Guide (“EPG”) and related services.

3.6 The HSPL shall ensure that the quality of the signals of the Broadcaster’s TV channel/s conform to the prevailing norms and standards.

3.7 The Broadcaster shall provide its programming schedule at least 15 days advance for the purpose of insertion in Electronic Programming Guide (EPG).

3.8 The Broadcaster shall provide including but not limited to Professional IRD boxes of CISCO/Harmonic/Tandberg make. The IRD must have SD/HD–SDI as well as MPEG over IP output simultaneously. Cam Module, Smart Card, Remote and all other equipment which are proprietary in nature and related with reception of digital signals at installation premises indicated by HSPL. Nominal/ Typical Specs of The Professional IRD can be provided on request and/ or attached with the Agreement at the time of signing this Agreement

3.9 HSPL and the Broadcaster may agree through a separate Agreement for special promotions, packaging and bundling of services to sell/market the channel(s) on a la-carte basis and/or as part of any one or more of the packages of channels. Techno Commercial consideration is outside the scope of this Agreement.

3.10 Subscriptions to be paid by HSPL Subscriber for the Services rendered by HSPL and for the Content acquired, aggregated, Supplied including Live TV Channels, Time Shifted TV Program Service Channels or any other Multimedia (Audio Visual, Text, Data etc) provided by HSPL, shall be decided by HSPL in its sole discretion from time to time.

3.11 The Carriage Fees shall be payable, by way of Cheque/s or Demand Draft/s or Bankers Cheque/s in favour of "Home Systems Pvt Ltd.. " at its office.

3.12 Violation of applicable laws by the Broadcaster: In such an event MSO shall also have the right to demand the entire Carriage Fees for unexpired term/period.

4. Term

4.1 The Carriage agreement shall be valid for a period of ____ months effective from and including _____ [day, month, year] and shall be valid upto _____ [day, month & year].

4.2 At end of tenure of this agreement, the deal will be renewed automatically for a further period of one year unless specifically terminated by the Broadcaster in writing before 21 days of expiry of the first year and duly acknowledged by the MSO.

5. Termination

5.1 Termination on the happening of an event the agreement may be terminated by the HSPL or the Broadcaster prior to its expiry in the following circumstances:

- i. In the event of a material breach by either party of their obligations under the agreement by giving a prior notice of 15 days in writing to the defaulting party.
- ii. Non payment of carriage fees by the Broadcaster by the due date.
- iii. Bankruptcy, insolvency or the appointment of a Receiver or the appointment of a Liquidator over the assets of that party.
- iv. If the Broadcaster's licence to broadcast/ down linking license is revoked, cancelled, suspended or withdrawn.
- v. If the HSPL's registration under the prevailing laws is cancelled or revoked or suspended.

5.2 Termination at will: Notwithstanding all that is stated in **clause 5.1** above ,both the HSPL and the Broadcaster shall have the right to terminate the agreement at will by giving to the other party a prior notice of 60 days in writing of its intention to terminate the agreement.

6. FORCE MAJEURE

Neither Party shall be liable for any delay/inability to carry out any of the obligations under the Agreement resulting or caused by any reason due to any hardware breakdown, acts of God, riots, strikes, lock-out, war, enactments, statutes, ordinance, legislation, court orders, directions of any local or civic body or statutory authorities, or any catastrophes, such as fire, earthquakes, floods or famine or

incidents beyond the control of either Party. In the event any force majeure prevails for continuous for 30 (thirty) days, the affected Party shall forthwith send a notice to the other Party and upon receipt of the said notice, the Parties shall promptly consult and decide how to respond to such force majeure condition, including, without limitation whether to terminate this Agreement or waive such performance, based on the degree to which the force majeure condition shall have influenced the performance of this Agreement.

7. Jurisdiction

The agreement shall be governed by Indian law and the [Telecom Disputes Settlement and Appellate Tribunal \(TDSAT\)](#) shall have jurisdiction to try and entertain any dispute or differences between the parties arising out or in connection with or in any manner relating to the agreement. Area of jurisdiction / courts shall be Mumbai only.

8. Indemnification

Broadcaster indemnifies the HSPL from any violation of Programming Code, Advertising Code set by the statutory bodies, Intellectual Property of any third party which it might have violated during broadcast and carried over HSPL Network. HSPL shall also stand to be indemnified through this agreement for any defamation or other legal suits if ever filed against the Broadcaster for its act of omissions and commissions. Broadcaster will meet all its legal obligations and HSPL will not be asked to contribute in any way for its defence.

IN WITNESS WHEREOF, the Parties hereto have set and subscribed their respective hands to this writing on the day and year first above written.

MSO
For Home Systems Pvt Ltd.

BROADCASTER
For _____

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

ANNEXURE 1

Cable TV Network (HSPL Own/Partners/Associates/Franchisee) :

Sr. No.	City/Area

ANNEXURE 2

Channel List

Sr. No.	Channel Name	Genre	For the Period

ANNEXURE 3

Brief Description of Basis of Carriage Fee

The capacity of a Digital Cable TV Network, however large it may be shall always be limited and in most cases number of Program Services popularly known as TV Channels seeking transmission on the Network will always be more than the Capacity. A cable Operator therefore may not be able to accommodate every request coming from the Broadcaster. It has to cater to the needs, preferences and choice of the subscribers connected to its Network. TRAI has recommended a Limit of 500 channels where as the number of registered channels permitted by the Ministry of I&B are much more. As a cable operator cannot indulge in the Auction of his limited transmission capacity (Unlike the Govt. For the Spectrum) which he could HSPL has chosen to charge a very nominal token carriage Fee from the Broadcasters who would be greatly benefited by the premier viewership of HSPL Subscribers in the posh Localities of Mumbai where HSPL operates its Network.

The cost Components can be categorised in two broad categories:

- i. Capital cost
- ii. Operating cost

The HSPL has incurred the capital costs on the following Accounts:

- a. Setting up digital headend with the capacity to carry upto 500 channels which include additional Ancillaries such as UPS, Gensets, battery banks, High Precision Air-conditioning equipments and Fire prevention and control systems etc.
- b. Setting up a system for Conditional Access which includes the License fee, monitoring Solutions server and middleware additional costs, Third Party Servers etc.
- c. Subscriber management system which includes application server, database servers, enterprise servers etc. Subscriber Portals, Web Portals etc are also setup.
- d. Billing system which includes software license fees.
- e. Set top box subsidies is a major burden
- f. Additional optic fibre cable laid and leased to carry the enhanced capacity of 500 channels.

This capital expenditure is proposed to be amortised over 5 years which in fact may have to be done even earlier in view of the fast obsolescence of the Technology. Besides up grading, Scaling Up, replenishments may be needed much earlier than being foreseen now.

- ii. The HSPL shall incur the following recurring operational costs on a monthly basis.
 - a. Manpower requirements to supervise the distribution of Digital services
 - b. Cost for running and upkeep of the Head End including relating to the premises where the Head End is situated.
 - c. Interest costs on borrowing for the project.
 - d. Other service costs etc.

