

INCENTIVE SCHEMES OF DISNEY BROADCASTING (INDIA) LIMITED
FOR ADDRESSABLE PLATFORM OPERATORS

1. **Incentive Schemes:**

1.1. The Broadcaster is offering the following incentives to the Operators on the Bouquet Rates or A-la Carte Rates (as applicable) as set out in **Annexure – A** of the Agreement, subject to fulfillment of the terms and conditions (hereinafter '**Criteria**') set out below:

1.1.1. Incentive Scheme – I for Bouquet(s) subscribed by the Operator.

1.1.2. Incentive Scheme – II for A-la carte Channels subscribed by the Operator.

2. **Definitions:**

2.1. "**Add-on-Package(s)**" shall mean the additional television channels offered by the Operator to its Subscribers on a Package basis consisting of two (2) or more Pay Channels (defined below) of one (1) or more broadcasters, to the Subscribers of any Basic Entry Package (defined below) or Basic Service Tier (defined below) for additional subscription charges.

2.2. "**Agreement**" shall mean the interconnect agreement executed between the Broadcaster and the Operator.

2.3. "**Basic Entry Package(s)**" shall mean all such Packages of television channels offered by the Operator to its Subscribers, comprising of (i) a combination of FTA Channels (defined below) and one (1) or more Pay Channels of one (1) or more broadcasters; and/or (ii) a combination of one (1) or more Pay Channels of one (1) or more broadcasters. It is clarified that it shall not include any Add-on-Package.

2.4. "**Basic Service Tier**" shall mean a Package of television channels offered by the Operator to its Subscribers, comprising only of FTA Channels.

2.5. "**Channel Penetration**" shall mean the pay subscriber base of each of the Channel(s) out of the Network Pay Subscriber Base (defined below) of the Operator and is denoted in percentage (%).

2.6. "**Competing Channel(s)**" shall mean the channel(s) of other broadcasters which are of similar genre and language as each of the respective Channel(s).

2.7. "**Default Interest Rate**" shall mean interest applicable on late payment or short payment from the date the payment was due until the realization of full payment and such interest shall be computed at the rate of 2% (two percent) per month on the payment that is due.

2.8. "**FTA Channel(s)**" shall mean the channel(s) for which no subscription fee is paid by the cable operator to the broadcaster for its re-transmission on its cable network.

2.9. "**Incentivized A-la carte Rate**" shall mean the A-la carte Rate as set out in **Annexure A** of the Agreement, less any specified percentage(s) (hereinafter "**Incentive**"), as applied on A-la carte Rate as per this Incentive Scheme

2.10. "**Incentivized Bouquet Rate**" shall mean the Bouquet Rate as set out in **Annexure A** of the Agreement, less any specified percentage(s) as applied on the Bouquet Rate as per this Incentive Scheme.

2.11. "**LCN**" shall mean logical channel number of the Channel(s) within the specified genre and language as contained in the electronic program guide system of the Operator.

2.12. "**Monthly Subscription Fee**" shall have the meaning ascribed to it in the Agreement. However, in the event the Operator opts for this Incentive Schemes, then the Monthly Subscription Fee payable by the Operator shall be based on the Incentivized A-la-carte-Rate or the Incentivized Bouquet Rate, (as applicable).

- 2.13. “**Network Pay Subscriber Base**” shall mean total active pay subscriber base of the Operator.
- 2.14. “**Notice of Shortfall**” shall mean the notice issued by the Broadcaster to the Operator demanding the Shortfall Amount (defined below).
- 2.15. “**Operator**” shall mean registered addressable platform operators, including and limited to, DAS operators, DTH (direct-to-home) operators, HITS (head-end in the sky) operators and IPTV (internet protocol television) operators.
- 2.16. “**Pay Channel(s)**” shall mean the channel(s) for which subscription fee is paid by the Operator to the broadcaster for its re-transmission through its addressable system.
- 2.17. “**Shortfall Amount**” shall mean the additional subscription fee payable by the Operator to the Broadcaster on account of under-reported or misrepresented information in the Reports. The Shortfall Amount shall be computed by the Broadcaster on the basis of audit or inspection by the Broadcaster’s representative(s).

3. **Miscellaneous Terms:**

- 3.1. **Conversion from Pay Channel to FTA Channel or new Channel:** In the event of (i) conversion of a Pay Channel to FTA Channel; and/or or (ii) launch of any new Pay Channel by the Broadcaster, the Broadcaster reserves the right to modify the Incentive Schemes inclusive of such channels after giving notice as per applicable Law.
- 3.2. **Report(s):** In order to be eligible for the Incentive Schemes, the Operator shall provide the Broadcaster the Report(s) referred to in Clause 12 of the Agreement in the format set out in **Annexure – C** of the Agreement.
 - 3.2.1. In case the Operator fails to provide the applicable Report(s) within the prescribed period of 7 (seven) days, the Broadcaster shall have the right to raise an invoice on a without prejudice basis, on the Operator (such invoice amount shall not be more than the last invoice raised by the Broadcaster on the Operator and reconciliation shall be undertaken by the Parties once the applicable Report(s) is/are received from the Operator) and the Operator shall be under obligation to pay the Monthly Subscription Fee on the basis of such invoice. In the event the Operator is unable to provide the Report(s) for a consecutive period of 3 (three) months to the Broadcaster, then the Broadcaster shall be entitled to withdraw, in its entirety, the relevant Incentive Scheme for which the Report(s) has/have not been submitted by the Operator for the concerned months and the Operator shall be liable to pay the Monthly Subscription Fee at Bouquet Rates and A-la carte Rates (as applicable) as set out in **Annexure A**.
 - 3.2.2. Non-provision of Report(s) will not only entail withdrawal of the relevant Incentives for the concerned month, but shall also amount to breach of the terms of the Agreement and the consequences of breach of the terms of the Agreement shall follow accordingly.
- 3.3. **Audit:** The Broadcaster shall during the Audit referred to in Clause 13 of the Agreement, be entitled to access the records, SMS, CAS and related systems of the Operator in order to determine the correctness of the Report(s). In the event an audit or inspection by the Broadcaster’s representative(s) reveals that the Operator has under-reported or has misrepresented the information contained in the Report(s) or any item having a bearing on the computation of the Incentives that the Operator is entitled to avail and the subscription fee payable by the Operator, the Broadcaster shall provide the Operator with Notice of Shortfall setting out the Shortfall Amount payable by the Operator to the Broadcaster. Upon receipt of the Notice of Shortfall, the Operator shall immediately, and in any event no later than seven (7) calendar days from the date of receiving such Notice of Shortfall, pay the Shortfall Amount together with interest at the Default Interest Rate for the period from the date when the payments should have been paid by the Operator until the actual date of payment.
- 3.4. **Capitalized Terms:** For the purposes of these Incentive Schemes, the capitalized terms shall have the meanings ascribed to them in Section 2 (Definitions), unless otherwise expressly stated in any provision of the Agreement.

INCENTIVE SCHEME - I

1. Eligibility requirements for this Incentive Scheme:

- 1.1. In order to be eligible for this Incentive Scheme, it is mandatory for the Operator to carry the subscribed Bouquet(s) on its Platform throughout the Authorized Areas during the Term of the Agreement without any interruption and on 24 x 7 x 365(6) basis. The Operator shall ensure that all Channels forming part of the Bouquet(s) are included by the Operator in one or more Package(s) offered by the Operator to its Subscribers.
- 1.2. The Criteria under the Incentive Scheme shall be applied only in the manner specified below:

Percentage Channel Penetration Incentive (under Criteria No. 1) (if availed of) + percentage Channel Parity Incentive (under Criteria No. 2) (if availed of) + percentage Network Pay Subscriber Base Incentive (under Criteria No. 3) + percentage LCN Rank Incentive (under Criteria No. 4) (if availed of) = total percentage incentive to be applied on Bouquet Rate.
- 1.3. The Operator shall have to submit the following in writing on or prior to the execution of the Agreement:
- 1.3.1. the latest Subscriber Report of the Channels forming part of the Bouquet(s);
- 1.3.2. the LCN Rank Report of the Channels forming part of the Bouquet(s);
- 1.3.3. Network Pay Subscriber Base Report of the Operator; and
- 1.3.4. Package in which the Channels of the Bouquet(s) are offered by the Operator to its Subscribers.

2. **Criteria for the Incentives:**

Criteria No. 1

Channel Penetration Incentive shall mean the Incentive based on minimum penetration of the Channels forming part of the Bouquet(s) subscribed by the Operator for its Platform. The Channel Penetration Incentive is set out below:

Number of Channels in the Bouquet	% Channel Penetration	% Channel Penetration Incentive
3 or more Channels in the Bouquet inclusive of bindass, UTV Movies and UTV Action	90 or above	25

Criteria No. 2

Channel Parity Incentive shall mean the Incentive based on the placement of Channels in parity with the respective Competing Channels as set out below. For abundant clarity, if the Operator desires to avail the Channel Parity Incentive, the Operator shall ensure that each Channel shall be treated in a non-discriminatory manner with the below mentioned Competing Channels and shall be included in each Package wherever such Competing Channel(s) are present.

Channels forming part of Bouquet	“Competing Channels”
Bindass	Star Plus, Life Ok, Channel V, Zee TV, Colors, Sony, SAB TV, &TV, Epic, Sahara One, Sony Pal, Zindagi and other similar channels
UTV Movies	Star Gold, Movies OK, Zee Cinema, Sony MAX, Sony MAX 2, &Pictures, Zee Classic, Zee Action, Filmy and other similar channels
UTV Action	Star Gold, Movies OK, Zee Cinema, Sony MAX, Sony MAX 2, & Pictures, Zee Classic, Zee Action, Filmy and other similar channels
Disney Channel	Nick, Cartoon Network, Nickelodeon Sonic, Pogo and other similar channels
Disney XD	Nick, Cartoon Network, Nickelodeon Sonic, Pogo, Toonami, Discovery Kids and other similar channels

Hungama TV	Nick, Cartoon Network, Nickelodeon Sonic Pogo, Toonami, Discovery Kids and other similar channels
Disney Junior	Nick Junior, Baby TV and other similar channels

The Channel Parity Incentive is set out below:

Number of Channels in the Bouquet	% Channel Parity Incentive
All 7 (seven) Channels are placed in parity with Competing Channels set out above.	31.5
Any 6 (six) Channels from the Bouquet are placed in parity with Competing Channels set out above.	20

Criteria No. 3

Network Pay Subscriber Base Incentive shall mean the Incentive based on the Operator's Network Pay Subscriber Base. If the Operator desires to avail Network Pay Subscriber Base Incentive on the Bouquet subscribed by the Operator, the Operator shall have to ensure that the Operator has the Network Pay Subscriber Base as set out below:

Network Pay Subscriber Base of the Operator	% Network Pay Subscriber Base Incentive
4,000,000 or above	10
2,000,000 to 3,999,999	8
750,000 to 1,999,999	6
200,000 to 749,999	4
Less or equal to 199,999	2

Criteria No. 4

LCN Rank Incentive shall mean the Incentive based on the LCN rank of the Channels, within the specified genre and language where such Channel is placed, as set out in the table below:

To be eligible for the LCN Rank Incentive, the Operator shall have to ensure the following:

- Disney Channel is placed at LCN Rank as per Option A or B specified below; and
- Any other 5 (five) Channels of the Bouquet are placed at LCN Ranks as per Option A or B specified below.

(a) and (b) set out above shall be collectively referred to as "LCN Group".

Channels forming part of the Bouquet	Genre	Option A LCN Rank	Option B LCN Rank
Bindass	General Entertainment Channel (Hindi)	Top 10	Top 15
UTV Movies	Hindi Movies	Top 5	Top 6
UTV Action	Hindi Movies	Top 7	Top 9
Disney Channel	Kids	Top 1	Top 2
Disney XD	Kids	Top 5	Top 7
Hungama TV	Kids	Top 2	Top 3
Disney Junior	Kids	Top 8	Top 9

The LCN Rank Incentive is set out below:

LCN Ranks as per Option	% LCN Incentive
Option A	25
Option B	20

Provided however, in the event the Operator places any one (1) or more Channel(s) of the LCN Group in the LCN Ranks as per Option B, then in such an event the Incentive offered under Option B shall apply on the Bouquet Rate, irrespective that the Operator may have placed any other Channel(s) of the Bouquet in the LCN Ranks as per Option A.

For abundant clarity, in the event the Operator places all Channels in the LCN Group in LCN Ranks as per Option A, in such an event the Incentive offered in Option A shall apply on the Bouquet Rate, irrespective that any Channel other than the LCN Group may have been placed in the LCN Rank in Option B or otherwise.

Illustrations of LCN Rank Incentive:

Channels	LCN Ranks allotted to the Channels by the Operators		
	<i>Illustration 1</i>	<i>Illustration 2</i>	<i>Illustration 3</i>
Bindass	LCN Rank 9	LCN Rank 9	LCN Rank 9
Hungama	LCN Rank 3	LCN Rank 2	LCN Rank 3
UTV Movies	LCN Rank 7	LCN Rank 7	LCN Rank 7
UTV Action	LCN Rank 9	LCN Rank 9	LCN Rank 7
Disney Channel	LCN Rank 4	LCN Rank 1	LCN Rank 1
Disney XD	LCN Rank 5	LCN Rank 5	LCN Rank 5
Disney Junior	LCN Rank 6	LCN Rank 6	LCN Rank 9
LCN Rank Incentive	Since, the LCN Rank allocated to Disney Channel does not meet the requirements set out in both Option A and B, the Operator does not fulfill the eligibility criteria for LCN Rank Discount.	Since Disney Channel meets the requirements set out in Option A and five (5) other Channels qualify for Option A, the Operator shall be entitled to LCN Rank Incentive under Option A i.e. 25% (twenty five percent).	Although Disney Channel meets the requirements set out in Option A however, only five (5) Channels (including Disney Channel) qualify for Option A and two (2) Channels qualify under Option B, hence Operator shall be entitled to LCN Rank Incentive under Option B i.e. 20% (twenty percent), since less than 6 (six) Channels qualify for Option A.

INCENTIVE SCHEME - II

1. Eligibility requirements for this Incentive Scheme:

- 1.1. In order to be eligible for this Incentive Scheme, the Operator will be required carry any three (3) Channels and such subscribed three (3) Channels are required to be made available to 85% (eighty five percent) and above of the Network Pay Subscriber Base of the Operator.
- 1.2. The Criteria under the Incentive Scheme shall be applied only in the manner specified below:
 - 1.2.1. Channel Penetration Incentive (under Criteria No. 1) shall be applied first to the A-la carte Rate of the Channel;
 - 1.2.2. LCN Rank Incentive (under Criteria No. 2) shall be applied after Channel Penetration Incentive under Criteria 1 has been applied to the A-la carte Rate of the Channel;
 - 1.2.3. Channel Count Incentive (under Criteria No. 3) shall be applied after Channel Penetration Incentive and LCN Rank Incentive under Criteria No. 1 and 2 have been applied respectively to the A-la carte Rate of the Channel; and
 - 1.2.4. Network Pay Subscriber Base Incentive (under Criteria No. 4) shall be applied after Channel Penetration Incentive, LCN Rank Incentive and Channel Count Incentive under Criteria No. 1, 2 and 3 (if availed of) respectively to the A-la carte Rate of the Channel.
- 1.3. The Operator shall have to submit the following in writing on or prior to the execution of the Agreement:
 - 1.3.1. the latest Subscriber Report of the Subscribed Channels;
 - 1.3.2. the LCN Rank Report of the Subscribed Channels;
 - 1.3.3. Network Pay Subscriber Base Report of the Operator; and
 - 1.3.4. Package in which the Subscribed Channels are offered by the Operator to its Subscribers.

2. Criteria for the Incentives:

Criteria No. 1

Channel Penetration Incentive shall mean the Incentive based on minimum penetration of the Channels, as set out below:

% Channel Penetration	% Channel Penetration Incentive
More than 90%	53
71% to 90%	50
51% to 70%	45

Criteria No. 2

LCN Rank Incentive shall mean the Incentive based on the LCN rank of the Channel(s) within the specified genre and language (calculated as below). If the Operator desires to avail LCN Rank Incentive on the A-la carte Rate of the Channels, the Operator shall have to ensure that the Channels are placed as per LCN Ranks (as set out below).

Subscribed Channels	Genre	Multiplier applicable on % Channel Penetration Incentive		
		1.5	1.3	1.1
		LCN Rank		
bindass	General Entertainment (Hindi)	Top 10	11 to 15	16 to 20

Disney International HD	General Entertainment (English)	Top 5	Top 8	Top 10
UTV Movies	Hindi Movies	Top 3	4 to 7	8 to 11
UTV Action	Hindi Movies	Top 3	4 to 8	9 to 10
Disney Channel	Kids	Top 1	Top 2	3 to 7
Hungama TV	Kids	Top 2	3 to 4	5 to 7
Disney XD	Kids	Top 4	5 to 7	8 and above
Disney Junior	Kids	Top 4	5 to 7	8 and above
UTV HD	Movies	Top 3	Top 5	Top 7

For abundant clarity, the LCN Rank Incentive shall be calculated as follows:

Step 1	Channel Penetration Incentive Value =	A-la carte Rate of Channel x % Channel Penetration Incentive
Step 2	% LCN Rank Incentive =	(% Channel Penetration Incentive x Multiplier applicable) less % Channel Penetration Incentive
Step 3	LCN Rank Incentive Value =	A-la carte Rate of Channel x % LCN Rank Incentive
Step 4	Incentivized A-la carte Rate of Channel after applying LCN Rank Incentive =	A-la carte Rate of Channel less Channel Penetration Incentive Value less LCN Rank Incentive Value

Illustration A:

If the Operator avails of LCN Rank Incentive (Multiplier 1.5) on Disney Channel with Channel Penetration Incentive being 53% ; and Disney Channel A-la carte Rate = INR 4/-.		
Step 1	Channel Penetration Incentive Value =	INR 4 x (53/100) = 2.12
Step 2	% LCN Rank Incentive =	[(53/100) x 1.5] – (53/100) = 26.5%
Step 3	LCN Rank Incentive Value =	INR 4 x (26.5/100) = INR 1.06/-
Step 4	Incentivized A-la carte Rate of Disney Channel after applying LCN Rank Incentive =	INR 4 – INR 2.12 – INR 1.06 = INR 0.82/-

Criteria No. 3

Channel Count Incentive: shall mean the Incentive based on the number of Channels subscribed by the Operator, as set out below:

Number of Channels	% Channel Count Incentive
8	32
7	20

For abundant clarity, **Channel Count Incentive** shall be calculated as follows:

Step 1	Channel Count Incentive Value =	% Channel Count Incentive x (Incentivized A-la carte Rate of Disney Channel after applying LCN Rank Incentive)
Step 2	Incentivized A-la carte Rate after applying Channel Count Incentive =	(Incentivized A-la carte Rate of Disney Channel after applying LCN Rank Incentive)) less Channel Count Incentive Value

Illustration B:

If the Operator has opted for 7 Channels, the Channel Count Incentive on Disney Channel after applying Incentive under Criteria No 1 and 2 shall be as follows:

Incentivized A-la carte Rate of Disney Channel after applying LCN Rank Incentive = INR 0.82

Step 1	Channel Count Incentive Value of Disney Channel =	$(32/100) \times \text{INR } 0.82 = \text{INR } 0.26/-$
Step 2	Incentivized A-la carte Rate after applying Channel Count Incentive =	$\text{INR } 0.82 - \text{INR } 0.26 = \text{INR } 0.56/-$

Criteria No. 4

Network Pay Subscriber Base Incentive shall mean the Incentive based on the total active pay subscriber base of the Operator serviced through the Operator's Platform. If the Operator desires to avail Network Pay Subscriber Base Incentive on the Channel(s) subscribed by the Operator, the Operator shall have to ensure that the Operator has the following subscriber base.

Network Pay Subscriber Base of the Operator	% Network Pay Subscriber Base Incentive
4,000,000 & above	55
2,000,000 to 3,999,999	50
750,000 to 1,999,999	25

For abundant clarity, **Network Pay Subscriber Base Incentive** shall be calculated as follows:

Step 1	Network Pay Subscriber Base Incentive Value =	% Network Pay Subscriber Base Incentive x (Incentivized A-la carte Rate after applying Channel Count Incentive)
Step 2	Incentivized A-la carte Rate after applying Network Pay Subscriber Base Incentive =	(Incentivized A-la carte Rate after applying Channel Count Incentive)) less Network Pay Subscriber Base Incentive Value

Illustration C:

If the Operator has 750,000 Network Pay Subscriber Base, the Network Pay Subscriber Base Incentive on Disney Channel after applying Incentives under Criteria No 1, 2 and 3 shall be as follows:		
Incentivized A-la carte Rate of Disney Channel after applying Channel Count Incentive = INR 0.56/-		
Step 1	Network Pay Subscriber Base Incentive Value on Disney Channel =	$(25/100) \times \text{INR } 0.56 = \text{INR } 0.14/-$
Step 2	Incentivized A-la carte Rate after applying Network Pay Subscriber Base Incentive =	$\text{INR } 0.56 - \text{INR } 0.14 = \text{INR } 0.42/-$

Illustration for calculation of Monthly Subscription Fee after applicable Incentives on the Bouquet Rate:

Channels forming part of the Bouquet	Genre	Bouquet Rate (INR)	Network Pay Subscriber Base of the Operator	Monthly Average Subscriber Level	Channel Penetration %	Channel Parity met (Yes/No)	LCN Rank
bindass	General Entertainment Channel (Hindi)	24	60,000	57,000	95	Yes	7
UTV Movies	Hindi Movies			57,000	95	Yes	5
UTV Action	Hindi Movies			57,000	95	Yes	6
Disney Channel	Kids			57,000	95	Yes	1
Disney XD	Kids			57,000	95	Yes	5
Hungama TV	Kids			57,000	95	Yes	2
Disney Junior	Kids			57,000	95	Yes	7

Bouquet Rate	% Channel Penetration Incentive	% Channel Parity Incentive	% Network Pay Subscriber Base Incentive	% LCN Rank Incentive	Incentivized Bouquet Rate
21.90	25	31.5	2	25	3.60

(Incentivized Bouquet Rate) x Monthly Average Subscriber Level = Monthly Subscription Fee (excluding applicable taxes)

Monthly Subscription Fee (excluding applicable taxes) for above illustration:
 (INR 3.60) x 57,000 = INR 205,200/-

Illustration for calculation of Monthly Subscription Fee after applicable Incentives on A-la carte Rates:

Channels	Genre	Network Pay Subscriber Base	Monthly Average Subscriber Level	Channel Penetration %	LCN Rank
bindass	General Entertainment Channel (Hindi)	60,000	57,000	95	7
Disney International HD	General Entertainment (English)		57000	95	5
UTV Movies	Hindi Movies		57,000	95	5
UTV Action	Hindi Movies		57,000	95	6
Disney Channel	Kids		57,000	95	1
Disney XD	Kids		57,000	95	4
Hungama TV	Kids		57,000	95	6
Disney Junior	Kids		57,000	95	7
UTV HD	Movies			57,000	95

Channels	A-la carte Rate (in INR)	% Channel Penetration Incentive	Incentivized A-la carte Rate	LCN Rank Multiplier	Incentivized A-la carte Rate	% Channel Count Incentive	Incentivized A-la carte Rate	% Network Pay Subscriber Base Incentive	Incentivized A-la carte Rate	Monthly Average Subscriber Level	*Monthly Subscription Fee (in INR)
bindass	4.20	53	1.97	1.5	0.86	32	0.58	Nil	0.58	57,000	33,060
UTV Movies	6.30	53	2.96	1.3	1.95	32	1.32	Nil	1.32	57,000	75,240
UTV Action	4.20	53	1.97	1.3	1.30	32	0.88	Nil	0.88	57,000	50,160
Disney Channel	4.00	53	1.88	1.5	0.82	32	0.55	Nil	0.55	57,000	31,350
Disney XD	4.00	53	1.88	1.5	0.82	32	0.55	Nil	0.55	57,000	31,350
Hungama TV	3.51	53	1.64	1.1	1.46	32	0.99	Nil	0.99	57,000	56,430
Disney Junior	5.60	53	2.63	1.3	1.74	32	1.18	Nil	1.18	57,000	67,260
Disney International HD	25	53	11.75	1.5	5.13	32	3.5	Nil	3.5	57000	199,500
UTV HD	15	53	7.05	1.5	3.078	32	2.1	Nil	2.1	57000	119700

(Incentivized A-la carte Rate) x Monthly Average Subscriber Base = *Monthly Subscription Fee per Channel
(excluding applicable taxes)