



EROS INTERNATIONAL MEDIA LIMITED
ANNUAL REPORT 2010-11

CONSISTENT
GROWTH
CONSISTENT
LEADERSHIP

WHO WE ARE?



Eros International Media Limited (Eros India) is a leading company in the Indian filmed entertainment industry which acquires and co-produces filmed entertainment content and distributes it across theatres, home entertainment, television and new media formats within India and internationally (through its ultimate parent company Eros International Plc).

Our objective is to continue to lead the development of the global Indian entertainment industry and enhance our position as an internationally renowned, major entertainment business which delivers superior returns.

Our core business involves sourcing content and distributing the same across formats:

	Theatrical distribution
	Television syndication
	Digital new media and ancillary licensing

Our ancillary business comprises:

	Animation and visual effects
	Music publishing

CONSISTENT GROWTH. CONSISTENT LEADERSHIP.

Indian cinema, has evolved significantly over the past three decades. This evolution manifests itself in the areas of content quality, globally benchmarked technical expertise, and in the portrayal of the finer nuances of the Indian life and society.

Eros India is both a catalyst and a beneficiary of this evolution, by virtue of its consistent leadership in Indian filmed entertainment.

We have created a vertically integrated business model, straddling content creation and distribution across multiple media formats, encompassing theatrical, digital, home entertainment and television syndication. Our expanding content library, diversified film portfolio, robust content distribution network and enduring relationships with industry talent and audiences have created a legacy of consistent growth and market leadership...

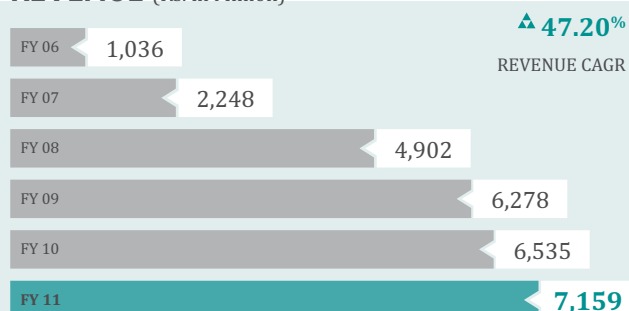
AND WIDENED THE GLOBAL PLATFORM FOR INDIAN CINEMA.

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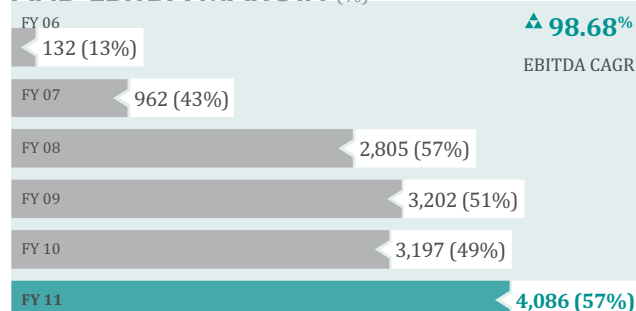
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GROWTH INDICATORS

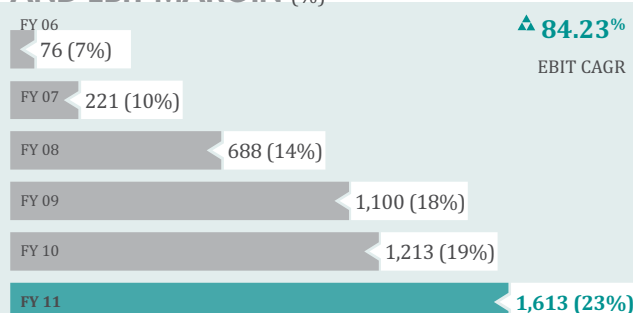
REVENUE (Rs. in Million)



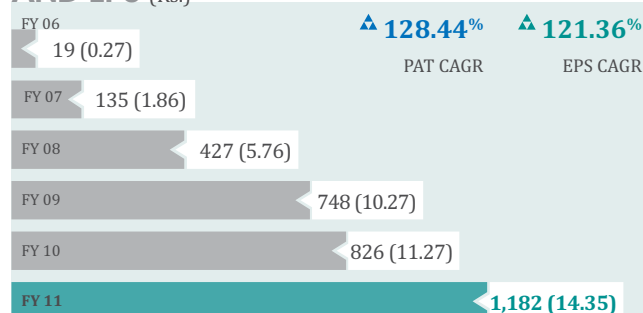
EBITDA (Rs. in Million) AND EBITDA MARGIN (%)



EBIT (Rs. in Million) AND EBIT MARGIN (%)



PAT (Rs. in Million) AND EPS (Rs.)



FINANCIAL HIGHLIGHTS

Revenue ↑ 9.6%	to Rs. 7,159 Million (2010: Rs. 6,535 Million)
EBITDA ↑ 27.8%	to Rs. 4,086 Million (2010: Rs. 3,197 Million)
EBIT ↑ 33.0%	to Rs. 1,613 Million (2010: Rs. 1,213 Million)
PAT ↑ 43.1%	to Rs. 1,182 Million (2010: Rs. 826 Million)
EPS (Diluted) ↑ 27.3%	to Rs. 14.35 (2010: Rs. 11.27)
Net Worth ↑ 182%	to Rs. 6,705 Million (2010: Rs. 2,375 Million)
Cash Flow from Operations (before Working Capital changes)	
↑ 28.6%	to Rs. 4,154 Million (2010: Rs. 3,229 Million)
Net Debt	Cash surplus of Rs. 996 Million (2010: Net Debt Rs. 1,006 Million)

OPERATIONAL HIGHLIGHTS

- Successful completion of IPO in October 2010, being subscribed 29.9 times through which the Company raised Rs. 3,500 Million.
- Released a total of 77 multilingual Indian films across Hindi, Tamil and other regional languages. Theatrical success of the portfolio of releases in the year notably Housefull, Golmaal 3, Endhiran and Dabangg. Five Eros films feature in the Top 10 box-office hits of the year published by Boxofficeindia.com for calendar year 2010.
- Revenue growth driven by underlying market growth, box-office success of some of our film slate coupled with strong television syndication.
- Clear visibility of revenues for television and music for next 2 years through pre-licensing underpinning the significant portion of slate cost and minimizing the overall risk profile.
- Content investment touched Rs. 5,365 Million vis-à-vis Rs. 2,620 Million last year, demonstrating a commitment to further growth and the largest slate visibility for FY 2011-12 and FY 2012-13.
- EyeQube, the VFX facility, is actively focusing on prominent Indian film projects including Shahrukh Khan starrer Ra.One and some prominent Hollywood projects.
- Successfully implemented the Digital Asset Management platform ('DAM'); we are the first in the domestic media industry to digitize the entire film library.

SUSTAINING LEADERSHIP



Sunil Lulla Vice-Chairman and Managing Director

Dear Shareholders,

It gives me great pleasure to warmly welcome all our public shareholders to Eros International Media Limited. I would also like to express my gratitude to all the investors for your confidence in the Company and your whole-hearted response to our IPO which was hugely oversubscribed. We assure you that we are committed to delivering strong business growth and creating outstanding value for all our stakeholders.

Eros International Media Limited has been built on a solid foundation and vision, leading it to capitalize on emerging opportunities in the Indian Media and Entertainment industry which is projected to grow at 14.30% CAGR till 2015. The highly under penetrated market provides a reassuring platform for growth especially in terms of theatricals, resulting in aggressive multiplex growth and a rise in average ticket prices. The Indian Media and Entertainment industry is at an inflexion point of major growth. We see immense potential in this industry that mirrors the growth trends witnessed by Hollywood two decades ago. We anticipate our industry to grow and outperform Hollywood benchmarks throughout the current decade. In a country of over a Billion people where filmed entertainment is the most popular medium of recreation, the sector has witnessed a considerable transformation in the past few years. Factors that favor the industry comprise the country's macroeconomic variables including a growing middle class with a greater spending capacity, increased influence of the international trends and developments and an augmented Indian cinema audience base across the globe. This growth is further accelerated by the increase in the number of the multiplex screens, digital screens facilitating wider releases, and traction in TV licensing, new markets opening internationally and supplementary revenue streams like DTH, digital downloads.

The Company has built a leadership position for itself in the Indian Media and Entertainment industry by

establishing a vertical business model. Our presence in the industry for over three decades and our unparalleled leadership position in Indian filmed entertainment has been a result of our being the first to capitalize on emerging opportunities and staying ahead of the curve in terms of diversified content delivery in a competitive ecosystem. This has been primarily a result of leveraging our key strengths such as:

- A De-risked Business Model enables the Company to pre-license film and music rights for satellite broadcast and other media platforms to maximize the Company's revenue streams and reduce dependence on box office performance.
- Top quality Content Aggregation via a combination of co-production and acquisitions arrangements which has allowed the Company to build a Strong Movie Slate across various budgets, languages, genres and star casts.
- Continuously monetizing the Expansive Film Library of over 1,100 films including Hindi, Tamil, Marathi, Punjabi and other regional languages and strengthening it by adding new films through content aggregation.
- Our unparalleled Distribution Network enhances our ability to monetize our film content enabling us to offer a global end-to-end distribution solution to our content partners and co-producers not just in India but also globally in partnership with our parent Company – Eros International Plc.

PAT
**RS. 1,182.07
MILLION**

NETWORTH
**RS. 6,704.75
MILLION**

**DAM (DIGITAL ASSET
MANAGEMENT)**
IMPLEMENTED

VFX FACILITY
ESTABLISHED

- Deep-rooted Talent Relationships spanning over three decades, enables timely execution of talent deals which gives us a unique competitive edge.
- A Global network with Eros International Plc for the distribution of content across digital New Media and ancillary platforms. In India the introduction of hi-speed broadband and 3G technology will be mediums to deliver digital content that include music and movies on an array of platforms including Cable and DTH.
- Strong Management Expertise and deep understanding of the Indian film business allows the Company to tap the potential that the industry offers with a vision to take the lead in the sector.

It is your Company's endeavor to leverage the strengths of our business model to unlock such opportunities in the sector to diversify and drive our growth. Your Company has always been the first to adapt to new age media, ensuring we capitalize as these formats become mainstream. Given our scale and history, I believe the benefits of our business model and strategies will become increasingly visible.

The growth in the Indian television market, fueled by increasing advertising and subscription revenues, requires high quality content. The films we license to the key players such as Star, Zee and Sony provide some of the highest viewing figures on their flagship channels and we work closely with these Channels to ensure that we maximize the potential of both new and catalogue films. Eros International Media Ltd. also distributes content which consists of full length films, music videos and clips, through physical formats (DVD and VCD) and digital formats such as VOD, SVOD, DTH and online broadcast. Our international relationships through Eros International Plc with networks have enabled us to provide SVOD services in North America and VOD services in the UK and the Middle East which will ensure we take a lead in the Indian market as these services develop.

We have setup a state in art Digital Asset Management platform which will enhance the monetization capabilities and meet the over increasing demand of our content on digital platforms and will support us in our vision of multi format deliveries.

The Company remains committed to scan and tap new business opportunities which will whet our competitive position in the industry. Aligned to this thought process, we established our VFX facility, EyeQube. This has now grown into being one of India's leading special effects studios which enables us to provide high end visual effects comparable to Hollywood standards in India at a significantly lower cost.

The Company's performance in FY 2011 has been driven by the strength of our integrated business model. Our revenues for the fiscal were Rs. 7,159.17 Million as compared to Rs. 6,535.02 Million in FY 2010. This was primarily underpinned by a strong Movie slate which included several blockbusters, traction in satellite licensing and monetization of our library. Consequently our PAT was at Rs. 1,182.07 Million in FY 2011 as compared to Rs. 826.18 Million in FY 2010.

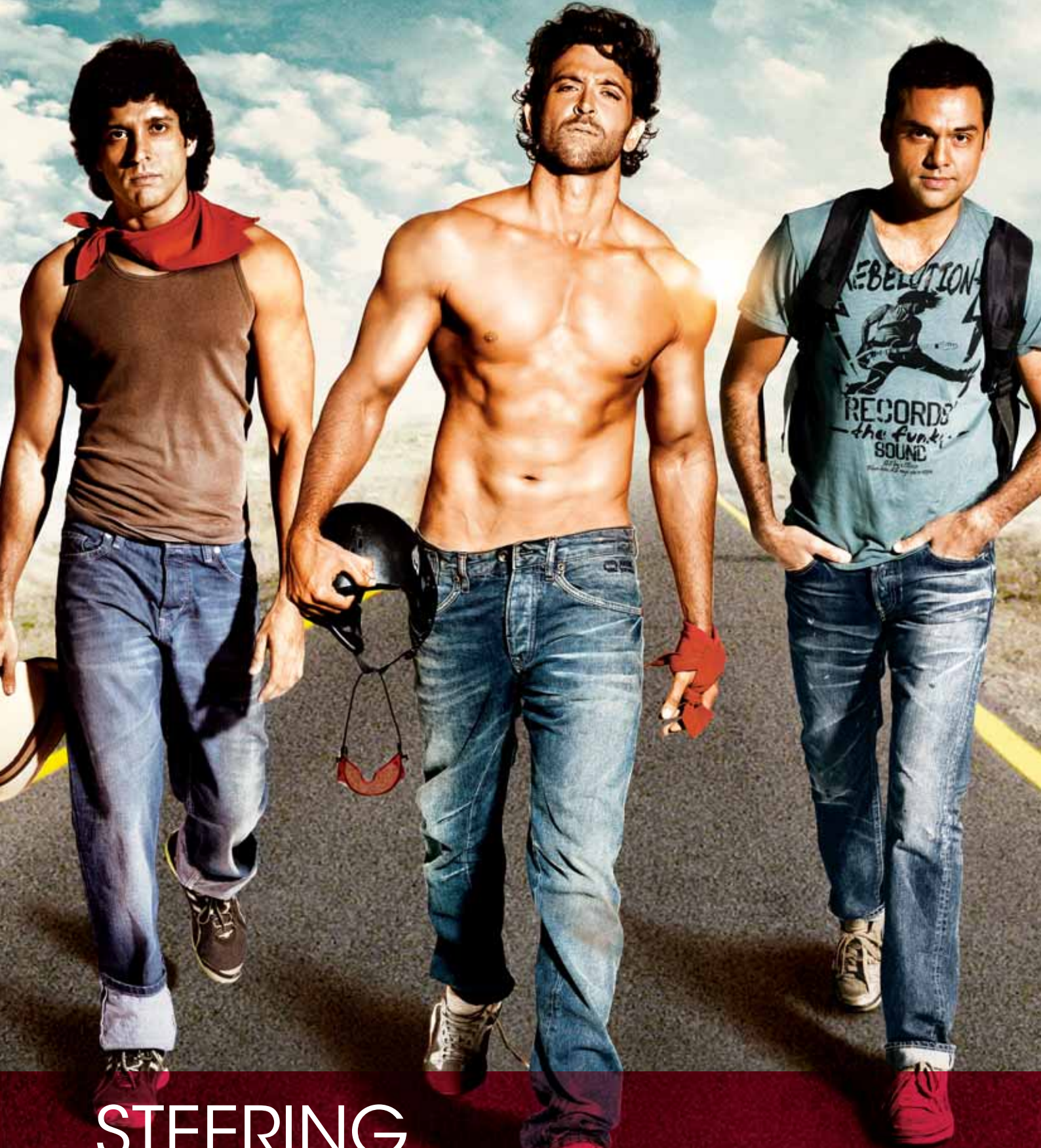
Eros International Media Ltd. is fortified with a solid balance sheet, size and scale augmented by its cash generative operations and IPO proceeds. The strength of the balance sheet is also highlighted by the Company's net worth which stood at Rs. 6704.75 Million as on 31 March 2011, while the Company has zero net debt.

We believe that we are leaders in Indian Media and Entertainment segment, at a global level. I am sure that given the strength of our business model and our aspiration for sustained growth combined with the immense opportunities in the sector, we are poised to make significant progress as the front runner in the sector in India.

As I close my note, I would like to take this opportunity to thank our stakeholders for the sustained contribution and support to the Company, including our Board of Directors for their guidance and insight, our employees for their dedication and commitment, our business associates for their trust and encouragement and all our shareholders for their motivation and faith, all of which drives us to raise the bar and set higher goals for ourselves.

Thank You!
Warm regards,

Sunil Lulla
Vice- Chairman and Managing Director



STEERING
OUR BUSINESS
THROUGH
EVOLVING TIMES

BUSINESS MODEL

SOURCING CONTENT

The success of our business lies in our ability to leverage our relationships with the creative film industry and talent and acquire and co-produce compelling content.

Our business model is built around securing content through co-productions, acquisitions or output deals and monetizing the same through our distribution network across multiple formats along with our library of over 1,100 films. Our model of acquiring or co-producing films rather than having significant in-house production capability allows us to work on more than one production with key talent simultaneously, since the producer or co-producer takes the lead on the time intensive process of production, allowing us to build our film slate more rapidly.

Each year we secure distribution or intellectual property rights to a diverse portfolio of over 75 films, comprising 10-20 mainstream Hindi and the rest regional language films such as Tamil, Marathi and Punjabi. Over the years, we have consciously increased our focus on high and moderate budget Hindi films because better production values and high profile stars attract larger audiences and higher appeal for television and digital licensing which not only leads to favorable pre-licensing but also higher margins.

We also acquire select catalogue rights to augment the size of our library further.

Acquisitions and Co-production arrangements ensure access to superior content at financially attractive terms.

Typical acquisition arrangement

- Early acquisition of film at a negotiated price
- 15–20 year rights
- First position recoupment of entire Minimum Guarantee Price, followed by all print and advertising costs, followed by a 20% fixed profit on all gross revenues and the remaining profit is shared in pre-agreed ratio.

Typical co-production arrangement

- Pre-agreed budget, star cast, script with co-producer
- Intellectual property rights in perpetuity
- Fixed production fee and over-budget cap
- First position recoupment of entire investment, followed by all print and advertising costs and a 20% fixed profit on all gross revenues and the remaining profit is shared in pre-agreed ratio.

BUSINESS MODEL

DISTRIBUTION FORMATS



We distribute our new and catalogue films across multiple formats Theatrical Distribution, Television syndication and Digital and New Media and Ancillary Licensing.

Theatrical distribution

We have a strong in-house theatrical distribution network through our own offices in all major markets in India, such as Mumbai, Delhi, Punjab, Tamil Nadu and East Bengal. Our 360-degree marketing capability is integral to our distribution. We tailor campaigns to market the film using brand tie-ups, outdoor, television, print, in-cinema, radio, mobile and online mediums to promote and generate momentum till the theatre release. Also, as part of our de-risking strategy, we secure substantial advances and minimum guarantees from sub-distributors or exhibitors prior to release of the film.

TV syndication

We enter into licensing deals with major television networks in India, such as Star, Sony, Zee and Colors to license our new and catalogue films. This majorly includes licensing of films for cable television, satellite television and terrestrial television. In the context of growing demand for premium television content, we have been successful in pre-licensing a large proportion of the future slate at attractive prices to secure revenue visibility that underwrites a significant portion of the slate cost.

Our majority owned subsidiary Ayngaran, additionally distributes Tamil film content in Western Europe through its own television station, "Ayngaran TV", which has about 20,000 subscribers.

Digital new media and Ancillary Licensing

We distribute content through both physical formats such as DVD, VCD, Blu-rays, etc as well as the latest digital mediums such as VOD, DTH, Internet, Mobile and In-flight entertainment.

With changing viewer preferences, higher spend on entertainment and growing technology, the digital platform represents an immense opportunity and focus for us to monetize our extensive film library. Taking this outlook we have already completed the implementation of the digital platform called "Digital Asset Management" ("DAM") wherein we are currently in the process of completing the digitization and cataloguing our entire film library for optimum monetization.



Home entertainment

Home entertainment consists of distribution of content in formats such as ACDs, MP3s, DVDs, VCDs and Blu-ray discs through retail outlets and our website. Eros distributes these variants under the Eros and Ayngaran label.

Music publishing and distribution

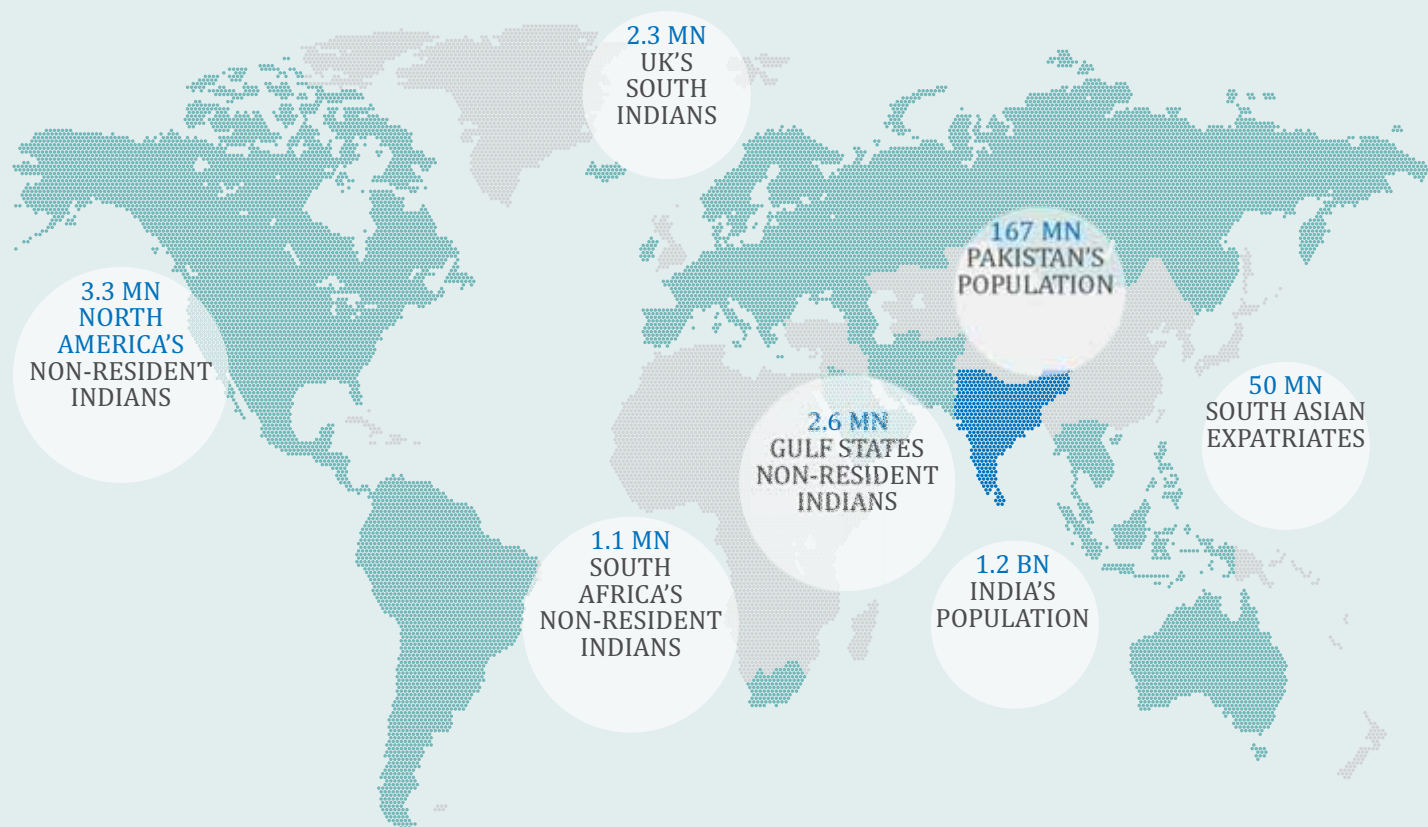
We receive royalties from public performance of the songs when they are played on radio, television channel or at public events. Also, our subsidiary Eros Music Publishing acts as exclusive sub-publisher for EMI's catalogue in India.

Animation and Visual Effects

In 2007, we formed EyeQube, an animation and visual effects studio that uses the latest technologies to create high-end visual effects in films. It offers services that cover the entire life-cycle of visual effects, from the initial development, to production planning and supervision services to the final delivery.

BUSINESS MODEL

DISTRIBUTION TERRITORIES



50 COUNTRIES
DISTRIBUTION TO OVER
50 COUNTRIES

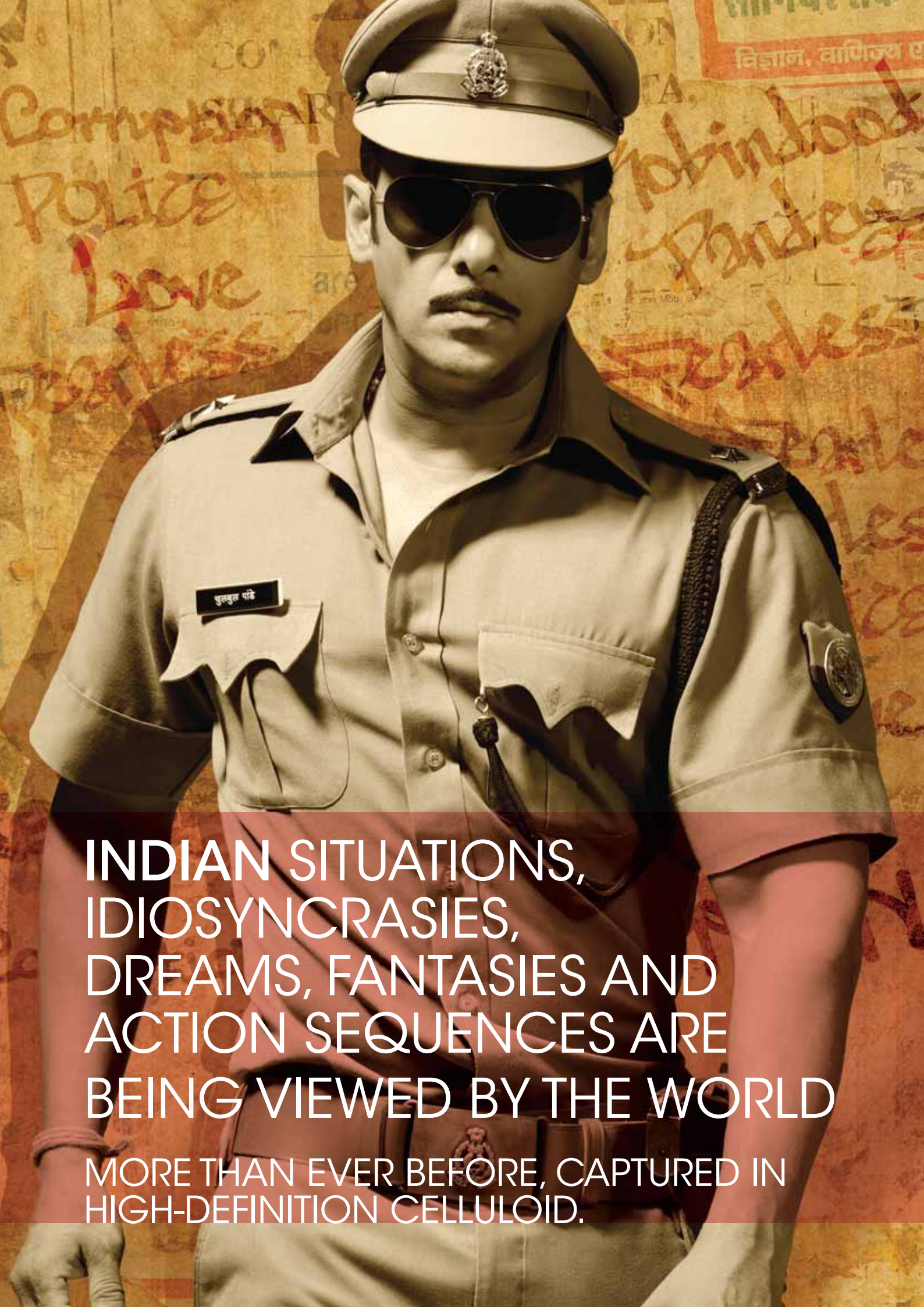
27 LANGUAGES
FILMS DUBBED IN 27 LANGUAGES

Our distribution capabilities enable us to target the 1.2 Billion people in India, our primary market and via Eros International Plc, consumers in over 50 countries, including the expatriate South Asian population concentrated in UK, USA, Canada, Dubai, South Africa, Australia and Singapore. We also focus on markets that consume dubbed and subtitled Indian films, such as Europe, South East Asia and the Middle East.

FIVE-YEAR FINANCIAL HIGHLIGHTS

Rs. in Million

	FY07	FY08	FY09	FY10	FY11
DIRECT REVENUE	2,179.41	4,747.12	6,265.28	6,408.82	7,069.67
TOTAL REVENUE	2,247.76	4,901.85	6,277.85	6,535.02	7,159.17
NET PROFIT BEFORE TAX	169.12	659.85	1,038.76	1,122.45	1,518.78
NET PROFIT AFTER TAX	135.32	427.32	747.52	826.18	1,182.07
EQUITY SHARE CAPITAL	51.00	51.00	51.00	714.07	914.07
RESERVES AND SURPLUS	362.05	763.19	1,529.15	1,661.35	5,735.34
NET BLOCK	717.52	1,418.70	2,194.67	2,722.50	3,796.45
INVESTMENTS	40.00	60.00	80.00	80.00	1,554.74
NET CURRENT ASSETS	333.47	684.38	1,743.61	2,290.36	4,068.71



INDIAN SITUATIONS,
IDIOSYNCRASIES,
DREAMS, FANTASIES AND
ACTION SEQUENCES ARE
BEING VIEWED BY THE WORLD

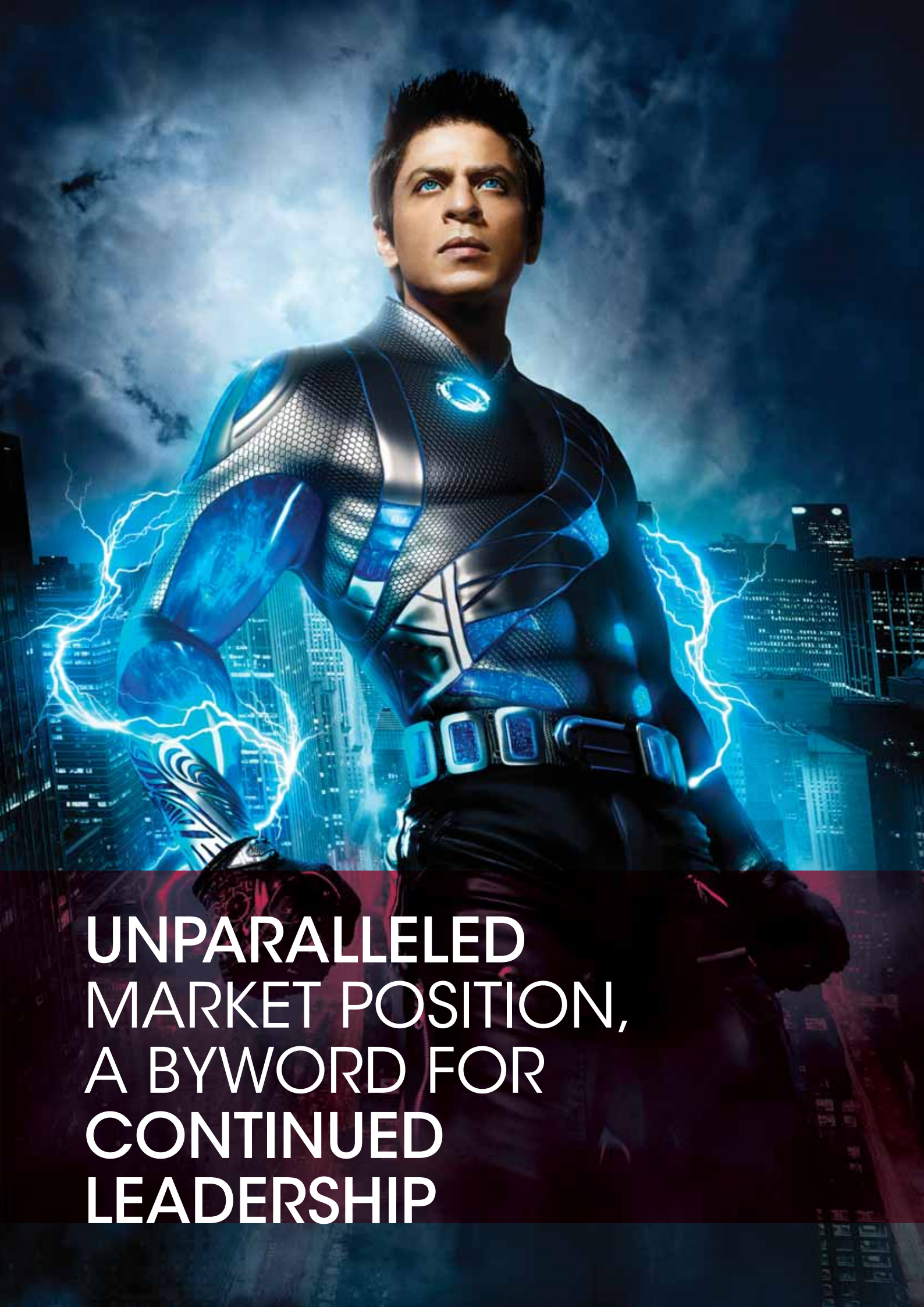
MORE THAN EVER BEFORE, CAPTURED IN
HIGH-DEFINITION CELLULOID.

We led by an example.

Eros India has been one of the pioneers in taking Indian films to the global audiences and leveraging our well-established distribution network. Our direct as well as indirect competitors have moved towards similar business models, in addition to their other business lines within the Indian entertainment industry.

Thrust on compelling content

- The success of our film distribution business lies in our ability to develop and acquire compelling content. Each year, we focus on the acquisition and distribution of a diverse portfolio of Indian language and theme-based films with wide audience appeal.
- Our Indian and Group distribution platforms, a reputation for quality productions and strong relationships with the Indian creative community continues to attract superior talent and film projects.
- Our people represent our strength in sourcing quality content. Their substantial knowledge, proven expertise and deep insight into Indian film business provides us with a competitive edge in selecting content.
- Content that caters and appeals to the wide range of audiences across different genres is reflected in the success rate of our films at the box office as well as garnering high ratings on television channels.



**UNPARALLELED
MARKET POSITION,
A BYWORD FOR
CONTINUED
LEADERSHIP**

CONTINUED LEADERSHIP THROUGH

- 1,100-plus strong library of Hindi, Tamil and regional language films.
- Over 75 films added to the library each year.
- Box-office hits continually enhancing library value.
- Strong leadership in international distribution of Eros International Plc gives further competitive edge.
- Stable business model and recurrent cash flows.

EXCELLENT TRACK RECORD

- Expanded the model constantly to include global distribution formats across all media
- Introduced co-production deals.
- Set up own distribution network nationwide.
- Tied up output deals (for three to five years) with talent.
- Set up own music label.
- Strategic deal with Ayngaran (Leader in Tamil film distribution Internationally).
- Established EyeQube (Visual Effects Studio). It is now a state of the art VFX supplier not only for in-house productions, but also for other domestic and international films.
- Emphasis on digital initiatives.

STRATEGIES THAT DELIVER

Content aggregation and portfolio diversification

We acquire catalogue rights across different formats, such as Home Entertainment, Audio, In-flight, Cable, PPV, Overseas distribution and acquisition of different media rights to augment the size of our library further and they also provide source of recurring cash flows.

De-risking

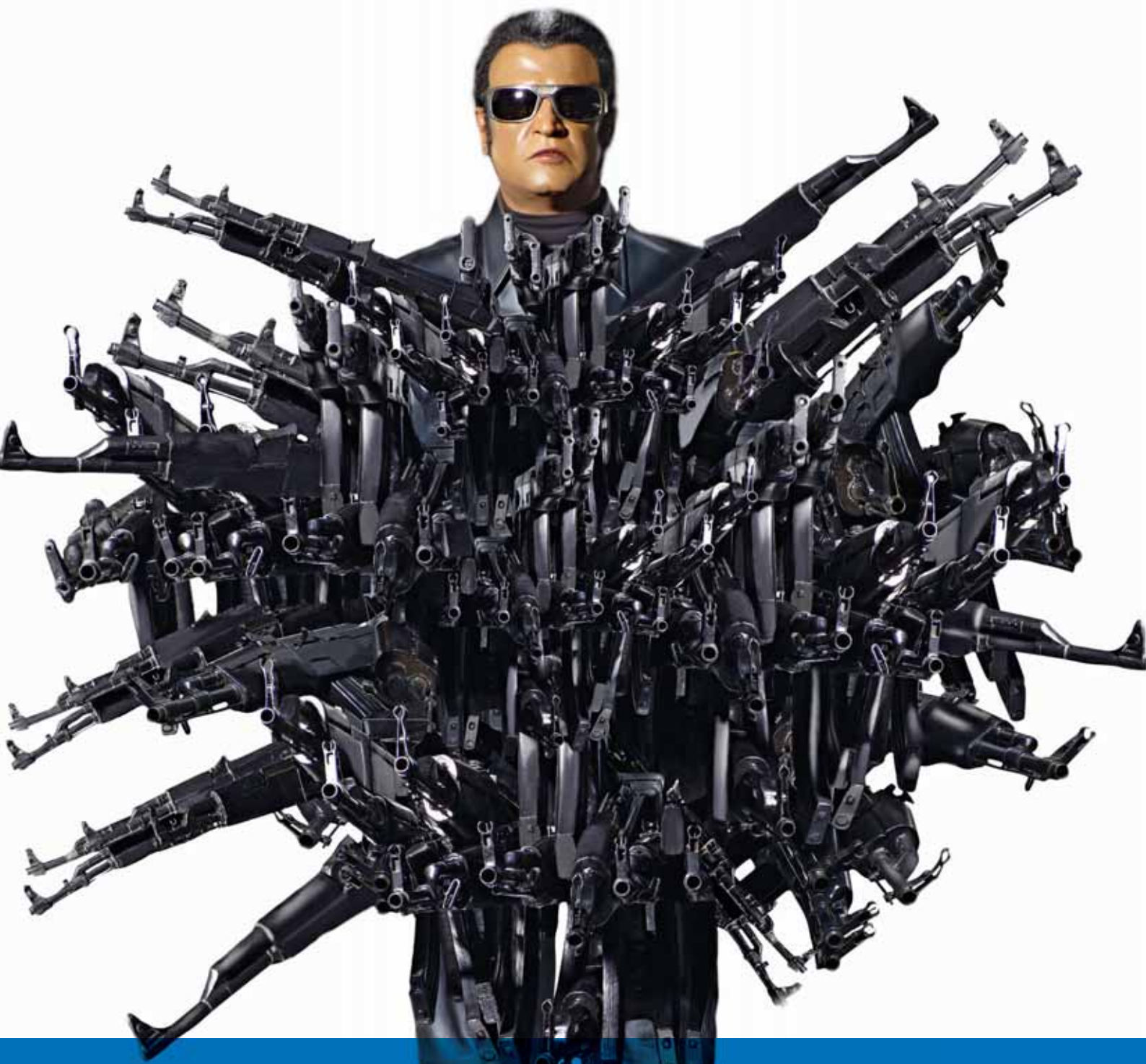
As a strategy to mitigate the overall risk profile and increase the visibility of revenues we continue to pre-license television, music and digital rights well in advance. Given the largest visibility and the strength of our slate we continue to derive and secure attractive prices thereby underwriting the significant portion of the slate cost.

Content Monetization

We generally monetize each new film we release through an initial 12-month revenue cycle commencing after the film's theatrical release date. Thereafter, the film becomes part of our film library, through which we continue to monetize the content on various platforms providing a source of recurring cash flows.

Long-term relationships with talent

We have developed mutually advantageous and long-standing relationships with creative talents, such as stars, writers, directors and production banners over three decades. This is critical to sustain market leadership, despite competition.



MULTIPLE
GROWTH DRIVERS,
ENHANCING
BUSINESS
SUSTAINABILITY

GROWING FILMED ENTERTAINMENT INDUSTRY

Continual Increase in multiplex screens and growth in average ticket prices are providing higher box office returns year on year. High profile films guarantee larger Minimum Guarantees / advances from the sub-distributors or exhibitors prior to release and also attract bigger advance booking thereby guaranteeing an optimum share in the first week despite of the end result of the film. Furthermore, economic support from local governments for regional films has poised the regional film industry for great times ahead.

NUMBER OF MULTIPLEX SCREENS ▲ 12%



NUMBER OF TICKETS (Billion) ▲ 6.8%



RISING DEMAND FOR CONTENT ON TELEVISION AND CABLE PLATFORM

The growth in the number of Pay TV subscriber base in the country is expected to rise from 101 Million in 2010 to 153 Million in 2014, a healthy CAGR of 10.94%. This growth can be attributed to a better quality of services from the providers and also due to a rise in the number of players in the industry.

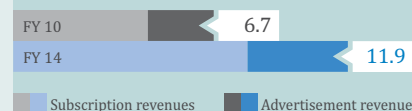
The TV industry size in terms of value is also estimated to go up from \$6.7 Billion to \$11.9 Billion.

With this the industry is only bound to go skywards. Also, as per the latest reports the number of TV channels in the country has been estimated to reach a whopping number of 550 in 2014, recording a CAGR 28.88% over 120 recorded in 2010.

PAY TV SUBSCRIBER BASE (Million) ▲ 10.94%



TV INDUSTRY SIZE (USD Billion) ▲ 15.7%



NUMBER OF TV CHANNELS ▲ 28.88%



GROWING DIGITAL AND NEW MEDIA AVENUES

Internet and mobile phones represent the new-age media. We at Eros India, strive to leverage the power of modern technology to consolidate our positions in emerging distribution platforms (DTH, VOD, Mobiles and Internet) to reach maximum consumers.

- India is the world's fastest growing mobile market. Mobile phone internet access and the latest 3G will drive growth in the mobile phone entertainment segment.

OPPORTUNITIES IN THE FAST GROWING ANIMATION AND VFX INDUSTRY

Success of recently released Indian films Road side Romeo, Hanuman series, Robot, etc. having extensive use of animation and VFX has opened a new door of opportunities in India in this field. Additionally, several other opportunities such as converting the yesteryear black and white films to color, converting the popular films from 2D to 3D and producing the new films simultaneously in 3D are expected to drive the growth in this industry substantially. Also low cost man power availability coupled with minimal operating costs places India to a competitive advantage for the international film makers to outsource the basic and high end work.



LEADERSHIP IMPLIES
RESPONSIBLE
BEHAVIOR AND
LIVING YOUR VALUES

CORPORATE SOCIAL RESPONSIBILITY

At Eros, we abide by a philosophy of exemplary governance and corporate responsibility standards. This philosophy pervades all aspects of our organization's functioning. It is evident in the kind of content we create, and the social relevance of our films, in highlighting awareness about issues that affect today's generations.

We have taken steps to align our entire organization to the Group's philosophy on Corporate Responsibility, and encourage its support from employees across the board. This also extends to our emphasis on legislative, regulatory and environmental compliance in all geographies that we operate in.

Eros is conscious of its environmental impact, and we seek to consistently minimize adverse effects of our operations on the environment. Therefore, we encourage recycling, energy conservation and the use of alternative energy supplies.

FILMS IN PIPELINE

Investment in content has increased to Rs. 5,365 Million compared to Rs. 2,620 Million in FY 2010. This demonstrates the Company's strategy outlined at its IPO in October 2010 of securing full visibility of its pipeline for FY 2011-12 and FY 2012-13 as well as acquiring select catalogues.

Our primary focus is on sourcing a diversified film portfolio, expected to generate commercial success. The organization's model of acquiring or co-producing films, rather than having significant in-house production capability,

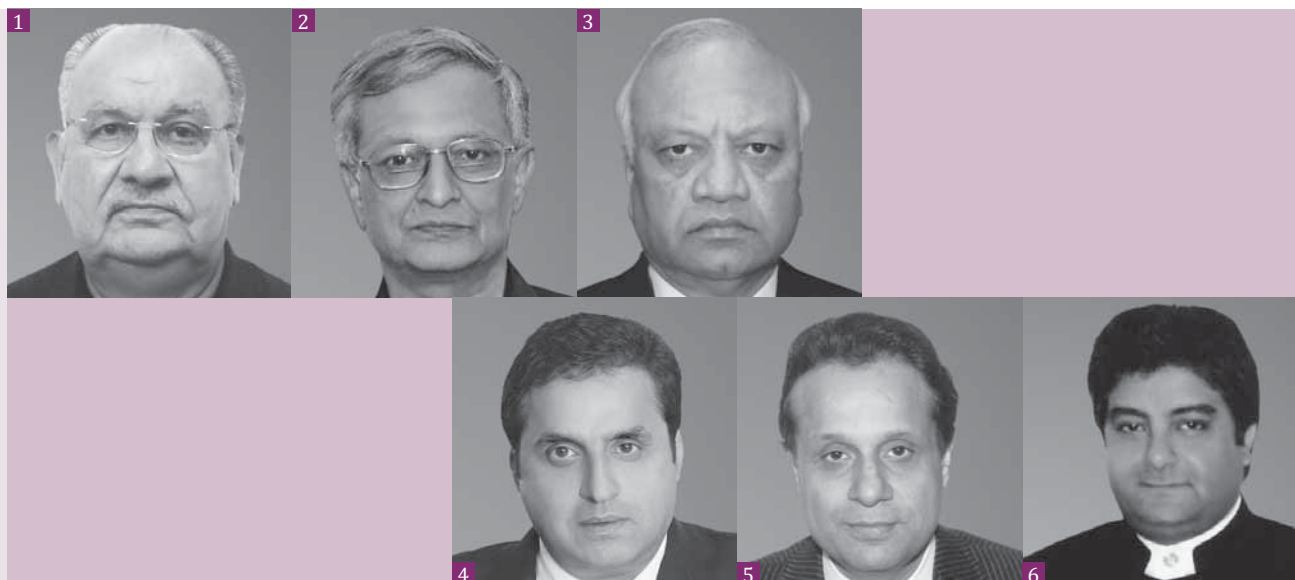
	Star Cast/(Director)	Production House	Tentative Release	Status
	READY			
	Salman Khan, Asin (Anees Bazmi)	T-Series	June 2011	Completed
	ALWAYS KABHI KABHI			
	Ali Fazal, Zoa Morani (Roshan Abbas)	Red Chillies Entertainment	June 2011	Completed
	MURDER 2			
	Emraan Hashmi, Jacqueline Fernandez (Mohit Suri)	Vishesh Films	July 2011	Completed
	ZINDAGI NA MILEGI DOBARA			
	Hrithik Roshan, Katrina Kaif, Farhaan Akhtar, Abhay Deol (Zoya Akhtar)	Excel Entertainment	July 2011	Completed
	MAUSAM			
	Shahid Kapur, Sonam Kapoor (Pankaj Kapur)	Cinergy/Vistaar Religare	September 2011	Completed
	RA.ONE			
	Shah Rukh Khan, Kareena Kapoor, Arjun Rampal (Anubhav Sinha)	Red Chillies Entertainment	October 2011	Post Production

allows us to work simultaneously on more than one production with key talents, since the producer or co-producer takes the lead on the time intensive production process, allowing us to build our film slate.

Eros International enjoys the largest visible film slate in the industry, comprising over 50 films for FY 2011-12 and FY 2012-13 and the Company is continuously focusing on enhancing the film portfolio for the next two years. Some of the major releases are showcased below:

	Star Cast/(Director)	Production House	Tentative Release	Status
 Visual for representation only	ROCKSTAR			
	Ranbir Kapoor, Nargis Fakhri (Imtiaz Ali)	Shree Ashtavinayak Films	November 2011	Post Production
	DESIBOYZ			
	Akshay Kumar, John Abraham, Deepika Padukone (Rohit Dhavan)	Next Gen Films	November 2011	Post Production
	AGENT VINOD			
	Saif Ali Khan, Kareena Kapoor (Sriram Raghavan)	Illuminati Films	December 2011	Principal Photography
 Visual for representation only	UNTITLED			
	Shahid Kapur, Priyanka Chopra (Kunal Kohli)	Kunal Kohli Productions	February 2012	Principal Photography
	RANA (HINDI, TAMIL AND TELUGU)			
	Rajinikanth, Deepika Padukone (K. S. Ravikumar)	Ocher Studios/ Next Gen Films	FY 2012-13	Principal Photography
 Visual for representation only	COCKTAIL			
	Saif Ali Khan, Deepika Padukone (Homi Adjanja)	Illuminati Films/ Next Gen Films	FY 2012-13	Principal Photography

BOARD OF DIRECTORS



1. Naresh Chandra

Non-Executive Chairman & Independent Director

Master's degree in Science from the Allahabad University;

Former civil servant, he joined the Indian Administrative Services in 1956;

In December 1990, became the Cabinet Secretary;

Served as Senior Advisor to India's Prime Minister;

Honoured with the Padma Vibhushan in 2007.

2. Dr. Shankar Nath Acharya

Independent Director

Bachelors' degree in Politics, Philosophy and Economics from Oxford University in 1967 and earned a Doctorate in Economics from the Harvard University in 1972;

Served as Economic Advisor to the Union Finance Ministry;

Chief Economic Advisor to the Government of India;

Member of the Prime Ministers' Economic Advisory Council (2001-03) and member, Twelfth Finance Commission (2004).

3. Dharendra Swarup

Non-Executive Director

Government certified Public Accountant and a Fellow of the Institute of Public Auditors of India, and has a post graduate degree in Humanities;

Former civil servant, served as a Secretary, Ministry of Finance, Government of India;

42 years' experience in finance, budgeting, audit, public policy, public investments, project appraisal, evaluation of schemes and programmes of the Government of India;

Associated with the International Monetary Fund between 1993 and 2007.

4. Sunil Lulla

Executive Vice Chairman & Managing Director

Commerce graduate from Mumbai University;

20 plus-years' business experience;

Instrumental in developing the Eros India Group;

Valuable relationships with the wide talent pool of the Indian film industry.

5. Kishore Lulla

Executive Director

Humanities graduate from Mumbai University;

20 plus-years' of media and film experience;

Member of the British Academy of Film and Television Arts and Young Presidents' Organization; Board member of the University of California, Los Angeles (UCLA);

Chairman and CEO of Eros International Plc.

6. Vijay Ahuja

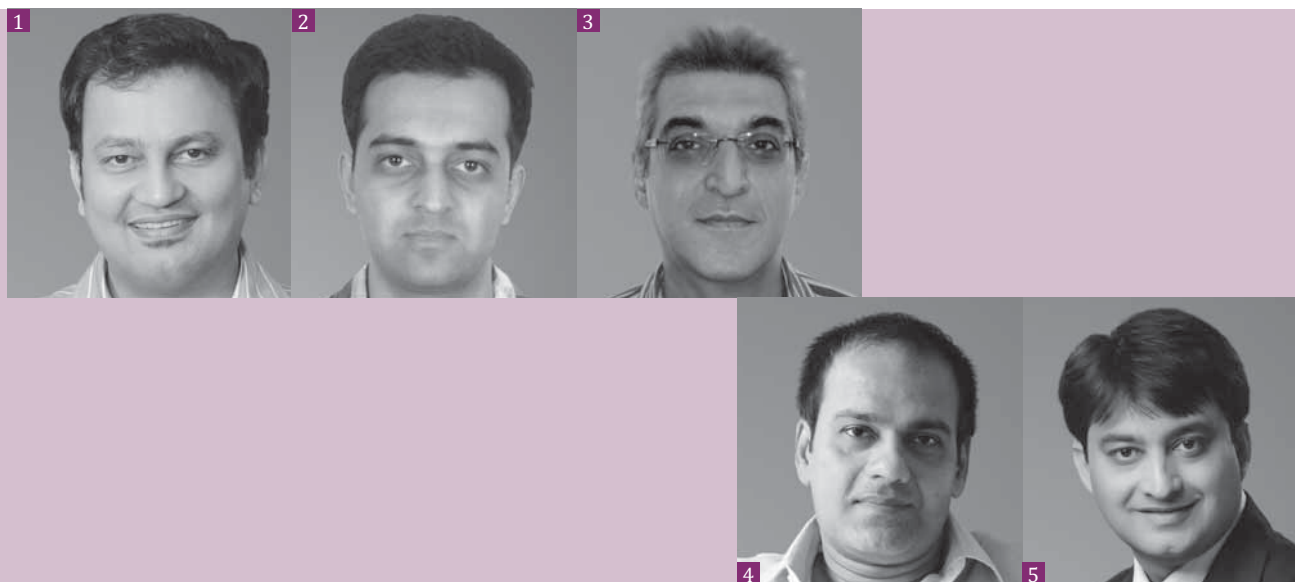
Executive Director

Commerce graduate from Mumbai University;

Co-founder of Eros International Plc's UK business in 1988;

Instrumental in implementing the key international strategies of Eros, helping expand the business to its present scale by making a significant contribution to developing the South East Asian markets (Singapore, Malaysia, Indonesia and Hong Kong).

KEY MANAGEMENT PERSONNEL



1. Kamal Jain

Group Chief Financial Officer-India

A chartered accountant;

Professional experience of 17 years in various industries such as Media, Entertainment, Cement, Chemical, Shipping and SAP consulting;

Driving overall financial and operational strategies;

Managing investor relations.

2. Kumar Ahuja

Senior Vice President Business Development

Around 11 years of work experience in Media & Entertainment industry;

Looks after strategic alliances & Syndication deals in various markets like Middle East, Europe, India, Far East, Russia & CIS;

Represents us in all International film festivals.

3. Nandu Ahuja

Senior Vice President-India Theatrical

Graduated with Bachelor's Degree in Commerce from Mumbai University;

Work experience of around 3 decades;

Has been managing his family entertainment business for the past 35 years;

Has distributed over close to 100 films for Mumbai circuit;

Good knowledge of ratio for selling films on a pan-India base including home video, audio rights satellite & overseas.

4. Ram Mirchandani

Chief Creative officer

Bachelor's degree in science;

21 years experience in the Media Industry;

Involved in production and coproduction of many films.

5. Rajesh Bahl

Chief Digital Officer

MBA in Marketing from a premier institute in Mumbai;

Leads the Company's foray into the digital space;

13 years of experience in the Media & Entertainment industry;

Devised the decisive monetizing approach and led the team to execute the same;

Driving the digitization process and the Digital Asset Management platform deployment.

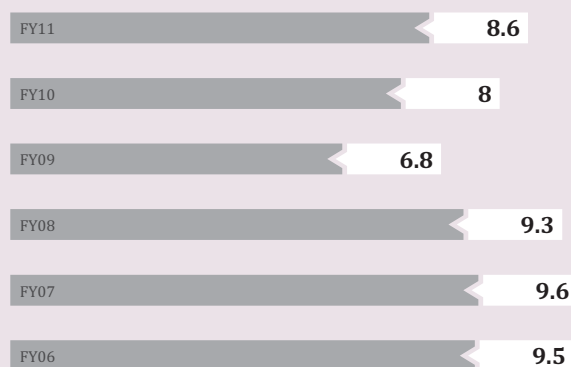
MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMIC OVERVIEW

In a world still grappling with sluggish growth and ballooning public debt, the Indian economy stood out as a study in contrast. Growth has been robust in 2010-11 owing to a rebound in agriculture and sustained momentum in the manufacturing sector. Although there was deceleration in community, social and personal services, the medium to long-term prospects of the economy continues to be strong, owing to robust domestic demand, escalation in domestic savings and investments and stable fiscal policy of the government.

Pitted against a prolonged global recovery, it rebounded fast: from a subdued 8% GDP growth in 2009-10 to 8.6% in 2010-11, attracting global capital, technology alliances and partnerships across all sectors. Although downside risks of global events persist particularly adverse movement in prices of commodities like crude oil (triggered by the political turmoil in North Africa and the Middle East) the Indian economy is in good shape.

EXHIBIT: GDP TREND (%)



(Source: CSO * Growth in GDP at factor cost at 2004-2005 prices)

MEDIA AND ENTERTAINMENT INDUSTRY OVERVIEW

According to the PricewaterhouseCoopers' Global Entertainment and Media outlook, the global media and entertainment industry grew by 3.1% in 2010 and is expected to grow further by 3.5% in 2011. The spending on global M&E will rise to \$1.9 trillion by 2015, at a CAGR of 5.7%. The evolving consumer preferences, technology breakthroughs, enhanced advertising spend and industry consolidation will be the M&E industry's major growth drivers.

The Indian Media and Entertainment (M&E) industry grew significantly in 2010. The industry recorded a double-digit growth of 11% from Rs. 587 Billion to Rs. 652 Billion (Source: FICCI KPMG Report, 2011).

It is slated to grow further to touch Rs. 738 Billion in 2011 at a CAGR of 13%. Furthermore, it is estimated to grow at a CAGR of 14% to reach Rs. 1,275 Billion by 2015 as per the KPMG analysis and industry review.

EXHIBIT: OVERALL INDUSTRY SIZE (IN RS. BILLION)

Overall Industry Size	2010	2011P	2012P	2013P	2014P	2015P	CAGR (2010-2015) %
Television	297	341	389	455	533	630	16%
Print	193	211	231	254	280	310	10%
Film	83	91	98	109	120	132	10%
Radio	10	12	15	18	21	25	20%
Music	9	9	11	13	16	19	17%
Out of Home	17	19	22	24	27	30	12%
Animation and VFX	24	28	33	40	47	56	19%
Gaming	10	13	17	23	31	38	31%
Digital Advertising	10	13	18	22	28	36	28%
TOTAL	652	738	834	957	1104	1275	14%

(Source: KPMG analysis and industry review)

Notably, 2010 has witnessed important landmarks in the domestic M&E industry: the release of the highest grossing Indian film ever made; an extraordinary growth on the Direct-to-Home (DTH) platform; music sales through digital mode surpassing the physical format; arrival of the 3G platform and the government's focused efforts to enhance the digital platform and public addressability.

COMPANY OVERVIEW

Eros India, has a leading presence in the Indian entertainment industry with a global reach. Eros India is part of Eros International Plc, and has built a successful business model over the preceding three decades by acquiring and distributing Hindi and other Indian language films across multiple distribution platforms.

Empowered by a strong library of over 1,100-films, Eros India has a reliable source of recurring cash flows. It enables the Company to adopt a 'bundling' licensing strategy, a compelling competitive advantage. Further, our distribution capabilities enable us to market our films to a wide cross-section of pan-India audience.

INDIA'S FILM INDUSTRY

The domestic film industry is poised to grow at a healthy CAGR of 9.6% until 2015, touching Rs. 132.1 Billion. Contribution from the domestic theatrical revenues is estimated to grow at a CAGR of 8.9% and also the contribution of revenues emanating from cable and satellite rights' are likely to account for 13% of the overall industry size.

EXHIBIT: SIZE OF THE INDIAN FILM INDUSTRY (IN RS. BILLION)

Film Industry	2010	2011P	2012P	2013P	2014P	2015P	CAGR (2010-2014) %
Domestic Theatrical	62.0	67.4	72.2	79.2	87.0	94.8	8.9%
Overseas Theatrical	6.6	6.7	7.2	7.9	8.7	9.5	7.5%
Home Video	2.3	2.5	2.6	2.8	2.9	3.0	5.0%
Cable & Satellite Rights	8.3	9.6	11.0	12.6	14.5	16.6	14.8%
Ancillary Revenue Streams	4.1	4.7	5.4	6.2	7.1	8.2	15.0%
Total Industry Size	83.3	90.9	98.4	108.6	120.1	132.1	9.6%

(Source: KPMG analysis and industry review)

Hindi film industry

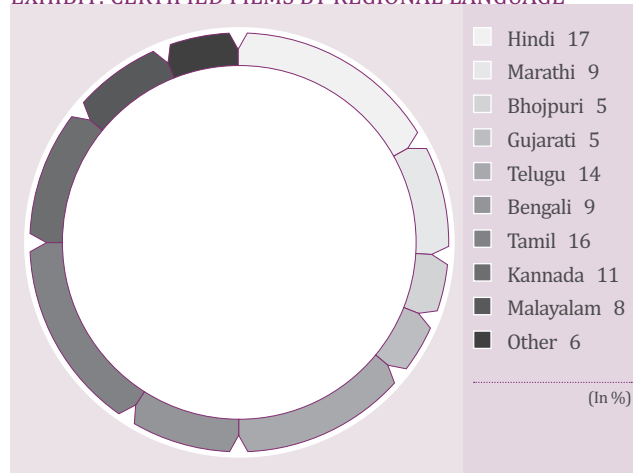
As per the FICCI-KPMG Report, 2011, the Indian film industry is poised to grow close to 9% to touch to Rs. 91 Billion in FY 2010-11 and further to Rs. 133.5 Billion by 2015 at a CAGR of 9.6%.

Regional film industry

According to the Central Board of Film Certification, the proportion of regional films, compared to Hindi films, has risen over the past few years. Even though the Southern market (Tamil, Telugu, Kannada and Malayalam) dominate the regional film industry, Marathi and Bengali cinema have also regained their popularity. Thanks to the support and initiatives of the various state governments, the regional film industry is poised for great times ahead.

Hindi films represent 17% of the total films certified in India, whereas the regional films represent the remaining 83%.

EXHIBIT: CERTIFIED FILMS BY REGIONAL LANGUAGE



(Source: Central Board of Film Certification)

Television industry

The industry witnessed impressive growth: from Rs. 257 Billion in 2009 to Rs. 297 Billion in 2010, and is further expected to touch Rs. 630 Billion by 2015 at a CAGR of 17%. The substantial growth has been owing to the use of

MANAGEMENT DISCUSSION AND ANALYSIS

new technologies like the High Definition (HD) video playback, Set Top Boxes (STBs) and the emergence of delivery platforms such as mobiles. Also, the time gap between releasing the films theatrically and releasing it on television has reduced. In other words, we are witnessing closer integration between the film and television industry (Source: FICCI KPMG Report, 2011).

EXHIBIT: TV INDUSTRY SIZE (IN RS. BILLION)

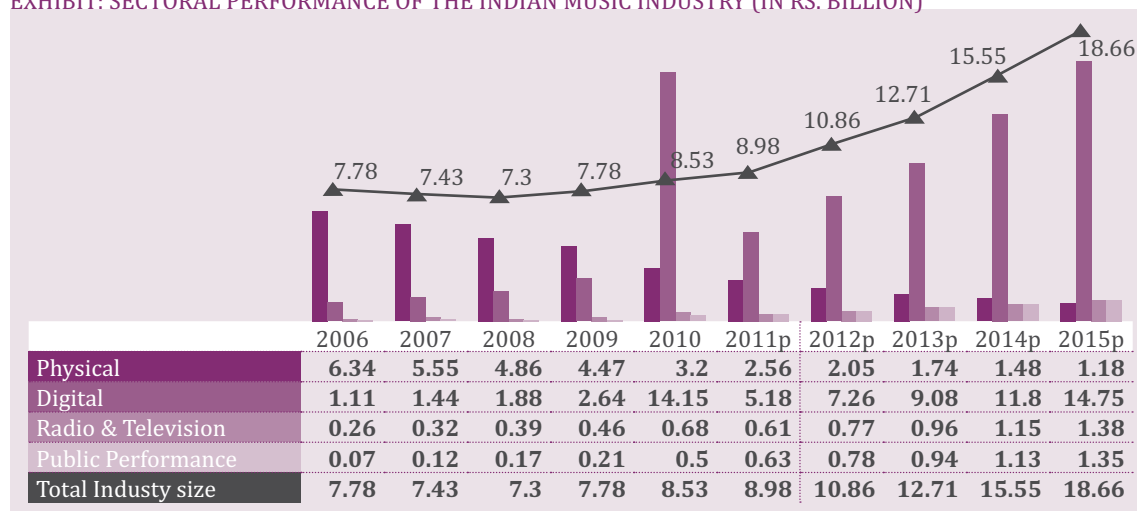


(Source: KPMG Analysis, Industry Discussions)

Music industry

India's music industry is growing at a CAGR of 5% annually. It grew from close to Rs. 7.4 Billion in 2007 to about Rs. 8.5 Billion in 2010. Further, it is expected to touch Rs. 19 Billion in 2015, growing at a healthy CAGR of 17% (Source: FICCI KPMG Report, 2011).

EXHIBIT: SECTORAL PERFORMANCE OF THE INDIAN MUSIC INDUSTRY (IN RS. BILLION)

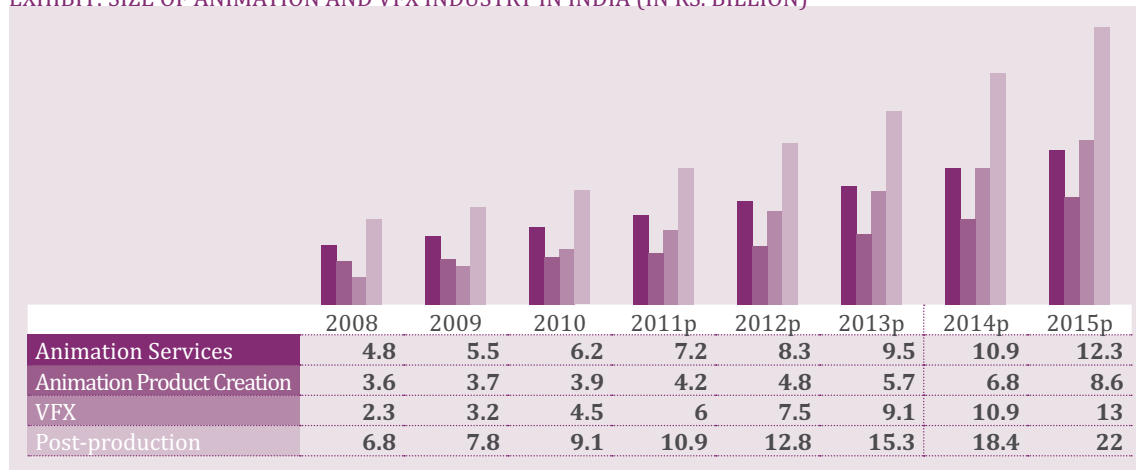


(Source: KPMG FICCI Report)

Animation and VFX industry

On the back of a robust business environment, the animation and VFX industry grew at a healthier rate than in 2009. According to the FICCI KPMG Report, February 2011, the Animation, VFX, and the post production industry grew 17.5 % to reach Rs. 23.7 Billion in 2010. The basic industry growth driver was on the basis of scale of work undertaken by the Indian studios. The VFX industry further expected to grow at a CAGR of 18.5% by 2015 to reach Rs. 55.9 Billion.

EXHIBIT: SIZE OF ANIMATION AND VFX INDUSTRY IN INDIA (IN RS. BILLION)



(Source: KPMG FICCI Report)

GROWTH DRIVERS

Go digital

Digitization represents one of the major growth drivers for the Indian Media & Entertainment industry. It was the first time that digital music sales were more than the physical music sales in terms of volumes. Also, film studios witnessed adoption of a greater number of digital prints than physical prints. Besides, the Government is focusing on enhanced digitization and addressability for cable and satellite television modes. The verdict: go digital.

Deepen regionalization

Regional media consumption is expected to grow phenomenally in foreseeable future. Realizing the potential and power of regional media, many national and foreign players have already forayed into the segment, and many others are likely to follow suit. On the other hand, regional players are aggressively focusing on a national presence and identity. The result: aggressive expansion, consolidation and evolution of the regional media market.

Seeking a niche

Today's audiences are discerning and they refuse to be catered to by the same vanilla content. So the dictum of one-shoe-fits-all is passé in content creation and delivery. The result is that audiences are not just demanding, they are dictating niche content. Content across media platforms are now being made, keeping specific audiences in mind. The challenge now is ceaseless innovation to gain mind share.

More consolidation

These days consolidation is the key for big players to drive brand visibility. Mature players (national and international) are building scale and focusing on consolidation and cross-media synergies. Domestic media companies are also expected to attract private equity players.

COMPANY'S PRIORITIES IN 2012

- Increase investments in films, slated to exploit demand buoyancy.
- Thrive on growth, with a confirmed slate of high-profile films with all leading stars.
- Further Digitisation of movie library.
- Capitalizing on the growth in the number of 3-D films.
- Music distribution through different sources, as

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MANAGEMENT DISCUSSION AND ANALYSIS

Four films, out of the Top 10 BoxOffice Hits in 2009 were Eros films

Five films, out of the Top 10 BoxOffice Hits in 2010 were Eros films

revenues from this segment continue to underwrite 10–15% of total film costs.

- To increase the contribution by EyeQube as its state-of-the-art special effects are viewed by consumers in international and Indian films as well.
- Look at a greater number of blockbuster theatrical releases.
- Increase pre-licensing of music and television rights.
- Increase revenue generation from new technology platforms, such as Eros internet portals and mobiles.

OPERATIONAL HIGHLIGHTS

■ IPO

During the year, the Company successfully completed its listing on the BSE and the NSE exchanges. It raised Rs. 3,500 Million through the Initial Public Offering (IPO) of its shares being subscribed 29.9 times.

Funds raised are being utilized primarily for acquiring and co-producing Indian films including Hindi language films as well as certain Tamil and other regional language films.

In FY 2010-11, Eros India successfully released a total of 77 films across various languages, reiterating its leadership position in the Indian film industry.

■ Revenue Growth Drivers

The year saw significant revenue generation from television syndication revenues especially within a rising Indian cable and satellite television market. Revenues from Digital and Ancillary services augmented on account of higher music and mobile monetization. Furthermore, rollout of SVOD services across new platforms internationally as well as EyeQube's VFX and production services have been the highlight of the year.

■ Success at Box Office

The Company enjoyed Box Office success on account of strong portfolio of releases in the year, the most notable ones being Housefull, Golmaal 3, Endhiran and Dabangg.

■ Investment in Content

Investment in content has increased to Rs. 5,365 Million compared to Rs. 2,620 Million in FY 2009-10. This demonstrates that the Company carried out the investments in line with its strategy of securing full visibility of its pipeline for FY 2011-12 and FY 2012-13 as well as acquiring select catalogues as highlighted in the IPO.

■ VFX Facility

EyeQube, our VFX facility, has initiated work on prominent Hollywood projects as well as current Hindi film projects. It is currently focusing on the Shahrukh Khan starrer Ra.One and some prominent Hollywood projects.

■ Digital Asset Management

The Company successfully implemented its Digital Asset Management' platform ("DAM") being the first in the Domestic Media Industry to digitize its entire film library. This new media initiative ensures optimum exploitation of film content across multiple platforms, globally, through comprehensive digitization of its strong movie library.

FINANCIAL HIGHLIGHTS

Revenues

The Company's revenues increased from Rs. 6,535 Million in FY 2009-10 to Rs. 7,159 Million in FY 2010-11, growing by 9.6%. This growth was primarily on account of an increase in the number of high-profile films with talent, along with a focused approach.

The Company has a robust and dynamic business model with a de-risking strategy of pre-licensing its film content for maximum monetization. Box office success rates (Housefull, Golmaal 3, Endhiran and Dabangg) have also significantly contributed to the increase in the topline.

EBITDA

The EBITDA recorded an increase of 27.8% to Rs. 4,086 Million in FY 2010-11 from Rs. 3,197 Million. The EBITDA margins stood at 57.1% in the current fiscal increasing from 48.9% in the previous fiscal. This was due to a stronghold in new media and satellite licensing, coupled with the

packaging of new films with the films from the existing catalogue. Also, lower direct costs due to brand tie-ups and increased use of digital distribution channels are responsible for EBITDA growth.

EBIT

The EBIT increased 33.0% to Rs. 1,613 Million in FY 2010-11 from Rs. 1,213 Million. The EBIT margins stood at 22.5% in the current fiscal increasing from 18.6% in the previous fiscal. This strong EBIT growth is due to higher margins on catalogue revenues as compared to margins of new releases.

PAT and EPS

The PAT grew a robust 43.1% from Rs. 826 Million in FY 2009-10 to Rs. 1,182 Million in FY 2010-11. The PAT margins stood at 16.5% in the current fiscal increasing from 12.6% in the previous fiscal. EPS too recorded an increase of 27.3% over the last fiscal. Diluted EPS for FY 2010-11 stood at Rs. 14.35 as against Rs. 11.27 for the FY 2009-10.

OUTLOOK

Following the successful launch of our IPO, in October 2010 we continued to enhance the strength and mix of our films, giving it full visibility over releases for the next two years as well as augmenting the catalogue. The slate of movies for 2011-12 is expected to comprise multiple blockbuster releases, such as 'Ready', 'Murder 2', 'Zindagi Na Milegi Dobara', 'Mausam', 'Rockstar', 'DesiBoyz', 'Agent Vinod', and 'Ra.One', to name a few. Group's recent marketing efforts at the Cannes film festival is expected to open new markets for these films, which will progressively unlock the value of the film library.

We believe India's television audience creates new opportunities for us to license our film content, enhancing our brand visibility and recognition. The value of license fees that television networks are prepared to pay for licensing television rights has increased due to a highly competitive television market, boosted by pay TV and subscription growth and ever-increasing demand for premium content. It covers a significant percentage of film costs. The visibility of television earnings is clear due to the strength of the future pipeline of films. Our strategy of successfully pre-licensing films to television networks for future broadcast will continue to mitigate the Company's overall risk profile.

India's growing internet services will be heavily influenced by the availability of mobile broadband. Impressive

We believe India's television audience creates new opportunities for us to license our film content, enhancing our brand visibility and recognition. The value of license fees that television networks are prepared to pay for licensing television rights has increased due to a highly competitive television market, boosted by pay TV and subscription growth and ever-increasing demand for premium content. It covers a significant percentage of film costs. The visibility of television earnings is clear due to the strength of the future pipeline of films.

broadband growth and 3G technology also indicates a growing market for film and music content. We are currently pioneering an online strategy to launch India's first multi-platform model, enabling global consumers to access old, new and original exclusive content.

The Company, has invested in DAM (Digital Asset Management) a system for digitizing, storing, cataloguing, retrieving, encoding, transcoding and publishing our content centrally to any platform in the world. Monetizing existing content through digital platforms worldwide and creating original short-film based content for digital distribution worldwide will be our major focus area.

PRINCIPAL RISKS AND UNCERTAINTIES

Piracy

Impact

Piracy of the produced content, under the purview of intellectual property rights, can adversely affect revenues and profitability.

Mitigation

Industry members have set up an Antipiracy Society (AACT) to fight the menace.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in content has increased to Rs. 5,365 Million compared to Rs. 2,620 Million in FY 2009-10. This demonstrates that the Company carried out the investments in line with its strategy of securing full visibility of its pipeline for FY 2011-12 and FY 2012-13 as well as acquiring select catalogues as highlighted in the IPO.

New Piracy Laws were introduced in Tamil Nadu in 2005. It was followed by similar laws in Maharashtra and Karnataka in 2009.

Delays, cost overruns, cancellation and abandonment or completion of films

Impact

These risks can significantly impact completion and release of films

Besides, the unorganized nature of business can impact revenues

Mitigation

Enhanced industry corporatization helped us to mitigate this risk. This is carried out by entering into specific agreements, fixing the responsibilities of the co-producers, better planning and execution.

Technology

Impact

Inability to cope with swift technological developments can impact business growth

Mitigation

The Company leverages strategic advice of experts on the projects and conducts feasibility studies for project execution.

Liquidity

Impact

Non-availability of timely funds may affect our ability to operate and also make us incompetent to implement our plans for further expansion

Mitigation

Co-productions coupled with increased financial support from Banks and Financial Institutions and successful listing of the company on exchanges helped us reduce this risk.

We also try to mitigate the risk by capping our obligation to pay or advance funds at an agreed-upon amount or budgeted amount.

Risk aversion is also carried out through pre-licensing of the films' rights.

Regulatory

Impact

Unprecedented changes in government policies may impact business operations.

Mitigation

We are suitably positioned to counter risks, posed by unpredictable government policies.

HUMAN RESOURCES

We, at Eros India, believe that our employees represent a source of competitive advantage. The Directors recognise that continued and sustained improvement in the performance of the Company depends on its ability to attract, motivate and retain employees of the highest calibre. We are committed to the principle of equal employment opportunities. It seeks to ensure that no employee or applicant is treated less favorably on the grounds of gender, marital status, race, color, nationality, ethnic or national origin, religion, disability or sexual orientation nor is disadvantaged by conditions or requirements, including age limits, which cannot be justified objectively.

Entry into, and progression within, the Company are solely determined by the application of job criteria, personal aptitude and competence. These policies have worked effectively throughout the period. It is our policy to apply

best practices in the employment of disabled people. Full and fair consideration is given to every application for employment from disabled persons, whose aptitude and skills can be utilized in the business and for their training and career development. This includes, wherever possible, the retraining and retention of staff who become disabled during their employment. Our employees are duly informed of matters concerning their interest as employees and the financial and economic factors affecting the business. The Company's established management communication channels are supplemented by direct presentations to employees by Directors, explaining developments of particular significance.

CAUTIONARY STATEMENTS

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.



DEAR MEMBERS,

Your Directors take pleasure in presenting the Seventeenth Annual Report together with the audited statement of accounts of the Company for the year ended 31 March 2011.

FINANCIAL RESULTS

The financial results for the year ended 31 March 2011 are as follows:

	(Rs. In thousands)			
	Unconsolidated for the year ended		Consolidated for the year ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Sales and Other Income	4,858,858	5,475,075	7,159,165	6,535,015
Profit before Tax	1,024,643	802,994	1,518,777	1,122,448
Provision for taxation	(328,989)	(287,384)	(336,712)	(296,265)
Profit after Tax	695,654	515,610	1,182,065	826,183
Minority Interest	-	-	(9,795)	(5,041)
Net Profit Attributable to share Holders of the Company	695,654	515,610	1,172,270	821,142
Balance brought forward from previous year	907,834	1,055,289	1,664,184	1,506,107
Capitalization of Reserves	-	(663,065)	-	(663,065)
Balance carried to Balance Sheet	1,603,488	907,834	2,836,454	1,664,184

OPERATIONAL RESULTS

a. Consolidated Financials

In Financial Year 2010-2011, Eros International successfully released a total of 77 films in Hindi and other regional languages, reiterating its leadership position in the Indian film industry.

The growth in revenues were mainly driven by:

- The Theatrical success of the portfolio of releases in the year notably Housefull, Golmaal 3, Endhiran and Dabangg

During the year under review, the net sales and operating income on consolidated basis increased by 9.6% from Rs. 65,35,015 (thousands) to Rs. 71,59,165 (thousands) as a result of high profile films, successful theatrical release of films and robust & dynamic business model with its unique de-risking strategy of pre licensing its films content for maximum monetization.

- The strong television syndication revenues especially within a rising Indian cable and satellite television market

- The growth in Digital and Ancillary revenues helped by higher music and mobile monetization.

Investment in content has increased to Rs. 53,65,000 (thousands) compared to Rs. 26,20,000 (thousands) in FY 2010.

EyeQube, our VFX facility, has initiated work on prominent Hollywood projects as well as current Hindi film projects involving Sharukh Khan starrer Ra.One.

The Company successfully implemented its Digital Asset Management' platform ("DAM"). This new media initiative ensures optimum exploitation of Eros India's film content across multiple platforms, through comprehensive digitization of its movie library, consisting of more than 1,100 films.

During the year under review, the net sales and operating income on consolidated basis increased by 9.6% from Rs. 65,35,015 (thousands) to Rs. 71,59,165 (thousands) as a result of high profile films, successful theatrical release of films and robust & dynamic business model with its unique de-risking strategy of pre licensing its films content for maximum monetization.

Profit before tax has also shown an upward trend due to strong traction in new media and satellite licensing, bundling new releases with films from existing catalogue, lower direct costs and innovative marketing initiatives. Profit after tax has shown an increase of 43.1% from previous year.

Net profit after minority interest consolidated for the current year is Rs. 11,72,270 (thousands) as against Rs. 8,21,142 (thousands) in the previous year.

b. Standalone Financials

During the year under review, net sales and operating income for the standalone entity decreased to Rs. 48,58,858 (thousands) from Rs. 54,75,075 (thousands) in the previous year a decline of 11.3%, but the profit after tax for the current year is Rs. 6,95,654 (thousands) as against Rs. 5,15,610 (thousands) in the previous year.

INITIAL PUBLIC OFFERING

During the year, the Company successfully completed the listing of its shares on the Indian exchanges. It raised Rs. 35,00,000 (thousands) through Initial Public Offer of its shares. The issue price was kept at Rs. 175/- per share including a premium of Rs. 165/- per share. The issue got a overwhelming response and was subscribed 29.9 times.

APPROPRIATIONS

Dividend

With a view to strengthen the financial position of the Company the Directors of the Company do not recommend any dividend for the year under consideration.

EMPLOYEE STOCK OPTION SCHEME

Your Company has introduced a Stock option plan – the Employees Stock Option Plan, 2009 (“ESOP”) – for its employees and some of its Directors.

The Information required to be disclosed in terms of the provisions of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999) is annexed to this report.

SUBSIDIARIES

Ministry of Corporate Affairs, Government of India has, vide its Circular no. 51/12/2007-CL-III dated 8 February 2011, has granted a general exemption from applicability of provisions of Section 212(8) of the Companies Act, 1956, in relation to attachment of accounts of the subsidiaries subject to fulfillment of certain conditions set out therein. Directors confirm that the conditions laid down in the circular for such

During the year, the Company successfully completed the listing of its shares on the Indian exchanges. It raised Rs. 35,00,000 (thousands) through Initial Public Offer of its shares. The issue price was kept at Rs. 175/- per share including a premium of Rs. 165/- per share. The issue got a overwhelming response and was subscribed 29.9 times.

exemption have been fulfilled and hence the information for subsidiaries has not been attached.

However, the Company will make available the annual accounts of the subsidiary companies and the related detailed information upon request by any member of the Company. These documents/details will also be available for inspection by any member of the Company at its corporate office during business hours on working days up to the date of Annual General Meeting.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard (AS-21) on Consolidated Financial Statements the audited Consolidated Financial Statements for the Financial Year 2010-11 are provided in the Annual Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Naresh Chandra and Mr. Kishore Lulla, retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Appropriate resolutions for their re-appointment are being placed before you for your approval at the ensuing Annual General Meeting.

The brief resume of the aforesaid Directors and other information have been detailed in the Notice of the Annual General Meeting. Your Directors recommend their re-appointment as Directors of your Company.

AUDITORS AND AUDITORS' REPORT

The present Statutory Auditors M/s. Walker Chandiok and Co., hold office until the conclusion of the ensuing Annual General Meeting and have furnished a certificate regarding their eligibility for reappointment. The Directors

DIRECTORS' REPORT

Profit before tax has also shown an upward trend due to strong traction in new media and satellite licensing, bundling new releases with films from existing catalogue, lower direct costs and innovative marketing initiatives. Profit after tax has shown an increase of 43.1% from previous year.

recommend that they be re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting.

The Auditors Report to the shareholders does not contain any qualification. The observations of Auditors in their report read with the relevant notes to accounts are self-explanatory and do not require further explanation.

FIXED DEPOSITS

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as on the balance sheet date.

INSURANCE

All the insurable interests of your Company including inventories, fixed assets, etc and liabilities under legislative enactments are adequately insured.

PARTICULARS OF EMPLOYEES

In terms of provision of Section 219(1)(b)(iv) of the Companies Act 1956 the Directors' Report and Accounts are being sent to all the Members of the Company excluding the statement of particulars of the employee under section 217 (2A) of the Companies Act 1956. Pursuant to the Notification dated 31 March 2011 issued by the Government of India, Ministry of Corporate Affairs and in accordance with section 217 (2A) of the Companies Act 1956 and the rules framed there under, the names and other particulars of the employees as required to be set out in the Annexure to the Directors' report is available for inspection at the Corporate office of the Company. Any member interested in obtaining a copy of Annexure may write to the Company Secretary & Compliance Officer at the Corporate office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the business activities of the Company Information required to be provided under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company.

Particulars of foreign currency earnings and outgo during the year are given in Notes to the Accounts forming part of the Annual Report.

CORPORATE GOVERNANCE

The Report on Corporate Governance forms part of the Directors' Report, and is annexed herewith.

As required by the Listing Agreement, Practicing Company Secretary's Report on Corporate Governance and a declaration by the Managing Director with regard to Code of Conduct are attached to the said Report.

Further, as required under Clause 49 of the Listing Agreement, a certificate, duly signed by the Managing Director and Chief Financial Officer (India) on the Financial Statements of the Company for the year ended 31 March 2011, was submitted to the Board of Directors at their meeting held on 27 May 2011. The certificate is attached to the Report on Corporate Governance

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report covering a wide range of issues relating to Performance, outlook etc., is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 and based on the representation received from the operating management, the Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

- Appropriate Accounting policies have been selected and consistently applied and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Directors take this opportunity to acknowledge sincere appreciation of all investors, banks, distributors, exhibitors, customers, vendors and other business associates for the excellent support received from them during the year. Directors also recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

On and behalf of the Board of Directors,

Sunil Lulla

Executive Vice Chairman and Managing Director

Date: 27 May 2011

Place: Mumbai

ANNEXURE TO DIRECTORS' REPORT

		(A)	(B)	Total
	Grant Dates	17 December 2009	12 August 2010	
(a)	Options Granted during the year 2009-10 (Refer to Column A) & options granted during the year 2010-2011 (Refer to Column B)	1,729,512	83,628	1,813,140
(b)	Pricing Formula			
	Discount to Fair Value (Rs. 175/-)	At a Discount ranging from Nil to 50%	At a Discount ranging from 20% to 50%	
(c)	Options vested	330,059	Nil	330,059
(d)	Options exercised	Nil	Nil	Nil
(e)	Total number of shares arising as a result of exercise of options	Nil	Nil	Nil
(f)	Options lapsed (as at 31 March 2011)	79,216	Nil	79,216
(g)	Variation of terms options	Fair Market value of ESOP 2009 scheme is revised from Rs. 200 to Rs. 175 wide Postal Ballot dt 21 December 2010	Fair Market value of ESOP 2009 scheme is revised from Rs. 200 to Rs. 175 wide Postal Ballot dt 21 December 2010	
(h)	Money realized by exercise of options	Nil	Nil	
(I)	Total number of options in force (as at 31 March 2011)	1,650,296	83,628	1,733,924
(j)	Employee wise details of options granted to			
	1 Employees to whom more than 5% options granted during the year	Not Applicable	Detailed Below	
	2 Employees to whom options more than 1% of issued capital granted during the year	Not Applicable	Detailed Below	
(k)	Diluted EPS, pursuant to issue of shares on exercise of options	There is no fresh issue of shares on exercise of option therefore the same is not applicable.		
(l)	1 Method of calculation of employee compensation cost	Intrinsic Value Method	Intrinsic Value Method	
	2 Average Intrinsic Value per share (in Rupees)	58.20	83.86	
	3 Difference between the above and employee compensation cost that shall have been recognized if it had used the fair value of the options	Employee compensation cost would have been higher by Rs. 24,255 (in thousands) during the year, had the Company used fair value method for accounting the options issued under ESOP 2009		
	4 Impact of this difference on Profits and on EPS of the Company	Profits would have been lower by Rs.24,255 (in thousands) and E.P.S. would have been lower by Rs.0.41 during the year, had the Company used fair value method of accounting the options issued under ESOP 2009		
(m)	1 Weighted average exercise price (in Rupees)	116.80	91.14	
	2 Weighted average fair value of options based on Black Scholes methodology (in Rupees)	98.34	96.80	

	(A)	(B)	Total
Grant Dates	17 December 2009	12 August 2010	
(n) Significant assumptions used to estimate fair value of options including weighted average			
1 Risk free interest rate	6.30%	6.50%	
2 Expected life	5.25 years	5.25 years	
3 Expected volatility (based in competitor companies volatility)	75%	60%	
4 Expected dividends	Nil	Nil	
5 Closing market price of share on a date prior to date of grant (Fair market value in absence of listing) (in Rupees)	175	175	
Options granted to Senior Management Personnel (including more than 5%), during the year	Granted on 17 December 2009	Granted on 12 August 2010	
Ms. Jyoti Deshpande	713,950	Nil	
Mr. Kamal Jain	Nil	15,000	
Mr. Rajesh Bahl	Nil	7,500	
Ms. Sundari Ramamurthy	59,276	Nil	
Mr. Kumar Ahuja	85,267	Nil	
Mr. Ram Mirchandani	7,816	Nil	
Mr. Nandu Ahuja	19,588	Nil	
Mr. Narendra Lalchandani	16,578	Nil	
Mr. Girish Kumar	15,197	Nil	
Mr. Prashant Gaonkar	25,903	Nil	
Mr. Anand Shankar	61,128	61,128	
Mr. Surrender Sood	41,100	Nil	
Mr. Rajesh Bhatia	15,830	Nil	
Ms. Amita Naidu	10,942	Nil	
Ms. Vaishali Malhotra	14,506	Nil	
Mr. Sudam Patil	13,930	Nil	



CORPORATE GOVERNANCE REPORT

REPORT OF COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, the Compliance Report on Corporate Governance is given as under:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

We at Eros International strive at creating value for all our stakeholders in a complete ethical and legal manner. We consider that the practice of corporate governance is extremely essential to keep the trust of the stakeholders and to fulfil our social responsibilities as a company.

We strongly believe in the practice of conducting our business activities in a fair, direct and completely transparent manner that will not only benefit the Company but more importantly will ensure the highest level of accountability and trust for all our shareholders, our employees and our partners.

All of these pro-active actions ensure the strengthening of foundation of good governance at Eros International Media Limited.

The highlights of Eros International's Corporate Governance are:

- A comprehensive and well-defined Board of Directors with a fair depiction of executive, non-executive and independent directors with over 42.85% of the Board being Non-Promoters
- Constitution of Committees such as the Audit Committee, Share Transfer & Investors Grievance Committee, Compensation Committee and Management Committee for more intensive attention.

- Dynamic and Robust Risk Management structure for ascertaining risks, evaluating their probability as well as probable impact and framing risk minimization plans.
- Regular communication with shareholders including communication of quarterly results just after release to Stock Exchanges.
- Focus on hiring, retaining and development of the best talent and to promote a culture of excellence across the organization. Comprehensive HRD Policies cover succession planning, training and development, employee grievance handling.

2. BOARD OF DIRECTORS

The Board of Directors of the Company consists of professionals from varied disciplines. The day to day management of the affairs of the Company is entrusted with the senior management personnel, headed by the Executive Vice Chairman and Managing Director of the Company, who functions under the overall supervision, direction and control of the Board of Directors of the Company. The Board meets regularly to discuss, review and decide upon the matters such as policy formulation, setting up of goals, appraisal of performances with the goals and control functions, etc. Some of the powers of the Board have also been delegated to Committee/s such as Management Committee, who monitors the day-to-day affairs relating to operational matters. The Board thus exercises close control over the overall functioning of the Company with a view to enhance the Shareholder value.

Sr. No	Name of Director	Designation	Attendance in Board meetings		Attendance in last AGM held on 27 May 2010	Director-ship (Including Unlisted Public Limited Companies)	Other Board	
			Held	Attended			Committee Chairman-ship	Committee Member-ship (Including Chairman-ship)
1.	Mr. Naresh Chandra	Non Executive Chairman and Independent Director	5	4	Absent	11	1	9
2.	Dr. Shankar Nath Acharya	Non-Executive Independent Director	5	4	Absent	2	1	1
3.	Mr. Dharendra Swarup	Non-Executive Independent Director	5	5	Absent	1	–	–
4.	Mr. Kishore Lulla	Executive Director	5	–	Absent	6	–	–
5.	Mr. Sunil Lulla	Executive Vice Chairman and Managing Director	5	3	Present	7	–	–
6.	Mr. Vijay Ahuja	Executive Director	5	2	Present	–	–	–
7.	Ms. Jyoti Deshpande (Resigned w.e.f. 27 May 2011)	Executive Director	5	1	Present	–	–	–

Note:-

Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose. Only Audit Committee and Shareholder's And Investor's Grievance Committee are considered for the purpose of committee positions as per Listing Agreement.

Dates of Board Meetings held during the Financial Year 2010-2011

Date of Board Meeting

25 May 2010

12 August 2010

1 October 2010

10 November 2010

28 January 2011

Board Procedures:

The Agenda is circulated by the Company Secretary well in advance to the Board members alongwith comprehensive background information on the items in the agenda to enable the Board to deliberate on relevant points and arrive at an informed decision. All relevant information related to the working of the Company, including the information required as per the Listing Agreement is made available to the Board.

Information on the other significant matters in addition to the matters which are required to be placed before the Board for its noting and/or approval is also provided.

The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes and the draft minutes are circulated to the Board for perusal. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments/divisions promptly.

3. COMMITTEES OF THE BOARD:

The Board has constituted various Committees as given below:-

- Audit Committee,
- Share Transfer and Investor Grievance Committee,
- Compensation Committee,
- Management Committee,
- IPO Committee.

a. Audit Committee

- The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

CORPORATE GOVERNANCE REPORT

The Audit Committee was constituted by a Board resolution dated 19 November 2009.

ii. The Terms of Reference of the Audit Committee are broadly as under:-

- a) Overseeing our financial reporting process and the disclosure of our financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to the Board regarding the fixation of the audit fee;
- c) Approving of payment of statutory auditors for any other services rendered by them;
- d) Reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board;
- e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- f) 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;
- g) Discussing with internal auditors regarding any significant findings and follow up thereon;
- h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- i) Discussing with external auditors before the audit commences, nature and scope of the audit, as well as have post audit discussion to ascertain any area of concern;
- j) Reviewing our financial and risk management policies;
- k) Looking into the reason for substantial defaults in payments to depositors, debenture holders, shareholders and creditors;

- l) Reviewing the functioning of the whistle blowing mechanism, in case the same is formulated;
- m) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, if any, monitoring the utilisation of proceeds of public or rights issue and making appropriate recommendations to the board to take up steps in this matter;
- n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and
- o) Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies of the Company.

The Company Secretary and Compliance Officer of the Company is the Secretary of the Audit Committee.

iii. The composition of the Audit Committee and details of meetings held and attended by its members are given below:-

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Dhirendra Swarup (Chairman)	4	4
Mr. Naresh Chandra	4	4*
Ms. Jyoti Deshpande	4	1
Dr. Shankar Nath Acharya	4	2

(Appointed as Additional Member of Audit Committee in the Board Meeting held on 28 January 2011)

* Mr. Naresh Chandra attended 1 (one) meeting via telecom.

Dates of Audit Committee Meetings held during the year 2010-2011

Date on which Audit Committee Meetings were held

25 May 2010

12 August 2010

10 November 2010

28 January 2011

b. SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE

The Share Transfer & Investor's Grievance Committee was constituted by a Board resolution dated 19 November 2009.

Brief description of terms of reference

- Redressal of investors' complaints;
- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
- Non-receipt of declared dividends, balance sheets of the Company, etc; and
- Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

The Company Secretary and Compliance Officer of the Company is the Secretary of the Share Transfer & Investor's Grievance Committee.

Composition of Share Transfer & Investor Grievance Committee and Attendance of Members

Composition of Committee and attendance of members

Sr. No.	Name of the Director	Meetings Held	Meetings Attended
1.	Dr. Shankar Nath Acharya (Chairman)	2	2
2.	Mr. Dharendra Swarup	2	2
3.	Ms. Jyoti Deshpande* (Resigned w.e.f. 27 May 2011)	2	-

* Mr. Sunil Lulla, Executive Vice Chairman and Managing Director of the Company, is appointed as Committee member w.e.f. 27 May 2011.

Dates of Share Transfer & Investor's Grievance Committee Meetings held during the year 2010-2011

Date on which Share Transfer & Investor's Grievance Committee Meetings were held

10 November 2010

28 January 2011

c. Compensation Committee

The Compensation Committee was constituted by a Board resolution dated 19 November 2009.

Brief description of terms of reference

- Reviewing, assessing and recommending the appointment of Executive/Non-Executive Directors and Senior Employees;
- Reviewing the remuneration packages of Executive/Non-Executive Directors and Senior Employees;
- Recommending payment of compensation in accordance with the provisions of the Companies Act;
- Considering and recommending grant of Employees Stock Options under the Company's ESOP 2009, and administration and superintendence of the same; and
- Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

The composition of the Compensation Committee and the details of the meetings held and attended by its members are as given below:-

Composition of Committee and attendance of members

Sr. No.	Name of the Director	Meetings Held	Meetings Attended
1.	Dr. Naresh Chandra (Chairman);	2	2
2.	Dr. Shankar Nath Acharya (Member)	2	2
3.	Mr. Dharendra Swarup (Member)	2	2

During the year 2010-2011, one Circular Resolution of the Compensation Committee was passed and which was duly approved by all the members.

Remuneration Policy and Details of Remuneration Paid

Remuneration to Executive Directors

Mr. Sunil Lulla, the Executive Vice Chairman and Managing Director of the Company is paid a fixed quantum of salary and perquisites as approved by Board resolution dated 27 August 2009 and shareholder's resolution dated 29 September 2009 and an Employment Contract dated 29 September 2009.

Ms. Jyoti Deshpande, the Executive Director of the Company is also paid a fixed quantum of salary and perquisites as approved by Board resolution dated 4 March 2010 and shareholder's resolution dated 8 March 2010.

Remuneration to Non- Executive Directors

Non- Executive Directors are paid sitting fees of Rs. 20,000/- for attending each Meeting of Board of Directors and a Commission of a sum not exceeding one percent per annum of the net profits of the Company as computed in the manner referred to under the Companies Act, 1956, for a period of five financial years commencing from 1 April 2010 as per the shareholders resolution dated 27 May 2010.

Remuneration paid/ payable to the Directors during the year 2010 – 11:-

(Rs. In thousands)				
Name of the Director	Sitting fees	Commission Payable	Salary, Perquisites	Total
Mr. Naresh Chandra	80	5,300	-	5,380
Mr. Dharendra Swarup	100	2,650	-	2,750
Dr. Shankar Nath Acharya	80	2,650	-	2,730
Mr. Kishore Lulla	-	-	-	-
Mr. Sunil Lulla	-	-	21,971	21,971
Ms. Jyoti Deshpande	-	-	3,600	3,600
Mr. Vijay Ahuja	-	-	-	-

Except Mr. Kishore Lulla and Mr. Sunil Lulla, who are brothers and Mr. Vijay Ahuja who is their cousin, none of the directors are related to one another.

Details of Shares / Options held by the Directors as on 31 March 2011:

Sr. No.	Name of the Director	Number of Equity Share	Number of option
1.	Mr. Sunil Lulla	1,400	Nil
2.	Ms. Jyoti Deshpande	Nil	713,950
TOTAL		1,400	713,950

d. Management Committee

The Management Committee is empowered by the Board to take day to day decisions for running the Company within parameters and budgets set by the Board.

The Management Committee was constituted by a Board resolution dated 16 December 2009. The ambit/ scope of power and authority given to the committee was subsequently modified in the Board Meetings held on 25 May 2010 and on 10 November 2010.

Brief description of terms of reference

- To exercise all or any of the general operational powers vested in the Board, for carrying out day to day activities of the Company, within the limits approved by the Board.
- To sign all documents for and on behalf of the Board of Directors of the Company, as may be required from time to time before any Government authority.
- To represent, negotiate and settle with any Government authority in connection with the business of the Company and to sign necessary documents and papers on behalf of the Company, and to appoint advocates, pleaders or specialists to represent the Company before any Government authority and also to sub-delegate and/or withdraw any of these powers to any other officer or officers working in the Company.
- Management Committee is empowered to exercise all powers to borrow money and also to execute loan documents within the limits approved by the Board.

5. In special circumstances, the Management Committee may within the ambit of operational necessity and efficiency or to meet an emergency, take decision on behalf of the Board, provided reporting of the same would be made to the Board and its ex-post facto approval be obtained, wherever necessary.
6. Committee is authorised to sub delegate all or any of the powers conferred upon it to any of the members of the Management Committee subject to general supervision and ultimate control of the Board and further subject to such conditions as Management Committee may deem fit, consistent with the need for prompt, effective and efficient discharge of responsibilities entrusted to such member.
7. In special circumstances, the Management Committee may conduct its meeting via teleconferencing and further provided that reporting of the same would be made to the Board and its ex-post facto approval be obtained, wherever necessary.

The composition of the Management Committee and details of meetings held and attended by its members are as given below:

Composition, Attendance of Members at the Committee meetings

Sr. No.	Name of the Director	Meetings Held	Meetings Attended
1.	Mr. Kishore Lulla	22	22
2.	Mr. Sunil Lulla	22	22
3.	Mr. Vijay Ahuja	22	---
4.	Ms. Jyoti Deshpande* (Resigned w.e.f. 27 May 2011)	22	18

* Mr. Kamal Kumar Jain, Group Chief Financial Officer - India, is appointed as Committee member w.e.f. 27 May 2011.

e. IPO Committee

Brief description of terms of reference

The IPO Committee was constituted by a Board resolution dated 19 November 2009.

The IPOCommittee was formed to take decisions relating to the Initial Public Offerings, within the limits approved by the Board.

Composition, Meetings and Attendance

Composition of IPO Committee and attendance of members

Sr. No.	Name of the Director	Meetings Held	Meetings Attended
1.	Mr. Sunil Lulla	8	8
2.	Ms. Jyoti Deshpande	8	8

Dates of IPO Committee Meetings held during the year 2010-2011

Date on which IPO Committee Meetings were held

24 May 2010
13 August 2010
4 September 2010
7 September 2010
14 September 2010
16 September 2010
22 September 2010
23 September 2010

Status of Investors Grievances during the Period from 6 October 2010* to 31 March 2011

Description of Investors Grievances	No. of Grievances
Total Grievances pending at the beginning of the period	Nil
Letters received from shareholders	309
Letters received with respect to correction in refund instrument	28
Complaints received investors through NSE	02
Complaints received investors through BSE	Nil
Complaints received investors through SEBI	152
Total Grievances attended	491
Total Grievances pending at the end of the period	Nil

*The Company was listed on Bombay Stock Exchange and National Stock Exchange on 6th Day of October 2010.

CORPORATE GOVERNANCE REPORT

MANAGEMENT

Management Discussion and Analysis

This Annual Report has a detailed section on Management Discussion and Analysis (MDA)

Disclosures by Management

The particulars of transactions between the Company and its related parties as per the Accounting Standards is set out in Note 2 of Part III to Schedule 19 forming part of the Accounts. These transactions are not likely to have any conflict with the Company's interest.

All details relating to Financial and commercial transactions where directors may have potential interest are provided to the Board and interested directors neither participated in the discussion, nor do they vote on such matters.

Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association of the Company, at every Annual General Meeting of the Company one -third of the Directors are liable to retire by rotation.

Mr. Naresh Chandra and Mr. Kishore Lulla shall retire at this Annual General Meeting of the Company and being eligible, offer themselves for re-election.

Further the Board of Directors of the Company in their meeting held on 27 May 2011 approved the re-appointment of Mr. Naresh Chandra and Mr. Kishore Lulla Director subject to the approval of shareholders.

The brief resume of Mr. Naresh Chandra and Mr. Kishore Lulla seeking re-appointment at the ensuing annual general meeting pursuant to clause 49 of the listing agreement is annexed to the Notice of Annual General Meeting.

CMD/ CFO Certification

Mr. Sunil Lulla, Executive Vice Chairman and Managing Director of the Company, Mr. Kamal Kumar Jain, Group Chief Financial Officer of the Company, have issued necessary certification to the Board in terms of Clause 49 (V) of the Listing Agreement and the same was taken on records by the Board at its meeting held on 27 May 2011. A copy of this certificate is provided as annexure to this report.

Code of Conduct

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of the Company in accordance with the requirement under Clause 49(I)(D) of the Listing Agreement. The Code of Conduct has been posted on the website of the Company. All the Board Members and

the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31 March 2011. The declaration to this effect signed by Executive Vice Chairman and Managing Director of the Company forms part of the report.

Means of Communication

The Company has always promptly reported to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, all the material information including declaration of quarterly/ half yearly and annual financial results in the prescribed formats and through press releases, etc.

The Financial results and the statutory informations are communicated to the shareholders by way of advertisement in one English daily and one regional language daily newspaper, as per the requirements of the listing agreement entered with the Stock Exchanges.

Financial results are normally published in Free Press Journal (English Newspaper) Financial Express (English Newspaper) and Navashakti (in regional language).

The said results are also made available on the Company's website www.erosintl.com. Official Press releases, Company information, Annual Reports and the extracts of media coverage are also displayed on the Company's website.

Insider Trading:

The Board of Directors adopted a Code of Conduct for Prevention of Insider Trading in accordance with the Securities Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2008. This Code of Conduct is known as "Eros International Media Limited Code of Conduct for prohibition of Insider Trading". Mr. Rajesh Bhatia, Company Secretary is the Compliance Officer of the Company.

All the Directors, Senior Management Personnel and such other designated employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company, are covered under the said code. The Directors, their relatives, Senior Management Personnel, designated employees etc. are restricted in dealing in the shares of the Company while in possession of unpublished price sensitive information about the Company as well as during certain periods when the trading window is closed.

Details of Capital Market related non-compliance, if any

There has been no instance of the Company not complying with any matter related to Capital Market.

Risk Management

The Company has in place mechanism to inform Board members about the Risk Assessment and minimisation procedure and periodical reviews to ensure that risk is controlled by the Executive Management.

Adoption / Non – adoption of Non- Mandatory Requirements of the Listing Agreement

- The Company has not provided for tenure of all Independent Directors.
- The Company has set up the Remuneration Committee.
- As the Financial results are published in leading newspapers as well as hosted on the Company's website, the half- yearly financial performance results of the Company are not sent to the individual shareholders.
- There are no audit qualifications for the year under review.
- The Company does not have any formal training program for the Board Members.
- There is no mechanism for evaluating the performance of non-executive Board Members.

Annual General Meetings

Financial Year	2007-2008	2008-2009	2009-2010
Date	29 September 2008	29 September 2009	27 May 2010
Time	11.00 A.M.	11.00 A.M.	3.00 P.M.
Venue	201, Kailash Plaza, Plot No. A-12, Opp. Laxmi Ind. Estate, Link Road, Andheri, Mumbai – 400053	201, Kailash Plaza, Plot No. A-12, Opp. Laxmi Ind. Estate, Link Road, Andheri, Mumbai – 400053	201, Kailash Plaza, Plot No. A-12, Opp. Laxmi Ind. Estate, Link Road, Andheri, Mumbai – 400053

Special resolutions

Following special resolutions were passed at the last three Annual General Meetings

Financial Year	2007-2008	2008-2009	2009-2010
Date of Annual General Meeting	29 September 2008	29 September 2009	27 May 2010
Particulars of resolution Passed	Not Applicable	Special resolution passed for Appointment of Mr. Sunil Lulla as Executive Vice Chairman of the Company for a period of three years w.e.f. 29 September 2009 on such terms and conditions as mentioned in the agreement executed between the Company and Mr. Sunil Lulla.	A) Special resolution passed for Keeping Books of Accounts registers and Annual returns at the Corporate Office of the Company. B) Special resolution passed for payment of a Commission of sum not exceeding one percent per annum of the net profits of the Company, for a period of five financial years commencing from 1 April 2010 to its Non-Executive Independent Directors, and sitting fees of Rs. 20,000/- for attending Board meetings to Non-Executive Independent Directors of the Company.

CORPORATE GOVERNANCE REPORT

Resolutions passed by way of conducting the Postal ballot

During the year under consideration, pursuant to the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, resolution through Postal Ballot in respect of the following Special business was passed on 10th Day of November 2010:-

1. For revising Fair Market Value from Rs. 200/- per share to Rs. 175/- per share and the option price of the un-exercised Employee Stock Options (ESOPs) issued under the 'ESOP 2009' scheme, and
2. For extending the benefits of the "ESOP 2009" scheme of the Company to such present and future permanent employees including Directors of subsidiary Companies of the Company.

The Company had appointed Mr. Suhas Ganpule, Practising Company Secretary, as scrutinizer for conducting the entire Postal Ballot, who submitted his Report to the Vice Chairman and Managing Director after completing the scrutiny and the result of the voting by Postal Ballot was declared on Tuesday, 21 December 2010 at 1.00 p.m. at the Registered Office of the Company.

The date of declaration of result was deemed to be date of passing of the said Resolution

Subsequently Result of the Postal Ballot was published in one English and one vernacular language newspaper circulating in Mumbai. The result of the postal ballot was also displayed at website of the Company (www.erosintl.com).

General Shareholders Information

Annual General Meeting	
Date & time	25 August 2011, 3.00 p.m.
Venue	"The Club", 197, D.N. Nagar, Andheri (West), Mumbai 400 053
Financial Calendar for the F.Y. 2011-2012	a. 1st Quarterly Results – On or before 14 August 2011 b. 2nd Quarterly Results- On or before 14 November 2011 c. 3rd Quarterly Results- On or before 14 November 2011 d. Annual Audited Results –On or before 30 May 2012
Date of Book closure	19 August 2011 to 25 August 2011 (both days inclusive)
Listing on Stock Exchanges	National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No – C Block, G Block, Bandra Kurla Complex, Mumbai 400 051 Tel. No.:- 91-22-2659 8235/8236 Fax. No. 91-22-2659 8237/8238 Bombay Stock Exchange Limited Pheeroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai 400 001 Tel. No.:- 91-22-22721233/1234 Fax. No. 91-22-22722037/39
Stock Code	National Stock Exchange of India Limited- EROSMEDIA Bombay Stock Exchange Limited- 533261
ISIN Number	INE416L01017

Annual Listing fees for the Financial Year ended 31 March 2012 have been paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Corporate Identification Number

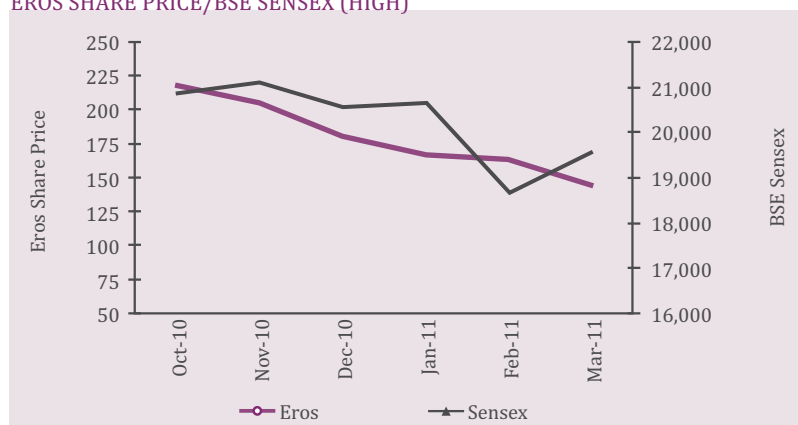
All the forms, returns, balance sheets, charges and all other documents, papers, etc. filed by the Company with the Registrar of Companies are available for inspection on the official website of MCA www.mca.gov.in, under the Company Identification Number (CIN- L99999MH1994PLC08052)

Market Price Data

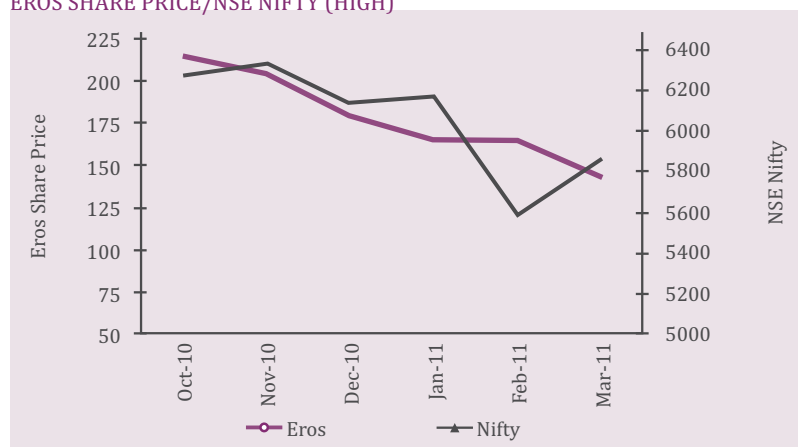
The Company's shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The monthly high and low quotations of shares traded during the period 6 October 2010 to 31 March 2011 are as below:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Oct-10	217.70	166.20	46,503,204	213.95	166.10	74,846,544
Nov-10	204.70	163.55	11,650,634	204.80	164.00	17,329,780
Dec-10	180.50	148.80	2,859,405	179.80	148.00	4,256,597
Jan-11	166.20	128.00	2,242,685	165.90	134.55	2,789,771
Feb-11	164.00	136.60	930,314	164.30	135.05	1,838,259
Mar-11	143.70	124.30	1,629,922	143.65	124.30	2,465,958

EROS SHARE PRICE/BSE SENSEX (HIGH)



EROS SHARE PRICE/NSE NIFTY (HIGH)



Share Transfer System

21.88% of the Equity shares of the Company are in electronic form. Transfer of the shares is done through the Depositories with no involvement with the Company. As regards transfers of shares held in physical form the transfer documents can be lodged with our Registrar and Share Transfer Agent, M/s Link Intime India Private Limited.

CORPORATE GOVERNANCE REPORT

Transfer of shares in physical form is normally processed within twenty one days of receipt, if the documents are complete in all respect. The Group Chief Financial Officer (India) and the Company Secretary and Compliance Officer of the Company are severally empowered to approve transactions.

The Distribution of Shareholdings as on 31 March 2011

Share Holding Of Shares	No. of Share Holders	Percentage of total	Shares	Percentage of Total
1-500	56,813	97.12	3,516,503	3.85
501-1000	819	1.40	634,003	0.69
1001-2000	423	0.72	622,139	0.68
2001-3000	147	0.25	375,320	0.41
3001-4000	55	0.10	197,352	0.22
4001-5000	54	0.09	256,554	0.28
5001-10000	71	0.12	523,364	0.57
10001 and above	117	0.20	85,281,765	93.30
TOTAL	58,499	100.00	91,407,000	100.00

Category of Shareholders as on 31 March 2011

Sr. No.	Category	No. of Shareholders	No. of shares	Voting Strength (In %)
1.	Shareholding of Promoter and Promoter Group			
a.	Indian			
1.	Individuals/ Hindu Undivided Family	5	7,000	0.01
2.	Bodies Corporate	1	21,700,000	23.74
3.	Foreign Body Corporate	1	49,700,000	54.37
2.	Public shareholding			
a.	Institutions			
1.	Institutions (Mutual Funds/ UTI)	8	1,781,402	1.95
2.	Financial Institutions/ Banks	3	1,165,495	1.28
3.	FII's	14	7,188,695	7.86
b.	Non- institutions			
1.	Bodies Corporate	570	1,927,775	2.11
2.	Individual			
i.	Individual shareholders holding nominal share capital up to Rs. 1 Lakh	57,045	5,183,953	5.67
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	39	2,210,869	2.42
c.	Any Other			
i.	Clearing Member	291	414,629	0.45
ii.	Trust	11	3,799	0.01
iii.	NRI's	381	102,663	0.11
iv.	NRN	130	20,720	0.02
TOTAL		58,499	91,407,000	100

Following is the list of Top Ten Shareholders (Other than Promoters) of the Company as on 31 March 2011

Sr. No.	Share Holder's Name	Shares	%
1	Indus Capital Advisors (UK) Llp Limited	3,363,291	3.68
2	IDFC Small and Midcap Equity(SME) Fund	1,200,000	1.31
3	Axis Bank Limited	1,151,500	1.26
4	Kamal Kabra/Usha Kabra	1,151,007	1.26
5	Citigroup Global Markets Mauritius Private Limited	708,457	0.78
6	Lockheed Martin Corporation Master Retirement Trust	673,952	0.74
7	The India Fund, INC	606,061	0.66
8	Copthall Mauritius Investment Limited	468,528	0.51
9	India Max Investment Fund Limited	359,800	0.39
10	Rising India Focus Fund Limited	347,731	0.38

Pledge of Shares:-

No pledge has been created over the Equity Shares held by the Promoters and/ or Promoters Group Shareholders as on 31 March 2011.

Dematerialisation of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 21.88% of the Company's Equity Share capital are dematerialised as on 31 March 2011 and the Promoters holding of 78.12% is in the process of dematerialisation.

The Company's equity shares are regularly traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, in dematerialised form.

Under the depository system, the International Security Identification Number (ISIN) allotted to the Company's shares is INE416L01017.

Auditors' Certificate on Corporate Governance

As required under Clause 49 of the Listing Agreement, the Auditor's certificate regarding the compliance of provisions of the corporate governance norms is attached herewith.

Subsidiary Companies

The Company does not have a material non listed Indian subsidiary Company, whose Turnover or Net worth exceeds

20% of consolidated turnover or Net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, in terms of Clause 49(iii) of the Listing Agreement.

Secretarial Audit

A Qualified Practicing Chartered Accountant carried out Quarterly Secretarial Audit to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) of the total issued and listed Equity Share Capital. The Secretarial Audit Report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of shares in the dematerialised form held with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Pursuant to Circular No. 17/2011 dated 21 April 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company. Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar & Transfer Agent, LINK INTIME INDIA PRIVATE LIMITED, which can be updated with the Depository Participant (DP) or by mailing at erosinternationalgogreen@linkintime.co.in specifying Client Id and DP Id of the shareholder.

CORPORATE GOVERNANCE REPORT

Address for Correspondence with the Company

All correspondences relating to Share Transfer activity, etc. may please be addressed to the Registrar and Share Transfer Agent, M/s Link Intime India Private Limited, at the address given below.

In case any shareholder is not satisfied with the response or do not get any response within reasonable period from the Registrar and Transfer Agent, they may approach the Company Secretary and Compliance Officer of the Company or e-mail their queries/ grievances to:-

For General Correspondence

Company Secretary & Compliance Officer

EROS INTERNATIONAL MEDIA LIMITED
Corporate Office:- 901/902, Supreme Chambers,
Off Veera Desai Road, Andheri (West),
Mumbai-400 053
Tel: + (91 22) 66021500
Fax: + (91 22) 40538540
Email: compliance.officer@erosintl.com
Web: www.erosintl.com

Company Secretary & Compliance Officer

EROS INTERNATIONAL MEDIA LIMITED
Regd. Office:- 201, Kailash Plaza,
Plot No. A-12, Opp laxmi Ind. Estate, Link Road,
Andheri (west)
Mumbai – 400053
Tel: + (91 22) 66918500
Fax: + (91 22) 40538540
Email: compliance.officer@erosintl.com
Web: www.erosintl.com

Registrar & Transfer Agent of the Company

Link Intime India Private Limited
C-13 Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West),
Mumbai 400 078
Tel: + (91 22) 25960320
Fax: + (91 22) 25960329
Email: eros.ipo@linkintime.co.in
Web: www.linkintime.co.in

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER CLAUSE 49 OF LISTING AGREEMENT

To
The Members of
Eros International Media Limited

We have examined the compliance of conditions of corporate governance by Eros International Media Limited, for the year ended on 31 March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SG & Associates

Company Secretaries
Suhas Ganpule
(Proprietor)
M. No. 12122
C.P. No. 5722

Date:- 16 May 2011

Place:- Mumbai

To
The Board of Directors
Eros International Media Limited

We hereby certify that in the preparation of the accounts for the year ended 31 March 2011,

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, and further state that there were no deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the auditors and the Audit Committee
 - a. That there are no significant changes in internal controls over financial reporting during the year.
 - b. That there are no Significant changes in accounting policies during the year.
 - c. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sunil Lulla
(Executive Vice Chairman & Managing Director)

Kamal Kumar Jain
(Group Chief Financial Officer - India)

Date:- 21 May 2011

Place:- Mumbai

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AUDITORS' REPORT

TO, THE BOARD OF DIRECTORS OF EROS INTERNATIONAL MEDIA LIMITED

1. We have audited the attached Consolidated Balance Sheet of Eros International Media Limited ('the Company' or 'the Group') as at 31 March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, as notified under the Companies Act, 1956.
4. We have not audited the financial statements of certain subsidiaries of the Company for the year ended 31 March 2011. We have not audited total assets of Rs. 4,841,207,821 and total revenues of Rs. 2,522,222,009 as reflected by these financial statements. These financial statements are audited by another auditor and we have relied on these financial statements and have not carried out any test or review procedures on the same. Since we did not perform the audit for these financial statements, the financial information included is solely based on the audit reports submitted by the respective statutory auditors, whose reports were furnished to us and in our opinion in so far as it relates to the amounts included in respect of such subsidiaries is solely based on the reports of such other auditors.
5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;
 - ii) the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**

Chartered Accountants

Firm Registration No. 001076N

per **Khushroo B. Panthaky**

Partner

Membership No. F-42423

Place: Mumbai

Date: 27 May 2011

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2011

	Schedule	As at 31 March 2011	Rs. in thousands As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' funds :			
Capital	1	914,070	714,070
Stock Options Outstanding		55,340	13,372
Reserves and surplus	2	5,735,341	1,647,976
		6,704,751	2,375,418
Minority interest		51,449	41,654
Loan funds :			
Secured loans	3	1,786,287	2,178,247
Unsecured loans	4	200,000	53
		1,986,287	2,178,300
Deferred tax liability (net)	5	684,833	498,748
TOTAL		9,427,320	5,094,120
APPLICATION OF FUNDS			
Fixed assets :			
Gross block	6	13,093,692	10,046,809
Less : Accumulated depreciation/amortisation		9,773,814	7,327,072
Net block		3,319,878	2,719,737
Capital work in progress		476,568	2,765
		3,796,446	2,722,502
Investments	7	1,554,738	80,000
Foreign Currency Monetary Item Translation Difference Account		-	580
(refer note 7 of part IV to schedule 20)			
Deferred tax asset (net)	8	7,428	676
Current assets, loans and advances :			
Inventories	9	54,343	408,708
Sundry debtors	10	1,452,176	1,302,840
Cash and bank balances	11	1,507,653	1,072,429
Loans and advances	12	5,279,404	4,465,557
		8,293,576	7,249,534
Less: Current liabilities and provisions:	13		
Liabilities		4,185,315	4,857,968
Provisions		39,553	101,204
		4,224,868	4,959,172
Net current assets		4,068,708	2,290,362
TOTAL		9,427,320	5,094,120
Significant accounting policies and notes to accounts	20		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For and on behalf of the Board of Directors

For Walker, Chandiok & Co
Chartered Accountants

Sunil Lulla
Executive Vice Chairman and
Managing Director

Vijay Ahuja
Executive
Director

Kamal Jain
Group Chief Financial
Officer - India

Khushroo B. Panthaky
Partner

Rajesh Bhatia
Company Secretary and
Compliance Officer

Place: Mumbai
Date: 27 May 2011

Place: Mumbai
Date: 27 May 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

		Rs. in thousands	
	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Sales	14	7,069,667	6,408,821
Other income	15	89,498	126,194
		7,159,165	6,535,015
EXPENDITURE			
Operating expenses	16	4,959,701	4,803,347
Employee remuneration and other benefits	17	252,811	197,007
Administrative and other expenses	18	295,759	278,097
Depreciation		38,223	43,930
Finance costs (net)	19	93,894	90,186
		5,640,388	5,412,567
Profit before tax		1,518,777	1,122,448
Provision for tax :			
- Current tax		233,075	152,785
- Deferred tax		179,333	217,818
- Short / (excess) provision of earlier years (net)		(2,696)	1,762
- Minimum Alternate Tax credit		(73,000)	(76,100)
Profit after tax before Minority Interest		1,182,065	826,183
Minority Interest		9,795	5,041
Net Profit after Minority Interest		1,172,270	821,142
Opening Balance brought forward		1,664,184	1,506,107
Less : Amount capitalized for bonus shares issued		-	663,065
Balance carried forward to balance sheet		2,836,454	1,664,184
Earnings per share - (in Rs.)			
Basic		14.45	11.50
Diluted		14.35	11.27
Nominal Value of Shares (in Rs.)		10.00	10.00
(refer note 6 of part IV to schedule 20)			
Significant accounting policies and notes to accounts	20		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For and on behalf of the Board of Directors

For Walker, Chandiok & Co
Chartered Accountants

Sunil Lulla
Executive Vice Chairman and
Managing Director

Vijay Ahuja
Executive
Director

Kamal Jain
Group Chief Financial
Officer - India

Khushroo B. Panthaky
Partner

Rajesh Bhatia
Company Secretary and
Compliance Officer

Place: Mumbai
Date: 27 May 2011

Place: Mumbai
Date: 27 May 2011

CONSOLIDATED CASH FLOW STATEMENT

AS AT MARCH 31, 2011

	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1,518,777	1,122,448
Adjustments for :		
Depreciation / Amortisation	2,473,268	1,983,942
Employees Stock Option Compensation	41,968	13,372
Bad debts written off (net)	24,445	18,651
Advances written off	136	3,201
Sundry balances written off	5,654	-
Sundry balances written back	(6,119)	(4,609)
Interest and bank charges	125,300	127,419
Interest income	(31,406)	(37,233)
(Profit) / loss on sale of fixed assets (net)	2,415	1,806
Operating Profit Before Working Capital Changes	4,154,438	3,228,997
Adjustments for -		
(Increase)/ decrease in inventories	354,365	569,630
(Increase)/ decrease in sundry debtors	(173,781)	266,608
(Increase)/ decrease in loans and advances	(827,761)	1,670,993
Increase / (Decrease) in liabilities and provisions including foreign currency translation reserve	(754,466)	(2,297,164)
Cash Generated from / (used in) Operations	2,752,795	3,439,064
Income taxes	(222,968)	(141,868)
Net Cash generated from Operating Activities	2,529,827	3,297,196
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets (including Capital work in progress)	(497,991)	(12,150)
Purchase of intangible fixed assets	(3,059,298)	(2,554,187)
Proceeds from sale of tangible fixed assets	7,662	2,248
Net Cash used in Investing Activities	(3,549,627)	(2,564,089)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from long term borrowings (net)	(338,502)	(348,280)
Proceeds from short term borrowings (net)	147,069	419,366
Interest income	40,524	34,548
Interest and bank charges	(125,300)	(127,419)
Issue of equity shares	200,000	5
Increase in Share Premium Account	3,300,000	-
Issue expenses	(294,029)	-
Net Cash from / (used in) Financing Activities	2,929,762	(21,780)
Net Increase / (Decrease) in Cash and Cash Equivalents	1,909,962	711,327
Cash and Cash Equivalents at beginning of the year	1,072,429	361,102
Components of Cash and Cash Equivalents	2,982,391	1,072,429

CONSOLIDATED CASH FLOW STATEMENT

AS AT MARCH 31, 2011

	As at 31 March 2011		As at 31 March 2010	
	Beginning	Ending	Beginning	Ending
Cash on hand	2,790	2,064	2,990	2,790
Cheques on hand	175,319	37,794	-	175,319
Balances with the banks	330,963	671,251	41,456	330,963
Investment in Mutual Funds	-	1,474,738	-	-
Deposit and margin money *	563,357	796,544	316,656	563,357
	1,072,429	2,982,391	361,102	1,072,429

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For and on behalf of the Board of Directors

For Walker, Chandiok & Co
Chartered Accountants

Sunil Lulla
Executive Vice Chairman and
Managing Director

Vijay Ahuja
Executive
Director

Kamal Jain
Group Chief Financial
Officer - India

Khushroo B. Panthaky
Partner

Rajesh Bhatia
Company Secretary and
Compliance Officer

Place: Mumbai
Date: 27 May 2011

Place: Mumbai
Date: 27 May 2011

SCHEDULES ANNEXED

TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 1 : CAPITAL		
Authorised:		
125,000,000 (Previous year 125,000,000) equity shares of Rs. 10 each	1,250,000	1,250,000
Issued, subscribed and paid-up:		
91,407,000 (Previous year 71,407,000) equity shares of Rs. 10 each fully paid up	914,070	714,070
Of the above :		
- 66,306,500 equity shares were allotted as fully paid up bonus shares in the Financial year 2009-10 by capitalization of the surplus in the profit and loss account of the Company.		
- 5,000,000 equity shares were allotted for consideration other than cash in the Financial year 1999-00 towards assignment and transfer of the assets and liabilities of a partnership firm.		
- 4,970,000 (Previous year 3,550,000) and 2,170,000 (Previous year 1,550,000) equity shares are held by Eros Worldwide, FZE, the holding company and its subsidiary, Eros Digital Private Limited respectively.		
	914,070	714,070
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve	5,563	5,563
Profit and Loss Account	2,836,454	1,664,184
Share Premium Account		
Opening balance	-	-
Add : Additions during the year	3,300,000	-
Less: Utilized for Initial Public Issue Expenses	(294,029)	-
	3,005,971	-
Foreign Currency Translation Reserve		
Opening balance	(21,771)	30,761
Add : Additions during the year	(90,876)	(52,532)
	(112,647)	(21,771)
	5,735,341	1,647,976

SCHEDULES ANNEXED

TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 3 : SECURED LOANS		
From banks:		
Term loans	584,182	924,924
Packing credit and export bill discounting	1,103,268	1,210,935
Cash credit	87,363	32,574
Vehicle loans	7,358	6,773
Interest accrued and due	4,116	3,041
	1,786,287	2,178,247
SCHEDULE 4 : UNSECURED LOANS		
From relatives of the director(s) (interest free, repayable on demand)	-	53
From others		
Commercial paper (Repayable within one year Rs. 200,000 thousands (Previous year Rs. Nil.)	200,000	-
	200,000	53
SCHEDULE 5: DEFERRED TAX LIABILITY (NET)		
Deferred tax liability arising on account of :		
Depreciation and amortisation	726,427	556,982
Deferred tax asset arising on account of:		
Provision for gratuity and compensated absences	2,734	3,268
Disallowances under the Income Tax Act, 1961	3,086	19,721
Commission payable to Independent Directors	3,440	1,377
Maharashtra Value Added Tax and Central Sales Tax provision	32,334	33,868
	684,833	498,748

SCHEDULES ANNEXED

TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE 6 : FIXED ASSETS

	GROSS BLOCK (AT COST)					DEPRECIATION/AMORTISATION		NET BLOCK		Rs. in thousands
	As at 1 April 2010	Additions During the year	Adjustments / Deletions during the year	As at 31 March 2011	As at 1 April 2010	for the year 2010	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010	
Tangible Assets										
Buildings	9,343	-	-	9,343	3,914	275	4,189	5,154	5,429	
Studio equipments	138,387	1,803	-	140,190	97,432	8,418	105,850	34,340	40,955	
Data processing equipments	64,021	5,284	(2,765)	66,540	40,056	12,558	49,849	16,691	23,965	
Office equipments	23,376	2,557	132	26,065	8,765	4,202	13,001	13,064	14,611	
Furniture and fixtures	47,343	11	-	47,354	21,907	4,567	26,474	20,880	25,436	
Motor vehicles	56,901	11,768	(17,853)	50,816	30,255	6,819	26,470	24,346	26,646	
TOTAL	339,371	21,423	(20,486)	340,308	202,329	36,839	225,833	114,475	137,042	
Intangible Assets										
Film Rights	9,701,204	3,059,267	(13,620)	12,746,851	7,122,249	2,435,045	9,543,928	3,202,923	2,578,955	
Others	6,234	31	268	6,533	2,494	1,384	4,053	2,480	3,740	
TOTAL	9,707,438	3,059,298	(13,352)	12,753,384	7,124,743	2,436,429	9,547,981	3,205,403	2,582,695	
A+B	10,046,809	3,080,721	(33,838)	13,093,692	7,327,072	2,473,268	9,773,814	3,319,878	2,719,737	
Capital Work in Progress										
Software	2,765	31,468	(2,765)	31,468	-	-	-	31,468	2,765	
Building	-	445,100	-	445,100	-	-	-	445,100	-	
TOTAL	2,765	476,568	(2,765)	476,568	-	-	-	476,568	2,765	
(A + B + C)	10,049,574	3,557,289	(36,603)	13,570,260	7,327,072	2,473,268	9,773,814	3,796,446	2,722,502	
Previous Year	7,723,387	2,566,337	(240,150)	10,049,574	5,528,715	1,983,942	7,327,072	2,722,502		

SCHEDULES ANNEXED

TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31 March 2011	Rs. in thousands As at 31 March 2010
SCHEDULE 7 : INVESTMENTS		
A. Long-term, trade, unquoted and at cost		
Eros Digital Private Limited	-	-
20 (Previous year 20) equity shares of Rs. 10 each, fully paid up		
TRIPLE COM MEDIA PRIVATE LIMITED	80,000	80,000
200,000 (Previous year 200,000) equity shares of Rs. 10 each, fully paid up		
	80,000	80,000
B. Current Investments, Non- trade, unquoted and at cost		
50,000,000 (Previous year Nil) units of Birla Sun Life Short Term FMP - Series 7 - Growth	509,620	-
258,809,085.90 (Previous year Nil) units of ICICI Prudential Interval Fund II - Quarterly Interval Plan B - Institutional Growth	258,809	-
25,355,507.13 (Previous year Nil) units of IDFC FMP – 100 days – S1 - Growth	253,555	-
35,711,985.68 (Previous year Nil) units of Kotak QIP- Series 9- Growth	400,073	-
5,184,390.78 (Previous year Nil) units of UTI FIIF Series II -Quarterly Interval Plan – VII – Instn Growth Option	52,681	-
	1,474,738	-
	1,554,738	80,000
SCHEDULE 8: DEFERRED TAX ASSET (NET)		
Deferred tax asset arising on account of:		
Depreciation and amortisation	4,233	17
Gratuity and compensated absences	95	8
Disallowances under the Income Tax Act, 1961	1	493
Business loss	2,635	113
Maharashtra Value Added Tax and Central Sales Tax provision	464	54
Deferred tax liability arising on account of:		
Depreciation and amortisation	-	9
	7,428	676

SCHEDULES ANNEXED

TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 9 : INVENTORIES		
(As taken, valued and certified by the management)		
Films/serial rights	32,613	18,624
Raw film prints	8,494	3,194
VCD/DVD/Audio CD/Audio Cassettes	13,236	32,632
Cost of production of films (work in progress)	-	354,258
	54,343	408,708
SCHEDULE 10 : SUNDRY DEBTORS		
(Unsecured, considered good)		
Considered good		
Outstanding for a period exceeding six months	65,106	77,560
Others	1,387,070	1,225,280
(refer note 8 of part IV of schedule 20)		
	1,452,176	1,302,840
SCHEDULE 11 : CASH AND BANK BALANCES		
Cash on hand	2,064	2,790
Cheques on hand	37,794	175,319
Balances with scheduled banks		
In current accounts	671,251	330,963
In margin money accounts (against, guarantees and bill discounting)	19,850	5,676
In deposit account	776,694	557,681
*(includes Rs. 66,136 thousands (Previous year Rs. 338,082 thousands) pledged as collateral security)		
	1,507,653	1,072,429
SCHEDULE 12 : LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances against production / purchase of film/serial rights	4,454,146	3,708,461
Advances recoverable in cash or in kind or for value to be received (refer note 9 of part IV of schedule 20)	489,789	414,977
Deposits	90,712	89,237
Interest accrued on fixed deposits	2,654	11,773
Minimum Alternate Tax credit receivable	159,100	86,100
Advance tax (net)	83,003	155,009
	5,279,404	4,465,557

SCHEDULES ANNEXED

TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 13 : CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Sundry creditors (refer note 10 of part IV of schedule 20)	382,332	1,536,711
Advances from customers	2,816,729	3,165,511
Advances from Ultimate Holding Company	767,936	-
Deposit received	3,959	3,159
Other liabilities	213,408	152,587
Book overdraft	951	-
	4,185,315	4,857,968
Provisions		
Provision for tax (net)	26,970	91,563
Gratuity	10,809	5,973
Compensated absences	1,774	3,668
	39,553	101,204
	4,224,868	4,959,172
	Rs. in thousands	
	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 14 : SALES		
Sale/distribution/exhibition of films and other rights	7,069,667	6,408,821
	7,069,667	6,408,821
SCHEDULE 15 : OTHER INCOME		
Sundry balances written back	6,119	4,609
Profit on sale of fixed assets	76	11
Bad debts recovered	-	2,741
Insurance claim received	55	15
Foreign exchange gain (net)	29,503	100,559
Miscellaneous income	14,024	18,259
Short term gain on Mutual Funds	39,721	-
	89,498	126,194

SCHEDULES ANNEXED

TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Rs. in thousands	
	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 16 : OPERATING EXPENSES		
Purchase of film /serial rights	1,843,786	2,062,211
Processing charges - film prints, tapes, etc.	331,380	266,450
Purchase and processing charges - DVD/VCD/Audio CD/Cassettes	60,782	107,194
Packing and forwarding expenses	37,320	35,929
Commission and brokerage	11,574	11,047
Amortization of film rights	2,435,045	1,940,012
Sales promotion	199,239	334,989
Other operating expenses	32,198	39,664
	4,951,324	4,797,496
Less: (Increase) / Decrease in inventories		
Closing stock	46,779	55,156
Opening stock	55,156	61,007
	8,377	5,851
	4,959,701	4,803,347
SCHEDULE 17 : EMPLOYEE REMUNERATION AND OTHER BENEFITS		
Salaries, wages and bonus (including Managerial Remuneration)	190,227	170,053
Contribution to provident and other funds	17,311	11,038
Staff welfare expenses	3,305	2,544
Employees Stock Option Compensation	41,968	13,372
	252,811	197,007

SCHEDULES ANNEXED

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	Rs. in thousands	
	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 18 : ADMINISTRATIVE AND OTHER EXPENSES		
Communication	10,986	10,179
Travelling and conveyance	22,911	19,853
Rent, rates and taxes	66,642	78,541
Repairs and maintenance	8,178	5,033
Insurance	10,930	7,486
Legal and professional fees	81,732	67,573
Advertisement expenses	1,673	-
Auditors' remuneration	6,414	5,724
Sales promotion	402	-
Bad debts written off	24,445	21,393
Advances written off	136	3,201
Donations	163	286
Web site expenses	4,960	3,072
Security charges	805	786
Loss on sale of fixed asset	2,491	1,817
Electricity charges	15,204	16,324
Subscription and membership fees	1,928	1,696
Printing and stationery	2,310	2,657
Sundry balances written off	5,654	-
Commission to Independent Directors	10,600	4,050
Directors sitting's fees	260	100
Miscellaneous expenses	16,935	28,326
	295,759	278,097
SCHEDULE 19 : FINANCE COSTS		
Interest on:		
Fixed loans	751	1,825
Other loans (Cash credit, Packing credit, etc)	91,326	91,412
Bill discounting charges	31,107	34,182
Bank charges and commission	2,116	-
	125,300	127,419
Less :		
Interest on bank deposits and others advances	31,406	37,233
	93,894	90,186

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SCHEDULE 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

I. Nature of Operations

Eros International Media Limited (the Company) and its subsidiaries including step down subsidiaries (hereinafter collectively referred to as the "Group") are engaged in the business of sourcing Indian film content either through acquisition, co-production or production of such films, and subsequently exploiting and distributing such films in India through music release, theatrical distribution, DVD and VCD release, television licensing and new media distribution avenues such as cable or DTH licensing; and trading and exporting the International Rights to its parent Eros Worldwide FZ LLC as per pre-agreed transfer pricing norms. The Group also includes a visual effects studio named EyeQube that provides production planning and visual effects services for films and the Group includes Ayngaran group of companies which is involved in the acquisition, production and distribution of Tamil films worldwide

II. (a) Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the applicable Accounting Standards ('AS') and Accounting Rules as notified under the Companies Act, 1956.

(b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAPs') requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future period's results could differ from those estimates. Any revision to accounting estimates is recognized in the period in which revisions are made.

III. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The Consolidated Financials Statements (CFS) relates to the Group.

The CFS have been prepared on the following basis:

- i. The financial statements of the parent company and its subsidiaries including step down subsidiaries have been consolidated on a line by line basis by adding together the book values of the items like assets, liabilities, income and expenses.
- ii. The CFS have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. The impact of change in accounting policies, if not material, has been ignored.
- iii. The excess/deficit (as on the date of acquisition) of the Company's investment cost over the subsidiaries network is recognized as goodwill/capital reserve.
- iv. The CFS are prepared after fully eliminating intra group balances, intra group transactions and unrealized profits from the intra group transactions.
- v. Minorities' interest in net profit/loss of consolidated subsidiary for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by the Holding Company.
- vi. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
- vii. There are no differences in reporting dates within the group entities.

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(b) Revenue recognition

1. Sale of rights

Sale of rights is recognized on effective delivery of materials to customers as per terms of the sale agreements.

2. Sale of physical home entertainment products

Sale of physical home entertainment products is accounted on delivery to customers, as per agreement/ arrangement.

3. Revenue from theatrical distribution of films

Revenue from theatrical distribution is recognized on exhibition of films. In case of distribution through theatres, revenue is recognized on the basis of box office reports received from various exhibitors. In case of distribution of films on commission basis, revenue is recognized inclusive of share of sub-distributor. Overflow from the distributors is accounted when reported.

4. Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

5. Short term gain on mutual funds

On disposal of current investments, the difference between the carrying amount and the disposal proceeds is recognized in the profit and loss account.

(c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase cost and all incidental expenses to bring the asset to their present location and condition.

Depreciation is provided under written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets costing less than Rs. 5,000 each are depreciated at full in the year of purchase.

(d) Intangible assets and amortization

Investment in Film and associated rights are recorded at their acquisition costs or capitalized cost less accumulated amortizations. Cost includes acquisition and production cost, any direct overhead cost and capitalized interest.

Completed film and associated rights are amortized as a group or individually in the proportion of gross revenues realized which they bear to management's estimate of the total gross revenues expected to be received. Such revenues can be generated over the life time of the rights, but for amortization purpose the period is limited to the lower of the life of the rights or 10 years.

In respect of unreleased films, payments towards film rights are classified under advances as the amounts are refundable in the event of non release of the film.

(e) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value of investments, if any, is made to recognize a decline, other than temporary in nature.

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is computed as follows:

- a) Raw prints and tapes on weighted average basis.
- b) Home entertainment products, at cost or net realizable value.
- c) New film rights where principle rights, generally theatrical, satellite and video rights, have been sold, stock of residual rights are valued at values estimated by the management which would not exceed the relevant cost. Stock of rights in respect of old films are valued at full cost for a period of twelve months from the date of purchase and,

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thereafter at appropriate realizable values as estimated by the management not exceeding the cost. All kinds of film rights are reviewed by the management at the end of each reporting period to determine fall in values, if any, based on expected future realizability of such rights.

- d) Inventories related to films under production are stated at acquisition and production cost plus relevant overhead cost and capitalized interest net of any amounts received from third party investors.

(g) Impairment of assets

In accordance with Accounting Standard 28 on "Impairment of Assets" as notified under the Companies Act, 1956 the carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on internal or external factors. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Impairment loss is recognized in the Profit and Loss Account or against revaluation surplus where applicable.

(h) Provisions and contingencies

Provisions are recognized when there is present legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are measured at the management's best estimate of the outflow required to settle the obligations at the Balance Sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

(i) Advances for purchase of film and associated rights

Advances are paid to producers/owners of films and for associated rights in terms of the agreements /arrangements entered into with them. All advances are reviewed by the management periodically, considering facts of each case, to determine the recoverability.

(j) Employee benefits

Defined contribution plan

The Company's contributions paid or payable during the year to the provident fund/employee's state insurance corporation are recognized in the Profit and Loss Account.

Defined benefit plan

The Company's liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The cost for past services is recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognized immediately in the Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation. The accumulated leave of the employees is treated as a short term benefit and accordingly provided on full cost basis.

Stock based compensation

The compensation cost of stock options granted to employees is calculated using the intrinsic value method. The compensation expense is amortized uniformly over the vesting period of the option.

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(k) Taxes on income

Income tax expense comprises current income tax and deferred tax.

Current taxes

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961, and is made at the end of each reporting period based on the tax liability after taking credit for tax allowances and exemptions.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

(l) Borrowing costs

Borrowing costs directly attributable to production of films, and the acquisition or construction of the qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to revenue and recognized as an expense in the Profit and Loss account.

(m) Leases

Operating lease

Aggregate of lease rentals payable under the non-cancellable operating lease arrangements (over the initial and subsequent periods of lease) are charged to the Profit and Loss Account on straight line basis over the period of the lease.

(n) Foreign currency transactions

Transactions in foreign currencies are accounted at exchange rates prevalent on the date of the transaction. Foreign currency monetary assets and liabilities at the period end are translated using the exchange rates prevailing at the end of the period. All exchange differences are recognized in the Profit and Loss Account. Non-monetary foreign currency items are carried at the lower of cost and fair value and accordingly the investments in shares of foreign subsidiaries are denominated in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

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IV. NOTES TO ACCOUNTS

1. CFS comprise the financial statements of Eros International Media Limited and its subsidiaries as below:

Sr. No.	Name of the Company	Country of Incorporation	Subsidiary with effect from date	% Holding as at 31 March 2011
1	Eros International Films Private Limited	India	31 March 1997	99.65
2	Copsale Limited	British Virgin Island	11 February 1999	100.00
3	Big Screen Entertainment Private Limited	India	17 January 2007	64.00
4	EyeQube Studios Private Limited	India	31 October 2007	99.99
5	Eros Music Publishing Private. Limited	India	25 March 2009	99.00
6	Eros Animation Private Limited	India	2 January 2009	99.99
7	Ayngaran International Limited (Isle of Man)	Isle of Man	1 October 2007	51.00
8	Ayngaran International UK Limited [wholly owned subsidiary of Ayngaran International Limited (Isle of Man)]	United Kingdom	1 October 2007	100.00
9	Ayngaran Mauritius Limited (wholly owned subsidiary of Ayngaran International Limited (Isle of Man))	Mauritius	7 March 2008	100.00
10	Ayngaran International Media Private Limited (wholly owned subsidiary of Ayngaran Mauritius Limited)	India	1 October 2007	100.00
11	Ayngaran Anak Media Private Limited (subsidiary of Ayngaran International Media Private Limited)	India	6 October 2008	51.00

2. Balances of certain debtors, advance and creditors in respect of certain films are subject to confirmation / reconciliation and subsequent adjustment, if any. In the opinion of the management such adjustments are not likely to be material.

3. Consolidated Statement of Contingent Liabilities

Particulars	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
Bank Guarantees in favour of various Government Authorities	27,044	275
Corporate guarantee to a bank for loans availed by subsidiary company	50,000	50,000
Sales tax/cess claims disputed by the Company	167,102	159,935
Claims against the Company not acknowledged as debts	159,727	159,752
Income tax and interest demands raised by authorities and disputed by the Company	3,394	11,711
Maharashtra Value Added Tax and Central Sales Tax Liability on the sale or lease of Copy Rights under the MVAT Act and disputed by the Company and the Industry.	125,928	82,234
TOTAL	533,195	463,907

The Finance Act 2010 has levied service tax on transferring temporarily of permitting use or enjoyment of movies copyrights with effect from 1 July 2010. The Industry has jointly protested through various actions and also few leading film studios and production houses have filed the Writ Petition in Mumbai High Court challenging the constitutionality and the legality of this entry, since it is already a taxing entry with State Governments as sales by way

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of transfer of the right to use and is already subjected to Sales Tax / Value Added Tax. The Company has also filed the writ on the same and has challenged the constitutional validity of the levy.

4. Related party information

In accordance with the requirements of Accounting Standard 18, "Related Party Disclosures" notified under the Companies Act, 1956, the details of related party transactions are given below:

a. List of related parties:

Nature of relationship	Name of related parties
Ultimate Holding Company	Eros International PLC, Isle of Man
Holding Company	Eros Worldwide FZ LLC, Dubai
Entities having common control	Eros International Ltd United Kingdom.
Fellow Subsidiary	Eros Digital Private Limited
Entities having significant influence	Shivam Enterprises
Key Management Personnel	Mr. Naresh Chandra – Non Executive Chairman and Independent Director Mr. Sunil Lulla – Executive Vice Chairman and Managing Director Mr. Kishore Lulla – Executive Director Ms. Jyoti Deshpande – Executive Director Mr. Dharendra Swarup – Non Executive Independent Director Dr. Shankar Nath Acharya – Non Executive Independent Director Mr. Vijay Ahuja – Executive Director
Relatives of Key Management Personnel	Mrs. Meena A. Lulla Mrs. Meena A. Lulla Mrs. Manjula K. Lulla Mrs. Krishika Lulla Ms. Nitu Lulla

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b. Details of Related party transactions

Rs. in thousands

Particulars	Year ended	Ultimate Holding Company	Holding Company	Entities having common control / Associates	Fellow Subsidiaries	Entities / Individuals having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Salaries and perquisites	31.03.11	-	-	-	-	-	25,571	-	25,571
	31.03.10	(-)	(-)	(-)	(-)	(-)	(27,883)	(-)	(27,883)
Issue of equity shares	31.03.11	-	-	-	-	-	-	-	-
	31.03.10	(-)	(-)	(-)	(-)	(-)	(1)	(4)	(5)
Issue of bonus equity shares	31.03.11	-	-	-	-	-	-	-	-
	31.03.10	(-)	(461,500)	(-)	(201,500)	(-)	(13)	(52)	(663,065)
Sale of film rights	31.03.11	-	2,155,378	13	-	-	-	-	2,155,391
	31.03.10	(-)	(2,925,419)	(-)	(-)	(-)	(-)	(-)	(2,925,419)
Sale of Prints/ VCD/DVD etc	31.03.11	-	184,535	12,925	-	-	-	-	197,460
	31.03.10	(-)	(70,737)	(73,022)	(-)	(-)	(-)	(-)	(143,759)
Sale of Studio Services	31.03.11	-	99,866	-	-	-	-	-	99,866
	31.03.10	(-)	(174,812)	(-)	(-)	(-)	(-)	(-)	(174,812)
Reimbursement of expenses recd	31.03.11	-	46,283	979	-	-	-	-	47,262
	31.03.10	(-)	(-)	(53,082)	(-)	(-)	(-)	(-)	(53,082)
Rent paid	31.03.11	-	-	-	-	-	4,229	4,566	8,795
	31.03.10	(-)	(-)	(-)	(-)	(-)	(3,900)	(7,875)	(11,775)
Reimbursements paid	31.03.11	-	-	650	-	-	-	-	650
	31.03.10	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest Received / Receivable	31.03.11	-	1,687	-	-	-	-	-	1,687
	31.03.10	(11,868)	(13,738)	(-)	(-)	(-)	(-)	(-)	(25,606)
Advances/loans given	31.03.11	-	-	90,373	5	-	-	-	90,378
	31.03.10	(-)	(-)	(273,871)	(-)	(-)	(1,000)	(-)	(274,871)
Recovery of Advances/loans given	31.03.11	-	-	147,972	5	-	-	-	147,977
	31.03.10	(-)	(-)	(137,232)	(-)	(-)	(60)	(876)	(138,168)
Advances/loans taken	31.03.11	-	-	-	-	-	-	-	-
	31.03.10	(1,695,607)	(605,499)	(33,017)	(-)	(-)	(133)	(-)	(2,334,256)
Repayment of Advances/loans taken	31.03.11	57,901	558,147	723	1,334	-	-	-	618,105
	31.03.10	(2,185,135)	(2,466,737)	(42,539)	(-)	(-)	(2,294)	(20,922)	(4,717,627)
Recovery of Deposits given	31.03.11	-	-	-	-	-	1,682	-	1,682
	31.03.10	(-)	(-)	(-)	(-)	(-)	(3,086)	(61,000)	(64,086)
Balances outstanding as at year ended									
Debit	31.03.11	-	195,781	71,396	-	5,665	26,407	8,417	307,667
	31.03.10	(-)	(84,239)	(189,720)	(-)	(5,665)	(27,414)	(7,500)	(314,538)
Credit	31.03.11	769,397	1,795,261	65,717	-	-	-	-	2,630,375
	31.03.10	(882,922)	(2,583,053)	(59,363)	(1,334)	(-)	(653)	(-)	(3,527,325)

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5. Segment information

a. Primary segment information

The Company is solely engaged in the business of film production and exploitation. The entire operations are governed by the same set of risks and returns and hence, have been considered as representing a single primary segment.

b. Secondary segment information

The principal geographic areas in which the Company operates based on location of customers are Within India and Outside India.

	Rs. in thousands	
	For the year ended 31 March 2011	For the year ended 31 March 2010
Revenue by Geographical Market		
Outside India	3,670,585	3,893,509
Within India	3,488,580	2,641,506
	7,159,165	6,535,015
Carrying Amount of Segment Assets*		
Outside India	2,138,587	2,112,242
Within India	11,506,173	7,939,794
	13,644,760	10,052,036

* Carrying amount of segment assets excludes Foreign Currency Monetary item Translation difference.

6. Earnings per share

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive. The earnings per share is calculated as under:

	Rs. in thousands	
Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Net Profit after tax and after minority interest	1,172,270	821,142
Weighted average number of equity shares outstanding during the year		
Basic	81,105,630	71,403,203
Diluted	81,694,582	72,836,701
Earnings per share (in Rs.)		
Basic	14.45	11.50
Diluted	14.35	11.27
Nominal value of shares (in Rs.)	10.00	10.00

SCHEDULES FORMING PART

OF THE CONSOLIDATED FINANCIAL STATEMENTS

7. The Company had exercised the option granted vide notification F. No. 17/33/2008/CL-V dated 31 March 2009 issued by the Ministry of Corporate Affairs and accordingly the exchange differences arising on revaluation of long term foreign currency monetary items for the year ended 31 March 2008 had been recognized over the shorter of the maturity period or 31 March 2011. Due to this the profit for the current year is lower by Rs. 580 thousands (Previous Year Rs. 10,938 thousands).

8. Debtors include following amount due from companies under the same management, directors and relatives of directors:

Name of the Party	As at 31 March 2011	Rs. in thousands
		As at 31 March 2010
Eros Worldwide FZ LLC, Dubai	756,733	407,187
Eros International Limited, United Kingdom	376	51,457
Shivam Enterprises	3,916	3,916
Eros Music Publishing Limited – United Kingdom	687	949
TOTAL	761,712	463,509

9. Loans and Advances –

Loans and advances to companies under same management are as follows:

Name of the Party	As at 31 March 2011	Rs. in thousands
		As at 31 March 2010
Eros International Limited, United Kingdom	71,020	137,062
Shivam Enterprises	1,749	1,749
TOTAL	72,769	138,811

Loans and advances to directors and relatives of directors are as follows:

Name of the Party	As at 31 March 2011	Rs. in thousands
		As at 31 March 2010
Sunil Lulla	25,732	27,414
Manjula Lulla	8,417	7,500
TOTAL	34,149	34,914

10. Dues to Micro, Small and Medium enterprise

Based on the information available with the Group, there is no dues payable as at the year end to micro, small and medium enterprises as defined in The Micro, Small & Medium Enterprises Development Act, 2006. This information has been relied upon by the statutory auditors of the Company.

11. The Company has completed the Public issue of 20,000,000 equity shares of Rs. 10 each for cash at a price of Rs. 175 per equity share, aggregating Rs. 35,000 Lakhs. The public issue constituted 21.88% of the fully diluted equity share capital of the Company. The total share premium amounting to Rs. 33,000 Lakhs (@ Rs. 165 per equity share) has been credited to Share Premium Account and expenses related to the Initial Public Offer are charged to the Share Premium account.

SCHEDULES

FORMING PART

OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the public issue, the equity shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange, effective 6 October 2010.

The Initial Public Offer Proceeds have been utilized as per objects of the issue as stated in Prospectus as under:

Description	Rs. in thousands	
	Year ended 31 March 2011	
Gross proceeds of the Issue		3,500,000
Issue Expenses		(294,029)
Service Tax Credit		(20,571)
NET PROCEEDS OF THE ISSUE		3,185,400

Description	Rs. in thousands		
	Projected	Actuals	Balance
Acquiring and co-producing, Indian films including primarily Hindi language films as well as certain Tamil and Other regional language films	2,800,000	1,763,613	1,036,387
General Corporate Purposes	385,400	157,182	228,218
TOTAL	3,185,400	1,920,795	1,264,605

The un-utilized proceeds from IPO have been held under debt mutual funds.

12. Previous year figures have been reclassified wherever necessary, to conform to current year's classification.

Signatures to Schedules 1 to 19 which form an integral part of the financial statements.

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing
Director

Vijay Ahuja
Executive
Director

Kamal Jain
Group Chief Financial
Officer - India

Rajesh Bhatia
Company Secretary and Compliance
Officer

Place: Mumbai
Date: 27 May 2011

AUDITORS' REPORT

TO, THE BOARD OF DIRECTORS OF EROS INTERNATIONAL MEDIA LIMITED

1. We have audited the attached Balance Sheet of Eros International Media Limited (the 'Company') as at 31 March 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The financial statement dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
 - ii) the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**

Chartered Accountants

Firm Registration No. 001076N

per **Khushroo B. Panthaky**

Partner

Membership No. F-42423

Place: Mumbai

Date: 27 May 2011

ANNEXURE TO THE AUDITORS' REPORT

OF EVEN DATE TO THE MEMBERS OF EROS INTERNATIONAL MEDIA LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) A major portion of the fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verifications.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) There are four parties covered in the register maintained under section 301 of the Act to which the Company has given interest free advances towards purchase of film rights and production of films. The maximum amount outstanding during the year was Rs. 1,546,877,864 and the year-end balance was Rs. 797,878,518.
- (b) In our opinion, the terms and conditions of such interest free advances are not, prima facie, prejudicial to the interest of the Company.
- (c) The above interest free advances would be adjusted, on the purchase of film rights or on completion of films, as applicable, in accordance with the terms and conditions stipulated in the agreements.
- (d) The above interest free advances given by the Company would be adjusted on purchase of film rights or on completion of the films, as applicable, and therefore there are no amounts overdue in respect of such advances as at the year end. Accordingly, the provisions of clause 4(iii)(d) of the Order are not applicable.
- (e) The Company has not taken interest free unsecured loans from any party covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii)(e), (iii)(f), (iii)(g) of the Order are not applicable.
- (iv) In our opinion, certain items purchased are of a special nature for which suitable alternative sources do not exist for obtaining comparative quotations. However, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, we have not come across any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, there is an adequate internal control system is reasonably commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.

ANNEXURE TO THE AUDITORS' REPORT

OF EVEN DATE TO THE MEMBERS OF EROS INTERNATIONAL MEDIA LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, cess and other material statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities. Undisputed amounts payable in respect thereof, which were outstanding at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period for which the amounts relates	Due Date	Date of payment
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross)	31,177,297	Financial Year 2006-07	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross)	60,230,029	Financial Year 2007-08	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross)	45,111,437	Financial Year 2008-09	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross) *	60,339,793	Financial Year 2009-10	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross) *	85,285,299	Financial Year 2010-11	Various dates	Unpaid

* In line with film industry consensus, the Company is of the opinion that there are no grounds for levying VAT on film distribution activity and hence no provision is made in the books of accounts for the current year. The same is disclosed as contingent liability under Notes to Accounts.

- (b) The dues outstanding as at the year end in respect of sales-tax and income-tax, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	4,726,197	Assessment Year 2004-05	Appellate Tribunal
Income Tax Act, 1961	Income tax	2,288,006	Assessment Year 2003-04	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	1,570,011	Assessment Year 2002-03	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	6,090,815	Assessment Year 2001-02	Commissioner of Income Tax (Appeals)
Central Sales Tax Act, 1944	Sales tax	16,344	Financial Year 2004-05	Deputy Commissioner of Sales tax (Appeals)
Bombay Sales Tax Act, 1959	Sales tax	7,151,245	Financial Year 2004-05	Deputy Commissioner of Sales tax (Appeals)
Central Sales Tax Act, 1944	Sales tax	1,645,507	Financial Year 2003-04	Deputy Commissioner of Sales tax (Appeals)
Bombay Sales Tax Act, 1959	Sales tax	40,579,952	Financial Year 2003-04	Deputy Commissioner of Sales tax (Appeals)
Central Sales Tax Act, 1944	Sales tax	766,924	Financial Year 2002-03	Deputy Commissioner of Sales tax (Appeals)

ANNEXURE TO THE AUDITORS' REPORT

OF EVEN DATE TO THE MEMBERS OF EROS INTERNATIONAL MEDIA LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Bombay Sales Tax Act, 1959	Sales tax	42,528,039	Financial Year 2002-03	Deputy Commissioner of Sales tax (Appeals)
Central Sales Tax Act, 1944	Sales tax	241,015	Financial Year 2001-02	Deputy Commissioner of Sales tax (Appeals)
Bombay Sales Tax Act, 1959	Sales tax	40,320,786	Financial Year 2001-02	Deputy Commissioner of Sales tax (Appeals)
Bombay Sales Tax Act, 1959	Sales tax	33,852,642	Financial Year 2000-01	Deputy Commissioner of Sales tax (Appeals)

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements covered by our audit report.
- (xxi) In our opinion, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandiok & Co**

Chartered Accountants

Firm Registration No. 001076N

per **Khushroo B. Panthaky**

Partner

Membership No. F-42423

Place: Mumbai

Date: 27 May 2011

BALANCE SHEET

AS AT 31 MARCH 2011

			Rs. in thousands
	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' funds :			
Capital	1	914,070	714,070
Stock Options Outstanding		55,340	13,372
Reserves and surplus	2	4,609,459	907,834
		5,578,869	1,635,276
Loan funds :			
Secured loans	3	1,501,490	1,693,405
Unsecured loans	4	200,000	-
		1,701,490	1,693,405
Deferred tax liability (net)	5	683,698	485,267
TOTAL		7,964,057	3,813,948
APPLICATION OF FUNDS			
Fixed assets :			
Gross block	6	9,841,187	7,529,556
Less : Accumulated depreciation/amortisation		7,278,499	5,500,675
Net block		2,562,688	2,028,881
Capital work in progress		476,568	2,765
		3,039,256	2,031,646
Investments	7	1,678,799	204,061
Foreign Currency Monetary Item Translation Difference Account		-	580
(refer note 5 of part III to schedule 19)			
Current assets, loans and advances :			
Inventories	8	20,473	23,557
Sundry debtors	9	801,428	802,117
Cash and bank balances	10	986,968	1,006,158
Loans and advances	11	4,540,120	3,181,166
		6,348,989	5,012,998
Less: Current liabilities and provisions:	12		
Liabilities		3,094,371	3,349,034
Provisions		8,616	86,303
		3,102,987	3,435,337
Net current assets		3,246,002	1,577,661
TOTAL		7,964,057	3,813,948
Significant accounting policies and notes to accounts	19		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached For and on behalf of the Board of Directors

For Walker, Chandiok & Co
Chartered Accountants

Sunil Lulla
Executive Vice Chairman and
Managing Director

Vijay Ahuja
Executive
Director

Kamal Jain
Group Chief Financial
Officer - India

Khushroo B. Panthaky
Partner

Rajesh Bhatia
Company Secretary and
Compliance Officer

Place: Mumbai
Date: 27 May 2011

Place: Mumbai
Date: 27 May 2011

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

			Rs. in thousands
	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Sales	13	4,776,607	5,345,657
Other income	14	82,251	129,418
		4,858,858	5,475,075
EXPENDITURE			
Operating expenses	15	3,360,892	4,302,474
Employee remuneration and other benefits	16	168,799	105,164
Administrative and other expenses	17	203,465	180,095
Depreciation		17,033	20,001
Finance costs (net)	18	84,026	64,347
		3,834,215	4,672,081
Profit before tax		1,024,643	802,994
Provision for tax :			
- Current tax		205,999	137,000
- Deferred tax		198,430	225,710
- Excess provision of earlier years (net)		(2,440)	774
- Minimum Alternate Tax credit		(73,000)	(76,100)
Profit after tax		695,654	515,610
Balance of profit brought forward		907,834	1,055,289
Amount available for appropriations		1,603,488	1,570,899
Less : Amount capitalised for bonus shares issued		-	663,065
Balance of the profit after tax carried forward		1,603,488	907,834
Earnings per share - (in Rs.)			
Basic		8.58	7.22
Diluted		8.52	7.08
Nominal Value of Shares (in Rs.)		10.00	10.00
(Refer note 7 of part III of schedule 19)			
Significant accounting policies and notes to accounts	19		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For and on behalf of the Board of Directors

For Walker, Chandiok & Co
Chartered Accountants

Sunil Lulla
Executive Vice Chairman and
Managing Director

Vijay Ahuja
Executive
Director

Kamal Jain
Group Chief Financial
Officer - India

Khushroo B. Panthaky
Partner

Rajesh Bhatia
Company Secretary and
Compliance Officer

Place: Mumbai
Date: 27 May 2011

Place: Mumbai
Date: 27 May 2011

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

Particulars	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,024,643	802,994
Adjustments :		
Depreciation / Amortisation	1,791,238	1,619,076
Employee Stock Option Compensation	41,968	13,372
Bad debts written off	18,556	11,892
Advance written off	-	2,736
Sundry balances written back	(6,048)	(3,935)
Interest and bank charges	120,456	109,205
Interest income	(36,430)	(44,858)
(Profit) / Loss on sale of fixed assets (net)	2,415	1,566
Operating profit before working capital changes	2,956,798	2,512,048
Adjustments for -		
(Increase) / decrease in inventories	3,084	594,010
(Increase) / decrease in sundry debtors	(17,865)	(32,551)
(Increase) / decrease in loans and advances	(1,308,993)	1,252,085
Increase / (decrease) in liabilities	(248,615)	(1,841,661)
Increase / (decrease) in provisions	(887)	931
Cash generated from operations	1,383,522	2,484,862
Income taxes	(266,461)	(58,825)
Net cash generated from / (used in) operating activities	1,117,061	2,426,037
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets / Intangible assets	(2,808,993)	(2,162,312)
Proceeds from sale of tangible fixed assets	7,730	1,457
Net cash generated from / (used in) investing activities	(2,801,263)	(2,160,855)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayments) from long term borrowings (net)	(137,496)	47,374
Proceeds from short term borrowings (net)	(53,839)	436,303
Proceeds from unsecured borrowings (net)	200,000	-
Interest and bank charges	(120,456)	(109,205)
Interest income	45,570	41,924
Issue of equity shares	200,000	5
Increase in Share Premium Account	3,300,000	-
Issue expenses	(294,029)	-
Net cash generated from / (used in) financing activities	3,139,750	416,401
Net cash increase / (decrease) in cash and cash equivalents	1,455,548	681,583
Cash and cash equivalents at the beginning of the year	1,006,158	324,575
Cash and cash equivalents at the end of the year	2,461,706	1,006,158

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	As at 31 March 2011		As at 31 March 2010	
	Beginning	Ending	Beginning	Ending
Cash and cash equivalents				
Cash on hand	90	364	172	90
Balances with the banks	278,248	173,474	16,802	278,248
Cheques on Hand	175,319	37,794	-	175,319
Investment in Mutual Funds	-	1,474,738	-	-
Deposit and margin money *	552,501	775,336	307,601	552,501
	1,006,158	2,461,706	324,575	1,006,158

* includes Rs. 44,928 thousands (Previous year Rs. 327,501 thousands) pledged as collateral security

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For and on behalf of the Board of Directors

For Walker, Chandiok & Co
Chartered Accountants

Sunil Lulla
Executive Vice Chairman and
Managing Director

Vijay Ahuja
Executive
Director

Kamal Jain
Group Chief Financial
Officer - India

Khushroo B. Panthaky
Partner

Rajesh Bhatia
Company Secretary and
Compliance Officer

Place: Mumbai
Date: 27 May 2011

Place: Mumbai
Date: 27 May 2011

SCHEDULES ANNEXED

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 1 : CAPITAL		
Authorised:		
125,000,000 (Previous year 125,000,000) equity shares of Rs. 10 each	1,250,000	1,250,000
Issued, subscribed and paid-up:		
91,407,000 (Previous year 71,407,000) equity shares of Rs. 10 each fully paid up	914,070	714,070
Of the above :		
- 66,306,500 equity shares were allotted as fully paid up bonus shares in the Financial year 2009-10 by capitalization of the surplus in the profit and loss account of the Company.		
- 5,000,000 equity shares were allotted for consideration other than cash in the Financial year 1999-00 towards assignment and transfer of the assets and liabilities of a partnership firm.		
- 4,970,000 (Previous year 3,550,000) and 2,170,000 (Previous year 1,550,000) equity shares are held by Eros Worldwide, FZE the holding Company and its subsidiary, Eros Digital Private Limited respectively.		
	914,070	714,070
SCHEDULE 2 : RESERVES AND SURPLUS		
Share Premium Account		
Opening balance	-	-
Add: Received during the year	3,300,000	-
	3,300,000	-
Less: Utilized for Initial Public Issue Expenses	(294,029)	
	3,005,971	
Profit and Loss Account	1,603,488	907,834
	4,609,459	907,834

SCHEDULES ANNEXED

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 3 : SECURED LOANS		
From banks:		
Term loans	356,382	489,202
Packing credit and export bill discounting	1,055,466	1,164,094
Cash credit	87,363	32,574
Vehicle loans	872	4,494
Interest accrued and due	1,407	3,041
	1,501,490	1,693,405
Notes:		
a) Term Loan from banks are secured by pari passu first charge on the DVD/Satellite Rights acquired for the domestic market, actionable claims, revenue and receivables arising on sales of the rights and negatives of films.		
b) Packing credit is secured by hypothecation of films and film rights with pari passu charge on current assets.		
c) Bill Discounting (Foreign bills/supplier bills) is secured by document of title to goods and accepted hundies with first pari passu charge on current assets.		
d) Cash credit is secured by way of hypothecation of stock of DVD's/VCD's and receivables relating to domestic rights operations along with first pari passu charge on current assets.		
e) All the above are further secured by :-		
i) Equitable mortgage of Company's immovable property situated at Mumbai, India.		
ii) Fixed deposit of Rupees Nil (Previous year Rs. 250,000 thousands)		
iii) Corporate guarantee of Eros International PLC, the ultimate holding company		
f) Vehicle loans are secured by hypothecation of vehicles acquired there against.		
g) Amount repayable within one year :		
i) On term loans Rs. 131,100 thousands (Previous year Rs. 134,496 thousands)		
ii) On vehicle loans Rs. 872 thousands (Previous year Rs. 3,622 thousands)		
SCHEDULE 4 : UNSECURED LOANS		
From others		
Commercial paper	200,000	-
(Repayable within one year Rs. 200,000 thousands (Previous year Rs. Nil.))		
	200,000	-
SCHEDULE 5: DEFERRED TAX (NET)		
Deferred tax liability arising on account of :		
Depreciation and amortisation	725,289	523,846
Deferred tax asset arising on account of:		
Gratuity and compensated absences	2,734	3,166
Bonus provision	3,083	168
Commission payable to Independent Directors	3,440	1,377
Maharashtra Value Added Tax and Central Sales Tax provision	32,334	33,868
(refer note 1 (f) of part III to schedule 19)		
	683,698	485,267

SCHEDULES ANNEXED

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 6 : FIXED ASSETS

	Rs. in thousands					
	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION		NET BLOCK
	As at 1 April 2010	Additions during the year	Adjustments / Deletions during the year	As at 1 April 2010	For the year Adjustments / Deletions during the year	As at 31 March 2011
Tangible Assets						
Buildings	9,343	-	-	3,914	275	5,154
Studio equipments	97,311	642	-	76,697	4,192	17,064
Data processing equipments	18,776	4,502	2,765	12,708	5,325	5,245
Office equipments	9,122	1,377	176	3,941	784	5,643
Furniture and fixtures	23,778	-	-	13,297	1,897	8,584
Motor vehicles	48,770	2,908	17,853	27,113	4,560	12,756
A	207,100	9,429	20,794	137,670	17,033	54,446
Intangible assets						
Film Rights (refer note c of part II to schedule 19)	7,322,456	2,322,996	-	5,363,005	1,774,205	2,508,242
B	7,322,456	2,322,996	-	5,363,005	1,774,205	2,508,242
TOTAL (A+B)	7,529,556	2,332,425	20,794	5,500,675	1,791,238	2,562,688
Previous Year	5,379,156	2,159,547	9,146	3,887,722	1,619,076	2,028,881
Capital Work In Progress						
Buildings	-	445,100	-	-	-	445,100
Software	2,765	31,468	2,765	-	-	31,468
C	2,765	476,568	2,765	-	-	476,568
Previous Year	-	2,765	-	-	-	2,765
TOTAL (A+B+C)	7,532,321	2,808,993	23,559	5,500,675	1,791,238	3,039,256
Previous Year	5,379,156	2,162,312	9,146	3,887,722	1,619,076	2,031,646

SCHEDULES ANNEXED

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 7 : INVESTMENTS		
A. Long-term, trade, unquoted and at cost		
Equity shares in subsidiary companies:		
Eros International Films Private Limited		
19,930,300 (Previous year 19,930,300) equity shares of Rs. 10 each fully paid up	199,303	199,303
Copsale Limited		
105,000 (Previous year 105,000) equity shares of USD 1 each, fully paid-up	4,495	4,495
Big Screen Entertainment Private Limited		
6,400 (Previous year 6,400) equity shares of Rs. 10 each, fully paid-up	64	64
EyeQube Studios Private Limited		
9,999 (Previous year 9,999) equity shares of Rs. 10 each, fully paid up	100	100
Eros Music Publishing Private Limited		
9,900 (Previous Year 9,900) equity shares of Rs. 10 each, fully paid up	99	99
	204,061	204,061
B. Current Investments, Non- trade, unquoted and at cost		
50,000,000 (Previous year Nil) units of Birla Sun Life Short Term FMP - Series 7 - Growth	509,620	-
258,809,085.90 (Previous year Nil) units of ICICI Prudential Interval Fund II - Quarterly Interval Plan B - Institutional Growth	258,809	-
25,355,507.13 (Previous year Nil) units of IDFC FMP - 100 days - S1 - Growth	253,555	-
35,711,985.68 (Previous year Nil) units of Kotak QIP- Series 9- Growth	400,073	-
5,184,390.78 (Previous year Nil) units of UTI FIIF Series II -Quarterly Interval Plan - VII - Instn Growth Option	52,681	-
	1,474,738	-
	1,678,799	204,061
SCHEDULE 8 : INVENTORIES		
(As taken, valued and certified by the management)		
Films/serial rights	2,569	3,594
Raw film prints	7,290	2,976
VCD/DVD/Audio CD/Audio Cassettes	10,614	16,987
	20,473	23,557

SCHEDULES ANNEXED

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in thousands	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 9 : SUNDRY DEBTORS		
(Unsecured, considered good)		
Considered good		
Outstanding for a period exceeding six months	140,070	65,432
Others	661,358	736,685
(Refer note 3(i) of part III of schedule 19)		
	801,428	802,117
SCHEDULE 10 : CASH AND BANK BALANCES		
Cash on hand	364	90
Cheques on hand	37,794	175,319
Balances with scheduled banks		
In current accounts	173,474	278,248
In margin money accounts (against guarantees and bill discounting)	19,850	5,676
In deposit account *	755,486	546,825
*(includes Rs. 44,928 thousands (Previous year Rs. 327,501 thousands) pledged as collateral security)		
	986,968	1,006,158
SCHEDULE 11 : LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances to subsidiaries and step down subsidiaries (Refer note 3(ii) of part III of Schedule 19)	860,993	1,309,848
Advances against production / purchase of film/serial rights	3,105,408	1,344,998
Advances recoverable in cash or in kind or for value to be received	250,131	255,630
Deposits	90,697	87,760
Interest accrued on fixed deposits	2,263	11,403
Minimum Alternate Tax credit receivable	159,100	86,100
Advance tax (net)	71,528	85,427
	4,540,120	3,181,166
SCHEDULE 12 : CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Sundry creditors (Refer note 16 of part III of Schedule 19)	229,998	441,482
Advances from customers	2,686,792	2,784,027
Deposit received	3,959	3,159
Other liabilities	173,622	120,366
	3,094,371	3,349,034
Provisions		
Provision for tax (net)	190	76,990
Gratuity	6,888	5,645
Compensated absences	1,538	3,668
	8,616	86,303
	3,102,987	3,435,337

SCHEDULES ANNEXED

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in thousands	
	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 13 : SALES		
Sale/distribution/exhibition of films and other rights	4,776,607	5,345,657
	4,776,607	5,345,657
SCHEDULE 14 : OTHER INCOME		
Sundry balances written back	6,048	3,935
Profit on sale of fixed assets	76	11
Bad debts recovered	-	2,741
Insurance claim received	55	15
Foreign exchange gain (net)	21,249	103,612
Miscellaneous income	15,102	19,104
Short term gain on Mutual Funds	39,721	-
	82,251	129,418
SCHEDULE 15 : OPERATING EXPENSES		
Purchase of film /serial rights	1,027,999	2,064,668
Processing charges - film prints, tapes, etc.	297,677	245,493
Purchase and processing charges - DVD/VCD/Audio CD/Cassettes	25,431	41,974
Packing and forwarding expenses	27,009	24,438
Commission and brokerage	11,121	11,047
Amortization of film rights	1,774,205	1,599,075
Sales promotion	194,366	313,540
	3,357,808	4,300,235
Less: (Increase) / Decrease in inventories		
Closing stock	20,473	23,557
Opening stock	23,557	617,567
Less : Work in progress transferred to rights cost	-	591,771
	3,084	2,239
	3,360,892	4,302,474
SCHEDULE 16 : EMPLOYEE REMUNERATION AND OTHER BENEFITS		
Salaries, wages and bonus (Managerial Remuneration, refer note 15 part III to schedule 19)	118,990	86,178
Contribution to provident and other funds	5,728	4,243
Staff welfare expenses	2,113	1,371
Employees Stock Option Compensation	41,968	13,372
	168,799	105,164

SCHEDULES ANNEXED

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in thousands	
	For the year ended 31 March 2011	For the year ended 31 March 2010
SCHEDULE 17 : ADMINISTRATIVE AND OTHER EXPENSES		
Communication expenses	7,760	6,991
Travelling and conveyance expenses	18,903	14,609
Rent, rates and taxes	40,672	56,650
Repairs and maintenance	5,334	3,863
Insurance	10,023	6,874
Legal and professional fees	57,474	35,756
Advertisement expenses	1,673	26
Auditors' remuneration: (refer note 11 part III to schedule 19)	4,020	3,310
Bad debts written off	18,556	14,633
Advances written off	-	2,736
Donations	163	286
Web site expenses	4,854	3,072
Security charges	589	507
Loss on sale of fixed assets	2,491	1,577
Electricity charges	4,855	4,271
Subscription and membership fees	1,707	1,663
Printing and stationery	958	1,373
Commission to Independent Directors (refer note 15 part III to schedule 19)	10,600	4,050
Directors sitting's fees	260	100
Miscellaneous expenses	12,573	17,748
	203,465	180,095
SCHEDULE 18 : FINANCE COSTS (NET)		
Interest on:		
Fixed loans	538	1,615
Other loans (Cash credit, Packing credit etc)	88,811	76,190
Bill discounting charges	31,107	31,400
	120,456	109,205
Less :		
Interest on bank deposits and other advances [tax deducted at source Rs. 3,902 thousands (Previous year Rs. 1,994 thousands)]	36,430	44,858
	84,026	64,347

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. (a) Basis of preparation

Eros International Media Limited (the 'Company') is engaged in the business of sourcing Indian film content either through acquisition, co-production or production of such films, and subsequently exploiting and distributing such films in India through music release, theatrical distribution, DVD and VCD release, television licensing and new media distribution avenues such as cable or DTH licensing; and trading and exporting the International Rights to its parent Eros Worldwide FZ LLC as per pre-agreed transfer pricing norms. The Company's financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the applicable Accounting Standards ('AS') as notified by the Central Government under the Companies Act, 1956 to the extent applicable.

(b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAPs') requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future period's results could differ from those estimates. Any revision to accounting estimates is recognized in the period in which revisions are made.

II. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

1. Sale of rights

Sale of rights is recognized on effective delivery of materials to customers as per terms of the sale agreements.

2. Sale of physical home entertainment products

Sale of physical home entertainment products is accounted on delivery to customers, as per agreement/ arrangement.

3. Revenue from theatrical distribution of films

Revenue from theatrical distribution is recognized on exhibition of films. In case of distribution through theatres, revenue is recognized on the basis of box office reports received from various exhibitors. In case of distribution of films on commission basis, revenue is recognized inclusive of share of sub-distributor. Overflow from the distributors is accounted when reported.

4. Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

5. Short term gain on mutual funds

On disposal of current investments, the difference between the carrying amount and the disposal proceeds is recognized in the profit and loss account.

(b) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase cost and all incidental expenses to bring the asset to their present location and condition.

Depreciation is provided under written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets costing less than Rs. 5,000 each are depreciated at full in the year of purchase.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(c) Intangible assets and amortization

Investment in Film and associated rights are recorded at their acquisition costs or capitalized cost less accumulated amortizations. Cost includes acquisition and production cost, any direct overhead cost and capitalized interest.

Completed film and associated rights are amortized as a group or individually in the proportion of gross revenues realized which they bear to management's estimate of the total gross revenues expected to be received. Such revenues can be generated over the life time of the rights, but for amortization purpose the period is limited to the lower of the life of the rights or 10 years.

In respect of unreleased films, payments towards film rights are classified under advances as the amounts are refundable in the event of non release of the film.

(d) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value of investments, if any, is made to recognize a decline, other than temporary in nature.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is computed as follows:

- a) Raw prints and tapes on weighted average basis.
- b) Home entertainment products, at cost or net realizable value
- c) New film/serial rights where principle rights, generally theatrical, satellite and video rights, have been sold, stock of residual rights are valued at values estimated by the management which would not exceed the relevant cost. Stock of rights in respect of old films are valued at full cost for a period of twelve months from the date of purchase and, thereafter at appropriate realizable values as estimated by the management not exceeding the cost. All kinds of film, serial rights are reviewed by the management at the end of each reporting period to determine fall in values, if any, based on expected future realizability of such rights.
- d) Inventories related to films under production are stated at acquisition and production cost plus relevant overhead cost and capitalized interest net of any amounts received from third party investors

(f) Impairment of assets

In accordance with Accounting Standard 28 on "Impairment of Assets" as notified by the Central Government under the Companies Act, 1956 the carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on internal or external factors. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Impairment loss is recognized in the Profit and Loss Account or against revaluation surplus, where applicable.

(g) Provisions and contingencies

Provisions are recognized when there is present legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are measured at the management's best estimate of the outflow required to settle the obligations at the Balance Sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources

(h) Advances for purchase of film and associated rights

Advances are paid to producers/owners of films and for associated rights in terms of the agreements /arrangements entered into with them. All advances are reviewed by the management periodically, considering facts of each case, to determine the recoverability.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(i) Employee benefits

Defined contribution plan

The Company's contributions paid or payable during the year to the provident fund/employee's state insurance corporation are recognized in the Profit and Loss Account.

Defined benefit plan

The Company's liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The cost for past services is recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognized immediately in the Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation. The accumulated leave of the employees is treated as a short term benefit and accordingly provided on full cost basis.

Stock based compensation

The compensation cost of stock options granted to employees is calculated using the intrinsic value method. The compensation expense is amortized uniformly over the vesting period of the option.

(j) Taxes on income

Income tax expense comprises current income tax and deferred tax.

Current taxes

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961, and is made at the end of each reporting period based on the tax liability after taking credit for tax allowances and exemptions.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

(k) Borrowing costs

Borrowing costs directly attributable to production of films, and the acquisition or construction of the qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to revenue and recognized as an expense in the Profit and Loss account.

(l) Leases

Operating lease

Aggregate of lease rentals payable under the non-cancellable operating lease arrangements (over the initial and subsequent periods of lease) are charged to the Profit and Loss Account on straight line basis over the period of the lease.

(m) Foreign currency transactions

Transactions in foreign currencies are accounted at exchange rates prevalent on the date of the transaction. Foreign currency monetary assets and liabilities at the period end are translated using the exchange rates prevailing at the end of the period. All exchange differences are recognized in the Profit and Loss Account. Non-monetary foreign currency items are carried at the lower of cost and fair value and accordingly the investments in shares of foreign subsidiaries are denominated in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

III. NOTES TO ACCOUNTS

1. Contingent Liabilities:

- a) The Company has given bank guarantees in favour of various Government authorities to the extent of Rs. 20,000 thousands (Previous year Rs. Nil).
- b) Corporate guarantees given on behalf of subsidiary company Rs. 50,000 thousands (Previous year Rs. 50,000 thousands)
- c) Sales tax/cess claims disputed by the Company Rs. 167,102 thousands (Previous year Rs. 159,935 thousands)
- d) Income tax and interest demands raised by authorities and disputed by the Company Rs. 2,366 thousands (net of Income tax demand adjusted against refund due) (Previous year Rs. 10,549 thousands). The block assessment imposed on the Company based on search under section 132 have been completed and the tax demand is adjusted against refund paid to the Company for the Assessment Year 2009-10.
- e) Claims against the Company not acknowledged as debts Rs. 159,027 thousands (Previous year Rs. 159,052 thousands). There are certain legal cases against the Company the value for which are unascertainable.
- f) Maharashtra Value Added Tax and Central Sales Tax levied on the sale or lease of copyrights under the Maharashtra VAT Act 2002, for the period 1 April 2010 to 31 March 2011 totaling to Rs. 85,285 thousands (Previous year Rs. 59,031 thousands) is disputed by the Company. The cumulative total of tax disputed as at 31 March 2011 is Rs. 145,625 thousands (Previous year Rs. 59,031 thousands). In line with film industry consensus the Company is of the opinion that there are no grounds for levying VAT on film distribution activity
- g) The Finance Act 2010 has levied service tax on transferring temporarily of permitting use or enjoyment of movies copyrights with effect from 1 July 2010. The Industry has jointly protested through various actions and also few leading film studios and production houses have filed the Writ Petition in Mumbai High Court challenging the constitutionality and the legality of this entry, since it is already a taxing entry with State Governments as sales by way of transfer of the right to use and is already subjected to Sales Tax / Value Added Tax. The Company has also filed the writ on the same and has challenged the constitutional validity of the levy.

2. Related party information

In accordance with the requirements of Accounting Standard 18, "Related Party Disclosures" notified by the Central Government under the Companies Act, 1956, the details of related party transactions are given below:

SCHEDULES

FORMING PART

OF THE FINANCIAL STATEMENTS

a. List of related parties:

Nature of relationship	Name of related parties
Ultimate Holding Company	Eros International PLC, Isle of Man
Holding Company	Eros Worldwide FZ LLC, Dubai
Subsidiary Companies and their Step-down subsidiaries.	Eros International Films Private Limited Copsale Limited Big Screen Entertainment Private Limited EyeQube Studios Private Limited Eros Music Publishing Private Limited Eros Animation Private Limited Ayngaran International Limited (Isle of Man) Ayngaran International UK Limited Ayngaran International Mauritius Limited Ayngaran International Media Private Limited Ayngaran Anak Media Private Limited
Entities having common control	Eros International Ltd United Kingdom.
Fellow Subsidiary	Eros Digital Private Limited
Entities having significant influence	Shivam Enterprises
Key Management Personnel	Mr. Naresh Chandra – Non Executive Chairman and Independent Director Mr. Sunil Lulla – Executive Vice Chairman and Managing Director Mr. Kishore Lulla – Executive Director Ms. Jyoti Deshpande – Executive Director Mr. Dharendra Swarup – Non Executive Independent Director Dr. Shankar Nath Acharya – Non Executive Independent Director Mr. Vijay Ahuja – Executive Director
Relatives of Key Management Personnel	Mrs. Meena A. Lulla Mr. Arjan G. Lulla Mrs. Manjula K Lulla Mrs. Krishika Lulla Ms. Nitu Lulla

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

b. Details of Related Party transactions during the year:

The Company has identified the following related party transactions as per Accounting Standard 18, notified under the Companies Act, 1956:

Rs. in thousands

Particulars	Ultimate Holding Company	Holding Company	Subsidiary Companies and their Step- down subsidiaries	Entities having common control	Fellow Subsidiary	Entities having significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
Salary and perquisites	-	-	-	-	-	-	25,571	-	25,571
	(-)	(-)	(-)	(-)	(-)	(-)	(27,883)	(-)	(27,883)
Issue of equity shares	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(1)	(4)	(5)
Issue of bonus equity shares	-	-	-	-	-	-	-	-	-
	(-)	(461,500)	(-)	(-)	(201,500)	(-)	(13)	(52)	(663,065)
Purchase of film rights / DVD's	-	-	1,231,500	-	-	-	-	-	1,231,500
	(-)	(-)	(1,532,900)	(-)	(-)	(-)	(-)	(-)	(1,532,900)
Sale of film rights	-	1,300,748	1,506	-	-	-	-	-	1,302,254
	(-)	(2,657,038)	(482,827)	(-)	(-)	(-)	(-)	(-)	(3,139,865)
Sale of Prints/ VCD/DVD etc	-	184,535	-	-	-	-	-	-	184,535
	(-)	(70,737)	(-)	(62,920)	(-)	(-)	(-)	(-)	(133,657)
Reimbursement of Administrative Expenses / others	-	46,283	27,344	1,265	-	-	-	-	74,892
	(-)	(-)	(22,786)	(53,082)	(-)	(-)	(-)	(-)	(75,868)
Rent paid	-	-	-	-	-	-	4,229	4,566	8,795
	(-)	(-)	(-)	(-)	(-)	(-)	(3,900)	(7,875)	(11,775)
Reimbursements paid	-	-	-	650	-	-	-	-	650
	(-)	(-)	(8,184)	(-)	(-)	(-)	(-)	(-)	(8,184)
Interest Received / Receivable	-	-	8,215	-	-	-	-	-	8,215
	(-)	(-)	(22,036)	(-)	(-)	(-)	(-)	(-)	(22,036)
Advances/loans given	-	-	1,959,420	-	5	-	-	917	1,960,342
	(-)	(-)	(2,378,729)	(2,058)	(-)	(-)	(1,000)	(-)	(2,381,787)
Recovery of Advances/loans given	-	-	2,458,233	-	5	-	-	-	2,458,238
	(-)	(-)	(2,327,555)	(-)	(-)	(-)	(60)	(-)	(2,327,615)
Advances/loans taken	-	31,282 *	23,422	-	-	-	-	-	54,704
	(-)	(-)	(-)	(142)	(-)	(-)	(133)	(-)	(275)
Repayment of Advances/loans taken	-	200,249 **	-	-	-	-	-	-	200,249
	(-)	(2,177,807)**	(-)	(1,730)*	(-)	(-)	(2,294)	(20,913)	(2,202,744)
Refund of Deposits received	-	-	-	-	-	-	1,682	-	1,682
	(-)	(-)	(-)	(-)	(-)	(-)	(3,086)	(61,000)	(64,086)
Sundry Balances Written Off	-	-	-	-	-	-	-	-	-
	(-)	(-)	(252)	(-)	(-)	(-)	(-)	(-)	(252)
Balances outstanding as on 31 March 2011									

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in thousands

Particulars	Ultimate Holding Company	Holding Company	Subsidiary Companies and their Step- down subsidiaries	Entities having common control	Fellow Subsidiary	Entities having significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
Debit	-	-	941,921	7,106	-	3,916	25,732	8,417	987,092
	(-)	(-)	(1,595,880)	(45,038)	(-)	(3,916)	(26,761)	(7,500)	(1,679,095)
Credit	-	1,787,047 **	30,068	-	-	-	-	-	1,817,115
	(-)	(2,251,477)**	(-)	(-)	(-)	(-)	(-)	(-)	(2,251,477)

- Note: 1) Figures in brackets represents previous year figures.
2) The related party transactions pertaining to loans and advances include adjustments on account of intercompany debts, purchases and sales and their corresponding settlements.
* - includes foreign exchange gain
** - includes foreign exchange gain of Rs. 18 thousands (Previous year Loss of Rs. 375,351 thousands) recoverable from the holding company

c. Details of Transactions with parties exceeding 10% of total related party transactions

Particulars	Name of Party	Relationship	Year ended 31 March 2011	Rs. in thousands Year ended 31 March 2010
Salary and perquisites	Mr. Sunil Lulla	Whole time Director	21,971	17,255
	Mr. A. P. Parigi	Whole time Director	Nil	9,170
	Mrs. Jyoti Deshpande	Whole time Director	3,600	Nil
Issue of equity shares	Mr. Sunil Lulla	Whole time Director	Nil	1
	Mrs. Meena Lulla	Relative of a key management personnel	Nil	1
	Mr. Arjan Lulla	Relative of a key management personnel	Nil	1
	Mrs. Krishika Lulla	Relative of a key management personnel	Nil	1
	Ms. Nitu Lulla	Relative of a key management personnel	Nil	1
Issue of bonus equity shares	Eros Worldwide FZ LLC, Dubai	Holding Company	Nil	461,500
	Eros Digital Private Limited	Fellow Subsidiary	Nil	201,500
Purchases of film rights/ DVD's	Eros International Films Private Limited.	Subsidiary	1,231,500	1,527,900
Sale of film rights	Eros Worldwide FZ LLC, Dubai	Holding Company	1,300,748	2,657,038
Sale of Prints/ VCD/DVD etc.	Eros International Limited - United Kingdom	Entity having common control	Nil	62,920
	Eros Worldwide FZ LLC, Dubai	Holding Company	184,535	70,737
Administrative Expenses / others	Eros International Limited - United Kingdom	Entity having common control	Nil	53,082
	Eros International Films Private Limited.	Subsidiary	11,550	Nil
	Eros Worldwide FZ LLC, Dubai	Holding Company	46,283	Nil
	EyeQube Studios Private Ltd.	Subsidiary	15,795	20,199

SCHEDULES

FORMING PART

OF THE FINANCIAL STATEMENTS

Particulars	Name of Party	Relationship	Year ended 31 March 2011	Rs. in thousands Year ended 31 March 2010
Rent paid	Mr. Sunil Lulla	Whole time Director	4,229	3,900
	Mrs. Meena A. Lulla	Relative of a key management personnel	Nil	2,250
	Mrs. Manjula K. Lulla	Relative of a key management personnel	3,971	5,625
Reimbursements Given	Eros International Limited - United Kingdom	Entity having common control	650	Nil
	Eros International Films Private Ltd.	Subsidiary	Nil	8,173
Interest Received	EyeQube Studios Private Limited	Subsidiary	8,215	22,036
Advances/ loans given	Eros International Films Private Limited	Subsidiary	1,561,916	2,083,988
	Big Screen Entertainment Private Limited	Subsidiary	250,648	Nil
Recovery of Advances/ loans given	EyeQube Studios Private Limited	Subsidiary	Nil	262,828
	Eros International Films Private Limited	Subsidiary	1,895,730	1,904,067
	Big Screen Entertainment Private Limited	Subsidiary	371,691	Nil
Advances/ loans taken	Eros Worldwide FZ LLC, Dubai	Holding Company	31,279	Nil
	Mr. Sunil Lulla	Whole time Director	Nil	133
	Ganges Entertainment Private Limited	Entity having common control	Nil	142
	Big Screen Entertainment Private Limited	Subsidiary	23,422	Nil
Repayment of Advances/ loans taken	Eros Worldwide FZ LLC, Dubai	Holding Company	200,249	2,177,807
Refund of Deposits received	Mrs. Meena A. Lulla	Relative of a key management personnel	Nil	30,500
	Mrs. Manjula K. Lulla	Relative of a key management personnel	Nil	30,500
	Mr. Sunil Lulla	Whole time Director	1,682	Nil
Sundry Balances Written off	Ayngaran International Media Private Limited	Step-down subsidiary	Nil	253

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

3. (i) Sundry Debtors includes the following amount due from subsidiaries, their step-down subsidiaries and companies under the same management:

Name of the Party	As at 31 March 2011	Rs. in thousands
		As at 31 March 2010
Eros International Limited.	Nil	51,457
Eros Worldwide FZ LLC	515,119	273,154
Shivam Enterprises	3,916	3,916
Eros Music Publishing Private Limited	Nil	1,617
Ayngaran International Media Private Limited	80,928	100,540
Copsale Limited	Nil	183,874
TOTAL	599,963	614,558

- (ii) Loans and advances to subsidiaries, their step down subsidiaries and companies under the same management comprises the following :

Name of the Party	As at 31 March 2011	Rs. in thousands
		As at 31 March 2010
Big Screen Entertainment Private Limited	Nil	114,397
Eros International Films Private Limited	757,901	1,091,715
EyeQube Studios Private Limited	27,462	98,335
Eros Music Publishing Private Limited	8,600	5,401
Ayngaran International Media Private. Limited	67,030	Nil
TOTAL	860,993	1,309,848

- (iii) Loans and advances to directors and relatives of directors comprise as follows:

Name of the Party	As at 31 March 2011	Rs. in thousands
		As at 31 March 2010
Sunil Lulla	25,732	27,414
Manjula Lulla	8,417	7,500
TOTAL	34,149	34,914

4. Segment information

a. Primary segment information

The Company is solely engaged in the business of film production and exploitation. The entire operations are governed by the same set of risks and returns and hence, have been considered as representing a single primary segment.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

b. Secondary segment information

The Company's operating divisions are managed from India. The principal geographic areas in which the Company operates based on location of customers are 'Within India' and 'Outside India'.

Particulars	Outside India	Within India	Total
Revenue by geographical market	1,720,672	3,138,186	4,858,858
	(2,979,985)	(2,495,090)	(5,475,075)
Carrying amount of segment assets	527,864	10,539,180	11,067,044
	(519,232)	(6,730,053)*	(7,249,285)

Note: Figures in brackets represents previous year figures.

* includes foreign currency monetary item translation difference of Rs. Nil (Previous Year Rs. 580 thousands)

- The Company had exercised the option granted vide notification F. No. 17/33/2008/CL-V dated 31 March 2009 issued by the Ministry of Corporate Affairs and accordingly the exchange differences arising on revaluation of long term foreign currency monetary items for the year ended 31 March 2008 had been recognized over the shorter of the maturity period or 31 March 2011. Due to this the profit for the current year is lower by Rs. 580 thousands (Previous Year Rs. 10,938 thousands).

- The details of units in mutual funds purchased and sold during the year are as below :

Units Purchased during the year

Particulars	Rs. in thousands
Units in mutual funds	
4,541,501.38 units of ICICI Prudential Flexible Income Plan Premium - Growth	800,000
49,609,062.27 units of ICICI Prudential Interval Fund II - Quarterly Interval Plan B - Institutional Growth	504,152
19,682,327.24 units of UTI FIIF Series II -Quarterly Interval Plan – VII – Institutional Growth Option	200,000
322,037.67 units of UTI - Liquid Cash Plan Institutional - Growth Option	500,000
393,203.05 units of UTI Treasury Advantage Fund - Institutional Plan (Growth Option)	500,083
48,977,854.15 units of UTI - Fixed Income Interval Fund - MIP - II - Institutional Growth Plan	500,177
20,857,667.28 units of Kotak Liquid (Institutional Premium) - Growth	400,000
35,711,985.68 units of Kotak QIP - Series 9 - Growth	400,073
33,046,926.64 units of IDFC Cash Fund - Super Inst Plan C - Growth	380,000
33,867,342.76 units of IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C – Growth	380,066
43,204,382.65 units of IDFC Cash Fund - Super Inst Plan C - Growth	500,000
44,278,142.23 units of IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C – Growth	500,095
15,794,877.19 units of HDFC Liquid Fund - Premium Plus Plan - Growth Option	300,000
14,457,410.52 units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth Option	300,051
15,794,786.04 units of HDFC CMF - Treasury Adv - Wholesale growth	300,155
52,877,179.53 units of Birla Sun Life Cash plus - Instl Prem - Growth	800,000
44,503,354.16 units of Birla Sun Life Savings Fund Instl - Growth	800,148
50,000,000.00 units of Birla Sun Life Short Term FMP Series 2 Growth	500,000
19,051,828.60 units of IDFC Ultra Short Term Fund - Growth	250,000
19,051,828.60 units of IDFC Ultra Short Term Fund - Growth	251,669
25,355,507.13 units of IDFC FMP – 100 days – S1 - Growth	253,555
50,962,000.00 units of Birla Sun Life Short Term FMP - Series 7 - Growth	509,620
19,865,549.96 units of DWS Insta Cash Plus Fund - Super Institutional Plan Growth	250,000
23,163,838.53 units of DWS Treasury Fund - Cash IP - Growth	250,054
TOTAL	10,329,898

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Units sold during the year

	Rs. in thousands
Particulars	
Units in mutual funds	
4,541,501.38 units of ICICI Prudential Flexible Income Plan Premium - Growth	804,152
24,141,993.55 units of ICICI Prudential Interval Fund II - Quarterly Interval Plan B - Institutional Growth	250,000
14,497,936.46 units of UTI FIIF Series II -Quarterly Interval Plan – VII – Institutional Growth Option	150,000
322,037.67 units of UTI - Liquid Cash Plan Institutional - Growth Option	500,083
393,203.05 units of UTI Treasury Advantage Fund - Institutional Plan (Growth Option)	500,177
48,977,854.15 units of UTI - Fixed Income Interval Fund - MIP - II - Institutional Growth Plan	503,223
20,857,667.28 units of Kotak Liquid (Institutional Premium) - Growth	400,073
33,046,926.64 units of IDFC Cash Fund - Super Inst Plan C - Growth	380,066
33,867,342.76 units of IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C – Growth	380,697
43,204,382.65 units of IDFC Cash Fund - Super Inst Plan C - Growth	500,095
44,278,142.23 units of IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C – Growth	501,908
15,794,877.19 units of HDFC Liquid Fund - Premium Plus Plan - Growth Option	300,051
14,457,410.52 units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth Option	300,155
15,794,786.04 units of HDFC CMF - Treasury Adv - Wholesale growth	300,262
52,877,179.53 units of Birla Sun Life Cash plus - Instl Prem - Growth	800,148
44,503,354.16 units of Birla Sun Life Savings Fund Instl - Growth	807,678
50,000,000.00 units of Birla Sun Life Short Term FMP Series 2 Growth	509,620
19,051,828.60 units of IDFC Ultra Short Term Fund - Growth	251,669
19,051,828.60 units of IDFC Ultra Short Term Fund - Growth	253,555
19,865,549.96 units of DWS Insta Cash Plus Fund - Super Institutional Plan Growth	250,054
23,163,838.53 units of DWS Treasury Fund - Cash IP - Growth	251,215
TOTAL	8,894,881

7. Earnings per share

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders for the reporting period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive. The earnings per share is calculated as under:

		Rs. in thousands
Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Net Profit after tax	695,654	515,610
Weighted average number of equity shares outstanding during the year		
Basic	81,105,630	71,403,203
Diluted	81,694,582	72,836,701
Earnings per share (in Rs.)		
Basic	8.58	7.22
Diluted	8.52	7.08
Nominal value of shares (in Rs.)	10.00	10.00

SCHEDULES

FORMING PART

OF THE FINANCIAL STATEMENTS

8. Earnings in foreign exchange

Particulars	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
FOB value of exports	1,678,714	2,858,595

9. CIF value of imports

Particulars	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
Purchase of film/serial rights	4,258	8,020
Purchase of beta tapes	164	243
Purchase of DVD's/Blue Ray Disks	2,000	343

10. Expenditure in foreign currency

Particulars	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
Travelling expenses	1,275	1,463
Business promotion expenses	765	691
Advertisement expenses	188	Nil
Film festival expenses	436	386
Legal and professional charges	17,592	Nil
Membership expenses	Nil	27
Film rights	Nil	6,176

11. Auditors' remuneration (including service tax) has been classified as under

Particulars	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
Statutory audit	2,151	2,151
Tax audit	331	331
Other services	1,513	813
Out of pocket expenses	25	15
TOTAL	4,020	3,310

12. Operating Leases

The Company has various operating lease agreements for office facilities and residential premises for employees. These agreements are for tenures between 12 months and 3 years and are renewable by mutual consent on mutually agreeable terms.

Particulars	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
Not older than one year	30,784	22,966
Later than one year, but not later than five years	28,024	14,056
Later than five years	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

13. Employee benefits

The relevant disclosures in pursuance of Accounting Standard [AS 15 (revised) 2005] "Employee Benefits" notified by the Companies Act, 1956 are as follows:

- i) The Company has recognized, in the Revenue Accounts the following expense under defined contribution plan.

Benefit (Contribution to)	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
Provident Fund	5,422	4,063
TOTAL	5,422	4,063

- ii) The Company accounts for Gratuity under defined benefit plan.

- iii) Details of the gratuity plan are as follows

Description	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at beginning of the year		3,284
b. Current Service Cost	4,189	
c. Past Service Cost (Vested Benefit)	1,828	930
d. Interest Cost	621	Nil
e. Actuarial (gain)/loss	335	255
f. Benefits paid	(43)	(131)
g. Obligation as at end of the year	(41)	(149)
2. Change in Plan Assets (Reconciliation of opening and closing balances)		
a. Fair value of plan assets as at beginning of the year	-	-
b. Expected return on plan assets	-	-
c. Actuarial gain/(loss)	-	-
d. Contributions	41	149
e. Benefits paid	(41)	(149)
f. Fair value of plan assets as at end of the year	-	-
3. Reconciliation of fair value of assets and Obligations		
a. Fair value of plan assets as at end of the year	-	-
b. Present value of obligation as at end of the year	-	-
c. Amount recognized in the Balance Sheet	(6,888)	(4,189)
	(6,888)	(4,189)
4. Expense recognized in the year		
a. Current Service Cost		930
b. Interest Cost	1,828	
c. Past Service Cost (Vested Benefit)	335	255
d. Expected return on plan assets	621	Nil
e. Actuarial (gain)/loss	-	-
f. Expense /(Gain) to be recognized in the year (Refer point v below)	(43)	(131)
5. Investment Details		
a. Funded with LIC	-	-
6. Assumptions		
a. Discount rate (per annum)	8.25%	8.00%
b. Estimated rate of return on plan assets (per annum)	8.25%	8.00%
c. Rate of escalation in salary (per annum)	6.00%	6.00%

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

- iv) The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.
- v) The Gratuity liability was determined by the Actuarial Valuation Report is lower than the opening gratuity provision in the books of accounts and hence no additional provision was made in the books of accounts in the previous year.

14. Employees Stock Option Plan (ESOP)

ESOP 2009 scheme:

The Company has instituted Employees' Stock Option Plan i.e. ESOP 2009 under which the stock options have been granted to the employees. The scheme was approved by our shareholders at the Extra Ordinary General Meeting held on 17 December 2009

Particulars	Year ended 31 March 2011		Year ended 31 March 2010	
	No. of Options	Weighted Average exercise price in Rs	No. of Options	Weighted Average exercise price in Rs
Stock Options outstanding at the beginning of the year	1,680,893	-	-	-
Granted during the year	83,628	91.14	1,729,512	143.42
Forfeited / cancelled	(30,597)	175.00	(48,619)	163.00
Exercised	-	-	-	-
Balance as at the end of the year	1,733,924		1,680,893	

Particulars	Year ended 31 March 2011	Rs. in thousands	
		Year ended 31 March 2011	Year ended 31 March 2010
Deferred Employee Compensation Expense	47,726		77,481
Employees' Compensation Expense recognized for the year.	41,968		13,372
Employees' Stock Options Outstanding	103,066		90,852

Proforma accounting for stock options granted

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share (EPS) as reported would have been as per the proforma amounts as indicated herein below:

Particulars	Year ended 31 March 2011	Rs. in thousands	
		Year ended 31 March 2011	Year ended 31 March 2010
Net Profit after tax as reported	695,654		515,610
Add - Intrinsic Value Cost	41,968		13,372
Less - Fair Value Cost	66,223		26,144
Adjusted proforma Net Profit	671,399		502,838
Basic EPS as reported	8.58		7.22
Proforma Basic EPS	8.28		7.04
Diluted EPS as reported	8.52		7.08
Proforma Diluted EPS	8.11		6.90

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

The fair value of each option is estimated on the grant date based on the following assumptions:

ESOP 2009

Date of grant	17 December 2009	12 August 2010
Expected volatility	75%	60%
Risk free interest rate	6.30%	6.50%
Time to maturity (in years)	5.25 years	5.25 years
Dividend yield	Nil	Nil

15. Managerial remuneration

Particulars	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
Salary and allowances	21,384	22,787
Perquisites	3,971	4,685
Contribution to Provident Fund	216	411
TOTAL	25,571	27,883
Commission to Non-Executive Directors	10,600	4,050
TOTAL	36,171	31,933

Particulars	Rs. in thousands	
	Year ended 31 March 2011	Year ended 31 March 2010
Net Profit before tax	1,024,643	802,994
Add/(Less):		
Directors remuneration	36,171	31,933
Directors sitting Fees	260	100
Profit on disposal of fixed assets	(76)	(11)
Loss on disposal of fixed assets	2,491	1,577
Provision for Wealth tax	190	250
Net profit as per section 349 of the Companies Act, 1956	1,063,679	836,843
Maximum permissible remuneration to Managing Directors as per section 198 and 309 of the Companies Act 1956 @ 10% of net profit	106,368	83,684
Restricted to	25,571	27,883
Maximum permissible commission to Non-executive Directors under section 198 of the Companies Act 1956 @ 1% of net profit	10,637	8,368
Restricted to (Note)	10,600	4,050

Note : Provision of Rs. 10,600 thousands (Previous year Rs. 4,050 thousands) has been made in the books of accounts.

16. Dues to Micro, Small and Medium enterprise

Based on the information available with the Company, there are no dues payable as at the year end to micro, small and medium enterprises as defined in The Micro, Small & Medium Enterprises Development Act, 2006. This information has been relied upon by the statutory auditors of the Company.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

17. The Company has completed the Public issue of 20,000,000 equity shares of Rs. 10 each for cash at a price of Rs. 175 per equity share, aggregating Rs. 3,500,000 thousands. The public issue constituted 21.88% of the fully diluted equity share capital of the Company. The total share premium amounting to Rs. 3,300,000 thousands (@ Rs. 165 per equity share) has been credited to Share Premium Account and expenses related to the Initial Public Offer are charged to the Share Premium account.

Pursuant to the public issue, the equity shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange, effective 6 October 2010.

The Initial Public Offer Proceeds have been utilized as per objects of the issue as stated in Prospectus as under:

Rs. in thousands	
Description	Year ended 31 March 2011
Gross proceeds of the Issue	3,500,000
Issue Expenses	(294,029)
Service Tax Credit	(20,571)
Net Proceeds of the Issue	3,185,400

Rs. in thousands			
Description	Projected	Actuals	Balance
Acquiring and co-producing, Indian films including primarily Hindi language films as well as certain Tamil and Other regional language films	2,800,000	1,763,613	1,036,387
General Corporate Purposes	385,400	157,182	228,218
Total	3,185,400	1,920,795	1,264,605

The un-utilized proceeds from IPO have been held under debt mutual funds.

18. Balances of certain debtors, advances and creditors in respect of certain films are subject to confirmation/reconciliation and subsequent adjustment, if any. In the opinion of the management such adjustments are not likely to be material.
19. The Company is engaged in the production and trading of film rights, which requires various types, qualities and quantities of raw materials and input in different denominations. Due to the multiplicity and complexity of items, it is not practicable to maintain the quantitative record/continuous stock register, as the process of making films is not amenable to it. Hence, quantitative details are not maintained by the Company as is the practice generally followed by companies in the industry.
20. Previous year figures have been reclassified wherever necessary, to conform to current year's classification.

Signatures to Schedules 1 to 19 which form an integral part of the financial statements.

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Vijay Ahuja
Executive Director

Kamal Jain
Group Chief Financial Officer - India

Rajesh Bhatia
Company Secretary and Compliance Officer

Place: Mumbai
Date: 27 May 2011

BALANCE SHEET ABSTRACT

AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

080502

State Code

1 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 1 1

Year

II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue

2 0 0 0 0 0

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

7 9 6 4 0 5 7

Sources of Funds

Paid-Up Capital

9 1 4 0 7 0

Secured Loans

1 5 0 1 4 9 0

Unsecured Loans

2 0 0 0 0 0

Application of Funds

Net Fixed Assets

3 0 3 9 2 5 6

Net Current Assets

3 2 4 6 0 0 2

Accumulated Losses

N I L

Total Assets

7 9 6 4 0 5 7

Reserve and Surplus

4 6 6 4 7 9 9

Deferred Tax Liability

6 8 3 6 9 8

Investments

1 6 7 8 7 9 9

Misc. Expenditure

N I L

IV. Performance of Company (Amount in Rs. Thousand)

Turnover

4 8 5 8 8 5 8

+ - Profit / Loss before Tax

1 0 2 4 6 4 3

(Please tick Appropriate box + for Profit - for Loss)

Earning Per Share in Rs.

8 . 5 8

Total Expenditure

3 8 3 4 2 1 5

+ - Profit / Loss after Tax

6 9 5 6 5 4

Dividend Rate %

N I L

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Items Code No. (ITC Code)

N.A.

Product Description

N.A.

FINANCIAL INFORMATION

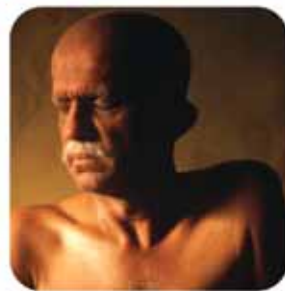
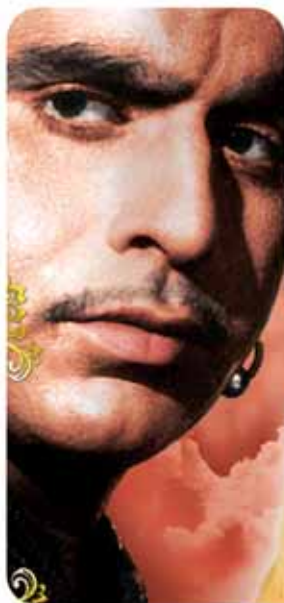
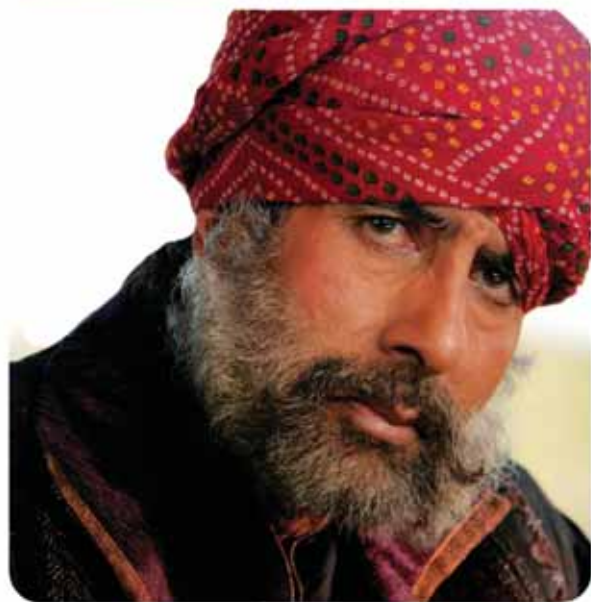
OF SUBSIDIARIES PURSUANT TO SEC 212 (8) OF THE COMPANIES ACT, 1956 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Sr No	Name of Subsidiary Company	Reporting Currency	Exchange Rate	Total no of Equity Shares	No of equity shares held by the Company	Extent of Holding	Capital	Reserves	Other Liabilities	Total Liabilities
1	Eros International Films Private Limited	INR	1.00	20,000,000	19,930,300	99.65%	200,000	86,302	1,174,531	1,460,833
2	Copsales Limited	USD	44.40	105,000	105,000	100.00%	4,495	738,850	769,324	1,512,669
3	Bigscreen Entertainment Private Limited	INR	1.00	10,000	6,400	64.00%	100	18,690	31,859	50,649
4	EyeQube Studios Private Limited	INR	1.00	10,000	9,999	99.99%	100	53,399	53,979	107,478
5	Ayngaran International Limited (IOM)	USD	44.40	100	51	51.00%	4	(12,825)	885,963	873,142
6	Ayngaran International (Mauritius) Limited	USD	44.40	7,350	7,350	100.00%	291	143,416	998,019	1,141,726
7	Ayngaran International (UK) Limited	GBP	71.28	1	1	100.00%	0	10,139	582,794	592,933
8	Ayngaran International Media Private Limited	INR	1.00	21,900	21,900	100.00%	219	8,862	538,401	547,482
9	Ayngaran Anak Media Private Limited	INR	1.00	200,000	102,000	51.00%	2,000	420	2,900	5,319
10	Eros Music Publishing Private Limited	INR	1.00	10,000	9,900	99.00%	100	426	9,183	9,709
11	Eros Animation Private Limited	INR	1.00	10,000	9,999	99.99%	100	(21)	22	101

Rs. in thousands

	Fixed and Current Assets	Investments other than Investment in Subsidiaries	Investment in subsidiaries or step down subsidiaries	Total Assets	Turnover / Total Income	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
	1,380,733	80,000	100	1,460,833	1,336,793	36,513	(13,937)	22,576	-	India
	1,512,664	-	4	1,512,669	1,181,065	221,292	-	221,292	-	British Virgin Island
	50,649	-	-	50,649	190,000	(1,769)	-	(1,769)	-	India
	107,478	-	-	107,478	153,952	27,133	(10,738)	16,395	-	India
	872,851	-	291	873,142	-	(9,861)	-	(9,861)	-	Isle of Man
	1,141,507	-	219	1,141,726	221,112	(4,627)	-	(4,627)	-	Mauritius
	592,933	-	-	592,933	582,583	3,946	(350)	3,596	-	United Kingdom
	546,462	-	1,020	547,482	183,362	(52,971)	17,683	(35,288)	-	India
	5,319	-	-	5,319	6,775	(206)	64	(143)	-	India
	9,709	-	-	9,709	3,373	1,084	(448)	636	-	India
	101	-	-	101	-	(12)	4	(8)	-	India

Notes





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