EROS INTERNATIONAL MEDIA LIMITED

Annual Report 2012-13

TRANSFORMING INDIAN ENTERTAINMENT

From the analogue era to the digital age. From television to premium television. From VHS to Blu-ray. Eros International Media Limited is leading the transformation of Indian filmed entertainment globally.

What's Inside?

Corporate Overview

Statutory Reports

Financial Statements

FORWARD-LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Revenue

11.54% grew from ₹ 9,631.8 Million to ₹ 10,743.5 Million

PBT (Profit Before Tax)

2.24% grew from ₹ 2,122.5 Million to ₹ 2,170.0 Million

PAT (Profit After Tax, after minority)

4.53% grew from ₹ 1,478.4 Million to ₹ 1,545.3 Million

EPS (Earnings Per Share)

4.02% grew from ₹ 16.16 to ₹ 16.81

Sustained Leadership

1,100+ films
Library

231 films
released over last three fiscal years

77 films
released in financial year 2012-13

Delivering success at the Indian box office

3 of the Top 10 Grossing Hindi Films in CY 2010 *
CY 2010

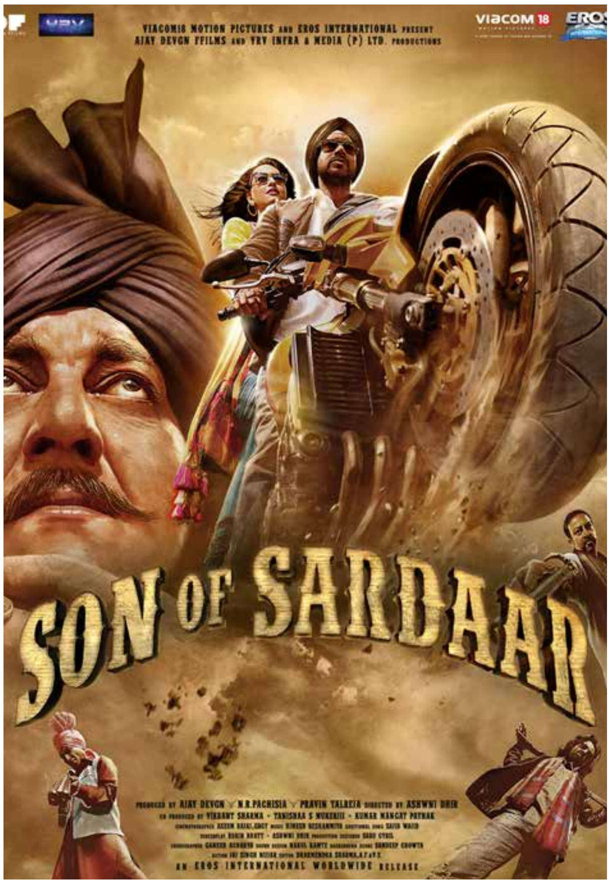
4 of the Top 10 Grossing Hindi Films in CY 2011 *
CY 2011

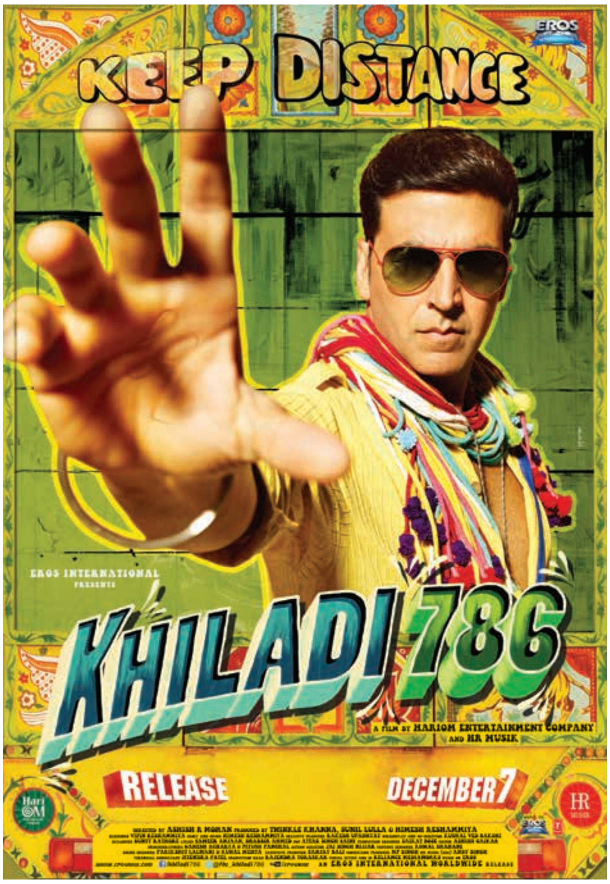
2 of the Top 10 Grossing Hindi Films in CY 2012 *
CY 2012

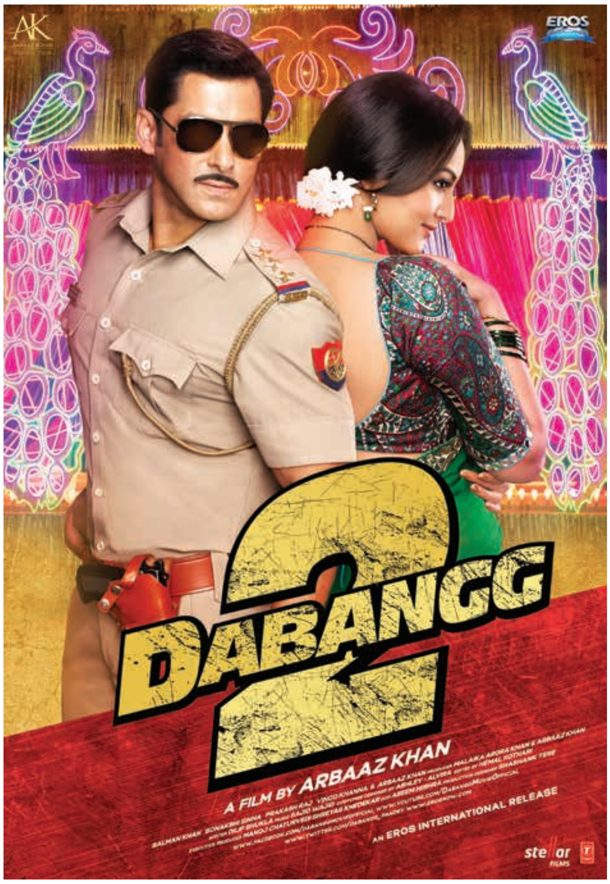
CY 2010	CY 2011	CY 2012
Golmaal 3	Ra.One	Housefull 2
Housefull	Ready	Son of Sardar
Anjaana Anjaani	Zindagi Na Milegi Dobara	
	Rockstar	

*CY indicates calendar year | Source: * www.boxofficeindia.com*


EROS
EROS INTERNATIONAL presents
a NADIADWALA GRANDSON ENTERTAINMENT in association with
SAJID NADIADWALA PRODUCTIONS LTD. (U.K.)
SAJID NADIADWALA'S
HOUSEFULL 2
directed by SAJID KHAN
The Dirty Dozen


VIACOM18 MOTION PICTURES AND EROS INTERNATIONAL PRESENT
AJAY DEVGN FFILMS AND YRV INFRA & MEDIA (P) LTD. PRODUCTIONS
SON OF SARDAAR
AN EROS INTERNATIONAL WORLDWIDE RELEASE


EROS
KEEP DISTANCE
EROS INTERNATIONAL
PRESENTS
KHILADI 786
A FILM BY HARIOM ENTERTAINMENT COMPANY
AND HR MUSIK
RELEASE
DECEMBER 7
AN EROS INTERNATIONAL WORLDWIDE RELEASE


EROS
DABANGG 2
A FILM BY ARBAAZ KHAN
AN EROS INTERNATIONAL RELEASE

Executive Vice-Chairman and Managing Director's Message

Our vision is to build on our market leadership position within the filmed entertainment arena and expand within the rapidly growing Indian Media & Entertainment sector by capitalising on our library, distribution network and strong balance sheet.

Sunil Lulla
Executive Vice-Chairman and Managing Director

10,743.5
Revenue
(₹ in million)

1,545.3
Profit After Tax
(₹ in million)

2,262.2
EBIT
(₹ in million)

DEAR SHAREHOLDERS,

The face of Indian entertainment is transforming at a rapid pace, accelerated by multiple distribution channels and an ever evolving audience.

Despite slow economic progress, the Indian Media and Entertainment industry grew by 12.60% to ₹ 821 billion in 2012. The sector has further impetus in the form of digitisation, growing regional media, increasing box office and ticket prices together with rapidly evolving new media businesses.

The Indian film industry's revenues grew by 21% as compared to the previous year. Of this, domestic theatricals increased by 23.69% compared to ₹ 85.1 billion in 2012 vis-à-vis ₹ 68.8 billion in 2011. This was primarily due to increase in the number of screens, rise in ticket prices and content suitable to both urban and rural audiences.

At Eros, some of the major releases during 2012-13 include 'Housefull 2', 'Cocktail', 'Son of Sardar', 'Khiladi 786' and 'Teri Meri Kahani'. Of these, two of our films ('Housefull 2' and 'Son of Sardar') have been among the Top Ten grossing films for the year 2012. We also released some low budget films with differentiated concepts like 'Vicky Donor' and 'English Vinglish'. These films have not only been critically acclaimed and won awards, but have also enjoyed great commercial success. Some of our notable Tamil high profile releases include 'Thuppaki', 'Maatraan' and 'Kadal'. Our diverse portfolio of films including Hindi, Tamil and other regional language films sits at the heart of our business model of monetising new films in conjunction with our valuable library across multiple distribution channels.

During the year, we announced a landmark collaboration with HBO Asia to launch two new premium television channels that will be completely advertising free and showcase the best of Bollywood and Hollywood content. The channels HBO Defined and HBO Hits were launched on Dish and Airtel DTH platforms in India and expected to launch on other DTH and digital cable platform during the year. This deal marks the foray of Eros into premium television and signifies the value of our content library. The strategy is to introduce a new window for premium television between theatrical and free satellite television. We will continue to monetise our 1,100+ content library and new films through television licensing to broadcasters such as Zee TV, Star TV, Viacom, Sony and others.

In addition, Eros Now, our on-demand online entertainment service was launched in August 2012, and is beginning to generate interest from potential subscribers.

On the global stage, our parent company, Eros International Plc distributed our films across new markets like Japan, China, Taiwan, Korea, Romania, Malaysia, Myanmar, Nigeria and other countries. In these markets, our films were dubbed or subtitled in local languages to extend the reach of Indian films beyond expatriate Indians. We will continue to promote our content in the Southeast Asia and other growth markets, along with other countries to unlock our content value in new geographies.

We are really excited about our collaboration with HBO Asia to foray into premium television in India.

Our better performance during the year reflected in our numbers. Our consolidated income grew from ₹ 9,631.8 million in 2011-12 to ₹ 10,743.5 million in 2012-13, rising by 11.5% year on year. The rise in revenues is on account of healthy movie mix, along with pre-selling of television and music rights. The EBIT increased from ₹ 2,256.9 million in 2011-12 to ₹ 2,262.2 million in 2012-13. The net profit after tax escalated from ₹ 1,478.4 million in 2011-12 to ₹ 1,545.3 million in 2012-13.

Our business performance and priorities have never diluted our focus from our social responsibilities. We are committed to enhance our social relevance through the Lulla Foundation. It has developed linkage with Pratham, India's largest education-focused NGO and set up two Eros Excellence projects. These projects serve 100 villages in the Tapi district in Gujarat and another 100 villages in the Sindhudurg district in Maharashtra. The projects benefit 8,000 young children by training their parents and their teachers on providing additional educational support and guidance. The Foundation also funds training for 500 rural volunteers, who dedicate their time and effort to the schools in return for extra educational training in IT and English language skills.

The Company continues to enjoy a robust balance sheet and generate strong cash flows from operations and during the year we were pleased to announce a maiden Interim Dividend.

I would like to thank all our stakeholders for their continued support and belief in Eros and our ability to capitalise on future opportunities to maintain our leadership in the rapidly growing Indian media and entertainment sector. We will continue to entertain viewers with a multi-pronged approach, while creating value for all stakeholders.

Warm regards,

Sunil Lulla
Executive Vice-Chairman and Managing Director

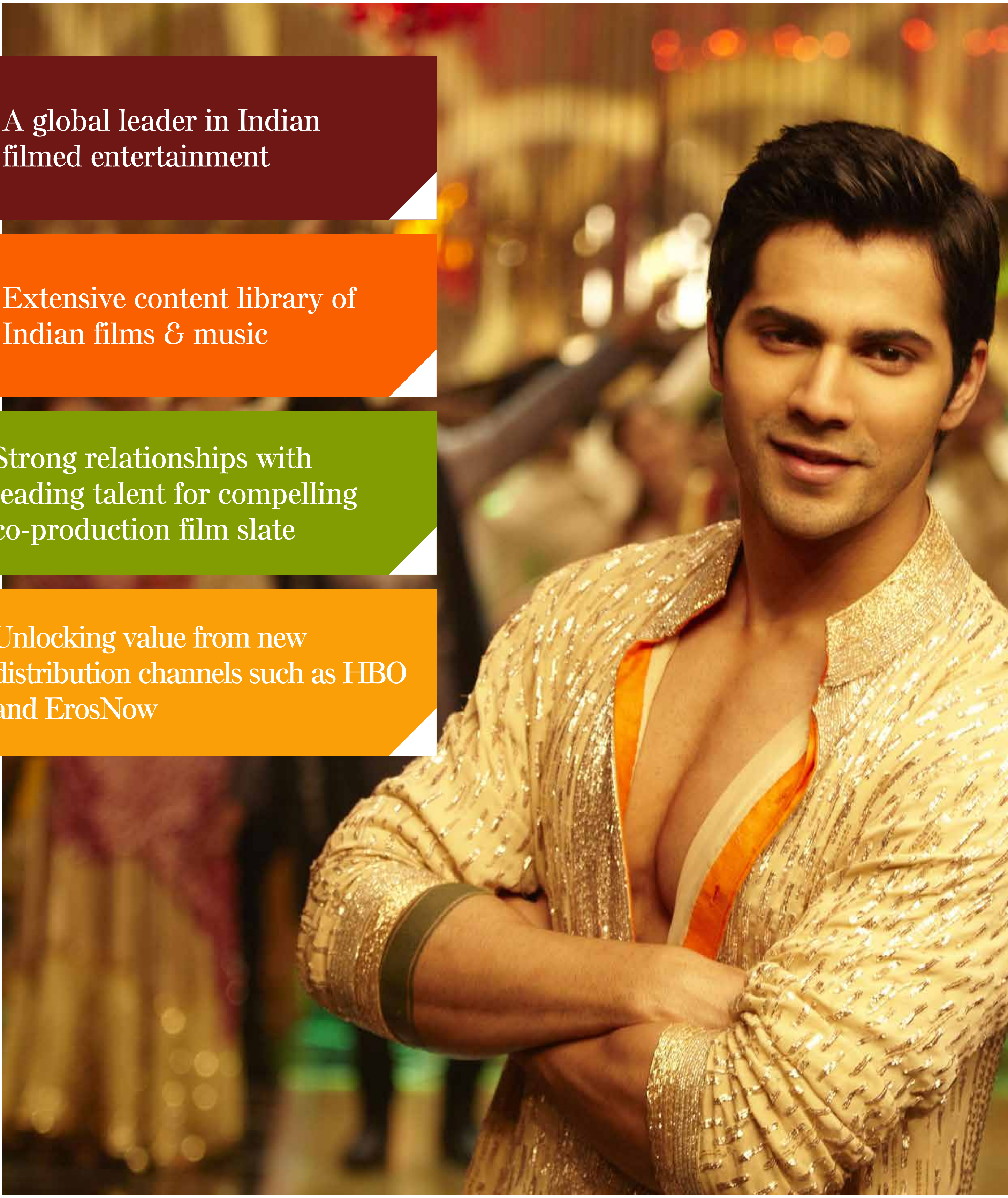
Key Strengths & Strategy

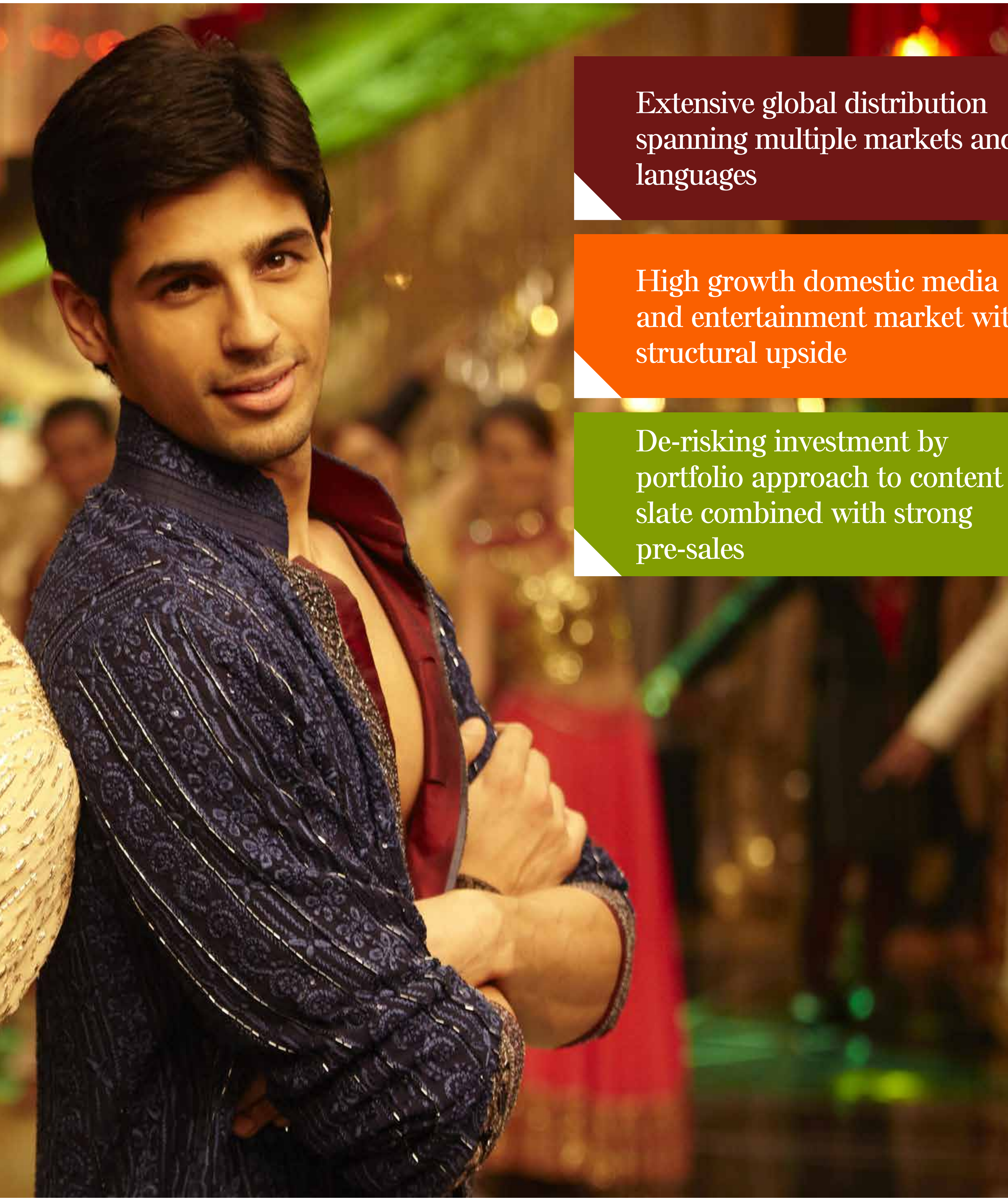
A global leader in Indian filmed entertainment

Extensive content library of Indian films & music

Strong relationships with leading talent for compelling co-production film slate

Unlocking value from new distribution channels such as HBO and ErosNow





Extensive global distribution spanning multiple markets and languages

High growth domestic media and entertainment market with structural upside

De-risking investment by portfolio approach to content slate combined with strong pre-sales

Multiple Distribution Channels

Theatrical

We distribute to the Indian multiplexes and single screen theatres through our internal distribution offices in Mumbai, Delhi, Chennai, Mysore and Punjab and also through sub-distributors. Outside India, we distribute our films theatrically through our parent company which has offices in Dubai, Singapore, North America, the United Kingdom, Australia and Fiji. In addition to these we also distribute films through their sub-distributors. As per FICCI KPMG report 2013, over 125 new multiplex screens were added last year which along with increasing ticket prices continues to increase the potential of Box Office revenues in India.

Cable and Satellite

We have licensed content to major Indian television channels such as Sony, Star Network, Colors and Zee. Our content is typically released on satellite television three to six months after the initial theatrical release. We license Indian film content for broadcasting on major channels and platforms around the world through our parent company. Now a selection of our content will also be showcased on HBO Defined and HBO Hits, the two new premium advertising free subscription channels showcasing Hollywood and Bollywood content at a premium window weeks after theatrical release of the films.

Digital Distribution

We have access to a global network for the digital distribution of our content, which consists of full length films, music, music videos, clips and other video content. We distribute content primarily in IPTV, VOD (including SVOD and DTH) and online internet channels. Our Eros channels on Youtube has exceeded 1.4 billion views for over 8,500 uploaded videos, since its launch in 2007. Our YouTube channel crossed over a million subscribers in the month of July 2013. We launched Eros Now in August 2012, our on-demand entertainment portal accessible via internet-enabled devices.

We have adapted ourselves with the changing scenario where mobile devices and the internet are driving the expansion of the music industry. Driven by our presence across various distribution channels, we have been able to reach out to target audiences around the world providing full length films, music, music videos, clips and other video content.

EROS-HBO Collaboration - A Game Changer

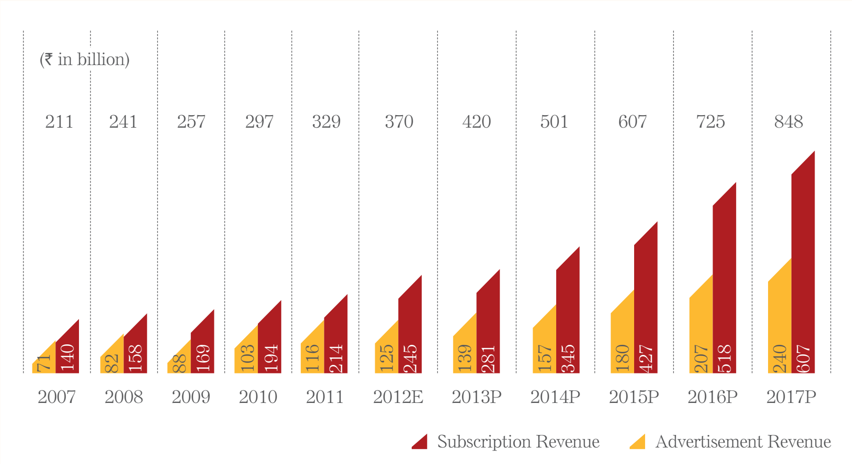
In December 2012, Eros and HBO Asia announced a landmark collaboration to launch two premium Television Channels in India on Digital platforms – HBO DEFINED and HBO HITS.

HBO Asia is able to bring the best of Hollywood to Asia first because of its exclusive licensing deals with major Hollywood studios. In addition to the proprietary and award-winning HBO Original programs that are produced exclusively for HBO viewers, HBO Asia works with a large number of major independent production companies to secure exclusive rights to a host of quality movies. In Asia, HBO Asia offers five subscription movie channels with uninterrupted programming in SD and HD formats – HBO, HBO SIGNATURE, HBO FAMILY, HBO HITS and CINEMAX – as well as a subscription video-on-demand service, HBO ON DEMAND. In South Asia, it offers HBO, HBO DEFINED and HBO HITS in SD and HD formats. HBO Asia is a joint venture of HBO (a Time Warner company) and Paramount.

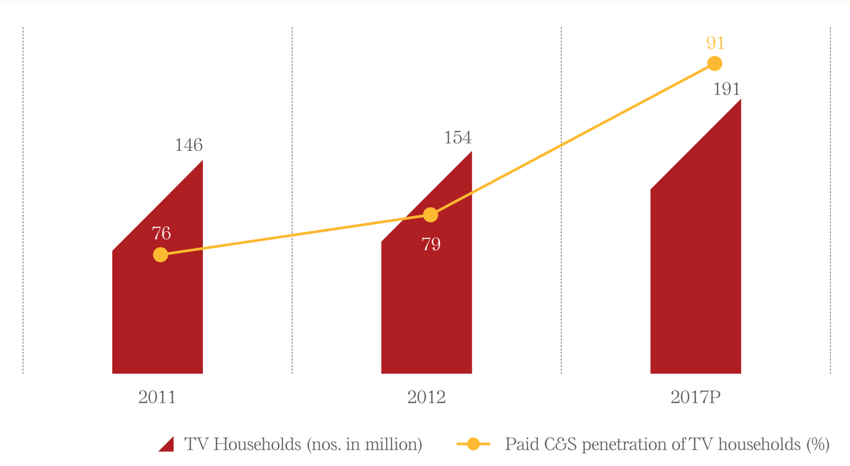
The Premium Television Opportunity

TV Industry Size

Subscription revenues are projected to grow from ₹ 245 billion (Estimated) in 2012 to ₹ 607 billion in 2017, whereas Advertisement revenue is projected to grow from ₹ 125 billion (Estimated) to ₹ 240 billion in 2017. Thus the acceleration in subscription revenues going forward will be a key driver of strategy.



Source: FICCI KPMG 2013 Report on Indian Media and Entertainment Industry



Source: FICCI KPMG 2013 Report on Indian Media and Entertainment Industry

Growth in number of paid Cable and Satellite households

The TV households in India are projected to rise from 154 million in 2012 to 191 million in 2017. In addition, the paid C&S penetration of these households is projected to increase from 79% in 2012 to 91% in 2017.

HBO Defined and HBO Hits were launched on the DISH and AIRTEL DTH platforms in India in March 2013 with anticipated launch on other DTH and digital cable platforms during 2013.

- HBO Asia will source the Hollywood content while Eros will provide the Bollywood content for these two channels.
- Both channels are completely advertising free and are available in Standard Definition as well as High Definition quality.
- A large portion of the English films will be available "audio-synched" in Hindi and select other local Indian languages.
- Both Eros and HBO will endeavour to offer the first window after theatrical of the respective Bollywood and Hollywood films to these two premium channels.

New Markets, Global Audiences

Eros continues to pioneer the introduction of Indian films in new international markets.

Non-traditional new international markets continue to excite Eros.

In 2012-13, Eros introduced Bollywood cinema to Japan with the theatrical release of the Rajnikant and Aishwarya Rai starrer 'Robot'. The film received very good response and was released on 20 screens.

Based on the success of Robot, we successfully released more films in Japan, such as 'Ra.One', and 'Sivaji', both the films did very well in the territory. In fact, there was a perceptible rage amongst fans for RA.ONE, evident through flash mobs and dedicated pages on social media.

Coming six years after its release in India, 'Om Shanti Om' a 2007 blockbuster was released in March 2013 in mainstream Japanese market in 15 screens, one of the biggest ever for an Indian film in Japan.

27+
Dubbed international languages

50+ *Countries*
Global Distribution Network

We are capitalising on the popularity of Indian films in the growing South East Asia market. We successfully released two films 'ENGLISH VINGLISH' and 'ZINDAGI NA MILEGI DOBARA' in mainstream cinemas in Hong Kong.

English Vinglish was the biggest release for a Hindi Film in the region – across 7 screens with 29 shows daily. The film grossed over $200,000 making it the second highest Hindi Film grosser in the territory.

English Vinglish was released in Germany, a dubbed version, for mainstream market in 90 screens.

Cocktail was released with great fanfare in Kyrgyzstan and other CIS countries. Eros has plans to release several other films including 'Zindagi Na Milegi Dobara', 'Vicky Donor' and 'Yeh Jawaani Hai Deewani' dubbed in Russian language in CIS countries.

'Yeh Jawaani Hai Deewani' will enjoy a theatrical release in Israel reviving a whole new revenue stream in that market. The last film released in Israel was Sharukh Khan starrer 'Devdas' in 2002.

Content Pipeline

Film Name	Star Cast/(Director)	Scheduled Release (Fiscal Year)
Ek Thi Dayan (Overseas)	Emraan Hashmi, Huma Qureshi, Konkona Sen Sharma, Kalki Koechlin (Kannan Iyer)	Released
Shoot Out At Wadala (Overseas)	Anil Kapoor, John Abraham, Kangna Ranaut & others (Sanjay Gupta)	Released
Go Goa Gone	Saif Ali Khan, Kunal Khemu, Vir Das & others (Raj Nidimoru, Krishna D.K.)	Released
Ye Jawani Hai Deewani (Overseas)	Ranbir Kapoor, Deepika Padukone & others (Ayan Mukerji)	Released
Fukrey (Overseas)	Pulkit Samrat, Ali Fazal, Manjot Singh, Richa Chadda & others (Mrighdeep Singh Lamba)	Released
Raanjhanaa (Hindi)/ Ambikapathy (Tamil)	Dhanush, Sonam Kapoor (Anand Rai)	Released
Lootera (Overseas)	Ranveer Singh, Sonakshi Sinha (Vikramaditya Motwane)	Released
Rangeeley (Punjabi)	Jimmi Shergill and others (Navaniat Singh)	Released
Bajatey Raho	Tushar Kapoor, Ranvir Shorey, Vinay Pathak (Shashant Shah)	Released
Warning (3D)	Santosh Barmola, Madhurima Tuli, Manjari Phadnis (Anubhav Sinha)	FY14
Dekh Tamasha Dekh	Satish Kaushik & others (Feroz Khan)	FY14
Kochadaiyaan (Tamil, Hindi, Telugu)	Rajnikanth, Deepika Padukone, (Soundarya Rajnikanth) Music - A.R. Rehman	FY14
Dishkiyaaoon	Sunny Deol, Harman Baweja, (Sanamjit Singh Talwar)	FY14
Singh Saab The Great	Sunny Deol (Anil Sharma)	FY14
Ram Leela	Ranveer Singh, Deepika Padukone (Sanjay Leela Bhansali)	FY14
Rambo Rajkumar	Shahid Kapoor, Sonakshi Sinha (Prabhu Deva)	FY14
Krrish 3 (Overseas)	Hrithik Roshan, Priyanka Chopra (Rakesh Roshan)	FY14
Happy Ending	Saif Ali Khan, Ileana D'Cruz (Raj and DK)	FY14
Purani Jeans	Aditya Seal (Tanushree Basu)	FY14
Illuminati Untitled	Armaan Jain (Arif Ali)	FY14
Ku Ku Mathur Ki Jhand Ho Gayi (Overseas)	Siddharth Gupta, Simran Kaur Mundi (Aman Sachdeva)	FY14
Chalo China	Lara Dutta, Vinay Pathak	FY15
Tanu Weds Manu Season 2	R. Madhavan, Kangana Ranaut (Anand Rai)	FY15
Boney Kapoor Untitled	Arjun Kapoor, Sonakshi Sinha (Okkadu remake)	FY15
Sarkar 3	Amitabh Bachchan, Abhishek Bachchan (Ram Gopal Varma)	FY15
Rana (Tamil, Hindi, Telugu)	Rajnikanth (K.S.Ravikumar)	FY15
R.Balki Untitled	(R.Balki)	FY15
Bajirao Mastani	(Sanjay Leela Bhansali)	FY15
Tamil Untitled	Rajnikanth	FY15
Aankheen 2	Abhishek Bachchan (Apoorva Lakhia)	FY15
Illuminati Untitled	Saif Ali Khan (Saket Choudhary)	FY15
3 films Endemol India	Various	FY15
3 films Phantom films	Various	FY15

** Apart from the above films, Eros International also has further films in its slate in Hindi, Tamil, Marathi and Punjabi languages.*


yeh JAWAANI hai DEEWANI

Key Performance Indicators

REVENUE
(₹ in million) CAGR 39.7%

FY 13	10,744
FY 12	9,632
FY 11	7,159
FY 10	6,535
FY 09	6,278
FY 08	4,902
FY 07	2,248
FY 06	1,036

EBIT
(₹ in million) CAGR 62.4%

FY 13	2,262
FY 12	2,257
FY 11	1,613
FY 10	1,213
FY 09	1,100
FY 08	688
FY 07	221
FY 06	76

Profit Before Tax
(₹ in million) CAGR 82.6%

FY 13	2,170
FY 12	2,123
FY 11	1,519
FY 10	1,122
FY 09	1,039
FY 08	660
FY 07	169
FY 06	32

Profit After Tax
(₹ in million) CAGR 87.7%

FY 13	**1,558**
FY 12	1,491
FY 11	1,182
FY 10	826
FY 09	748
FY 08	427
FY 07	135
FY 06	19

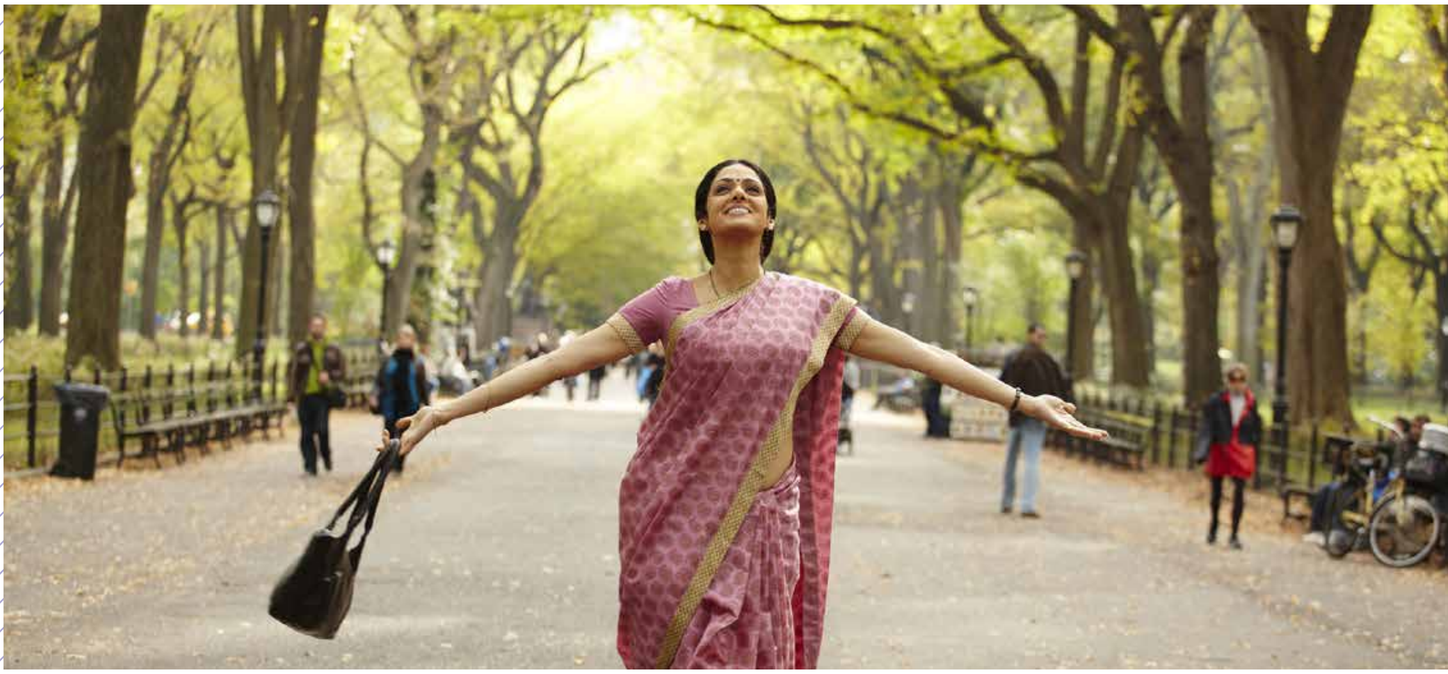
EPS
(₹) CAGR 80.4%

FY 13	**16.81**
FY 12	16.16
FY 11	14.35
FY 10	11.27
FY 09	10.27
FY 08	5.76
FY 07	1.86
FY 06	0.27

Networth
(₹ in million) CAGR 66.2%

FY 13	**9,865**
FY 12	8,346
FY 11	6,705
FY 10	2,375
FY 09	1,580
FY 08	814
FY 07	413
FY 06	282

Corporate Social Responsibility



Lulla Foundation

The Lulla Foundation's aims are to provide a high quality learning and teaching support for targeted communities currently caught in cycles of poverty so that they can have real opportunities to change their personal futures and their communities.

Through the development of knowledge, skills and understanding of the world, as well as a core set of values, individuals will be empowered to become thoughtful, reflective and responsible citizens who contribute positively to their community. This educational process will help students, schools and communities to become self-sustaining.

The Foundation has developed links with Pratham, India's largest education focussed NGO and set up two Eros Excellence projects. This serves 100 villages in the Tapi district in Gujrat and 100 villages in the Sindhudurg district in Maharashtra. The programmes target support for 8,000 young children by training their parents and their teachers in providing additional educational support and guidance. It also funds training for 500 villages' volunteers who give their time to the schools in return for extra educational training in IT skills and English language skills. Plans for delivering these aims are through working with local government schools – which cater for the poorest children and communities. During the year the Group's charitable donations were made to the Lulla Foundation (UK registered charity number 1131141) of which Kishore Lulla is a trustee.

Plans are being developed for:

- Setting up or supporting educational facilities for over 50,000 students between 2 and 16
- Working closely with parents to help them take an active interest in their children's education
- Working with School management Committees to enable them to monitor the work of the school
- Basic medical care for the community

This core set up will be replicated in a number of states in India to help achieve the Foundation's aims.

Awards and Accolades

Filmfare Awards (2013)	Zee Cine Awards (2013)	Annual Colors Screen Awards (2013)	IIFA Awards (2013)	National Film Awards (2013)
Best Supporting Actor – Annu Kapoor (Vicky Donor)	*Best Debut Director* – Gauri Shinde (English Vinglish)	*Best Actor in a Comic Role* – Anu Kapoor (Vicky Donor)	*Best Supporting Actor (Male)* – Annu Kapoor (Vicky Donor)	*Best Film* – Wholesome Entertainment – Vicky Donor
Best Male Debut – Ayushmann Khurana (Vicky Donor)	*Best Actor in a Negative role* – Rishi Kapoor (Agneepath)	*Best Actor in a Supporting Role - (Female)* – Dolly Ahluwalia (Vicky Donor)	*Best Debut (Male)* – Ayushmann Khurrana (Vicky Donor)	*Best Supporting Actor* – Annu Kapoor (Vicky Donor)
Best Directorial Debut – Gauri Shinde (English Vinglish)	*Best Actor Debut (Male)* – Ayushmaan Khurana (Vicky Donor)	*Best Debut - (Male)* – Ayushmann Khurana (Vicky Donor)	*Best Debut (Female)* – Yami Gautam (Vicky Donor)	*Best Supporting Actress* – Dolly Ahluwalia (Vicky Donor)
	Best Actor Debut (Female) – Yami Gautam (Vicky Donor)	*Most Promising Debut Director* – Gauri Shinde (English Vinglish)	*Best Actor in a Negative Role* – Rishi Kapoor (Agneepath)	
			Best Debut Director – Gauri Shinde (English Vinglish)	

Board of Directors

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.

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)

Dhirendra Swarup
Independent 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;
- 43 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.

Sunil Lulla
Executive Vice Chairman & Managing Director

- Bachelor's degree in Commerce from Mumbai University;
- 20 year-plus business experience; instrumental in developing the Eros India Group;
- Valuable relationships with the wide talent pool of the Indian film industry.

Kishore Lulla

Executive Director

- Group Executive Chairman of Eros International Plc;
- Bachelor's degree in Arts from Mumbai University;
- More than 30 years of experience in the media and film industry;
- Member of the British Academy of Film and Television Arts and Young Presidents' Organization and a Board member for the School of Film at the University of California, Los Angeles;
- Honoured at the Asian Business Awards 2007 and the Indian Film Academy Awards 2007 for his contribution in taking Indian cinema global;
- Instrumental in spearheading our growth and expanding our presence in the United Kingdom, the U.S., Dubai, Australia, Fiji and other international markets.

Vijay Ahuja

Executive Director

- Group Executive Vice Chairman of Eros International Plc
- Bachelor's degree in Commerce 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).

Jyoti Deshpande

Executive Director

- Group Chief Executive Officer and Managing Director of Eros International Plc
- Bachelor's degree in Commerce and Economics and a Masters in Business Administration from Mumbai University;
- Over 20 years of experience in the media and entertainment industry;
- Previously worked in advertising with J. Walter Thompson, India before moving to the UK in 1997 where she was a senior consultant with MindShare, U.K.;
- Part of the core team that founded B4U Television Network in the UK in 1998-99 and managed its expansion to other parts of the world in a span of two years.
- With Eros Group since 2001, instrumental in helping Eros Plc list on the AIM in July 2006 and Eros International Media Limited on Indian Stock Exchanges in October 2010

Management Discussion and Analysis

1. ECONOMIC OVERVIEW

A. Global economy

The global economy remained largely subdued in FY 2012-13 due to widespread uncertainties. However, the performance of the US economy improved, driven by steady fiscal consolidation, improvements in manufacturing and housing sectors and rising employment. Emerging economies remained resilient to headwinds. Global GDP experienced a growth rate of 3.2% in FY 2012. It is expected to witness a marginal growth to reach 3.3% in FY 2013 and improve to 4.0% in FY 2014.

B. Indian economy

India's economy exhibited resilience and experienced moderate growth during 2012-13. The country's GDP growth for 2012-13 was 5.0% [Source: Central Statistical Organisation]. Policy uncertainty, domestic supply bottlenecks, decreased investment sentiment and slackening external demand resulted in the slowdown in growth. The RBI undertook measures to rein in inflation, which moderated in recent months. However the Indian Media and Entertainment sector continued to demonstrate strong growth.

Size of the Indian Media and Entertainment Industry

Overall industry size and projections (₹ Billion, For Calendar Years)	2012	Growth in 2012 over 2011	2013p	2014p	2015p	2016p	2017p
TV	370.1	12.5%	**419.9**	501.4	607.4	725.0	847.6
Print	224.1	7.3%	**241.1**	261.4	285.6	311.2	340.2
Films	112.4	21.0%	**122.4**	138.3	153.6	171.7	193.3
Radio	12.7	10.4%	**14.0**	15.4	18.7	22.7	27.4
Music	10.6	18.1%	**11.6**	13.1	15.3	18.3	22.5
OOH	18.2	2.4%	**19.3**	21.1	23.0	25.0	27.3
Animation and VFX	35.3	13.9%	**40.5**	46.8	54.3	63.1	73.4
Gaming	15.3	17.7%	**20.1**	23.8	30.9	36.2	42.1
Digital Advertising	21.7	40.9%	**28.3**	37.1	48.9	65.1	87.2
Total	821	12.60%	**917**	1059	1238	1438	1661

Source: FICCI KPMG 2013 Report on Indian Media and Entertainment Industry

2. INDIAN MEDIA AND ENTERTAINMENT (M&E) INDUSTRY

Eros International Media Limited ("Eros International") operates in the dynamic Media and Entertainment (M&E) industry in one of the world's leading growth economies. India's M&E industry grew by 12.6% to ₹ 821 billion in 2012 from ₹ 728 billion in 2011.

The impetus for the growth in the Indian M&E sector is driven by:

- Continued digitisation in cinemas and television;
- Growth of non-Hindi media;
- Changes in the regulatory framework;
- Increased broadband and wireless spectrum initiatives together with the anticipated spectrum improvements;
- Changes in consumer spending and ARPU as a result of demographic and GDP changes in India;
- Continued expansion of Indian content consumption in overseas markets.

The M&E industry is estimated to achieve a growth rate of 11.8% in 2013, to reach ₹ 917 billion, and further grow at 15.2% CAGR to reach ₹ 1,661 billion by 2017.
Eros International is well-positioned to fully-exploit the growth in the industry.

Indian film industry

Audiences turned out in large numbers in 2012 with the country's domestic theatrical revenues growing year-on-year by 23.8% in 2012, marginally exceeding the overall growth of 21.0% in the sector.

Increased digital distribution and multiplex growth helped change India's film industry. Following on from the prolific growth of multiplexes in Tier-I cities, multiplexes have now started penetrating Tier-II and Tier-III markets, reaching out to audiences previously not catered to.

A real sense of the impact of the opportunities provided by the growth in multiplex and digital distribution can be gained by looking at box office numbers and screens. 2008 witnessed the first film ever in India to cross ₹ 1 billion. In 2012 nine films achieved this milestone. Similarly, in 2008 a large film may have been released across around 1,000 screens, whereas the current figure is close to 3,500 screens.

Looking ahead, continued growth is expected in multiplex screens. For example, the newly combined PVR and Cinemax chains are expected to increase the number of screens by 25% (90 screens) in FY 2014. With the expansion of Cinepolis in India and the growth in other chains such as Inox Movies and Reliance Big Cinema, growth has become an industry-wide phenomenon. This growth in the number of screens is also being accompanied by rising average ticket prices across cinemas, as the mix of multiplex and single screens cinemas changes, with a skew towards multiplexes. In FY 2013, for example, PVR Limited, reported a 10% increase in average ticket prices.

Growth in cinema is not restricted to Hindi films. Tamil, Telegu, Bengali and Punjabi cinema continue to grow as the availability of screens increases, with films from the regions joining the ₹ 1 billion box office club.

Television

The Indian Television sector grew by over 12% in 2012 from last year and is worth more than ₹ 370 billion today. The sector is further slated to grow at a CAGR of 18% to reach ₹ 848 billion by 2017.

Cable and Satellite (C&S) homes are projected to grow 10,173 million covering almost 90% of the total television homes in India.

The industry witnessed the roll out of the digitisation in 2012. The first phase of digitisation in the four national metros has been rolled out smoothly and completed successfully. In the second phase, digitisation is being rolled out in 38 cities. As digitisation is extended across the C & S industry, it is expected to add immense value through higher television subscription revenues and reduce dependence on advertisement revenues.

Advertising revenue experiencing lower growth than expected in 2012. However, the long-term outlook remains positive with advertising revenues anticipated to grow at 14% CAGR between 2012 and 2017.

Digitisation is expected to reduce carriage fees and will help drive further investment in content for broadcasters.

Digitisation and other growth opportunities will enable C & S to grow significantly in the next 5 years, augmenting film content prices as the demand for bigger and better films continues to rise.

Premier channels are forming various strategies to showcase blockbuster films. These include premiering such films on the movie channels alongside General Entertainment Channels (GEC).

Blockbusters and family films may continue to witness price rises as the overall demand for filmed content continues to increase. This is aided by film content which has the largest viewership and help channels to cater to a higher number of subscribers.

Emergence of specialty channels and sub-segments within hitherto niche genres is expected to be a key growth driver once digitisation achieves maturity. Channels across varied genres, like Kids, Music, Infotainment, Sports and Films are expected to start offering differentiated content appealing to sub-segments within their target audiences.

Many of these channels are available only on digital platforms, which helps develop a subscription-driven business model. Discussions indicate that by the time digitisation approaches completion, broadcasters want their offerings to achieve significant maturity among their target audiences. This will help broadcasters benefit from increased subscription revenues and garner premium advertisement rates.

Broadband and mobile

The new media segment benefitted from increased advertising revenues which grew by around 40%over the previous year. Digital ad spends revenues touched around ₹ 22 billion in 2012, covering 6.7% of the M&E industry's total advertising revenues. Over the next five years, new media will be on a higher growth trajectory compared to other media, in percentage terms.

India's mobile story started playing out, as the user base expanded significantly over the last year. The consumption of content on the mobile platform is increasing significantly compared to other global markets, as smartphone usage increases across the country, especially in the metros. However, the country's audience remains under-monetised

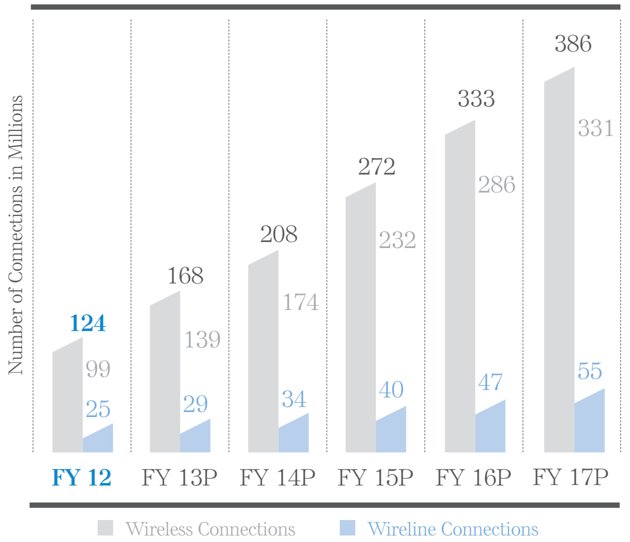
– primarily due to a decline in on-deck revenues and underinvestment in distribution platforms.

The ability to create distribution platforms with enough critical mass remains a challenge for the industry due to which capturing the full potential of the segment will be difficult. Additionally, since it is impossible to prevent content from being made available online, piracy remains biggest threat for online content. Content owners, as a result, are investing to create credible online platforms to offer content and mitigate piracy through policy implementation.

Mobile and wireless connections continued to drive internet penetration in India. By the end of 2012, there were 124 million internet connections in the country, up 41% over the last year. Fixed line connections in India also registered 11% year-on-year growth during 2012, while wireless connections surged by almost 50% during the same time period. This contrasting growth signifies the importance of mobile data access in the overall digital economy.

Going forward, the total number of connections is expected to surpass 380 million by 2017, with wireless connections comprising nearly 86% of all connections added between 2012 and 2017. The projected growth is slightly lower than last year, primarily due to continued uncertainties over 4G roll-out and in the telecom environment.

India - Internet connections, 2012-2017P

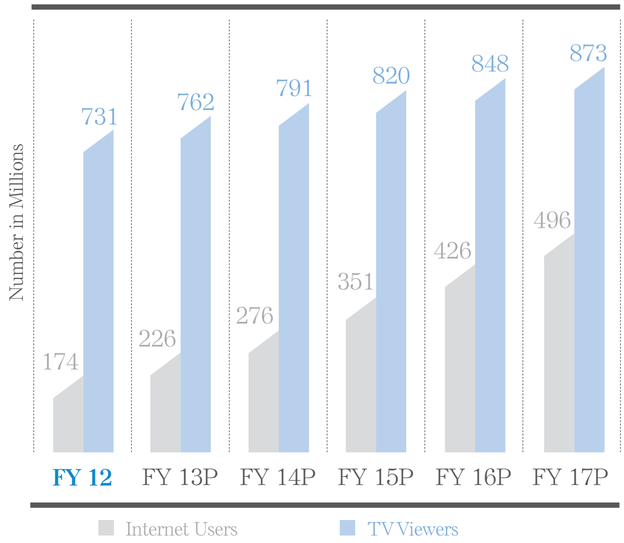


Source: FICCI KPMG 2013 Report on Indian Media and Entertainment Industry

The world's third largest internet population

India's internet users reached 174 million in 2012, after taking into account multiple users for a single wired connection, covering about 25% of the country's total TV viewers. This is expected to reach over 60% of India's total TV viewers by 2017.

India - Internet vs. TV penetration, 2012-2017P



Source: FICCI KPMG 2013 Report on Indian Media and Entertainment Industry

In 2012 the number of smartphones users with active internet connections was 38 million, and is expected to surge as cost-effective 4G services are launched. 4G will give rise to many opportunities in the field of content consumption, specifically filmed content and short form content including film music.

3. COMPANY, OPERATIONS AND STRATEGIC OVERVIEW

A. Company overview

Eros International Media Limited (Eros International) is a leading global Company in the Indian filmed Entertainment Industry. Eros International is part of Eros International PLC, which was India's first media Company to be listed on the Alternative Investment Market of the London Stock Exchange. Eros International co-produces, acquires and distributes Indian language films globally in multiple formats, such as theatrical, cable and satellite and digital new media platforms.

Eros International has over three decades of experience in establishing a global platform for Indian language films. The Company's success is built on the relationships cultivated over the past 35 years with leading talent, production companies, exhibitors and other key industry participants.

The Company has a competitive advantage through its extensive and growing film library comprising of over 1,100 films, which includes Hindi, Tamil and other regional language films.

The Group has largest distribution network for Indian films worldwide. The distribution network spans over 50 countries, with offices in India, the UK, North America, United Arab Emirates, Australia, Fiji, Isle of Man and Singapore.

Eros International has established a robust business model through de-risking approach by pre-licensing the content well before the theatrical release of the film and thus secure the monetisation. The diversified business model ensures a higher predictability for the profits and cash flows.

B. Strategic overview

The Company has successfully delivered strategic milestones during the financial year which had a very positive impact on the long term objectives of the Company. The clear thought process during the year was to continue focusing on unlocking the value of our catalogue of Hindi and other regional language films. The beginning of new era in Indian media and entertainment with the advent of digitisation has thrown huge growth opportunity not only for the platform owners such as cable, DTH and broadcasting companies but also content owners like Eros International. Thus during the year Eros International has taken a strategic leadership in the area of Premium television at the cusp of the digitisation with a very long term strategic and exclusive collaboration with HBO. The Company has increased its emphasis in the changing content consumption pattern and has taken Eros Now, an internet based content consumption platform, to the next level. The Company is also looking forward to the new opportunities through 4G platforms.

During the financial year the Company has strategically diversified the existing robust business model further in endurance to attain more depth and strength. As part of the strategy the Company has forayed into quite a few small to medium budget films which are high on content and have marketed and distributed these films heavily in order to get maximum consumer attention. These films have not only enjoyed critical acclaim but also commercial success. Films like 'Vicky Donor' and 'English Vinglish' were part of this strategy. The Company will continue to build this strategy further in years.

As part of our diversification strategy, the Company has further expanded the market in regional language films by distributing Tamil films for main stream markets in south other than the overseas distribution. The strategy has worked and some of the key films such as 'Thuppaki', 'Maatraan' and 'Kadal' has delivered huge success at box office and thus contributed to the overall profitability of the Company.

C. Operations Overview:

Diversified Portfolio of Releases: During FY 2013, Eros International released 77 films in multiple languages comprising 30 Hindi, 47 Tamil and other regional languages (77 films in FY 2012). Out of the 44 Tamil films released in FY 2013, 5 were mainstream, High profile releases (1 Tamil mainstream release in FY 2012). In Q4 FY 2013, the Company released a total of 17 films out of which 4 were Hindi, 13 were Tamil and other regional language films (16 films in FY 2012).

Scalability of content mix: Major film releases in the period included; 'Housefull 2', 'Cocktail', 'Son of Sardaar', 'Khiladi 786', 'Teri Meri Kahaani', 'Vicky Donor' and 'English Vinglish' among the successful Hindi releases out of the total 30 Hindi films. 'Thuppaki', 'Maatraan' and 'Kadal' were the 3 notable Tamil releases in the year. The majorly anticipated Rajnikanth starrer 'Kochadaiyaan' is now set to release in FY 2014. The step-up in high profile Tamil films allowed the Company to simultaneously tap into the Hindi and Tamil mainstream market demonstrating the scalability of the business model.

Consistent Box Office Track Record: The notable new trend within the growing box office in India was the higher than proportionate success of smaller budget films along with continued growth in high profile films, with 9 films crossing the ₹ 100 crore box office gross collection mark in calendar year 2012 as compared to just 5 films in the previous year. Consistent with the Company's track record of picking winners in its portfolio, the Company had 2 out of Top 10 Box Office films for the year namely 'Housefull 2' and 'Son of Sardaar'.

Strong Television Presales: Major Television Syndication deal with Viacom 18 that was announced included a mixture of library, current and forthcoming titles. Further television licensing deals were secured with Zee TV and Star TV as well during the period. Pre-sales significantly underpinned television revenues for the year, again consistent with the Company's strategy to operate a de-risked business model.

New International Markets: Internationally, our parent Eros International Plc continued to make distribution deals in new markets such as Japan, China, Taiwan, Korea, Romania, Malaysia, Myanmar, Nigeria and other countries. We released the 2007 hit film 'Om Shanti Om' for the very first time theatrically in Japan and 'English Vinglish' in South Korea. Also due to the strong international market presence of our parent, the group secured overseas distribution rights to several high profile films such as 'Student of The Year' and 'Dabangg 2'.

Digital distribution leadership: Eros Now, our on-demand entertainment portal accessible via internet-enabled devices, went live in August 2012 with a commercial launch **www.erosnow.com.** The Eros Now channel on YouTube continued to generate strong traffic and advertising revenues. Eros Now was the top ranked Indian channel on YouTube by Video Views crossing over 1.4 billion video views. Music monetization continued to be strong with a combination of licensing and self-distribution deals.

Game-changing HBO Collaboration: The Eros-HBO collaboration was one of the most significant deals for the Company that was concluded during the year. The collaboration was announced in December 2012, and two unique premium advertising free channels (namely 'HBO Defined' and 'HBO Hits') showcasing Hollywood and Bollywood content were launched in India in March 2013 on the Dish and Airtel DTH platforms. It is anticipated that the channels will be live on other DTH and digital cable platforms in India during the course of the next few months. The early response from subscribers has surpassed expectations and signals a positive momentum for the year ahead as the channels become more widely available across digital platforms in India.

Dividend: Since the time of its listing the Company has declared its maiden interim dividend during the year of 15%. This reflects the Company's rapid growth and market leadership over the years resulting in its strong balance sheet and cash flow.

Strategic alliance with Endemol India: The Company entered a strategic collaboration with Endemol India, producers of highly reputed television content. The alliance announced the co-production of three feature films as well as original programming for television in the near future.

Co-production tie-up with Sony Entertainment: The Company tied-up with Sony Entertainment for a 'first of its kind' venture where an eminent broadcaster joined hands with a leading studio. The Company along with Sony Entertainment has co-invested and co-produced Shashant Shah's film 'Bajatey Raho'. This film has been released in July 2013 and further highlights the Company's relentless approach towards de-risking initiatives

4. FINANCIAL OVERVIEW

Revenues

The Company's consolidated total income grew by 11.5% from ₹ 9,631.8 million in FY 2012 to ₹ 10,743.5 million in FY 2013. Healthy mix of high profile and lower budget films together with the underlying growth in the market led to the rise in the Company's income. Eros's box office successes during FY 2013 included films like Houseful 2, Cocktail, Son of Sardaar, Khiladi 786, 'Thuppaki', 'Maatraan', 'Dabangg 2' (overseas), 'Vicky Donor' and 'Ferrari Ki Sawaari' other new media digital segments.

Purchase/Operating expenses

Purchases/operating expenses increased by ₹ 1,003.3 million (15.1%) for the year ended 31 March 2013, compared to the previous year. The growth was primarily due to an increase in film amortisation costs of ₹ 1,214.8 million in the period due to continued investment in film content. Film print, advertising and associated expenses increased by ₹ 59.9 million over the previous year. This was driven by a higher spend on focussed film marketing campaigns which was partially offset by a decline in print costs as a result of the wider usage of digital distribution.

Employee benefits expense

Expenses for employee benefits increased by ₹ 47.4 million during FY 2013 to touch ₹ 272.9million. Employee's salaries, wages and bonuses rose by 12.7% to ₹ 226.6 million during the year, the remainder of the increase principally arose in respect of employee stock option compensation. During the year, the Company granted a further 571,160 stock options as a part of the Employee Stock Option Scheme which led to an increase in the expense from ₹ 8.5 million to ₹ 28.9 million.

Finance costs

Net interest cost for the year ended 31 March 2013, was ₹ 92.2 million, lower by ₹ 42.2 million, as compared to the last year ended March 2012. The interest income received during the year was higher by ₹ 34.2 million and the interest expense ₹ 8.0 million lower which led to the decrease in net interest cost.

Other expenses

Other expenses during FY 2013 stood at ₹ 511.6 million, up ₹ 47.5 million as compared to the previous financial year. Establishment costs were reduced in FY 2013 as it further centralised its operations with rent being reduced by ₹ 20.9 million. As part of the associated relocation certain fixed assets were disposed off which led to an increased loss on the disposal of fixed assets of ₹ 10.4 million. Expenses related to legal and professional fees were higher by ₹ 14.0 million, as compared to the FY 2012, the increase in part due to new business initiatives, including Eros Now and other online platforms which also led to an increase in communication expenses. Amounts written off or provided in respect of content advances remained in line with FY 2012. The loss on foreign currency transactions in FY 2013 was ₹ 36.9 million as compared to ₹ 34.5 million as a result of the continued weakness of the Rupee to the US Dollar.

Profit before tax

Profit before tax was ₹ 2,170 million in the year ended 31 March 2013, compared to ₹ 2,122.5 million in the year ended 31 March 2012. It witnessed a marginal increase of ₹ 47.5 million, driven primarily by increase in overall revenues offset expenses increase.

Income tax

Income tax expenses for the year ended 31 March 2013, were ₹ 611.9 million, as compared to ₹ 631.4 million in 31 March 2012, a decrease by ₹ 19.5 million. The Company's effective tax rate for the year ended 31 March 2013, was 28.2%, marginally lower than 29.7% in the previous year. Our income tax expense in the year ended 31 March 2013 included ₹ 99.5 million of estimated current tax expense and ₹ 512.4 million of estimated deferred tax expense.

Earnings per share (EPS)

Basic EPS for the year ended 31 March 2013 was ₹ 12.75 per share, an increase of 6.25% compared to ₹ 12.00 a year ago. Fully diluted EPS for the year ended 31 March 2013 was ₹ 12.74 per share, up 6.16% as compared to ₹ 12.00 in the year ended 31 March 2012.

5. RISK MANAGEMENT

Internal Risks

We depend on our relationships with theatre operators and other industry participants to exploit our film content. Any disputes with multiplex operators in India or elsewhere could have a material adverse effect on our ability or willingness to release our films as scheduled.

We generate revenues from the exploitation of Indian film content in various distribution channels through agreements with commercial theatre operators, in particular multiplex operators, and with retailers, television operators, telecommunications companies and others. Our failure to maintain these relationships, or to establish and capitalize on new relationships, could harm our business or prevent our business from growing, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We have had disputes with multiplex operators in India that required us to delay our film releases and disrupted our marketing schedule for future films. These disputes were subsequently settled pursuant to settlement agreements that expired in June 2011. We now enter into agreements on a film-by-film and exhibitor-by-exhibitor basis instead of entering into long-term agreements. To date, our film-by-film agreements have been on commercial terms that are no less favorable than the terms of the prior settlement agreements; however, we cannot guarantee such terms can always be obtained. Accordingly, without a long-term commitment from multiplex operators, we may be at risk of losing a substantial portion of our revenues derived from our theatrical business. We may also have similar future disruptions in our relationship with multiplex operators, the operators of single-screen theatres or other industry participants, which could have a material adverse effect on our business, prospects, financial condition and results of operations. Further, the theatre industry in India is rapidly growing and evolving and we cannot assure you that we will be able to establish relationships with new commercial theatre operators.

We may fail to source adequate film content on favorable terms or at all through acquisitions or co-productions, which could have a material and adverse impact on our business.

We generate revenues by exploiting Indian film content that we primarily co-produce or acquire from third parties, and then distribute through various channels. Our ability to successfully enter into co-productions and to acquire content depends on our ability to maintain existing relationships, and form new ones, with talent and other industry participants. The pool of quality talent in India is limited and as a result, there is significant competition to secure the services of certain actors, directors, composers and producers, among others. Competition can increase the cost of such talent, and hence the cost of film content. These costs may continue to increase, making it more difficult for us to access content cost-effectively and reducing our ability to sustain our margins and maximize revenues from distribution and exploitation. Further, we may be unable to successfully maintain our long-standing relationships with certain industry participants and continue to have access to content and/or creative talent and may be unable to establish similar relationships with new leading creative talent. If any such relationship is adversely affected, or we are unable to form new relationships or our access to quality Indian film content otherwise deteriorates, or if any party fails to perform under its agreements or arrangements with us, our business, prospects, financial condition and results of operations could be materially adversely effected.

Delays, cost overruns, cancellation or abandonment of the completion or release of films may have an adverse effect on our business.

There are substantial financial risks relating to film production, completion and release. Actual film costs may exceed their budgets and factors such as labour disputes, unavailability of a star performer, equipment shortages, disputes with production teams or adverse weather conditions may cause cost overruns and delay or hamper film completion. When a film we have contracted to acquire from a third party experiences delays or fails to be completed, we may not recover advance monies paid for the proposed acquisition. When we enter into co-productions, we are typically responsible for paying all production costs in accordance with an agreed upon budget and while we typically cap budgets in our contracts with our co-producer, given the importance of ongoing relationships in our industry, longer-term commercial considerations may in certain circumstances override strict contractual rights and we may feel obliged to fund cost over-runs where there is no contractual obligation requiring us to do so. To date, we have completed only one sole production, and this is not our preferred choice for sourcing content. Production delays, failure to complete projects or cost overruns could result in us not recovering our costs and could have a material adverse effect on our business, prospects, financial condition and results of operations.

The popularity and commercial success of our films are subject to numerous factors, over which we may have limited or no control.

The popularity and commercial success of our films depends on many factors including, but not limited to, the key talent involved, the timing of release, the promotion and marketing of the film, the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of entertainment, general economic conditions, the genre and specific subject matter of the film, its critical acclaim and the breadth, timing and format of its initial release. We cannot predict the impact of such factors on any film, and many are factors that are beyond our control. As a result of these factors and many others, our films may not be as successful as we anticipate, and as a result, our results of operations may suffer.

The success of our business depends on our ability to consistently create and distribute filmed entertainment that meets the changing preferences of the broad consumer market both within India and internationally.

Changing consumer tastes affect our ability to predict which films will be popular with audiences in India and internationally. As we invest in a portfolio of films across a wide variety of genres, stars and directors, it is highly likely that at least some of the films in which we invest will not appeal to Indian or International audiences. Further, where we sell rights prior to release of a film, any failure to accurately predict the likely commercial success of a film may cause us to underestimate the value of such rights. If we are unable to co-produce and acquire rights to films that appeal to Indian and International film audiences or to accurately judge audience acceptance of our film content, the costs of such films could exceed revenues generated and anticipated profits may not be realized. Our failure to realize anticipated profits could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our ability to exploit our content is limited to the rights that we acquire from third parties or otherwise own.

We have acquired over 90% of our film content through contracts with third parties, which are primarily fixed-term contracts that may be subject to expiration or early termination. Upon expiration or termination of these arrangements, content may be unavailable to us on acceptable terms or at all, including with respect to technical matters such as encryption, territorial limitation and copy protection. In addition, if any of our competitors offer better terms, we will be required to spend more money or grant better terms, or both, to acquire or extend the rights we previously held. If we are unable to renew the rights to our film catalog on commercially favorable terms and to continue exploiting the existing films in our library or other content, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

Piracy of our content, including digital and internet piracy, may adversely impact our revenues and business.

Our business depends in part on the adequacy, enforceability and maintenance of intellectual property rights in the entertainment products and services we create. Motion picture piracy is extensive in many parts of the world and is made easier by technological advances and the conversion of motion pictures into digital formats. This trend facilitates the creation, transmission and sharing of high quality unauthorized copies of motion pictures in theatrical release on DVDs, CDs and Blu-ray discs, from pay-per-view through set top boxes and other devices and through unlicensed broadcasts on free television and the internet. Although DVD and CD sales represent a relatively small portion of Indian film and music industry revenues, the proliferation of unauthorized copies of these products results in lost revenue and significantly reduced pricing power, which could have a material adverse effect on our business, prospects, financial condition and results of operations. In particular, unauthorized copying and piracy are prevalent in countries outside of the United States, Canada and Western Europe, including India, whose legal systems may make it difficult for us to enforce our intellectual property rights and in which consumer awareness of the individual and industry consequences of piracy is lower. With broadband connectivity improving and 3G internet penetration increasing in India, digital piracy of our content is an increasing risk. In addition, the prevalence of third-party hosting sites and a large number of links to potentially pirated content make it difficult to effectively monitor and prevent digital piracy of our content. Existing copyright and trademark laws in India afford only limited practical protection and the lack of internet-specific legislation relating to trademark and copyright protection creates a further challenge for us to protect our content delivered through such media. According to FICCI KPMG Report 2013, it is estimated that the Indian film industry loses as much as ₹ 200 billion annually due to piracy. Additionally, we may seek to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and revenue losses. Even the highest levels of security and anti-piracy measures may fail to prevent piracy.

External Risks

A downturn in the Indian and International economies or instability in financial markets, including increased Indian price inflation, could materially and adversely affect our results of operations and financial condition.

Global economic conditions may negatively impact consumer spending. Prolonged negative trends in the global or local economies can adversely affect consumer spending and demand for our films and may shift consumer demand away from the entertainment we offer. Any decline in attendance at theatres will reduce the revenues we generate from this channel, from which a significant proportion of our revenues are derived. If the general economic downturn continues to affect the countries in which we distribute our films, in particular in India, discretionary consumer spending may be adversely affected, which would have an adverse impact on demand for our theatre, television and digital distribution channels. Further, a sustained decline in economic conditions could result in closure or downsizing by, or otherwise adversely impact, industry participants on whom we rely for content sourcing and distribution. Any decline in demand for our content could have a material adverse effect on our business, prospects, financial condition and results of operations. In addition global financial turmoil has negatively affected the Indian financial markets. Continued financial disruptions may limit our ability to obtain financing for our films. For example, any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Any such event could have a material adverse effect on our business, prospects, financial condition and results of operations. India has recently experienced fluctuating wholesale price inflation compared to historical levels. An increase in inflation in

India could cause a rise in the price of wages, particularly for Indian film talent, or any other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production. Because it is unlikely we would be able to pass all of our increased costs on to our customers, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Fluctuation in the value of the Indian Rupee against foreign currencies could materially and adversely affect our results of operations, financial condition and ability to service our debt.

While a significant portion of our revenues are denominated in Indian Rupees, certain contracts for our film content are or may be denominated in foreign currencies. Any fluctuation in the value of the Indian Rupee against these currencies could have a material adverse effect on our business, prospects, financial condition and results of operations.

Further, some of our debt is denominated in U.S. dollars, and we may not generate sufficient revenue in U.S. dollars to service all of our U.S. dollar-denominated debt. Consequently, we may be required to use revenues generated in Indian Rupees to service our U.S. dollar-denominated debt. Any appreciation in the value of the U.S. dollar, compared to the Indian Rupee, could adversely affect our ability to service our debt.

The role of Indian Central and State Governments in the Indian economy has been and remains significant. Since 1991, India's government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The rate of economic liberalization could change, and specific laws and policies affecting companies in the media and entertainment sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

Taxation

Taxes generally are levied on a state-by-state basis for the Indian film industry. Recently, there has been interest in rationalizing the industry's taxes by instituting a uniform set of entertainment taxes administered by the Indian government. Such changes may increase our tax rate, which could adversely affect our financial condition and results of operations. Furthermore, in certain states, theatre multiplexes have enjoyed entertainment tax benefits that may be disrupted or discontinued, if India moves to a uniform entertainment tax system. This could slow the construction of new multiplexes which is projected to be a key driving force for the growth of the Indian film industry according to the FICCI KPMG Report 2013. Separately, there are certain deductions available to film producers for expenditures on production of feature films released during a given year. These tax benefits may be discontinued and impact current and deferred tax liabilities. In addition, the government of India has issued and may continue to issue tariff orders setting ceiling prices for distribution of content on cable television service charges in India. Such tariff orders could place pricing pressures on cable television service providers and broadcasters, which may, among other things, restrict the ability and willingness of cable television broadcasters in India to pay for content acquisition, including for our films. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations.

6. EMPLOYEE INITIATIVES

Employees lie at the centre of the business universe of Eros. They are instrumental in providing the Company with competitive advantage. The Company, in turn, provides its employees a congenial working ambiance that fosters career growth.

The Company has significant policies in place to attract, motivate and retain best industry talent. These are driven by the principles of providing equal employment opportunities across the organisation on the grounds of gender, marital status, race, colour, nationality, ethnic or national origin, religion, disability or sexual orientation. The Company also ensures that no employee is disadvantaged by conditions or requirements, including age limits, which cannot be justified objectively.

The Company follows an effective recruitment policy based on job criteria and the personal aptitude and competence of the applicants. It also applies best practices in the employment of disabled people. The Company aims to utilise the aptitude and skills of its employees in the business. It also ensures a proper training for its employees and offer career development opportunities. It also retrains and retain staff who become disabled during their employment. The Company's established management communication channels are supplemented by direct presentations to employees by Directors, explaining developments of particular significance.

7. INTERNAL CONTROL SYSTEMS

Eros has developed a stringent Internal Control System in its various business processes, commensurate with the size and nature of its business. The system helps to achieve the Company's objectives. The Internal Auditors carry out risk-based auditing according to the annual audit plan approved by the Audit Committee.

The Company's internal control systems provides, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets.

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.

Directors' Report

To,

The Shareholders,

Your Board of Directors are pleased to present the Nineteenth Annual Report of your Company, together with the Audited Accounts for the financial year ended 31 March 2013.

FINANCIAL RESULTS

The summary of standalone and consolidated operating results, for the year ended 31 March 2013, and appropriation of divisible profits are stated below:

(₹ in lacs)

Particulars	(Standalone)		(Consolidated)	
	2012-13	2011-12	2012-13	2011-12
Sales and other Income	**93,322**	82,132	**107,435**	96,318
Profit before tax	**17,902**	17,258	**21,700**	21,225
Less: Provision for tax	**6,193**	6,279	**6,119**	6,314
Less: Minority interest	**-**	-	**128**	127
Net profit after tax	**11,709**	10,979	**15,453**	14,784
Add: Balance carried forward from the profit and loss A/c	**27,013**	16,034	**43,149**	28,365
Profit available for appropriations	**38,722**	27,013	**58,603**	43,149
Appropriations				
Less: Transfer to general reserve	**586**	-	**586**	-
Less: Dividend	**1,378**	-	**1,378**	-
Less: Tax on dividend	**223**	-	**261**	-
Balance of profit carried forward to Balance Sheet	**36,535**	27,013	**56,378**	43,149

During the FY 2012-13, the Company successfully released 77 films in multiple languages, comprising 30 Hindi, 47 Tamil and other regional languages. The number of films released remained stable compared to 77 films released in FY 2011-12. Out of the 44 Tamil films released in FY 2012-13, five were mainstream releases, compared to one Tamil mainstream release in FY2011-12.

Of the Company's 30 Hindi releases during the year under review, some successful films included 'Housefull 2', 'Cocktail', 'Son of Sardaar', 'Khiladi 786', 'Teri Meri Kahaani', 'Vicky Donor' and 'English Vinglish'. 'Thuppaki', 'Maatraan' and 'Kadal' were the three notable Tamil releases during FY 2012-13. Of India's top ten box office grossing Hindi language films in FY 2012-13, two were released by Eros International [Source: Box Office India].

During the year the Company entered into an exciting collaboration with HBO Asia to launch two new premium advertising free television channels, namely HBO Defined and HBO Hits, that will showcase Hollywood and Bollywood library and new release content at compelling windows to tap into the rapidly growing pay television market within India.

The Company has well positioned itself to monetise its film library over emerging digital platforms, further diversifying its revenue streams.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the listing agreement requirements, the Management Discussion and Analysis Report is presented in a separate section forming a part of this Annual Report.

EMPLOYEE STOCK OPTION SCHEME

During the year under review, the Company has allotted 184,483 equity shares to the employees against exercise of stock options pursuant to EROS Employee Stock Options Scheme 2009, thereby resulting in increase in the Company's paid up share capital from ₹ 91,73,68,570 to ₹ 91,92,13,400 as on 31 March 2013.

Summary of information on the Company's stock options, as required to be made in terms of provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are provided in the Annexure attached to this Report.

DIVIDEND

During the financial year 2012-13, your Company had declared its maiden interim dividend of 15% amounting to ₹ 1.50 per equity share to all the shareholders of the Company. The Board has recommended to the Members that interim dividend be considered and treated as final dividend for the year 2012-13.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Dhirendra Swarup and Mr. Vijay Ahuja retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointments for your approval.

The brief profiles of Mr. Dhirendra Swarup and Mr. Vijay Ahuja are given in the Notice convening the 19th Annual General Meeting and discussed at length in the Corporate Governance Report.

During the year, Ms. Jyoti Deshpande was appointed as an Executive Director of the Company, liable to retire by rotation, w.e.f. 24 September 2012, with the approval of Members at the Annual General Meeting.

SUBSIDIARY COMPANIES

As on 31 March 2013, the Company has 12 subsidiaries (including six direct and six indirect subsidiaries). Of the six direct subsidiaries, four are Indian and other two are foreign.

The financial statements of all the subsidiary companies, as on 31 March 2013, are included in the Consolidated Financial Statements, which are prepared in compliance with applicable Accounting Standards.

The Ministry of Corporate Affairs, vide its Circular No. 02/2011 dated 8 February 2011, has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the Company's Balance Sheet, subject to approval by the Board of Directors and furnishing of certain financial information in the Annual Report.

Accordingly, your Board of Directors, at its meeting held on 30 May 2013, have approved for not attaching the balance sheet, profit and loss account and other documents of subsidiary companies to the Company's Balance Sheet. Your Company, having complied with all the conditions as stated in the said circular, has not attached the financial statements of its subsidiary companies for FY 2012-13. However, the financial statements will be made available to the investors seeking such information. The statement on financials of the subsidiary companies and statement on subsidiary companies pursuant to Section 212(8) of the Companies Act, 1956, forms a part of this Annual Report.

The Consolidated financial statements of your Company for the financial year 2012-13, have been prepared in compliance with applicable Accounting Standards.

AUDITORS

The Company's Statutory Auditors, M/s Walker, Chandiok & Co., Chartered Accountants (Registration No. 001076N), retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Statutory Auditors for FY 2013-14, if re-appointed.

The Audit Committee and the Board of Directors at their respective meetings held on 30 May 2013 have recommended the re-appointment of M/s. Walker Chandiok & Co., Chartered Accountants, Mumbai for your approval.

AUDITORS' REPORT

The Auditors' Report is unqualified and also does not contain any adverse remarks. The notes to the Accounts referred to in the Auditor's Report are self explanatory and therefore, do not require any further explanation.

PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956, read with rules framed thereunder, is available for inspection at the Corporate Office of the Company. Any shareholder interested in obtaining a copy of the said statement may acquire it by writing to the Company Secretary and Compliance Officer at the Corporate Office of the Company.

INSURANCE

The Company's property, equipment and stocks are adequately insured against major relevant risks.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, a separate report on Corporate Governance forms part of the Annual Report. As required by the listing agreement, a report from Practising Company Secretary regarding compliance of conditions of corporate governance forms part of this Report.

Further, a certificate duly signed by the Executive Vice Chairman and Managing Director and the Group Chief Financial Officer (India) on the financial statements of the Company for the year ended 31 March 2013 was submitted to the Board of Directors on 30 May 2013. This certificate is also attached hereto and forming part of this Report.

DEPOSITS, LOANS AND ADVANCES

Your Company has not accepted any Public Deposits falling within the purview of Section 58A of the Companies Act, 1956. As such, no amount on account of principal or interests on public deposits was outstanding, as on 31 March 2013. The details of loans and advances, which are required to be disclosed in the Company's annual accounts, pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges, are mentioned in Notes to accounts forming a part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year 2012-13, the Board of Directors state that:

1. The applicable accounting standards have been followed in preparation of the financial statements and there are no material departures from the said standards.
2. Reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied, so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the profit for the year ended on that date;
3. Proper and sufficient care has been taken for 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;
4. The financial statements have been prepared on a going concern basis.

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

Considering the Company's business activities, information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the Company.

Particulars of foreign currency earnings and outgo are given in the notes to accounts forming part of this Report.

ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to express the sincere appreciation for the support and the co-operation from the Banks, Financial Institutions, Shareholders, Vendors, Customers and all other business associates.

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels. The Directors also wish to place on record their gratitude to the Members for their continued support and confidence.

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman
and Managing Director

Jyoti Deshpande
Executive Director

Place: Mumbai
Date: 30 May 2013

Annexure to Director's Report

Summary of information on ESOS pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

	Grant dates	(A) 17 December 2009	(B) 12 August 2010	(C) 1 July 2012	Total
(a)	Options Granted during the year 2009-10 (Refer to Column A), Options Granted during the year 2010-11 (Refer Column B) and Options Granted during the year 2012-13 (Refer to Column C)	1,729,512	83,628	571,160	**2,384,300**
(b)	Pricing Formula				
	Discount to Fair Value	At a Discount ranging from Nil to 50% to Fair value	At a Discount ranging from 20% to 50% to Fair value	At a Discount of 57.15% to Fair Value	
(c)	Options vested	787,333	33,452	-	**820,785**
(d)	Options exercised	484,114	30,226	-	**514,340**
(e)	Total number of shares arising as a result of exercise of options	484,114	30,226	-	**514,340**
(f)	Options lapsed (as at 31 March 2013)	685,892	7,500	-	**693,392**

Annexure to Director's Report

Summary of information on ESOS pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

		Grant dates	(A) 17 December 2009	(B) 12 August 2010	(C) 1 July 2012	Total
(g)		Variation of terms options	Fair Market value of ESOP 2009 scheme is revised from ₹ 200 to ₹ 175 wide Postal Ballot dt 21 December 2010	Fair Market value of ESOP 2009 scheme is revised from ₹ 200 to ₹ 175 wide Postal Ballot dt 21 December 2010	Not Applicable	
(h)		Money realized by exercise of options (upto 31 March 2013)	58,728,830	2,626,950	–	**61,355,780**
(i)		Total number of options in force (as at 31 March 2013)	559,506	45,902	571,160	**1,176,568**
(j)	1	Employee wise details of options granted to Senior Management	Detailed below	Detailed below	Detailed below	
	2	Employees to whom more than 5% options granted during the year	Detailed below	Detailed below	Detailed below	
	3	Employees to whom options more than 1% of issued capital granted during the year	Not Applicable	Not Applicable	Not Applicable	
(k)		Diluted EPS, pursuant to issue of shares on exercise of options	The diluted EPS will be lower by ₹ 0.01 per share i.e. ₹ 12.74			
(l)	1	Method of calculation of employee compensation cost	Calculation is based on intrinsic value method			
	2	Instrinsic Value per share (in ₹)	27.37	88.18	100.00	
	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 ₹ 117.17 (in lakhs) during the year, had the Company used fair value method for accounting the options issued under ESOS 2009.			
	4	Impact of this difference on Profits and on EPS of the Company	Profits would have been lower by ₹ 117.17 (in lakhs) and EPS would have been lower by ₹ 0.13 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 ₹)	151.86	86.76	75.00	
	2	Weighted average fair value of options based on Black Scholes methodology (in ₹)	111.70	95.25	122.19	
(n)		Sigificant assumptions used to estimate fair value of options including weighted average				
	1	Risk free interest rate	6.30%	6.50%	8.36%	
	2	Expected life	5.25 years	5.25 years	5.5 years	
	3	Expected volatility (based on competitor companies volatality)	75%	60%	44%	
	4	Expected dividends	Nil	Nil	Nil	
	5	Closing market price of share on a date prior to date of grant (Fair market value in absence of listing) (in ₹)	175	175	168.65	

Options granted to Senior Management Personnel (including more than 5%)	Options Granted	Options Exercised	Options Lapsed	Options in force
Grant Dated 17 December 2009				
Ms Jyoti Deshpande	713,950	142,790	571,160	-
Mr Kumar Ahuja	85,267	59,686	-	**25,581**
Mr Nandu Ahuja	19,588	3,918	-	**15,670**
Mr Anand Shankar	61,128	6,000	-	**55,128**
Grant Dated 12 August 2010				
Mr Kamal Jain	15,000	6,000	-	**9,000**
Mr Anand Shankar	61,128	24,226	-	**36,902**
Grant Dated 1 July 2012				
Ms Jyoti Deshpande	571,160	-	-	**571,160**

Corporate Governance

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

I. GOVERNANCE PHILOSOPHY

We at Eros International strive at creating value for all our stakeholders in a complete ethical and legal manner. In comparison, Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. It is the system by which companies are directed and controlled. It is about promoting corporate fairness, transparency and accountability. As a result, we strongly believe that 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. Therefore, the aim of the Company and 'good' Corporate Governance match.

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

II. BOARD OF DIRECTORS

A. Composition and category of Directors

The Board of Directors comprises professionals from various fields, possessing varied skills, expertise and vast experience.

As on 31 March 2013, the Company's Board of Directors comprised seven Directors, three of whom are Independent Directors. The Board is structured to maintain optimum combination of Independent and Non-independent, as well as Executive and Non-executive Directors in compliance with Clause 49(1)(a) of the Listing Agreement.

The Chairman of our Board, Mr. Naresh Chandra, is a Non-executive Independent Director and is not related to the Company's promoters or to any person occupying the position one level below the Board. Hence, the minimum requirement, as stipulated in Clause 49 of the Listing Agreement, for having at least one-third of the Board comprising Independent Directors is complied with.

The Independent Directors on the Board do not have any pecuniary relationship or transaction with the Company, promoters or management, which may affect their judgement in any other manner. The members of our Board are from diverse backgrounds with skills and experience in critical areas like governance, finance, entrepreneurship and general management.

There is no Institutional/Nominee Director on the Board.

The Board's composition and the category of Directors are given in the below table:

Name of the Director	Category
Mr. Naresh Chandra, Chairman	Non-executive Independent Director
Mr. Sunil Lulla, Vice Executive Chairman & Managing Director	Executive Director
Mr. Kishore Lulla	Executive Director
Dr. Shankar Nath Acharya	Non-executive Independent Director
Mr. Dhirendra Swarup	Non-executive Independent Director
Ms. Jyoti Deshpande*	Executive Director
Mr. Vijay Ahuja	Executive Director

*Ms. Jyoti Deshpande was appointed as an Additional Director on the Board on 1 July 2012 and her appointment as an Executive Director was approved by the shareholders on 24 September 2012.

Note:

1. Mr. Kishore Lulla, Executive Director and Mr. Sunil Lulla, Executive Vice Chairman and Managing Director of the Company, are brothers.

2. Mr. Vijay Ahuja, the Company's Executive Director, is the co-brother of Mr. Sunil Lulla and Mr. Kishore Lulla.

   Other than the aforesaid, there are no inter-se relationships among the Directors.

B. Other provisions related to board and committees

Board meetings

The Board is informed well in advance about the meeting(s) and the agenda for the same is circulated to the Directors in advance 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.

When necessary, the senior management is invited to attend the Board Meeting(s) to provide additional inputs relating to the items being discussed and/ or give presentation to the Board. The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, as and when necessary.

During the year under review, the Board met four times, on 26 May 2012, 10 August 2012, 31 October 2012 and 12 February 2013. The maximum time gap between two meetings of the Board was not more than four months, as stipulated under the Listing Agreement entered with Stock Exchanges.

Chairmanships/ Memberships

All the Directors of the Company have confirmed that none of them is a member of more than ten committees, or is a Chairman of more than five committees, across all companies in which they are acting as Directors.

Attendance of the Directors at Board Meetings, Audit Committee Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of the Committees of each Director in various other companies

Name of Director	Attendance			Position on the Board of other companies		
	Board Meeting	Audit Committee Meeting	Last AGM	Directorship** (Including Unlisted Public Companies)	Committee Membership ***	Committee Chairmanship ****
Mr. Naresh Chandra	4	4	Yes	11	8	1
Mr. Sunil Lulla	4	4	Yes	-	-	-
Mr. Kishore Lulla	2	N.A.	No	-	-	-
Dr. Shankar Nath Acharya	4	4	Yes	1	1	1
Mr. Dhirendra Swarup	4	4	Yes	2	2	1
*Ms. Jyoti Deshpande	3	N.A.	Yes	-	-	-
Mr. Vijay Ahuja	-	N.A.	Yes	-	-	-

*Ms. Jyoti Deshpande was appointed as an Additional Director on the Board on 1 July 2012, and her appointment as an Executive Director was approved by the shareholders on 24 September 2012.

Note

** Other Directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956, are not included.

*** Only Audit Committee and Shareholders and Investor's Grievance Committee are considered for the purpose of committee positions as per Listing Agreement.

**** Also includes the committees in which a Director holds position as a Chairman.

Periodical review of compliance reports

During the year in retrospect, the Board periodically reviewed the reports placed by the management with respect to compliance of various laws applicable to the Company. The Internal Auditors also reviews the compliance status and report to the Audit Committee.

C. Reappointment of Directors

According to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, one-third of the Directors are liable to retire by rotation at each of the AGM of the Company. Accordingly, Mr. Dhirendra Swarup and Mr. Vijay Ahuja retire by rotation at this AGM and being eligible, have offered themselves for re-appointment.

Brief portrayals of both the Directors who are seeking reappointment at the ensuing AGM are furnished hereunder:

i. Mr. Dhirendra Swarup is a Government-certified Public Accountant and a Fellow Member of the Institute of Public Auditors of India. He has a Post Graduate degree in Humanities. Besides, between July 2005 and December 2009, he was a member of the Board of the SEBI, and of the Permanent High-level Committee on Financial Markets of the Reserve Bank of India. A former civil servant, he retired in 2005 as the Secretary, Ministry of Finance, Government of India. Mr. Swarup has approximately 45 years of experience in finance, budgeting, audit, public policy, public investments, project appraisal, evaluation of schemes and programmes of the Government of India. He has also served as the Chairman of the Pension Funds Regulatory Authority between 2005 and 2009, and the

Chief of the Budget Bureau of the Government of India between 2000 and 2005.

Mr. Swarup was involved in the drafting of the Fiscal Responsibility and Budget Management Act, 2003, and the fiscal rule made thereunder. He has also been associated with the International Monetary Fund between 1993 and 2007. Mr. Swarup has also been the Vice-Chairman of the International Network on Financial Education, Organisation for Economic Co-operation and Development between 2007 and 2009.

Mr. Swarup does not hold any equity share in the Company.

He is on the Board of the following companies and also acts as the Chairman and member of the committees as stated below:

Directorship held in other companies	PTC India Limited United Stock Exchange of India Limited Financial Planning Corporation India Private Limited Financial Planning Standards Board, India
Membership/ Chairmanship of Committees of other companies	Member of the Audit Committee of PTC India Limited Chairman of Audit Committee and Member of Surveillance Committee, Selection Committee and Nomination Committee of the United Stock Exchange of India Limited

ii. Mr. Vijay Ahuja, Group Executive Vice Chairman of Eros International PLC, is a Commerce graduate from Mumbai University, has over two decades of experience in the media and film industry. He has cofounded Eros International Group's UK business in 1988 and since then, has played an important role in implementing the key international strategies of Eros International Group. This has helped the Company expand the business to its present scale by making a significant contribution to developing the Southeast Asian markets, such as Singapore, Malaysia, Indonesia and Hong Kong.

Mr. Vijay Ahuja, the Company's Executive Director, is co-brother of Mr. Sunil Lulla and Mr. Kishore Lulla.

Mr. Ahuja is on the Board of several foreign companies, as stated below:

Directorship held in other companies	Eros International Plc Eros International Pte Ltd Eros International USA Inc Eros Australia Pty Ltd Belvedere Holding Pte Ltd Eros Worldwide FZ LLC Digicine Pte Ltd
Membership/Chairmanship of committees of other companies	Nil

Mr. Ahuja does not hold any equity shares in the Company.

During the year under review, there was no resignation of any Independent Director from the Board.

D. Code of conduct

The Board has laid down a Code of Conduct for all its Board members and Senior Management of the Company and has been posted on the Company's website, www.erosintl.com. All the Board members and Senior Management personnel have affirmed compliance with the code for the financial year ending 31 March 2013.

A declaration to this effect, signed by the Company's Executive Vice Chairman and Managing Director, is annexed to this report.

III. BOARD COMMITTEES

The Board has constituted various committees with specific terms of reference and scope, in compliance with the listing agreements and the SEBI Regulations. The objective of these Committees is to focus effectively on the issues and ensure expedient resolution of the diverse matters. The decisions taken by these Committees are noted by the Board at its subsequent meeting. Brief particulars of the Audit Committee, Compensation Committee and Share Transfer and Investor Grievance Committee, as required under Clause 49 of the Listing Agreement, are given hereunder:

i) Audit Committee

In terms of Section 292A of the Companies Act, 1956, and Clause 49(III) of the Listing Agreement, the Board of Directors had constituted an Audit Committee with well defined composition, quorum, powers, role, review of information, scope and so on. The primary objective of the Committee is to monitor and ensure effective supervision of the financial reporting process for accurate and timely disclosures, while maintaining high levels of transparency and integrity.

All the Audit Committee members are financially literate and bring in expertise in the fields of finance, economics and management. The Company Secretary and Compliance Officer act as the secretary to the Audit Committee. Also, the Chief Financial Officer, the Statutory Auditors and Internal Auditors attend the Committee meetings as invitees.

Mr. Dhirendra Swarup, Chairman of the Audit Committee, was present at the Company's last AGM.

Members of the Audit Committee are as follows:

Name of the Committee Member	Designation in Committee	Category
Mr. Dhirendra Swarup	Chairman	Non-executive Independent Director
Mr. Naresh Chandra	Member	Non-executive Independent Director
Mr. Sunil Lulla	Member	Executive Director (Vice Chairman and Managing Director)
Dr. Shankar Nath Acharya	Member	Non-executive Independent Director

The Audit Committee's terms of reference, apart from those specified in the Listing Agreement with the Stock Exchange, broadly pertain to the reviews of business practices, investment policies, systems and controls, and so on.

During the year under review, Audit Committee met four times, viz. on 26 May 2012, 10 August 2012, 31 October 2012 and 12 February 2013. Details of the attendance of the Members at the Audit Committee meetings are mentioned above in part II(B).

ii) Compensation Committee

The Compensation Committee was constituted by the Board primarily to look upon matters related to reviewing, assessing and recommending the appointment and remuneration packages of the Directors and senior employees in accordance with the provision of the Companies Act, 1956. The Committee also reviews, considers and recommends the grant of employee stock option in accordance with EROS Employee Stock Option Scheme 2009 and SEBI (ESOS & ESPS) Guidelines, 1999 and other compensation-related matters.

Members of the Compensation Committee are as under:

Name of the Committee Member	Designation in Committee	Category
Mr. Naresh Chandra	Chairman	Non-executive Independent Director
Dr. Shankar Nath Acharya	Member	Non-executive Independent Director
Mr. Dhirendra Swarup	Member	Non-executive Independent Director

During the year under review, the Compensation Committee met twice, on 26 May 2012 and 10 August 2012.

Attendance of the Members in the above meetings was as follows:

Name of the Committee Member	Number of meetings attended
Mr. Naresh Chandra	2
Dr. Shankar Nath Acharya	2
Mr. Dhirendra Swarup	2

Apart from the above meetings, the Committee passed the following resolutions by way of circulation:

- For issue and allotment of the Company's 40,863 equity shares on 3 April 2012, against exercise of 40,863 stock options by the employees of the Company
- For issue and allotment of the Company's 55,948 equity shares on 27 December 2012, against exercise of 55,948 stock options by the Company's employees.
- For issue and allotment of the Company's 87,672 equity shares on 1 February 2013, as against the exercise of 87,672 stock options by the Company's employees.

Details of remuneration /sitting fees paid to all the Directors for the financial year 2012-2013 are as follows:

Sr. No.	Director's Name	Salary, Perquisites (₹)	Sitting Fees (₹)	Total (₹)
1	Mr. Naresh Chandra	N.A.	2,00,000	**2,00,000**
2	Mr. Sunil Lulla	30,800,000	N.A.	**30,800,000**
3	Mr. Kishore Lulla	79,20,000	N.A.	**79,20,000**
4	Dr. Shankar Nath Acharya	N.A.	2,80,000	**2,80,000**
5	Mr. Dhirendra Swarup	N.A.	2,80,000	**2,80,000**
6	Ms. Jyoti Deshpande*	54,00,000	N.A.	**54,00,000**
7	Mr. Vijay Ahuja	-	N.A.	-

*Ms. Jyoti Deshpande was appointed as an Additional Director on the Board on 1 July 2012, and her appointment as an Executive Director was approved by the shareholders on 24 September 2012.

Note:

1. None of the Non-executive Directors have any pecuniary relationship or transactions with the Company.
2. Except for Mr. Sunil Lulla and Ms. Jyoti Deshpande, Executive Directors of the Company, who holds 1,400 equity shares and 1,42,790 equity shares respectively, none of the Directors hold any equity shares in the Company.
3. Except for Ms. Jyoti Deshpande, who holds 5,71,160 stock options, none of the Directors are granted any of the Company's stock options.
4. None of the Non-executive Directors hold any equity shares in the Company.
5. Mr. Kishore Lulla, Executive Director and Mr. Sunil Lulla, Executive Vice Chairman and Managing Director of the Company, are brothers. Mr. Vijay Ahuja, the Company's Executive Director, is a cousin of Mr. Sunil Lulla and Mr. Kishore Lulla. Other than the aforesaid, there are no inter-se relationships among the Directors.

iii) Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee was constituted by the Board to look upon matters relating to redressal of investors' complaints, allotment of shares and others. The Committee also looks into the issue of duplicate certificates and new certificates on a share split or consolidation, non-receipt of declared dividend and non receipt of Annual Reports etc.

The Company Secretary and Compliance Officer of the Company is the secretary of the Share Transfer and Investor Grievance Committee.

Members of the Share Transfer and Investor Grievance Committee are as under:

Name of the Committee Member	Designation in Committee	Category
Dr. Shankar Nath Acharya	Chairman	Non-executive Independent Director
Mr. Dhirendra Swarup	Member	Non-executive Independent Director
Mr. Sunil Lulla	Member	Executive Director

During the year under review, the Share Transfer and Investor Grievance Committee met four times, viz. on 26 May 2012, 10 August 2012, 31 October 2012 and 12 February 2013.

Attendance of the Members in the above meetings was as follows:

Name of the committee member	Number of meetings attended
Dr. Shankar Nath Acharya	4
Mr. Dhirendra Swarup	4
Mr. Sunil Lulla	4

Status of investor grievances during 2012-13

Description of investor grievances received during 2012-13	No. of grievances
Total grievances pending at the beginning of the period (1 April 2012)	NIL
Letters directly received from investors	02
SEBI	02
Total grievances attended	04
Total grievances pending, as on 31 March 2013	NIL

All the complaints /requests received during the year under review were resolved within the time to the satisfaction of the investors/members. No complaints were pending, as on 31 March 2013 for more than 30 days.

In addition to the above, the Board has also constituted a Management Committee comprising Mr. Sunil Lulla, Mr. Kishore Lulla, Ms. Jyoti Deshpande, Mr. Vijay Ahuja and Mr. Kamal Kumar Jain to decide on the Company's day-to-day affairs.

Subsidiary companies

None of the Company's subsidiaries are material Indian non-listed subsidiary whose turnover or networth exceeds 20% of the consolidated turnover or networth of the Company and its subsidiaries in the immediately preceding accounting year, in terms of Clause 49(iii) of the Listing Agreement.

INVESTORS' INFORMATION

General body meeting

Details of previous three AGMs are as under:

Respective financial year	2009-2010	2010-2011	2011-2012
Date of the meeting	27 May 2010	25 August 2011	24 September 2012
Time	3.00 p.m.	3.00 p.m.	3.00 p.m.
Venue	201, Kailash Plaza, Plot No. A-12, Opp. Laxmi Ind. Estate, Link Road, Andheri, Mumbai – 400053	The Club, 197, D. N. Nagar, Andheri (West), Mumbai-400053	The Club, 197, D. N. Nagar, Andheri (West), Mumbai-400053
Special resolution passed	• Keeping books of accounts, statutory registers and annual returns at the Company's corporate office. • Payment of commission of sum not exceeding 1 percent per annum of the Company's net profits for a period of five financial years, commencing from 1 April 2010 to its Non-executive Directors.	• Payment of sitting fees of ₹ 20,000 each (excluding out-pocket expenses) to the Non-executive Directors of the Company for attending meetings of the Committees formed by the Board of Directors.	• Re-appointment of Mr. Sunil Lulla as the Company's Executive Vice Chairman and Managing Director for three years, w.e.f 28 September 2012 on such terms and conditions, as approved by the shareholders. • Appointment of Ms. Jyoti Deshpande as an Executive Director up to 30 September 2015, on such terms and conditions as approved by the Shareholders

RESOLUTIONS PASSED BY USING POSTAL BALLOT

During the year under review, no special resolutions were passed through Postal Ballot pursuant to the provisions of Section 192A of the Companies Act, 1956, read with the Companies (passing of the resolution by postal ballot) Rules, 2011.

No special resolution is proposed to be conducted through postal ballot.

DISCLOSURES

- During the year under review, there were no transactions of materially significant nature with the Promoters, Directors, Management, subsidiaries or relatives and others that had potential conflict with the interests of the Company at large. A statement of the summary of related party transactions is duly disclosed in the Notes to the accounts.

- No treatment different from the accounting standards, prescribed by the Institute of Chartered Accountants of India, has been followed in the preparation of financial statements.
- The Company has in place the mechanism to inform Board members about the risk assessment and minimisation procedures and periodical reviews to ensure that risk is controlled by the Executive Management.
- During the year in retrospect, the Company did not make any public issue, rights issue, preferential issue and others. Hence, it did not receive any proceeds from any such issues. The proceeds received from public issue made in 2010 were appropriately utilised.
- During the year under review, the Company's promoters, viz. EROS Worldwide FZ LLC, had offered its 25,73,710 equity shares (representing 2.8% of the paid up Share Capital) for sale under offer for sale mechanism. This was done to achieve the minimum public shareholding of 25%, as prescribed by the Securities and Exchange Board of India (SEBI) vide its circular no. CIR/ MRD/DP/18/2012 dated 18 July 2012.
- During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed by the Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets.
- The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, relating to Corporate Governance.
- Details of compliances with non-mandatory requirements of Clause 49 of the Listing Agreement:
    - Non-executive Chairman's office: In compliance with the requirement, the Chairman of your Company is a Non-executive Director.
    - Remuneration Committee: The Board of Directors have constituted a Compensation Committee comprising three Independent Directors, the details of which have been provided earlier in this Report, under the heading Compensation Committee.
    - Audit Qualifications: During the year under review, there was no audit qualification in the Company's financial statements. Your Company continues to adopt the best practices to ensure a regime of unqualified financial statements.
    - Whistle Blower Policy: The Company has not established a formal Whistle Blower policy mechanism. However, there is a mechanism in place to address unethical conduct, if any, by employees vis a vis the standards stipulated in the code of conduct and work ethics. Moreover, no personnel of the Company have been denied any access to the Audit Committee.
- **Insider trading regulations**

  The Company has constituted and adopted a comprehensive Code of Conduct, viz. Eros International Media Limited Code of Conduct for Prohibition of Insider Trading (Code), for its Directors, Senior Management Personnel and such other designated employees who are expected to have access to unpublished price sensitive information relating to the Company in compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

  The Code's objective is to prevent purchase and/or sale of the Company's securities by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and Senior Management Personnel and such designated employees are completely prohibited from dealing in the Company's shares during the closure of Trading Window. Further, the Code specifies the procedures to be followed and disclosures to be made by Directors, Senior Management Personnel and other designated employees, while dealing with the Company's securities. It also enlists the consequences of any violations.

  The Annual disclosures, as required from Directors, Senior Management Personnel and other Designated Employees, for adherence to this Code during the financial year 2012-13, have been received by the Company. Certificate to that effect from the Executive Vice Chairman & Managing Director is annexed hereto and forms a part of this Report.

  The Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the said Code.

The above Code is uploaded on the Company's website at the following link http://www.erosintl.com/code-of-conduct.aspx

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management discussion and analysis report is attached to and forms a part of this Annual Report.

SECRETARIAL AUDIT

A qualified, Practising Company Secretary carried out the 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 Report on Reconciliation of Share Capital confirms that the total issued/paid up capital is in agreement with the total number of shares in the physical form. It is also in agreement with the total number of shares in the dematerialised form.

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

In accordance with Clause 49(VII) of the Listing Agreement, a certificate from a practising Company Secretary, confirming compliance of conditions of corporate governance as stipulated in the said clause, has been obtained by the Company and the same forms a part of this Report.

CEO/CFO CERTIFICATION

A certificate has been issued in accordance with Clause 49(V) of the Listing Agreement, signed by Mr. Sunil Lulla, Executive Vice Chairman and Managing Director and Mr. Kamal Kumar Jain, Group Chief Financial Officer (India) of the Company, a copy of which is annexed hereto and forms a part of this Report.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Company, in pursuance to Circular No. 17/2011, dated 21 April 2011, issued by the Ministry of Corporate Affairs, has undertaken a Green Initiative in Corporate Governance. According to this, the companies are allowed to send notice, documents and other communication(s) to the shareholders in electronic mode.

Your Company encourages its shareholders to support the Green Initiative by registering their e-mail addresses with the Company/Registrar and Transfer Agent/respective Depository Participants (DPs) by specifying their Client ID and DP ID and intimating changes in the email ID from time to time.

In view of the above circular issued by MCA, like last year, this year too, your Company is sending the documents like the Notice convening the general meeting, financial statements, Directors' Report, Auditors' Report and others to the email address provided by the shareholders to their respective Depository Participant (DP)/Company's Registrar and Transfer Agent.

General shareholders information		
i.	AGM	
	Day	Wednesday
	Date	28 August 2013
	Time	3.00 p.m.
	Venue	The Club, 197, D. N. Nagar, Andheri West, Mumbai 400053
ii.	Financial calendar (tentative)	
	Last quarter results for the quarter ended 31 March 2013	30 May 2013
	First-quarter results for the quarter ending June 2013	On or before 15 August, 2013
	Second-quarter results for the quarter ending September 2013	On or before 15 November, 2013
	Third-quarter results for the quarter ending December 2013	On or before 15 February, 2014
	Last quarter results for the quarter ending March 2014	On or before 30 May, 2014
iii.	Financial year	1 April 2013 to 31 March 2014
iv.	Book closure dates	19 July 2013 to 26 July 2013

v.	Listing of equity shares at Stock Exchanges	**Bombay Stock Exchange Limited** Pheeroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400 001 Tel No:-91-22-22721233/1234 Fax No:-91-22-22721919 **National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No- C Block, G Block, Bandra Kurla Complex, Mumbai-400 051 Tel No:- 91-22-26598100-8114 Fax No:-91-22-25698120
vi.	Stock Codes	**BSE** - 533261 **NSE –** EROSMEDIA
vii.	ISIN Number	INE416L01017
viii.	Corporate Identification Number (CIN)	**L99999MH1994PLC080502**

The Company paid the following fees within the prescribed time:

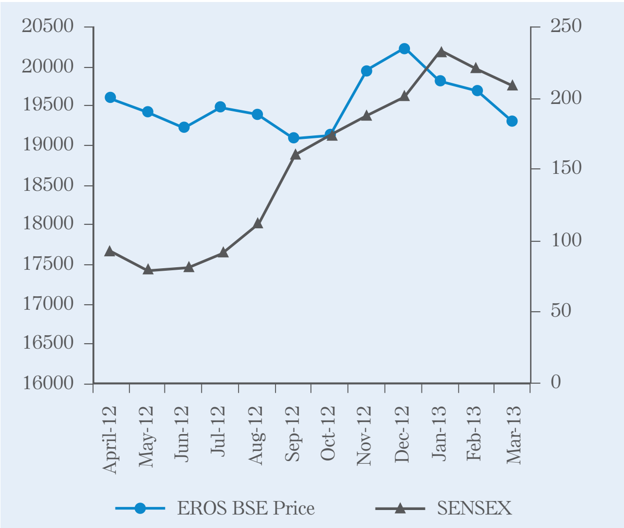
- Annual listing fees for FY 2013-14 to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)
- Annual custodial fees for FY 2013-14 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

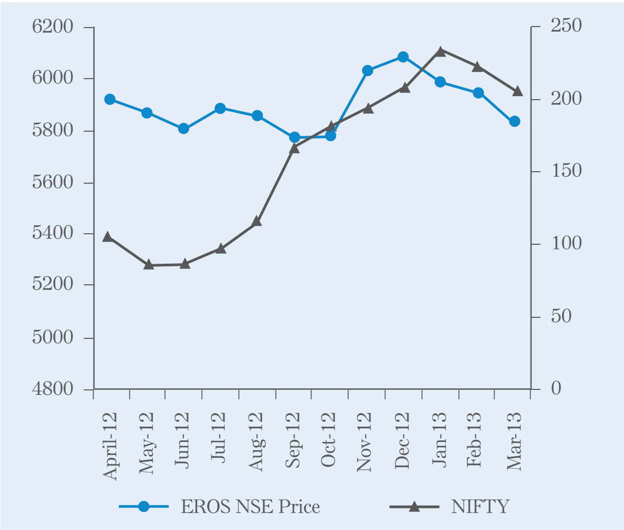
MARKET PRICE DATA

The Company's equity shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The monthly high and low share prices on both the exchanges for a period starting from 1 April 2012 to 31 March 2013 are as below:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High Price (₹)	Low Price (₹)	Volume	High Price (₹)	Low Price (₹)	Volume
Apr 12	200.60	181.05	1,354,762	200.50	180.00	3,555,848
May 12	190.50	159.20	758,711	190.70	159.55	1,851,273
Jun 12	180.00	158.20	998,427	179.80	158.25	1,979,465
Jul 12	194.00	163.50	884,624	194.35	163.15	2,991,732
Aug 12	189.20	167.15	1,240,015	189.00	167.10	3,370,971
Sep 12	172.40	153.05	1,245,453	173.00	153.00	3,954,999
Oct 12	175.00	157.25	3,098,856	175.25	157.15	7,483,047
Nov 12	219.90	160.15	6,348,187	220.70	160.00	18,272,802
Dec 12	235.05	194.00	4,799,616	230.05	195.50	13,134,288
Jan 13	212.40	190.00	3,268,844	212.40	190.25	5,895,512
Feb 13	206.00	154.70	3,831,412	205.80	155.80	8,668,596
Mar 13	184.45	161.05	871,448	184.90	161.65	2,450,434

Performance in comparison to broad-based indices





The distribution of shareholding, as on 31 March 2013

Holding of Shares	No. of Shareholders	% Holding
1-5000	36,304	99.28
5001-10000	116	0.32
10001-20000	42	0.12
20001-30000	22	0.06
30001-40000	12	0.03
40001-50000	8	0.02
50001-100000	16	0.04
100001 and above	46	0.13
Total	**36,566**	**100.00**

The Company's Shareholding Pattern, as on 31 March 2013

Sr.	Category	No. of shareholders	No. of shares	Voting strength (%)
1.	**Shareholding of promoter and promoter group**			
	a. Indian			
	1. Individuals/Hindu undivided family	4	7,000	0.01
	2. Bodies corporate	1	21,700,000	23.61
	b. Foreign			
	1. Foreign body corporate	1	47,126,290	51.27
2.	**Public shareholding**			
	a. Institutions			
	1. Institutions (mutual funds/ UTI)	21	2,518,439	2.74
	2. Financial institutions/ Banks	2	126,367	0.14
	3. FIIs	39	8,635,641	9.39
	b. Non-institutions			
	1. Bodies corporate	522	5,161,709	5.62
	2. Individual			
	i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	35,248	4,875,974	5.30
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	37	898,123	0.98
	c. Any other			
	1. Clearing Member	178	423,746	0.46
	2. Trust	4	173	0.00
	3. NRIs	396	241,393	0.26
	4. NRN	113	206,485	0.22
	Total	**36,566**	**91,921,340**	**100**

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 2013.

DEMATERIALISATION OF SHARES AND LIQUIDITY, AS ON 31 MARCH 2013

The Company's securities are compulsory 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). The Company's Equity Shares representing 99.99% of its Equity Share Capital are dematerialised, as on 31 March 2013 and the promoters' holding of 74.88% have been held in the dematerialised form, as on 31 March 2013.

Shares break up in physical and dematerialised forms, as on 31 March 2013, is as follows:

	Number of shares	Shares (%)
Physical segment	46	0.00
Demat segment		
NSDL	87,383,391	95.06
CDSL	4,537,903	4.94
Total	**91,921,340**	**100**

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.

OUTSTANDING ESOS

The Company has outstanding 1,176,568 stock options in force, which carry the entitlement of the Company's 1,176,568 equity shares, as and when exercised.

MEANS OF COMMUNICATION

The Company has always promptly reported to both the stock exchanges where the securities of the Company are listed. Also, all the material information, including declaration of quarterly, half yearly and annual financial results in the prescribed formats and other press releases are also promptly notified.

Financial results are published in the Free Press Journal and Navshakti, as per the requirements of the Listing Agreement. The said results are also made available on the Company's website, www.erosintl.com.

ADDRESS FOR INVESTOR CORRESPONDENCE

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, please write to:

Link Intime India Private Limited
Unit – Eros International Media Limited
C-13 Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West),
Mumbai 400 078
Tel: +91 (22) 25946970
Fax: + (91 22) 25946969
Email: rnt.helpdesk@linkintime.co.in
Web: www.linkintime.co.in

FOR GENERAL CORRESPONDENCE

Company Secretary and Compliance Officer
Eros International Media Limited
Registered Office:
201, Kailash Plaza, Plot No. A-12,
Opp Laxmi Industrial Estate,
Link Road, Andheri (West),
Mumbai – 400053

Corporate Office:
901/902, Supreme Chambers,
Off. Veera Desai Road, Andheri (West),
Mumbai- 400053
Tel: + (91 22) 66021500
Email: compliance.officer@erosintl.com
Web: www.erosintl.com

DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT

To the best of my knowledge and belief, I hereby affirm that all the Board Members and Senior Management Personnel of the Company have fully complied with the provision of the Code of Conduct as laid down by the Company for Directors and Senior Management Personnel during the financial year ended on 31 March 2013.

For and on behalf of the Board of Directors
Sd/-
Sunil Lulla
Executive Vice Chairman and Managing Director

Place: Mumbai
Date: 30 May 2013

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER CLAUSE 49 OF THE 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 2013 , 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
Sd/-
Suhas Ganpule
(Proprietor)
M. No. 12122
C.P. No. 5722

Place: Mumbai
Date: 27 May 2013

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 2013,

(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

i) That there are no significant changes in internal controls over financial reporting during the year.

ii) That there are no significant changes in accounting policies during the year.

iii) 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.

Sd/-
Sunil Lulla
(Executive Vice Chairman & Managing Director)

Sd/-
Kamal Kumar Jain
(Group Chief Financial Officer (India))

Place: Mumbai
Date: 30 May 2013

Independent Auditors' Report

To the Members of Eros International Media Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of Eros International Media Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

   i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

   ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

   iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by Section 227(3) of the Act, 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 purpose of our audit;

Independent Auditors' Report

To the Members of Eros International Media Limited

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 statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and

e. on the basis of written representations received from the directors, as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No.: F-42423

Mumbai
30 May 2013

Annexure to the Independent Auditors' Report

of even date to the members of Eros International Media Limited on the financial statements for the year ended 31 March 2013

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) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(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 between physical inventory and book records were noticed on physical verification.

(iii) (a) The Company has granted interest free advances to ten parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 7,111.29 lacs and the year-end balance is ₹ 5,292.48 lacs.

Annexure to the Independent Auditors' Report

of even date to the members of Eros International Media Limited on the financial statements for the year ended 31 March 2013

(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, and in accordance with the terms and conditions stipulated in the agreement.

(d) The above interest free advances given by the Company, would be adjusted, on the purchase of film rights or on completion of films, as applicable, and therefore there are no amounts overdue in respect of advances as at the year end. Accordingly, the provisions of clause 4(iii)(d) of the Order are not applicable.

(e) The Company has taken interest free advances from three parties covered under the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 881.77 lacs and the year-end balance is ₹ 334.34 lacs.

(f) In our opinion, the terms and conditions of interest free advances taken by the Company are not, *prima facie,* prejudicial to the interest of the Company.

(g) Interest free advances would be adjusted against sale of film rights or on completion of films as applicable in accordance with the terms and conditions stipulated in the agreement.

(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. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(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 the 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, the Company has an internal audit system commensurate with its size and the nature of its business.

(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/ services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have *not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. 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:

Annexure to the Independent Auditors' Report

of even date to the members of Eros International Media Limited on the financial statements for the year ended 31 March 2013

Name of the statute	Nature of the dues	Amount (₹ in lacs)	Period to which the amount relates	Due Date	Date of Payment
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross)	148.00	Financial Year 2011-12	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross) *	808.87	Financial Year 2010-11	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross) *	603.40	Financial Year 2009-10	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross)	411.82	Financial Year 2008-09	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross)	378.85	Financial Year 2007-08	Various dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax (Gross)	200.08	Financial Year 2006-07	Various dates	Unpaid
Income Tax Act, 1956	Advance Tax	1,612.80	Financial Year 2012-13	Various dates	Unpaid
Finance Act, 1994	Service Tax	152.51	Financial Year 2010-2011	Various dates	Unpaid
Finance Act, 1994	Service Tax	0.06	Financial Year 2007-2008	Various dates	Unpaid
Finance Act, 1994	Service Tax	1.74	Financial Year 2005-2006	Various dates	Unpaid
Finance Act, 1994	Service Tax	0.30	Financial Year 2004-2005	Various dates	Unpaid
Finance Act, 1994	Service Tax	1.40	Financial Year 2003-2004	Various dates	Unpaid
Finance Act, 1994	Service Tax	1.12	Financial Year 2002-2003	Various dates	Unpaid
Finance Act, 1994	Service Tax	0.20	Financial Year 2001-2002	Various dates	Unpaid
Finance Act, 1994	Service Tax	0.25	Financial Year 2000-2001	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 these years. The same is disclosed as contingent liability under Notes to Accounts.

(b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	**47.26**	Assessment Year 2004-05	Appellate Tribunal
Income Tax Act, 1961	Income tax	**3.41**	Assessment Year 2003-04	Appellate Tribunal
Income Tax Act, 1961	Income tax	**2.36**	Assessment Year 2002-03	Appellate Tribunal
Central Sales Tax Act, 1944	Sales tax	**0.16**	Financial Year 2004-05	Deputy Commissioner of Sales tax (Appeals)
Bombay Sales Tax Act, 1959	Sales tax	**71.51**	Financial Year 2004-05	Deputy Commissioner of Sales tax (Appeals)

Annexure to the Independent Auditors' Report

of even date to the members of Eros International Media Limited on the financial statements for the year ended 31 March 2013

(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 any financial institution or a bank or to 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) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing 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 these loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(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) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) 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

Mumbai
30 May 2013

Balance Sheet
as at 31 March 2013

(₹ in lacs)

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	**9,192**	9,174
Reserves and surplus	3.2	**68,419**	57,808
Non-current liabilities			
Long-term borrowings	3.3	**13,009**	11,242
Deferred tax liabilities (net)	3.4	**15,563**	10,367
Other long term liabilities	3.5	**113**	107
Long-term provisions	3.6	**113**	66
Current liabilities			
Short-term borrowings	3.7	**25,402**	24,178
Trade payables		**4,374**	8,892
Other current liabilities	3.8	**10,384**	15,837
Short-term provisions	3.9	**1,250**	1,984
TOTAL		**147,819**	139,655
ASSETS			
Non-current assets			
Fixed assets	3.10		
Tangible assets		**4,851**	5,178
Intangible assets		**56,115**	38,301
Intangible assets under development		**-**	150
Content Advances (net) (Refer note 3.33 (ii))		**40,793**	40,336
Non-current investments	3.11	**2,041**	2,041
Long-term loans and advances	3.12	**1,557**	519
Other non current assets	3.13	**5,517**	2,656
Current assets			
Current investments	3.14	**20**	4,350
Inventories	3.15	**609**	522
Trade receivables	3.16	**15,132**	12,931
Cash and bank balances	3.17	**17,044**	29,896
Short-term loans and advances	3.18	**3,133**	1,999
Other current assets	3.19	**1,007**	776
TOTAL		**147,819**	139,655

Note 1 to 3.43 forms an integral part of the financial statement

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Jyoti Deshpande
Executive Director

Kamal Jain
Group Chief Financial Officer (India)

Dimple Mehta
Company Secretary and Compliance Officer

Place: Mumbai
Date: 30 May 2013

Statement of Profit and Loss
for the year ended 31 March 2013

(₹ in lacs)

Particulars	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
REVENUE			
Revenue from operations	3.20	**92,531**	80,200
Other income	3.21	**791**	1,932
Total revenue (I)		**93,322**	82,132
EXPENSES			
Purchases/Operating expenses	3.22	**67,567**	58,442
Changes in inventories of finished goods	3.23	**(86)**	(318)
Employee benefits expense	3.24	**2,303**	1,482
Finance costs	3.25	**939**	1,237
Depreciation		**569**	423
Other expenses	3.26	**4,128**	3,608
Total expenses (II)		**75,420**	64,874
Profit before tax (I-II)		**17,902**	17,258
TAX EXPENSE			
- Current tax		**3,584**	3,800
- Short/(excess) provision for earlier years		**-**	219
- Deferred tax		**5,197**	3,530
- Minimum alternate tax credit		**(2,588)**	(1,270)
Total tax expense		**6,193**	6,279
Profit after tax		**11,709**	10,979
Earnings per equity share:	3.35		
Face Value of ₹ 10 each			
- Basic		**12.75**	12.00
- Diluted		**12.74**	12.00

Note 1 to 3.43 forms an integral part of the financial statement

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Jyoti Deshpande
Executive Director

Kamal Jain
Group Chief Financial Officer (India)

Dimple Mehta
Company Secretary and Compliance Officer

Place: Mumbai
Date: 30 May 2013

Cash Flow Statement
for the year ended 31 March 2013

(₹ in lacs)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	**17,902**		17,258	
Adjustments:				
Depreciation and amortisation	**41,884**		31,592	
Bad debts	**151**		9	
Sundry balances written back	**(23)**		(21)	
Content advances written off	**484**		206	
Sundry balances written off	**-**		18	
Provision for doubtful content advances	**-**		265	
Finance costs (net)	**939**		1,237	
Interest income	**(17)**		(134)	
Loss on sale / write off of assets (net)	**8**		115	
Net gain on sale of current investments	**(286)**		(1,114)	
Expense on employee stock option scheme	**289**		85	
Dividend received	**(225)**		-	
ESOP reversal on retirement of employee	**-**		(253)	
Operating profit before working capital changes	**61,106**		49,263	
Increase / (Decrease) in other long term liabilities	**6**		(4)	
Increase / (Decrease) in long-term provisions	**47**		(2)	
Increase / (Decrease) in trade payables	**(4,496)**		7,560	
Increase / (Decrease) in other current liabilities	**(6,351)**		(14,666)	
Increase / (Decrease) in short-term provisions	**193**		(120)	
(Increase) / Decrease in inventories	**(87)**		(317)	
(Increase) / Decrease in trade receivables	**(2,353)**		(5,356)	
(Increase) / Decrease in short-term loans and advances	**(1,134)**		(682)	
(Increase) / Decrease in other current assets	**(386)**		40	
(Increase) / Decrease in long-term loans and advances	**(1,038)**		327	
(Increase) / Decrease in other non current assets	**(273)**		516	
Cash generated from operations	**45,234**		36,559	
Taxes paid (net of refunds)	**(4,512)**		(1,199)	
Net cash generated from operating activities (A)		**40,722**		35,360
CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	**(60,172)**		(44,685)	
Deposits with banks under "other bank balances"	**3,837**		(15,791)	
Proceeds from sale of fixed assets	**2**		-	
Net gain / (loss) on sale of current investments	**286**		1,114	
Dividend Received	**225**		-	
Net cash used from investing activities (B)		**(55,822)**		(59,362)

Cash Flow Statement
for the year ended 31 March 2013

(₹ in lacs)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares (net)	232		382	
Proceeds/(repayments) from long - term borrowings (net)	2,501		8,836	
Proceeds/(repayments) from short term borrowing (net)	1,224		10,750	
Interest income	17		134	
Finance charges (net)	(620)		(1,752)	
Dividend paid (inclusive of dividend distribution tax and net off unclaimed dividend)	(1,599)		-	
Net cash generated from financing activities (C)		1,755		18,350
Net decrease in cash and cash equivalents (A + B + C)		(13,345)		(5,652)
Cash and cash equivalents at the beginning of the year		18,442		24,094
Cash and cash equivalents at the ending of the year		5,097		18,442

Notes :

	Year ended 31 March 2013		Year ended 31 March 2012	
	Beginning	Ending	Beginning	Ending
1. CASH AND CASH EQUIVALENTS AS AT THE YEAR END INCLUDES				
Cash and cheques on hand	10	2,120	4	10
Balances with the banks	14,082	2,957	9,343	14,082
Investment in mutual fund	4,350	20	14,747	4,350
	18,442	5,097	24,094	18,442

2. The Cash flow statement has been prepared under indirect method as set in Accounting Standard - 3 'Cash Flow Statement' as notified under Companies Act 1956

3. Previous year figure have been regrouped, wherever necessary, to conform to this year classification.

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Jyoti Deshpande
Executive Director

Kamal Jain
Group Chief Financial Officer (India)

Dimple Mehta
Company Secretary and Compliance Officer

Place: Mumbai
Date: 30 May 2013

Significant Accounting Policies
and other Explanatory Information

1 CORPORATE INFORMATION

Eros International Media Limited (BSE Scrip Code: 533261; NSE Scrip Code: EROSMEDIA) is a global player within the Indian media and entertainment arena. It operates on a vertically integrated studio model controlling content as well as distribution and exploitation across multiple formats globally, including cinema, digital, home entertainment and television syndication.

2 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. 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.

II. USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') 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) 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.

Digital and other new media revenues are recognized at the earlier of when the content is accessed or if licensed the date the revenue is contracted or declared.

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 Statement of Profit and Loss.

Significant Accounting Policies
and other Explanatory Information

(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 ₹ 5,000 each are depreciated at full in the year of purchase.

(c) Intangible assets and amortisation

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

Completed film and associated rights are amortised as a group or individually in the proportion of gross revenues realised 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 amortisation 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) Content advances

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.

(e) Investments

Investments that are readily realisable 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/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.

(g) 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

Significant Accounting Policies
and other Explanatory Information

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 Statement of Profit and Loss 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) 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 Statement of Profit and Loss.

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 Statement of Profit and Loss 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.

Significant Accounting Policies

and other Explanatory Information

(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 recognised as an expense in the Statement of Profit and Loss.

(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 statement of Profit and Loss 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 statement of Profit and Loss. 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.

3. NOTES TO ACCOUNTS

(₹ in lacs)

Particulars	Par Value Per Share (₹)	As at 31 March 2013 Number	As at 31 March 2013 Amount	As at 31 March 2012 Number	As at 31 March 2012 Amount
NOTE 3.1 : SHARE CAPITAL					
a) **Authorised, issued, subscribed and paid up share capital**					
Authorised					
Equity shares	10	**125,000,000**	**12,500**	125,000,000	12,500
Issued, subscribed and paid up					
Equity shares	10	**91,921,340**	**9,192**	91,736,857	9,174
Total		**91,921,340**	**9,192**	91,736,857	9,174

(₹ in lacs)

Particulars	As at 31 March 2013 Number	As at 31 March 2013 Amount	As at 31 March 2012 Number	As at 31 March 2012 Amount
b) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period**				
Shares outstanding at the beginning of the year	**91,736,857**	**9,174**	91,407,000	9,141
Shares issued during the year *	**184,483**	**18**	329,857	33
Shares bought back during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**91,921,340**	**9,192**	91,736,857	9,174

*The Company has issued total 184,483 shares (Previous year - 329,857) during the year on exercise of options granted under the employees stock option plan (ESOP) wherein part consideration was received in the form of employees services.

Significant Accounting Policies
and other Explanatory Information

c) **Terms/rights attached to shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed (if any) by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian rupees. All shares rank pari pasu on repayment of capital in the event of liquidation.

(₹ in lacs)

Name of the Shareholder	As at 31 March 2013 Number	As at 31 March 2013 Amount	As at 31 March 2012 Number	As at 31 March 2012 Amount
d) Shares in the company held by holding/ultimate holding company				
Eros Worldwide FZ LLC - Holding Company	**47,126,290**	**4,713**	49,700,000	4,970
Eros Digital Private Limited - Fellow subsidiary	**21,700,000**	**2,170**	21,700,000	2,170

Name of the Shareholder	As at 31 March 2013 Number	As at 31 March 2013 % of Holding	As at 31 March 2012 Number	As at 31 March 2012 % of Holding
e) Shares in the company held by each shareholder holding more than 5% shares				
Eros Worldwide FZ LLC	**47,126,290**	**51.27**	49,700,000	54.19
Eros Digital Private Limited	**21,700,000**	**23.61**	21,700,000	23.65

f) **Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date**

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 Statement of Profit and Loss account of the company

g) **Aggregate number of equity shares issued under employees stock option scheme (2009) during the period of five years immediately preceeding the reporting date**

The Company has issued total 514,340 shares (Previous year - 329,857) during the period of five years immediately preceding the reporting date on exercise of options granted under the employees stock option plan (ESOP) wherein part consideration was received in the form of employee services.

As at 31 March 2013, 1,176,568 options were outstanding under Employee stock option scheme 2009. On exercise of the options so granted under Employee stock option scheme 2009, the paid up equity share capital of the company will increase by equivalent number of shares.

Significant Accounting Policies
and other Explanatory Information

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.2 : RESERVES AND SURPLUS		
Securities premium account		
Opening balance	**30,605**	30,060
Add : Premium on shares issued during the year	**214**	349
Add : Transfer from share options outstanding account	**90**	196
	30,909	30,605
Share options outstanding account		
Opening balance	**190**	554
Less: Transferred to securities premium account	**(90)**	(196)
Add: Deferred stock compensation expense	**292**	85
Less: Written back to Statement of Profit and Loss during the year	**(3)**	(253)
	389	190
General Reserve		
Opening balance	**-**	-
Add: Transfer from Statement of Profit and Loss	**586**	-
	586	-
Surplus in the Statement of Profit and Loss		
Opening balance	**27,013**	16,034
Add : Net Profit for the year	**11,709**	10,979
Less : Interim dividend and dividend distribution tax thereon	**(1,601)**	-
Less : Transfer to General Reserve	**(586)**	-
	36,535	27,013
Total	**68,419**	57,808

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.3 : LONG TERM BORROWINGS		
Term loans		
From banks		
Secured	**14,892**	12,380
Less : Current maturities disclosed under other current liabilities (Refer note 3.8)	**1,890**	1,157
	13,002	11,223
Car loans		
Secured	**18**	29
Less : Current maturities disclosed under other current liabilities (Refer note 3.8)	**11**	10
	7	19
Total	**13,009**	11,242

Significant Accounting Policies
and other Explanatory Information

i) 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.

ii) Car loans are secured by hypothecation of vehicles acquired there against.

iii) Term loans are further secured by

a) Equitable mortgage of Company's immoveable property situated at Mumbai, India.

b) Amount held in margin money.

c) Corporate guarantee of Eros International PLC, the ultimate holding company.

d) Residual value of equipments and vehicles.

e) Existing rights of hindi films.

iv) Terms of repayment of term loans

Indian Overseas Bank - repayable in sixty equal monthly installment from the date of origination

Union Bank of India - repayable in sixty equal monthly installment from the date of origination

Dena Bank - repayable in twelve quarterly installment after the moratorium period of two years

Note : There is no default, continuing or otherwise as at the balance sheet date, in repayment of any of the above loans

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.4 : DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability arising on account of		
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961	**16,392**	11,084
	16,392	11,084
Deferred tax asset arising on account of		
Provision for gratuity and compensated absences	**59**	30
Disallowances under the Income Tax Act, 1961	**446**	257
Commission payable to directors	**-**	107
Maharashtra Value Added Tax and Central Sales Tax provision	**324**	323
	829	717
Deferred tax liability (net)	**15,563**	10,367

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.5 : OTHER LONG TERM LIABILITIES		
Trade payables	**85**	81
Others		
Trade / security deposits received	**28**	26
Total	**113**	107

Significant Accounting Policies
and other Explanatory Information

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.6 : LONG-TERM PROVISIONS		
Provision for employee benefits- (Refer note 3.38)		
Provision for gratuity	**113**	66
Total	**113**	66

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.7 : SHORT TERM BORROWINGS		
Loans repayable on demand		
From banks		
i) Secured	**16,400**	11,178
ii) Unsecured	**9,000**	13,000
Loans and advances from related parties		
i) Unsecured	**2**	-
Total	**25,402**	24,178

i) Packing credit is secured by hypothecation of films and film rights with first pari passu charge on current assets.

ii) Bill Discounting (Foreign bills/supplier bills) is secured by document of title to goods and accepted hundies with first pari pasu charge on current assets.

iii) Cash credit is secured by way of hypothecation of stock and receivables relating to domestic rights operations along with first pari passu charge on current assets.

iv) Short term loans are further secured by

- a) Equitable mortgage of Company's immoveable property situated at Mumbai, India.
- b) Amount held in margin money
- c) Corporate guarantee of Eros International PLC, the Ultimate Holding Company
- d) Residual value of equipments and vehicles.
- e) Existing rights of hindi films.

Note : There is no default, continuing or otherwise as at the balance sheet date, in repayment of any of the above loans

Significant Accounting Policies
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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.8 : OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (Refer note 3.3)	**1,901**	1,167
Interest accrued but not due on borrowings	**225**	61
Unclaimed dividend	**2**	-
Other payables		
Duties and taxes payable	**1,638**	1,910
Advance from customers	**5,733**	11,985
Expenses payable	**873**	708
Book overdraft	**12**	6
Total	**10,384**	15,837

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.9 : SHORT TERM PROVISIONS		
Provision for employee benefits		
i) Salary, bonus	**187**	55
ii) Gratuity (Refer Note 3.38)	**18**	15
iii) Leave encashment	**70**	11
Income tax (net)	**975**	1,903
Total	**1,250**	1,984

Significant Accounting Policies
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(₹ in lacs)

Particulars	Gross block (at cost)				Accumulated depreciation/amortisation				Net block	
	Balance as at 1 April 2012	Additions/ (Disposals)	Adjustments/ Deletions during the year	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Adjustments/ Deletions during the year	Balance as at 31 March 2013	Balance as at 31 March 2013	Balance as at 31 March 2012
NOTE : 3.10 FIXED ASSETS										
Tangible Assets										
Building	4,108	-	-	**4,108**	245	193	-	**438**	**3,670**	3,863
Furniture and fixtures	576	-	4	**572**	180	72	3	**249**	**323**	396
Motor vehicles	383	10	6	**387**	248	37	5	**280**	**107**	135
Office equipment	105	2	15	**92**	46	8	8	**46**	**46**	59
Data processing equipments	234	198	10	**422**	171	97	8	**260**	**162**	63
Studio equipments	1,480	14	-	**1,494**	818	133	-	**951**	**543**	662
Total	6,886	224	35	**7,075**	1,708	540	24	**2,224**	**4,851**	5,178
Previous year	1,957	5,166	237	6,886	1,413	418	123	1,708	5,178	544
Intangible Assets										
Film Rights	140,696	59,158	-	**199,854**	102,541	41,315	-	**143,856**	**55,998**	38,155
Web site development	151	-	-	**151**	5	29	-	**34**	**117**	146
Total	140,847	59,158	-	**200,005**	102,546	41,344	-	**143,890**	**56,115**	38,301
Previous year	96,454	44,393	-	140,847	71,372	31,174	-	102,546	38,301	25,082
Capital Work In Progress	-	-	-	**-**	-	-	-	**-**	**-**	-
Building	-	-	-	**-**	-	-	-	**-**	**-**	-
Studio equipments	-	-	-	**-**	-	-	-	**-**	**-**	-
Total	-	-	-	**-**	-	-	-	**-**	**-**	-
Previous year	4,677	472	5,149	-	-	-	-	-	-	4,677
Intangible assets under development										
Software	150	-	150	**-**	-	-	-	**-**	**-**	150
Total	150	-	150	**-**	-	-	-	**-**	**-**	150
Previous year	89	61	-	150	-	-	-	-	150	89
Content advances										
Advances against production/ purchase of film	40,336	75,771	75,314	**40,793**	-	-	-	**-**	**40,793**	40,336
Total	40,336	75,771	75,314	**40,793**	-	-	-	**-**	**40,793**	40,336
Previous year	41,065	62,883	63,612	40,336	-	-	-	-	40,336	41,065

Note : Content advances

a) Adjustment / Deletions under content advances comprises of additions to film rights under intangible assets and film rights cost charged to Statement of Profit and Loss

b) Out of total content advances an amount of ₹ 484 lacs is written off during the year

Significant Accounting Policies
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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.11 : NON-CURRENT INVESTMENTS		
Long-term,trade and valued at cost unless stated otherwise		
Equity shares in subsidiary companies (unquoted)		
Eros International Films Private Limited		
19,930,300 (Previous Year 19,930,300) equity shares of ₹ 10 each, fully paid-up	**1,993**	1,993
Copsale Limited		
105,000 (Previous Year 105,000) equity shares of USD 1 each, fully paid-up	**45**	45
Big Screen Entertainment Private Limited		
6,400 (Previous Year 6,400) equity shares of ₹ 10 each, fully paid-up	**1**	1
EyeQube Studios Private Limited		
9,999 (Previous Year 9,999) equity shares of ₹ 10 each, fully paid-up	**1**	1
EM Publishing Private Limited		
9,900 (Previous Year 9,900) equity shares of ₹ 10 each, fully paid-up	**1**	1
Digicine Pte Limited		
100 (Previous Year 100) equity shares of SGD 1 each, fully paid-up	**0**	0
Total	**2,041**	2,041

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.12 : LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties (Refer note 3.33 (iii))	**39**	39
Security deposits	**94**	235
Advances receivable/recoverable in cash / kind	**1,424**	245
Total	**1,557**	519

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.13: OTHER NON CURRENT ASSETS		
MAT Credit receivable	**5,244**	2,656
Deposits with maturity of more than twelve months (Refer note 3.17)	**273**	-
Total	**5,517**	2,656

Significant Accounting Policies
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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.14 : CURRENT INVESTMENTS		
Investment in Mutual Funds (valued at lower of cost and fair value, unless otherwise stated)		
Birla Sun Life Savings Fund - Institutional Plan - Growth	-	500
(247,057.18 units matured during the year)		
Birla Sun Life Dynamic Bond Fund-Retail Plan-Growth	-	4
(24,511.17 units matured during the year)		
Birla Sun Life Dynamic Bond Fund-Retail Plan-Growth	20	950
(5,386,800.35 units matured during the year)		
ICICI Prudential Interval Fund - Quarterly Interval Plan I - Institutional Growth	-	2,896
(25,460,385 units matured during the year)		
Total	20	4,350

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
Current investments include		
Aggregate amount of unlisted but quoted investments	20	954
Aggregate amount of listed and quoted investments	-	-
Aggregate amount of listed but not quoted investments	-	2,896
Aggregate amount of unquoted and unlisted investments	-	500
Total	20	4,350

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.15 : INVENTORIES		
(As taken, valued and certified by the management)		
(valued at lower of cost and net realisable value)		
Film rights	-	327
Cost of films under production	460	-
Raw film prints	-	145
VCD/DVD/Audio CD	149	50
Total	609	522

Significant Accounting Policies
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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.16 : TRADE RECEIVABLES		
Overdue for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	**151**	9
Less : Trade receivables written off	**(151)**	(9)
	-	-
Unsecured, considered good	**3,532**	429
Others		
Unsecured, considered good (Refer note 3.33 (i))	**11,600**	12,502
Total	**15,132**	12,931

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.17 : CASH AND BANK BALANCES		
Cash and cash equivalents		
a. Balances with banks -		
i) On current accounts	**1,843**	13,494
ii) On deposit accounts with maturity of less than three months	**1,114**	588
b. Cheques/drafts on hand	**2,090**	-
c. Cash on hand	**30**	10
	5,077	14,092
Other bank balances		
Deposits with maturity of more than three months but less than twelve months	**11,353**	15,135
Deposits with maturity of more than twelve months	**273**	-
In margin money accounts	**614**	669
	12,240	15,804
Less : amounts disclosed under other non current assets (Refer note 3.13)	**273**	-
	11,967	15,804
Total	**17,044**	29,896

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE: 3.18 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties (Refer note 3.33 (iv))	**1,863**	940
Security deposits	**313**	508
Advances receivable/recoverable in cash /kind	**627**	341
Loans and advances to employees	**330**	210
Total	**3,133**	1,999

Significant Accounting Policies
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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.19 : OTHER CURRENT ASSETS		
Interest accrued	**302**	458
Prepaid expenses	**334**	318
Accrued Income	**371**	-
Total	**1,007**	776

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.20 : REVENUE FROM OPERATIONS		
Sale/distribution/exhibition of films and other rights	**92,531**	80,200
Total	**92,531**	80,200

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.21 : OTHER INCOME		
Dividend received from subsidiary company	**225**	-
Interest income (others)	**17**	134
Profit on sale of fixed assets	**0**	-
Net gain on sale of current investements	**286**	1,114
Other non-operating income (net)	**263**	684
Total	**791**	1,932

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.22 : PURCHASES / OPERATING EXPENSES		
Film rights cost	**16,155**	18,900
Amortisation of film rights	**41,315**	31,169
Home entertainment products related cost	**450**	291
Print and digital distribution cost	**2,309**	3,007
Processing and other direct cost	**225**	467
Shipping, packing and forwarding expenses	**300**	382
Selling and distribution expenses	**6,813**	4,226
Total	**67,567**	58,442

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(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.23 : CHANGES IN INVENTORIES		
Inventories at the end of the year of		
Finished goods	**149**	522
Cost of films under production	**460**	-
	609	522
Inventories at the beginning of the year of		
Finished goods	**522**	204
Cost of films under production	**-**	-
	522	204
Total	**(86)**	(318)

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.24 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**1,845**	1,291
Contribution to provident fund and other funds	**132**	72
Employees stock option compensation	**289**	85
Staff welfare expenses	**37**	34
Total	**2,303**	1,482

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.25 : FINANCE COSTS		
Interest expense on :		
Borrowings	**1,913**	1,934
Car loan	**2**	1
Security deposits	**3**	3
Other borrowing costs	**144**	66
	2,062	2,004
Less: Interest received	**(1,123)**	(767)
Total	**939**	1,237

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(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.26 : OTHER EXPENSES		
Power and fuel	**67**	56
Rent (Refer note 3.37)	**203**	242
Repairs and maintenance	**144**	57
Insurance	**41**	59
Rates and taxes	**3**	11
Computer expenses	**1**	9
Legal and professional	**1,283**	964
Corporate reporting charges	**17**	38
Commission and sitting fees directors	**8**	333
Payments to auditors (Refer note 3.36)	**58**	48
Communication expenses	**284**	107
Travelling and conveyance	**393**	341
Printing and stationery	**6**	13
Subscription and membership fees	**6**	10
Donations and contributions	**1**	31
Content advances written off (Refer note 3.10)	**484**	206
Provision for doubtful content advances	**-**	265
Sundry balance written off	**-**	18
Loss on fixed assets sold / scrapped / written off	**8**	115
Bad debts	**151**	9
Bank charges	**44**	39
Net loss on foreign currency transactions and translation (other than considered as finance cost)	**22**	196
Miscellaneous expenses	**904**	441
Total	**4,128**	3,608

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NOTE 3.27 : 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 :

a) List of related parties :

Description of relationship	Names of related parties
Ultimate Holding Company	Eros International PLC, Isle of Man
Holding Company	Eros Worldwide FZ-LLC, United Arab Emirates
Subsidiaries	Eros International Films Private Limited Copsale Limited Big Screen Entertainment Private Limited EyeQube Studios Private Limited EM Publishing Private Limited Eros Animation Private Limited Digicine PTE 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
Fellow Subsidiary	Eros Digital Private Limited
Entities having common control	Eros International Limited, United Kingdom
Key Management Personnel (KMP)	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 (joined on 1 July 2012) Mr. Dhirendra Swarup – Non Executive Independent Director Dr. Shankar Nath Acharya – Non Executive Independent Director Mr. Vijay Ahuja – Executive Director
Relatives of KMP	Mrs. Meena A. Lulla Mr. Arjan G. Lulla Mrs. Manjula K Lulla Mrs. Krishika Lulla Ms. Nitu Lulla
Company in which KMP / Relatives of KMP can exercise significant influence	Shivam Enterprises

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b) Details of related party transactions during the year

(₹ in lacs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Entities having common control	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Salary and perquisites	-	-	-	-	631	-	-	**631**
	-	-	-	-	(267)	-	-	**(267)**
Dividend Paid	707	-	326	-	-	-	-	**1,033**
	-	-	-	-	-	-	-	**-**
Dividend Received	-	225	-	-	-	-	-	**225**
	-	-	-	-	-	-	-	**-**
Purchases of film rights/ raw stock /DVD'S	-	-	-	-	-	-	-	**-**
	-	(11,189)	-	-	-	-	-	**(11,189)**
Sale of film rights	20,492	1,101	-	-	-	-	-	**21,593**
	(23,855)	(38)	-	-	-	-	-	**(23,893)**
Sale of Prints/VCD/DVD	1,591	-	-	-	-	-	-	**1,591**
	(1,884)	-	-	-	-	-	-	**(1,884)**
Investment in Shares of the company	-	-	-	-	-	-	-	**-**
	-	(0)	-	-	-	-	-	**(0)**
Reimbursement of Administrative Expenses / others Received	790	29	-	-	-	-	-	**819**
	(958)	(191)	-	-	-	-	-	**(1,149)**
Rent Paid	-	-	-	-	40	40	-	**80**
	-	-	-	-	(42)	(46)	-	**(88)**
Content advances / loan given	-	4,639	-	0	-	-	-	**4,639**
	-	(11,155)	(0)	-	-	-	-	**(11,155)**
Advances/loans re-payments received	-	4,003	0	-	-	2	-	**4,005**
	-	(17,221)	(0)	-	-	(1)	-	**(17,222)**
Advances/loans taken	86	486	325	0	-	-	-	**897**
	(3,164)	-	-	-	-	-	-	**(3,164)**
Advances/loans re-payments paid	6,565	486	325			0		**7,376**
	(17,031)	(21)		-	-	-	-	**(17,052)**
Deposits repayment received	-	-	-	-	30	-	-	**30**
	-	-	-	-	(26)	-	-	**(26)**
Interest Received	-	17	-	-	-	-	-	**17**
	-	(35)	-	-	-	-	-	**(35)**
Interest Paid	-	20	1	-	-	-	-	**21**
	-	-	-	-	-	-	-	**-**
Re-imbursements Given	-	-	-	74	-	-	-	**74**
	-	-	-	-	-	-	-	**-**
Balances outstanding at the end of the year								**-**
Trade receivables	8,796	1,086	-	-	-	-	-	**9,882**
	(5,815)	(156)	-	-	-	-	-	**(5,971)**
Content advances / loan given	-	4,166	0	-	45	6	39	**4,256**
	-	(3,339)	-	-	(49)	(8)	(39)	**(3,435)**
Deposits	-	-	-	-	202	75	-	**277**
	-	-	-	-	(231)	(75)	-	**(306)**
Short Term Borrowings	-	2	-	-	-	-	-	**2**
	-	-	-	-	-	-	-	**-**
Trade and Other payables	-	331	1	85	46	2	-	**465**
	-	(1,016)	-	(80)	-	(2)	-	**(1,098)**
Advances from customers	2,676	-	-	-	-	-	-	**2,676**
	(9,155)	-	-	(2)	-	-	-	**(9,157)**

Note: Figures in bracket relates to the previous year

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

(₹ in lacs)

Particulars	Name of Party	Relationship	For the year ended 31 March 2013	For the year ended 31 March 2012
Salary and perquisites	Mr. Sunil Lulla	Whole time Director	**423**	245
	Mr Kishore Lulla	Whole time Director	**154**	22
	Ms. Jyoti Deshpande	Whole time Director	**54**	Nil
Dividend Paid	Eros Worldwide FZ LLC, United Arab Emirates	Holding Company	**707**	Nil
	Eros Digital Private Limited	Fellow Subsidiary	**326**	Nil
Dividend Received	EyeQube Studios Private Limited	Subsidiary	**225**	Nil
Purchases of film rights/ DVD's	Copsale Limited	Subsidiary	**Nil**	3,936
	Eros International Films Private Limited	Subsidiary	**Nil**	7,253
Sale of film rights	Eros Worldwide FZ LLC, United Arab Emirates	Holding Company	**20,492**	23,855
Sale of prints/VCD/DVD etc.	Eros Worldwide FZ LLC, United Arab Emirates	Holding Company	**1,591**	1,884
Investment in shares of the company	Digicine PTE Limited	Subsidiary	**Nil**	0
Administrative expenses /others	Eros International Films Private Limited	Subsidiary	**Nil**	117
	Eros Worldwide FZ LLC, United Arab Emirates	Holding Company	**790**	958
Rent paid	Mr. Sunil Lulla	Whole time Director	**40**	42
	Mrs. Manjula K. Lulla	Relative of a key management personnel	**40**	40
Re-imbursements given	Eros International Limited, United Kingdom	Associate	**74**	Nil
Interest received	EyeQube Studios Private Limited	Subsidiary	**17**	35
Interest Paid	EyeQube Studios Private Limited	Subsidiary	**20**	Nil
Content advances/loans given	Eros International Films Private Limited	Subsidiary	**3,167**	9,917
	Ayngaran International Media Private Limited	Subsidiary	**1,290**	Nil
Recovery of advances/loans given	Eros International Films Private Limited	Subsidiary	**3,263**	15,097
	EyeQube Studios Private Limited	Subsidiary	**438**	Nil
Advances/loans taken	Eros Worldwide FZ LLC, United Arab Emirates	Holding Company	**86**	3,164
	Eros Digital Private Limited	Fellow Subsidiary	**325**	Nil
	EyeQube Studios Private Limited	Subsidiary	**486**	Nil
Repayment of advances/loans taken	Eros Worldwide FZ LLC, United Arab Emirates	Holding Company	**6,565**	17,031
Refund of deposits received	Mr. Sunil Lulla	Whole time Director	**30**	26

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NOTE 3.28 : 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 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'.

(₹ in lacs)

Particulars	Outside India	Within India	Total
Revenue by geographical market	24,629	68,693	**93,322**
	(26,280)	(55,852)	**(82,132)**
Carrying amount of segment assets	10,303	137,516	**147,819**
	(5,977)	(133,678)	**(139,655)**

Note: Figures in brackets represent previous year figures

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.29 : EARNINGS IN FOREIGN EXCHANGE		
FOB value of exports	**23,439**	25,720

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.30 : CIF VALUE OF IMPORTS		
Purchase of film/serial rights	**1,714**	3,944
Purchase of beta tapes/Masters	**1**	17
Purchase of DVD's/Blue Ray Disks	**1**	7

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.31 : EXPENDITURE IN FOREIGN CURRENCY		
Travelling expenses	**10**	27
Annual Maintenance Charges	**3**	-
Business promotion expenses	**31**	10
Advertisement and Publicity expenses	**249**	1
Film festival expenses	**24**	0
Legal and professional charges	**13**	62
Membership expenses	**1**	0
Corporate Expenses	**2**	-
Other Miscellaneous Expenses	**3**	-
Bank Charges	**1**	-
Interest on Term Loan	**144**	-

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NOTE 3.32 : CONTINGENT LIABILITIES

a) The Company has given bank guarantees in favour of various Government authorities to the extent of ₹ 25 lacs (Previous year ₹ 200 lacs).

b) Corporate guarantees given on behalf of subsidiary company are Nil. (Previous year ₹ 500 lacs).

c) Sales tax/cess claims disputed by the Company ₹ 72 lacs (Previous year ₹ 1,671 lacs).

d) Income tax and interest demands raised by authorities and disputed by the Company ₹ 53 lacs (net of Income tax demand adjusted against refund due) (Previous year ₹ 47 lacs).

e) Claims against the Company not acknowledged as debts ₹ 3,413 lacs (Previous year ₹ 1,597 lacs). 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 2012 to 31 March 2013 totaling to ₹ Nil (Previous year ₹ 3 lacs) is disputed by the Company. The cumulative total of tax disputed as at 31 March 2013 is ₹ 1,355 lacs (Previous year ₹ 1,409 lacs). 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 to 30 June 2012. For the said period, 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.

h) Bill of Exchanges accepted but not due ₹ 5,798 lacs (Previous year Nil)

NOTE 3.33

(i) Trade receivables includes the following amount due from subsidiaries, their step-down subsidiaries and companies under the same management:

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
Eros Worldwide FZ LLC	**8,796**	5,815
EM Publishing Private Limited	**-**	30
Ayngaran International Media Private Limited	**-**	126
Copsale Limited	**1,086**	-
Total	**9,882**	5,971

(ii) Content advance to subsidiary Company:

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
Eros International Films Private Limited	**2,303**	2,399
Total	**2,303**	2,399

Significant Accounting Policies
and other Explanatory Information

(iii) Long term loans and advances to firm under the same management:

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
Shivam Enterprises	39	39
Total	**39**	39

(iv) Short term loans and advances to related parties including subsidiaries, their step down subsidiaries and companies under the same management comprises the following:

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
EyeQube Studios Private Limited	-	265
EM Publishing Private Limited	19	5
Eros Animation Private Limited	-	0
Ayngaran International Media Private Limited	1,836	670
Digicine Pte Limited	8	0
Total	**1,863**	940

(v) Advances (including deposits) to directors and relatives of directors comprise as follows:

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
Sunil Lulla	202	231
Manjula Lulla	81	83
Jyoti Deshpande	45	49
Total	**328**	363

NOTE 3.34 DEFERRAL OF EXCHANGE DIFFERENCES

The Company has, consequent to the notification issued by the Ministry of Corporate Affairs on 29 December 2011 giving an option to the companies to amortize the exchange differences pertaining to long term foreign currency monetary items up to 31 March 2020 (from 31 March 2012 earlier), adopted the said option given under paragraph 46 of Accounting Standard 11. Net foreign exchange aggregating to ₹ 49 lacs has been capitalized to the Intangibles during the year out of which the Company has charged an amount of ₹ 29 lacs to the Statement of Profit and Loss as per the amortization policy of the Company.

NOTE 3.35 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:

Significant Accounting Policies
and other Explanatory Information

(₹ in lacs)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Net Profit after tax (₹ in lacs)	**11,709**	10,979
Weighted average number of equity shares outstanding during the year		
Basic	**91,806,230**	91,495,637
Diluted	**91,927,576**	91,495,637
Earnings per share (in ₹)		
Basic	**12.75**	12.00
Diluted	**12.74**	12.00
Nominal value of shares (in ₹)	**10.00**	10.00

NOTE 3.36 AUDITORS' REMUNERATION (INCLUDING SERVICE TAX) HAS BEEN CLASSIFIED AS UNDER

(₹ in lacs)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Statutory audit	**29**	25
Tax audit	**3**	3
Other services	**25**	19
Out of pocket expenses	**1**	1
Total	**58**	48

NOTE 3.37 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.

(₹ in lacs)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Lease rental payment for the year	**203**	242
Future rental payment		
Not older than one year	**106**	128
Later than one year, but not later than five years	**97**	27
Later than five years	**-**	-

NOTE 3.38 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 Statement of Profit and Loss the following expense under defined contribution plan.

(₹ in lacs)

Benefit (Contribution to)	Year ended 31 March 2013	Year ended 31 March 2012
Provident fund	**82**	60
Total	**82**	60

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

Significant Accounting Policies
and other Explanatory Information

iii) Details of the gratuity plan are as follows

(₹ in lacs)

I. Assumption:	31 March 2013	31 March 2012
Discount Rate	**8.25%**	8.75%
Rate of return on plan assets	**8.25%**	8.75%
Salary Escalation	**6.00%**	6.00%
Attrition rate	**2.00%**	2.00%

(₹ in lacs)

II. Table Showing Change in Benefit Obligation:	31 March 2013	31 March 2012
Liability at the beginning of the year	**81**	69
Interest Cost	**7**	6
Current Service Cost	**16**	18
Past Service Cost (Non Vested Benefit)	**-**	-
Past Service Cost (Vested Benefit)	**-**	-
Liability Transfer in	**-**	-
Liability Transfer out	**-**	-
Benefits Paid	**-**	-
Actuarial (gain) / loss on obligations	**-**	(12)
Liability at the end of the year	**131**	81
Current portion	**18**	15
Non current portion	**113**	66

III. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	**(131)**	(81)
Fair Value of Plan Assets at the end of the year	**-**	-
Difference	**(131)**	(81)
Unrecognised Past Service Cost	**-**	-
Unrecognised Transition Liability	**-**	-
Amount Recognised in the Balance Sheet	**(131)**	(81)

IV. Expenses Recognised in the Income Statement:		
Current Service Cost	**16**	18
Interest Cost	**7**	6
Past Service Cost (Non Vested Benefit) Recognised	**-**	-
Past Service Cost (Vested Benefit) Recognised	**-**	-
Recognised of Transition Liability	**-**	-
Actuarial (gain) / loss	**27**	(12)
Expenses Recognised in Statement of Profit and Loss	**50**	12

V. Experience Adjustment:		
On plan liability (gain) / loss	**21**	(7)

iv) The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

Significant Accounting Policies

and other Explanatory Information

NOTE 3.39 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 2013		Year ended 31 March 2012	
	No. of Options	Weighted Average exercise price in ₹	No. of Options	Weighted Average exercise price in ₹
Balance at the beginning of the year	**811,861**	**-**	1,733,924	-
Granted during the year	**571,160**	**75**	-	-
Forfeited / cancelled	**(21,970)**	**161.35**	(592,206)	78.55
Exercised	**(184,483)**	**126.01**	(329,857)	115.53
Balance as at the end of the year	**1,176,568**		811,861	

(₹ in lacs)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Deferred Employee Compensation Expense	**358**	74
Employees' Compensation Expense recognized for the year.	**289**	85
Employees' Stock Options Outstanding	**741**	263

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:

(₹ in lacs)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Net Profit after tax as reported	**11,709**	10,979
Add - Intrinsic Value Cost	**289**	85
Less - Fair Value Cost	**406**	238
Adjusted proforma Net Profit	**11,592**	10,826
Basic EPS as reported	**12.75**	12.00
Proforma Basic EPS	**12.63**	11.83
Diluted EPS as reported	**12.74**	12.00
Proforma Diluted EPS	**12.46**	11.73

Significant Accounting Policies
and other Explanatory Information

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	1 July 2012
Expected volatility	75%	60%	44%
Risk free interest rate	6.30%	6.50%	8.36%
Time to maturity (in years)	5.25 years	5.25 years	5.5 years
Dividend yield	Nil	Nil	Nil

NOTE 3.40 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.

NOTE 3.41

Balances of certain trade receivables, loans and advances and trade payables 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.

NOTE 3.42

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.

NOTE 3.43

The previous year figures have also been reclassified to conform to this year's classification.

Note 1 to 3.43 forms an integral part of the financial statements.

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Jyoti Deshpande
Executive Director

Kamal Jain
Group Chief Financial Officer (India)

Dimple Mehta
Company Secretary and Compliance Officer

Place: Mumbai
Date: 30 May 2013

Financial Information of Subsidiaries pursuant to Sec 212 (8)

of the Companies Act, 1956 for the Financial Year Ended March 31 2013

(₹ in lacs)

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	Fixed Assets, Non Current and Current Assets (other than investments)	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	Interim Dividend Paid	Country
1	Eros International Films Private Limited	INR	1.00	20,000,000	19,930,300	99.65%	2,000	828	2,996	5,824	5,023	800	1	5,824	67	(119)	(32)	(87)	-	India
2	Copsale Limited	USD	54.29	105,000	105,000	100.00%	45	16,399	3,821	20,265	20,265	-	0	20,265	12,054	4,480	-	4,480	-	British VirginIsland
3	Bigscreen Entertainment Private Limited	INR	1.00	10,000	6,400	64.00%	1	187	284	472	472	-	-	472	5	3	0	3	-	India
4	EyeQube Studios Private Limited	INR	1.00	10,000	9,999	99.99%	1	68	47	116	116	-	-	116	160	(386)	(3)	(383)	(262)	India
5	Ayngaran International Limited (IOM)	USD	54.29	100	51	51.00%	0	(307)	10,982	10,675	10,672	-	3	10,675	-	(53)	-	(53)	-	Isle of Man
6	Ayngaran International (Mauritius) Limited	USD	54.29	7,350	7,350	100.00%	3	2,522	11,966	14,491	14,488	-	2	14,490	2,163	758	-	758	-	Mauritius
7	Ayngaran International (UK) Limited	GBP	82.54	1	1	100.00%	0	(254)	8,838	8,584	8,584	-	-	8,584	3,129	(186)	-	(186)	-	United Kingdom
8	Ayngaran International Media Private Limited	INR	1.00	21,900	21,900	100.00%	2	(149)	5,018	4,871	4,861	-	10	4,871	953	(135)	(40)	(95)	-	India
9	Ayngaran Anak Media Private Limited	INR	1.00	200,000	102,000	51.00%	20	(2)	49	67	67	-	-	67	58	(4)	(1)	(3)	-	India
10	EM Publishing Private Limited	INR	1.00	10,000	9,900	99.00%	1	24	28	53	53	-	-	53	35	9	3	6	-	India
11	Eros Animation Private Limited	INR	1.00	10,000	9,999	99.99%	1	(1)	0	0	0	-	-	0	-	(0)	-	(0)	-	India
12	Digicine Pte Ltd	SGD	43.75	100	100	100.00%	0	(9)	7,612	7,603	7,603	-	-	7,603	-	(9)	-	(9)	-	Singapore

Independent Auditors' Report

To the Board of Directors of Eros International Media Limited

1. We have audited the accompanying consolidated financial statements of Eros International Media Limited, ("the Company") and its subsidiaries and step down subsidiaries, (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31 March 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and step down subsidiaries, as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;

   ii) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

   iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

7. We did not audit the financial statements of 11 subsidiaries and step down subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (before eliminating intra-group transactions) of ₹ 67,197.02 lacs as at 31 March 2013; total revenues (before eliminating intra-group transactions) of ₹ 18,557.81 lacs. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No.: F-42423

Mumbai
30 May 2013

Consolidated Balance Sheet
as at 31 March 2013

(₹ in lacs)

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	**9,192**	9,174
Reserves and surplus	3.2	**89,458**	74,287
Minority interest		**769**	641
Non-current liabilities			
Long-term borrowings	3.3	**13,009**	11,253
Deferred tax liabilities (net)	3.4	**15,563**	10,368
Other long term liabilities	3.5	**646**	826
Long-term provisions	3.6	**119**	73
Current liabilities			
Short-term borrowings	3.7	**25,399**	32,371
Trade payables		**14,233**	11,534
Other current liabilities	3.8	**10,784**	16,534
Short-term provisions	3.9	**1,325**	2,256
TOTAL		**180,497**	169,317
ASSETS			
Non-current assets			
Fixed assets	3.10		
Tangible assets		**4,962**	5,640
Intangible assets		**74,264**	47,238
Intangible assets under development		**-**	150
Content Advances (net)		**43,864**	42,650
Non-current investments	3.11	**800**	800
Deferred tax assets (net)	3.12	**216**	145
Long-term loans and advances	3.13	**2,512**	950
Other non-current assets	3.14	**6,059**	3,349
Current assets			
Current investments	3.15	**20**	4,350
Inventories	3.16	**958**	703
Trade receivables	3.17	**21,497**	24,497
Cash and bank balances	3.18	**17,250**	30,036
Short-term loans and advances	3.19	**2,403**	3,054
Other current assets	3.20	**5,692**	5,755
TOTAL		**180,497**	169,317

Note 1 to 3.36 forms an integral part of the financial statement

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Jyoti Deshpande
Executive Director

Kamal Jain
Group Chief Financial Officer (India)

Dimple Mehta
Company Secretary and Compliance Officer

Place: Mumbai
Date: 30 May 2013

Consolidated Statement of Profit and Loss
for the year ended 31 March 2013

(₹ in lacs)

Particulars	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
REVENUE			
Revenue from operations	3.21	**1,06,795**	94,388
Other income	3.22	**640**	1,930
Total Revenue (I)		**1,07,435**	96,318
EXPENSES			
Purchases/Operating expenses	3.23	**76,578**	66,545
Changes in inventories of finished goods	3.24	**(255)**	(292)
Employee benefits expense	3.25	**2,729**	2,255
Finance costs	3.26	**922**	1,344
Depreciation		**645**	600
Other expenses	3.27	**5,116**	4,641
Total expenses (II)		**85,735**	75,093
Profit before tax (I-II)		**21,700**	21,225
TAX EXPENSE			
- Current tax		**3,588**	3,946
- Short/(excess) provision for earlier years		**(5)**	189
- Deferred tax		**5,124**	3,449
- Minimum alternate tax credit		**(2,588)**	(1,270)
Total tax expense		**6,119**	6,314
Profit after tax before Minority Interest		**15,581**	14,911
Minority interest		**128**	127
Net Profit after Minority Interest		**15,453**	14,784
Earnings per equity share	3.31		
Face Value of ₹ 10 each			
- Basic		**16.83**	16.16
- Diluted		**16.81**	16.16

Note 1 to 3.36 forms an integral part of the financial statement

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Jyoti Deshpande
Executive Director

Kamal Jain
Group Chief Financial Officer (India)

Dimple Mehta
Company Secretary and Compliance Officer

Place: Mumbai
Date: 30 May 2013

Consolidated Cash Flow Statement

for the year ended 31 March 2013

(₹ in lacs)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	**21,700**		21,225	
Adjustments:				
Depreciation and amortisation	**47,562**		35,369	
Bad debts	**177**		10	
Sundry balances written back	**(34)**		(23)	
Content advances written off	**540**		206	
Sundry balances written off	**0**		20	
Provision for doubtful content advances	**-**		265	
Finance costs (net)	**922**		1,344	
Interest income	**(9)**		(174)	
Loss on sale / write off of assets (net)	**218**		115	
Net gain on sale of current investments	**(286)**		(1,114)	
Expense on employee stock option scheme	**289**		85	
ESOP reversal on retirement of employee	**-**		(253)	
Operating profit before working capital changes	**71,079**		57,075	
Increase / (Decrease) in other long term liabilities	**(179)**		84	
Increase / (Decrease) in long-term provisions	**46**		(1)	
Increase / (Decrease) in trade payables	**2,733**		8,646	
Increase / (Decrease) in other current liabilities	**(6,639)**		(14,953)	
Increase / (Decrease) in short-term provisions	**82**		(67)	
(Increase) / Decrease in inventories	**(255)**		(235)	
(Increase) / Decrease in trade receivables	**2,823**		(11,157)	
(Increase) / Decrease in short-term loans and advances	**652**		(1,034)	
(Increase) / Decrease in other current assets	**(133)**		1,736	
(Increase) / Decrease in long-term loans and advances	**(1,562)**		725	
(Increase) / Decrease in other non current assets	**(121)**		571	
Cash generated from operations	**68,526**		41,390	
Taxes paid (net of refunds)	**(4,564)**		(826)	
Net cash generated from operating activities (A)		**63,962**		40,564
CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	**(75,486)**		(52,998)	
Deposits with banks under "other bank balances"	**4,389**		(16,341)	
Proceeds from sale of fixed assets	**69**		4	
Net gain / (loss) on sale of current investments	**286**		1,114	
Dividend Received	**-**		-	
Net cash used from investing activities (B)		**(70,742)**		(68,221)

Consolidated Cash Flow Statement
for the year ended 31 March 2013

(₹ in lacs)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares (net)	**232**		381	
Proceeds/repayments from long - term borrowings (net)	**2,479**		6,528	
Proceeds from short term borrowing (net)	**(6,972)**		10,785	
Interest income	**9**		174	
Finance charges	**(596)**		(1,928)	
Dividend paid (inclusive of dividend distribution tax and net off unclaimed dividend)	**(1,637)**		-	
Net cash generated / (used) from financing activities (C)		**(6,485)**		15,940
Net decrease in cash and cash equivalents (A + B + C)		**(13,265)**		(11,717)
Cash and cash equivalents at the beginning of the year		**18,030**		29,086
Effect of exhange rate on consolidation of foreign subsidiaries		**538**		661
Cash and cash equivalents at the ending of the year		**5,303**		18,030

Notes :

	Year ended 31 March 2013		Year ended 31 March 2012	
	Beginning	**Ending**	**Beginning**	**Ending**
1. **CASH AND CASH EQUIVALENTS AS AT THE YEAR END INCLUDES**				
Cash and cheques on hand	**29**	**2,134**	21	29
Balances with the banks	**13,651**	**3,149**	14,318	13,651
Investment in mutual fund	**4,350**	**20**	14,747	4,350
	18,030	**5,303**	29,086	18,030

2. The Cash flow statement has been prepared under indirect method as set in Accounting Standard - 3 'Cash Flow Statement' as notified under Companies Act 1956.
3. Previous year figures have been regrouped, wherever necessary, to conform to this year classification.

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Jyoti Deshpande
Executive Director

Kamal Jain
Group Chief Financial Officer (India)

Dimple Mehta
Company Secretary and Compliance Officer

Place: Mumbai
Date: 30 May 2013

Significant Accounting Policies
and other Explanatory Information

1 (a) CORPORATE INFORMATION

Eros International Media Limited (BSE Scrip Code: 533261; NSE Scrip Code: EROSMEDIA) is a global player within the Indian media and entertainment arena. It operates on a vertically integrated studio model controlling content as well as distribution and exploitation across multiple formats globally, including cinema, digital, home entertainment and television syndication.

(b) 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.

2. (I) 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.

(II) USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') 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 networth is recognised as goodwill/capital reserve.

iv. The consolidated financial statements is prepared after fully eliminating intra group balances, intra group transactions and unrealised profits from the intra group transactions.

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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.

b) 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 2013
1	Eros International Films Private Limited	India	31 March 1997	99.65
2	Copsale Limited	BritishVirgin 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	EM 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
12	Digicine Pte Limited	Singapore	30 March 2012	100.00

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c) **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.

Digital and other new media revenues are recognized at the earlier of when the content is accessed or if licensed the date the revenue is contracted or declared.

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 consolidated statement of Profit and Loss.

d) **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 ₹ 5,000 each are depreciated at full in the year of purchase.

e) **Intangible assets and amortisation**

Investment in film and associated rights are recorded at their acquisition costs or capitalised cost less accumulated amortisations. Cost includes acquisition and production cost, any direct overhead cost and capitalised 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.

f) **Content advance**

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.

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g) **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.

h) **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, 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.

i) **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 consolidated statement of Profit and Loss or against revaluation surplus where applicable.

j) **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.

k) **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 consolidated statement of Profit and Loss.

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 consolidated statement of Profit and Loss as income or expense. Obligation is measured at

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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.

l) 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.

m) 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 recognised as an expense in the consolidated statement of Profit and Loss.

n) 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 consolidated statement of Profit and Loss on straight line basis over the period of the lease.

o) 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 consolidated statement of Profit and Loss. 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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3. NOTES TO ACCOUNTS

(₹ in lacs)

Particulars	Par Value Per Share (₹)	As at 31 March 2013 Number	Amount	As at 31 March 2012 Number	Amount
NOTE 3.1 : SHARE CAPITAL					
a) Authorised, issued, subscribed and paid up share capital					
Authorised					
Equity shares	10	**125,000,000**	**12,500**	125,000,000	12,500
Issued, subscribed and paid up					
Equity shares	10	**91,921,340**	**9,192**	91,736,857	9,174
Total		**91,921,340**	**9,192**	91,736,857	9,174

(₹ in lacs)

Particulars	As at 31 March 2013 Number	Amount	As at 31 March 2012 Number	Amount
b) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period:				
Shares outstanding at the beginning of the year	**91,736,857**	**9,174**	91,407,000	9,141
Shares issued during the year *	**184,483**	**18**	329,857	33
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**91,921,340**	**9,192**	91,736,857	9,174

*The Company has issued total 184,483 shares (Previous year - 329,857) during the year on exercise of options granted under the employees stock option plan (ESOP) wherein part consideration was received in the form of employees services.

c) Terms/rights attached to shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed (if any) by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian rupees. All shares rank pari pasu on repayment of capital in the event of liquidation.

(₹ in lacs)

Name of Shareholder	As at 31 March 2013 Number	Amount	As at 31 March 2012 Number	Amount
d) Shares in the company held by holding/ultimate holding company				
Eros Worldwide FZ LLC - Holding Company	**47,126,290**	**4,713**	49,700,000	4,970
Eros Digital Private Limited - Fellow subsidiary	**21,700,000**	**2,170**	21,700,000	2,170

Name of Shareholder	As at 31 March 2013 Number	% of Holding	As at 31 March 2012 Number	% of Holding
e) Shares in the company held by each shareholder holding more than 5% shares				
Eros Worldwide FZ LLC	**47,126,290**	**51.27**	49,700,000	54.19
Eros Digital Private Limited	**21,700,000**	**23.61**	21,700,000	23.65

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f) **Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date**
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 Consolidated Statement of Profit and Loss of the Company.

g) **Aggregate number of equity shares issued under employees stock option scheme (2009) during the period of five years immediately preceeding the reporting date**
The Company has issued total 514,340 shares (Previous year - 329,857) during the period of five years immediately preceding the reporting date on exercise of options granted under the employees stock option plan (ESOP) wherein part consideration was received in the form of employee services.

As at 31 March 2013, 1,176,568 options were outstanding under Employee stock option scheme 2009. On exercise of the options so granted under Employee stock option scheme 2009, the paid up equity share capital of the company will increase by equivalent number of shares.

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.2 : RESERVES AND SURPLUS		
Securities premium account		
Opening balance	**30,605**	30,060
Add : Premium on shares issued during the year	**214**	349
Add : Transfer from share options outstanding account	**90**	196
	30,909	30,605
Share options outstanding account		
Opening balance	**190**	554
Less: Transferred to securities premium account	**(90)**	(196)
Add: Deferred stock compensation expense	**292**	85
Less: Written back to Statement of Profit and Loss during the year	**(3)**	(253)
	389	190
Foreign currency translation reserve		
Opening balance	**287**	(1,128)
Add : Addition during the year	**853**	1,415
	1,140	287
Capital reserve	**56**	56
General reserve		
Opening balance	**-**	-
Add: Transfer from Statement of Profit and Loss	**586**	-
	586	-
Surplus in the Statement of Profit and Loss		
Opening balance	**43,149**	28,365
Add : Net profit for the year	**15,454**	14,784
Less : Interim dividend and dividend distribution tax thereon	**(1,639)**	-
Less : Transfer to General reserve	**(586)**	-
	56,378	43,149
Total	**89,458**	74,287

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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.3 : LONG TERM BORROWINGS		
Term loans		
From banks		
Secured	**14,892**	12,380
Less : Current maturities disclosed under other current liabilities (Refer note 3.8)	**1,890**	1,157
	13,002	11,223
Car loans		
Secured	**31**	63
Less : Current maturities disclosed under other current liabilities (Refer note 3.8)	**24**	33
	7	30
Total	**13,009**	11,253

i) 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.

ii) Car loans are secured by hypothecation of vehicles acquired there against.

iii) Term loans are further secured by

a) Equitable mortgage of Company's immoveable property situated at Mumbai, India.

b) Amount held in margin money.

c) Corporate guarantee of Eros International PLC, the ultimate holding company.

d) Residual value of equipments and vehicles.

e) Existing rights of hindi films.

iv) Terms of repayment of term loans

Indian Overseas Bank - repayable in sixty equal monthly installment from the date of origination

Union Bank of India - repayable in sixty equal monthly installment from the date of origination

Dena Bank - repayable in twelve quarterly installment after the moratorium period of two years

Note: There is no default, continuing or otherwise as at the Balance Sheet date, in repayment of any of the above loans

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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.4 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability arising on account of		
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961	**16,392**	11,085
	16,392	11,085
Deferred Tax Asset arising on account of		
Provision for gratuity and compensated absences	**59**	30
Disallowances under the Income Tax Act, 1961	**269**	257
Commission payable to directors	**178**	107
Maharashtra Value Added Tax and Central Sales Tax provision	**323**	323
	829	717
Deferred tax liabilities (net)	**15,563**	10,368

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.5 : OTHER LONG TERM LIABILITIES		
Trade payables	**160**	156
Advance from customer	**458**	644
Others -		
Trade / security deposits received	**28**	26
Total	**646**	826

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.6 : LONG-TERM PROVISIONS		
Provision for gratuity	**119**	73
Total	**119**	73

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.7 : SHORT TERM BORROWINGS		
Loans repayable on demand		
From Banks		
i) Secured	**16,399**	11,560
ii) Unsecured	**9,000**	13,000
Loans and advances from related parties (Eros International Plc - IOM Ultimate Holding Company)		
i) Unsecured	-	7,811
Total	**25,399**	32,371

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i) Packing credit is secured by hypothecation of films and film rights with first pari passu charge on current assets.

ii) Bill Discounting (Foreign bills/supplier bills) is secured by document of title to goods and accepted hundies with first pari pasu charge on current assets.

iii) Cash credit is secured by way of hypothecation of stock and receivables relating to domestic rights operations along with first pari passu charge on current assets.

iv) Short term loans are further secured by

a) Equitable mortgage of Company's immoveable property situated at Mumbai, India.

b) Amount held in margin money

c) Corporate guarantee of Eros International PLC, the Ultimate Holding Company

d) Residual value of equipments and vehicles.

e) Existing rights of hindi films.

Note: There is no default, continuing or otherwise as at the Balance Sheet date, in repayment of any of the above loans.

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.8 : OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (Refer note no 3.3)	**1,914**	1,190
Interest accrued but not due on borrowings	**224**	61
Unclaimed dividend	**2**	-
Interest accrued and due on borrowings	**68**	68
Other payables		
Duties and taxes payable	**1,751**	2,413
Trade / security deposits received	**7**	7
Advance from customers	**5,762**	11,986
Expenses payable	**1,032**	769
Book overdraft	**24**	40
Total	**10,784**	16,534

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.9 : SHORT TERM PROVISIONS		
Provision for employee benefits		
i) Salary, bonus	**199**	179
ii) Gratuity	**18**	15
iii) Leave encashment	**70**	11
Provision for income tax (net)	**1,038**	2,051
Total	**1,325**	2,256

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(₹ in lacs)

Particulars	Gross block (at cost)				Accumulated depreciation/amortisation				Net block	
	Balanceas at 1 April 2012	Additions/ (Disposals)	Adjustments/ Deletions during the year	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Adjustments/ Deletions during the year	Balance as at 31 March 2013	Balance as at 31 March 2013	Balance as at 31 March 2012
NOTE : 3.10 FIXED ASSETS										
Tangible Assets										
Building	4,107	-	-	**4,107**	245	193	-	**438**	**3,669**	3,862
Furniture and fixtures	816	-	183	**633**	319	82	107	**294**	**339**	497
Motor vehicles	543	10	6	**547**	326	58	5	**379**	**168**	217
Office equipment	258	2	71	**189**	139	25	36	**128**	**61**	119
Data processing equipments	713	198	445	**466**	567	109	379	**297**	**169**	146
Studio equipments	1,901	14	294	**1,621**	1,102	146	183	**1,065**	**556**	799
Total	8,338	224	999	**7,563**	2,698	613	710	**2,601**	**4,962**	5,640
Previous year	3,404	5,185	251	8,338	2,259	575	136	2,698	5,640	1,145
Intangible Assets										
Film Rights	181,814	73,658	(2,297)	**257,769**	134,728	46,917	(1,980)	**183,625**	**74,144**	47,086
Web site development	151	-	-	**151**	5	29	-	**34**	**117**	146
Others	87	-	(1)	**88**	81	3	(1)	**85**	**3**	6
Total	182,052	73,658	(2,298)	**258,008**	134,814	46,949	(1,981)	**183,744**	**74,264**	47,238
Previous year	127,534	49,227	(5,291)	182,052	95,480	34,794	(4,540)	134,814	47,238	32,054
Capital Work In Progress										
Building	-	-	-	**-**	-	-	-	**-**	**-**	-
Studio equipments	-	-	-	**-**	-	-	-	**-**	**-**	-
Total	-	-	-	**-**	-	-	-	**-**	**-**	-
Previous year	4,677	472	5,149	**-**	-	-	-	**-**	**-**	4,677
Intangible assets under development										
Software	150	-	150	**-**	-	-	-	**-**	**-**	150
Total	150	-	150	**-**	-	-	-	**-**	**-**	150
Previous year	89	61	-	**150**	-	-	-	**-**	**150**	89
Content advances										
Advance against production/ purchase of film	42,650	93,685	92,471	**43,864**	-	-	-	**-**	**43,864**	42,650
Total	42,650	93,685	92,471	**43,864**	-	-	-	**-**	**43,864**	42,650
Previous year	39,920	74,167	71,437	42,650	-	-	-	-	42,650	39,920

Note : Content advances

a) Adjustment / Deletions under content advances comprises of additions to film rights under intangible assets and film rights cost charged to statement of consolidated profit and loss

b) Out of total content advances an amount of ₹ 540 lacs is written off during the year

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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.11 : NON-CURRENT INVESTEMENTS		
Long-term,trade and valued at cost unless stated otherwise		
Equity shares (unquoted)		
In fellow subsidiary		
Eros Digital Private Limited		
20 (Previous Year 20) equity shares of ₹ 10 each, fully paid-up	0	0
In other entity		
Triple Com Media Private Limited		
200,000 (Previous Year 200,000) equity shares of ₹ 10 each, fully paid-up	800	800
Total	800	800

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.12 : DEFERRED TAX ASSET (NET)		
Deferred Tax Asset arising on account of		
Provision for gratuity and compensated absences	2	4
Disallowances under the Income Tax Act, 1961	9	5
Unabsorbed business losses	242	386
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961	5	4
	258	399
Deferred Tax liability arising on account of		
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961	42	254
	42	254
Deferred tax asset (net)	216	145

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.13 : LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties (Refer note 3.33(ii))	57	57
Security deposits	94	236
Advances receivable/recoverable in cash / kind	2,361	657
Total	2,512	950

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(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.14 : OTHER NON CURRENT ASSETS		
Deposits with maturity more then twelve months (Refer note 3.18)	**280**	155
MAT Credit receivable	**5,245**	2,656
Advance for film co production	**534**	538
Total	**6,059**	3,349

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.15 : CURRENT INVESTMENTS		
Investment in Mutual Funds (valued at lower of cost and fair value, unless otherwise stated)		
Birla Sun Life Savings Fund - Institutional Plan - Growth (247,057.18 units matured during the year)	**-**	500
Birla Sun Life Dynamic Bond Fund-Retail Plan-Growth (24,511.17 units matured during the year)	**-**	4
Birla Sun Life Dynamic Bond Fund-Retail Plan-Growth (5,386,800.35 units matured during the year)	**20**	950
ICICI Prudential Interval Fund - Quarterly Interval Plan I - Institutional Growth (25,460,385 units matured during the year)	**-**	2,896
Total	**20**	4,350

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
Current investments include		
Aggregate amount of unlisted but quoted investments	**20**	954
Aggregate amount of listed and quoted investments	**-**	-
Aggregate amount of listed but not quoted investments	**-**	2,896
Aggregate amount of unquoted and unlisted investments	**-**	500
Total	**20**	4,350

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.16 : INVENTORIES		
(As taken, valued and certified by the management)		
(valued at lower of cost and net realisable value)		
Film rights	**-**	337
Raw film prints	**1**	150
VCD/DVD/Audio CD	**322**	216
Cost of films under production	**635**	-
Total	**958**	703

Significant Accounting Policies
and other Explanatory Information

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.17 : TRADE RECEIVABLES		
Overdue for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	**151**	10
Less : Trade receivables written off	**(151)**	(10)
	-	-
Unsecured, considered good	**1,413**	3,217
Others		
Unsecured, considered good (Refer note 3.33(i))	**20,084**	21,280
Total	**21,497**	24,497

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.18 : CASH AND BANK BALANCES		
Cash and cash equivalents		
a. Balances with banks		
i) On current accounts	**2,035**	13,616
ii) On deposit accounts with maturity of less than three months	**1,114**	35
b. Cheques/drafts on hand	**2,090**	-
c. Cash on hand	**44**	29
	5,283	13,680
Other bank balances		
i) Deposits with maturity of more than three months but less than twelve months	**11,353**	15,687
ii) Deposits with maturity of more than twelve months	**280**	155
iii) In margin money accounts	**614**	669
	12,247	16,511
Less : amounts disclosed under other non current assets (Refer note 3.14)	**280**	155
	11,967	16,356
Total	**17,250**	30,036

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.19 : SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and advances to related parties (Refer note 3.33(iii))	**1,057**	0
Security desposits	**313**	508
Advances receivable/recoverable in cash /kind	**695**	2,200
Loans and advances to employees	**338**	346
Total	**2,403**	3,054

Significant Accounting Policies
and other Explanatory Information

Particulars	As at 31 March 2013	(₹ in lacs) As at 31 March 2012
NOTE 3.20: OTHER CURRENT ASSETS		
Advances against film production	4,597	4,823
Interest accrued	302	465
Prepaid expenses	335	346
Accrued Income	371	-
Income tax (net)	87	121
Total	**5,692**	5,755

Particulars	For the year ended 31 March 2013	(₹ in lacs) For the year ended 31 March 2012
NOTE 3.21: REVENUE FROM OPERATIONS		
Sale/distribution/exhibition of films and other rights	106,795	94,388
Total	**106,795**	94,388

Particulars	For the year ended 31 March 2013	(₹ in lacs) For the year ended 31 March 2012
NOTE 3.22: OTHER INCOME		
Net gain on foreign currency transactions and translation	25	-
Interest income (others)	9	174
Net gain on sale of current investements	286	1,114
Other non-operating income (net)	320	642
Total	**640**	1,930

Particulars	For the year ended 31 March 2013	(₹ in lacs) For the year ended 31 March 2012
NOTE 3.23: PURCHASES / OPERATING EXPENSES		
Film rights cost	18,814	22,361
Amortisation of film rights	46,917	34,769
Home entertainment products related cost	1,153	320
Print and digital distribution cost	2,236	3,834
Processing and other direct cost	293	569
Shipping, packing and forwarding expenses	352	465
Selling and distribution expenses	6,813	4,227
Total	**76,578**	66,545

Significant Accounting Policies
and other Explanatory Information

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.24: CHANGES IN INVENTORIES		
Inventories at the end of the year of		
Finished goods	**323**	703
Cost of films under production	**635**	-
	958	703
Inventories at the beginning of the year of		
Finished goods	**703**	411
Cost of films under production	**-**	-
	703	411
Total	**(255)**	(292)

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.25: EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**2,266**	2,010
Contributions to provident fund and other funds	**136**	118
Employees stock option compensation	**289**	85
Staff welfare expenses	**38**	42
Total	**2,729**	2,255

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.26: FINANCE COSTS		
Interest expense on :		
Borrowings	**1,913**	2,051
Car loan	**5**	6
Security deposits	**3**	3
Other borrowing costs	**125**	66
	2,046	2,126
Less: Interest received	**(1,124)**	(782)
Total	**922**	1,344

Significant Accounting Policies
and other Explanatory Information

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE 3.27: OTHER EXPENSES		
Power and fuel	**86**	146
Rent	**296**	505
Repairs and maintenance	**180**	110
Insurance	**42**	66
Rates and taxes	**3**	34
Computer expenses	**1**	25
Legal and professional	**1,346**	1,206
Corporate reporting charges	**17**	38
Commission and sitting fees directors	**-**	335
Payments to auditors	**71**	68
Communication expenses	**301**	131
Travelling and conveyance	**426**	373
Printing and stationery	**12**	22
Subscription and membership fees	**7**	10
Donations and contributions	**1**	31
Content advances written off (Refer note 3.10)	**540**	206
Provision for doubtful content advances	**-**	265
Sundry balance written off	**0**	20
Loss on fixed assets sold / scrapped / written off	**219**	115
Bad debts	**177**	10
Bank charges	**54**	54
Net loss on foreign currency transactions and translation (other than considered as finance cost)	**369**	345
Miscellaneous expenses	**968**	526
Total	**5,116**	4,641

Significant Accounting Policies
and other Explanatory Information

NOTE 3.28 : 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:

a) List of related parties :

Description of relationship	Names of related parties
Ultimate Holding Company	Eros International PLC, Isle of Man
Holding Company	Eros Worldwide FZ-LLC, United Arab Emirates
Fellow Subsidiary	Eros Digital Private Limited
Entities having common control	Eros International Limited, United Kingdom
	Eros Music Publishing Limited, United Kingdom
Key Management Personnel (KMP)	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 (w.e.f. 1 July 2012)
	Mr. Dhirendra Swarup – Non Executive Independent Director
	Dr. Shankar Nath Acharya – Non Executive Independent Director
	Mr. Vijay Ahuja – Executive Director
Relatives of KMP	Mrs. Meena A. Lulla
	Mr. Arjan G. Lulla
	Mrs. Manjula K Lulla
	Mrs. Krishika Lulla
	Ms. Nitu Lulla
Company in which KMP / Relatives of KMP can exercise significant influence	Shivam Enterprises

b) Details of related party transactions during the year

Significant Accounting Policies
and other Explanatory Information

(₹ in lacs)

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Entities having common control	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Salary and perquisites	-	-	-	-	631	-	-	**631**
	-	-	-	-	(267)	-	-	(267)
Dividend Paid	-	707	326	-	-	-	-	**1,033**
	-	-	-	-	-	-	-	-
Purchases of film rights/ raw stock /DVD'S	-	3,257	-	7,335	-	-	-	**10,592**
	-	-	-	(4,332)	-	-	-	(4,332)
Sale of film rights	-	29,561	-	30	-	-	-	**29,591**
	-	(30,863)	-	(41)	-	-	-	(30,904)
Sale of Prints/VCD/DVD	-	1,591	-	-	-	-	-	**1,591**
	-	(2,060)	-	(22)	-	-	-	(2,082)
Sale of studio services	-	-	-	-	-	-	-	-
	-	(1,138)	-	-	-	-	-	(1,138)
Rent Paid	-	-	-	-	40	40	-	**80**
	-	-	-	-	(42)	(46)	-	(88)
Reimbursements paid	-	-	-	74	-	-	-	**74**
	-	-	-	-	-	-	-	-
Reimbursements Received	-	790	-	235	-	-	-	**1,025**
	-	-	-	-	-	-	-	-
Interest paid/ payable	-	-	1	-	-	-	-	**1**
	-	-	-	-	-	-	-	-
Content advances / loan given	-	-	0	16	-	-	-	**16**
	-	-	-	-	-	-	-	-
Advances/loans given	-	-	0	-	-	-	-	**0**
	-	-	(0)	(13)	-	-	-	(13)
Recovery of advances/ loans given	-	-	1	-	-	2	-	**3**
	-	-	(0)	-	-	(1)	-	(1)

Significant Accounting Policies
and other Explanatory Information

(₹ in lacs)

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Entities having common control	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Advances/loans taken	-	86	325	1	-	-	-	**412**
	-	(3,164)	-	(83)	-	-	-	(3,247)
Repayment of advances/ loans taken	18	6,569	325	207	-	-	-	**7,119**
	(2)	(17,569)	-	(2)	-	-	-	(17,573)
Recovery of deposits given	-	-	-	-	30	-	-	**30**
	-	-	-	-	(26)	-	-	(26)
Balances outstanding at the end of the year								
Trade receivables	-	9,420	-	7	-	-	-	**9,427**
	-	(11,442)	-	(3)	-	-	-	(11,445)
Short term loans and advances	-	-	-	895	247	81	-	**1,223**
	-	-	-	(867)	(281)	(83)	-	(1,231)
Long term loans and advances	-	-	-	-	-	-	57	**57**
and Deposits	-	-	-	-	-	-	(57)	(57)
Long term liabilities	-	-	-	-	-	-	-	-
	(8,798)	-	-	(726)	-	-	-	(9,524)
Trade and other payables	-	8,567	1	89	51	2	-	**8,710**
	-	-	-	(1,099)	-	-	-	(1,099)
Other current liabilities	-	2,676	-	462	-	-	-	**3,138**
	(17)	(9,159)	-	(21)	-	(2)	-	(9,199)

Note: Figures in bracket relates to the previous year

Significant Accounting Policies

and other Explanatory Information

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
NOTE 3.29: CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES		
Bank Guarantees in favour of various Government Authorities	**25**	203
Corporate guarantee to a bank for loans availed by subsidiary company	**Nil**	500
Sales tax/cess claims disputed by the Company	**72**	1,671
Claims against the company not acknowledged as debts	**3,550**	1,604
Income tax and interest demands raised by authorities and disputed by the company	**53**	58
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.	**2,196**	2,048
Bills of exchange accepted and discounted with the bank	**5,798**	-
Total	**11,694**	6,084

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 to 30 June 2012. For the said period, 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.

NOTE 3.30: 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.

(₹ in lacs)

Particulars	For the year ended 31 March 2013	31 March 2012
Revenue by Geographical Market		
Outside India	**38,887**	38,009
Within India	**68,548**	58,309
	107,435	96,318
Carrying Amount of Segment Assets		
Outside India	**40,857**	27,080
Within India	**139,640**	142,237
	180,497	169,317

Significant Accounting Policies
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NOTE 3.31: 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:

	For the year ended	
	31 March 2013	**31 March 2012**
Net Profit after tax and after minority interest (₹ in lacs)	**15,453**	14,784
Weighted average number of equity shares outstanding during the year		
Basic	**91,806,230**	91,495,637
Diluted	**91,927,576**	91,495,637
Earnings per share (in ₹)		
Basic	**16.83**	16.16
Diluted	**16.81**	16.16
Nominal value of shares (in ₹)	**10.00**	10.00

NOTE 3.32: DEFERRAL OF EXCHANGE DIFFERENCES

The Company has, consequent to the notification issued by the Ministry of Corporate Affairs on 29 December 2011 giving an option to the companies to amortize the exchange differences pertaining to long term foreign currency monetary items up to 31 March 2020 (from 31 March 2012 earlier), adopted the said option given under paragraph 46 of Accounting Standard 11. Net foreign exchange aggregating to ₹ 49 lacs has been capitalized to the Intangibles during the year out of which the Company has charged an amount of ₹ 29 lacs to the Consolidated Statement of Profit and Loss as per the amortization policy of the Company.

NOTE 3.33:

(i) Trade receivables includes the following amount due from related parties, their step-down subsidiaries and Companies under the same management :

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
Eros Worldwide FZ LLC, United Arab Emirates	**9,420**	11,442
Eros Music Publishing Limited, United Kingdom	**7**	3
Total	**9,427**	11,445

(ii) Long term loans and advances to firm under the same management:

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
Shivam Enterprises	**57**	57
Total	**57**	57

Significant Accounting Policies
and other Explanatory Information

(iii) Short term loans and advances to related parties, their step down subsidiaries and Companies under the same management comprises the following:

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
Eros International Limited	**895**	867
Total	**895**	867

(iv) Advances (including deposits) to Directors and relatives of Directors comprise as follows:

(₹ in lacs)

Name of the Party	As at 31 March 2013	As at 31 March 2012
Sunil Lulla	**202**	232
Manjula Lulla	**81**	83
Jyoti Deshpande	**45**	49
Total	**328**	364

NOTE 3.34: 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.

NOTE 3.35:

Balances of certain trade receivables, loans and advances and trade payables 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.

NOTE 3.36:

The previous year figures have also been reclassified to conform to this year's classification financial statements.

Note 1 to 3.36 forms an integral part of the financial statements.

For and on behalf of the Board of Directors

Sunil Lulla
Executive Vice Chairman and Managing Director

Jyoti Deshpande
Executive Director

Kamal Jain
Group Chief Financial Officer (India)

Dimple Mehta
Company Secretary and Compliance Officer

Place: Mumbai
Date: 30 May 2013

NOTICE

Registered Office: 201, Kailash Plaza, Plot no. A-12, Opp. Laxmi Industrial Estate, Link Road, Andheri West, Mumbai 400053

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Eros International Media Limited will be held on Wednesday, the 28th day of August, 2013 at 3.00 p.m. at "The Club", 197, D N Nagar, Andheri West, Mumbai 400053, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31 March 2013, the Profit and Loss Account for the year ended 31 March 2013 and the Director's and Auditors' reports thereon.
2. To confirm the payment of Interim Dividend of 15% paid during the financial year 2012-13.
3. To appoint a Director in place of Mr. Dhirendra Swarup, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vijay Ahuja, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint M/s. Walker, Chandiok & Co., Chartered Accountants, (Firm Registration No.001076N) as Statutory Auditors of the Company to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and for the purpose, to consider and if thought fit, to pass the following resolution with or without modifications.

   "RESOLVED THAT M/s. Walker Chandiok & Co., Chartered Accountants, (Firm Registration No.001076N), be and are hereby reappointed as Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors."

By Order of the Board of Directors
For **Eros International Media Limited**

Dimple Mehta
Company Secretary & Compliance Officer

Place: Mumbai
Date: 30 May 2013

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   The duly filled proxy form should be lodged with the Company atleast 48 hours before commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company was closed from Friday, 19 July, 2013 till Friday, 26 July, 2013 (both days inclusive) in order to comply with the requirement of the Listing Agreement.
3. The Company has maintained, inter alia, the statutory registers at its Corporate Office at 901/902, Supreme Chambers, Off Veera Desai Road, Andheri (West), Mumbai - 400053, which are open for inspection of Members and others as prescribed in the respective sections of the Companies Act,1956 as specified below:
   i) Register of Contract with companies and firms in which Directors are interested under Section 301 of the Companies Act, 1956 on all working days during business hours;
   ii) Register of Directors Shareholding under section 307 of the Companies Act, 1956 on all working days during business hours beginning fourteen days before the date of Annual General Meeting and ending three days after the date of its conclusion.
4. Corporate Members intending to send their authorized representative to attend the meeting are requested to send a duly certified copy of the Board Resolution authorizing such representative to attend and vote on their behalf at the ensuing Annual General Meeting.
5. Members/Proxies are requested to bring with them the attendance slips duly filled in for attending the Annual General Meeting and produce the same at the entrance of meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. Members are requested to notify immediately any change in Address, Signature and / or Bank details, in

NOTICE

respect to their physical holdings, to the Registrar & Transfer Agent of the Company and to their respective Depository Participant in case of shares held in electronic mode.

7. Members must quote their Folio No./ Demat Account No. and contact details such as e-mail address, contact no. etc in all their correspondence with the Company/ Registrar & Transfer Agent.

   Members are requested to visit the website of the Company www.erosintl.com for viewing the quarterly and annual financial results and other information of the Company.

   The Company has designated an exclusive email ID compliance.officer@erosintl.com for redressal of shareholders complaints/grievances. For any investor related queries, you are requested to please write to us at the above email id.

8. In case of joint holder(s) attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

   Members who have not received / encashed the Interim Dividend, are requested to claim the amount by writing to rnt.helpdesk@linkintime.co.in

9. The Ministry of Corporate Affairs (MCA) vide its circulars had initiated "Green Initiative in Corporate Governance" and clarified that a Company would have complied with Section 53 of the Companies Act, if the service of documents has been made through electronic mode provided that the Company has obtained email addresses of its Members for sending various communications /documents (including Notice of General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report and all other documents) through electronic mode by giving an advance opportunity to every Member to register their email address and changes therein from time to time with the Company.

   Accordingly, the Members are hereby once again requested to register their e-mail address (es) and changes therein from time to time, through any of the following manner:

   i. Email Intimation: By sending an email mentioning the Name(s) and Folio Number/Client ID and DP ID to the Registrar and Transfer Agent at rnt.helpdesk@linkintime.co.in

   ii. Written communication: By sending written communication addressed to the Company Secretary and Compliance Officer at the Corporate Office of the Company or to the Registrar and Transfer Agent of the Company at M/s Link Intime India Private Limited, Unit – Eros International Media Limited, C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078.

10. With respect to agenda item nos. 3 & 4 in the Notice of Annual General Meeting, proposing re-appointment of Directors, Mr. Dhirendra Swarup and Mr. Vijay Ahuja, respectively, their brief profiles are as under:

NOTICE

Details of the Directors seeking re-appointment(s)/ appointment(s) at this Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Name of Director	Mr. Dhirendra Swarup	Mr. Vijay Ahuja
Date of Birth	5 December 1944	2 April 1957
Date of Appointment	10 February 2010	10 February 2010
Expertise in specific functional areas	Finance, budgeting, auditing, public policy, public investments, project appraisal, evaluation of schemes and programmes of the Government of India.	Implementing the key international strategies and helping expand the business to its present scale by making contributions to developing the South East Asian markets.
Qualifications	Mr. Swarup is a Government certified Public Accountant and a Fellow of the Institute of Public Auditors of India, and has a Post Graduate degree in Humanities.	Mr. Ahuja holds a Bachelors Degree in Commerce from Mumbai University.
Directorship held in other companies	PTC India Limited United Stock Exchange of India Limited Financial Planning Corporation India Private Limited Financial Planning Standard Board India	Eros International Plc Eros International Pte Ltd Eros International USA Inc Eros Australia Pty Ltd Belvedere Holding Pte Ltd Eros Worldwide FZ LLC Digicine Pte Limited
Membership/ Chairmanship of Committees of other companies	Member of Audit Committee of PTC India Limited Chairman of Audit Committee & Member of Surveillance Committee, Selection Committee and Nomination Committee of United Stock Exchange of India Limited	Nil
Shareholdings in the Company	Nil	Nil
Interest of Directors in re-appointment	None of the Directors, except Mr. Dhirendra Swarup himself, is concerned or interested in Item No. 3 above	Except for Mr. Vijay Ahuja himself and Mr. Sunil Lulla and Mr. Kishore Lulla, who are co-brothers of Mr. Vijay Ahuja, none of the other Directors are concerned or interested in Item No. 4 above

By Order of the Board of Directors
For **Eros International Media Limited**

Dimple Mehta
Company Secretary & Compliance Officer

Place: Mumbai
Date: 30 May 2013

Registered Office Address :
201, Kailash Plaza, Plot no. A-12, Opp. Laxmi Industrial Estate, Link Road, Andheri West, Mumbai 400053

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Registered Office Address

Regd. Off.:- 201, Kailash Plaza, Plot No.A-12, Opp. Laxmi Industrial Estate, Link Road, Andheri (West), Mumbai-400053

ATTENDANCE SLIP

PLEASE FILL IN THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID*	
Client ID*	

Folio No. @	
No. of Share(s) held	

Name and address of the shareholder :

....

....

I/we hereby record my presence at the Annual General Meeting of Eros International Media Limited to be held on Wednesday, the 28th day of August, 2013 at 3.00 p.m. at The Club, D. N. Nagar, Andheri (West), Mumbai 400053.

*Applicable for members holding shares in dematerialised form.

____

Signature of the Shareholder or Proxy

@Applicable for members holding shares in physical form

Registered Office Address

201, Kailash Plaza, Plot No. A-12, Opp. Laxmi Industrial Estate, Link Road, Andheri (West), Mumbai-400 053

PROXY FORM

DP ID*	
Client ID*	

Folio No. @	
No. of Share(s) held	

I/We ____of_____________________

________________________ being a member/members of EROS INTERNATIONAL MEDIA LIMITED hereby appoint ____of__________________________________ or failing him _____ ____ of _______________________________ _______________________________ as my/our Proxy to attend and vote for me/ us and on my/our behalf at the Annual General Meeting of the Company, to be held on Wednesday, the 28th day of August, 2013 at 3.00 p.m. at The Club, D. N. Nagar, Andheri (West), Mumbai 400053 and at any adjournment thereof.

Signed this _______________ day of ___________________2013

Affix revenue stamp

*Applicable for members holding shares in dematerialized form.

@Applicable for members holding shares in physical form.

Notes: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

Proxies submitted on behalf of Limited Companies, trusts, societies etc., must be supported by appropriate resolution/ authority, as applicable.

Corporate Information

Board of Directors

Mr. Naresh Chandra
Non Executive Chairman & Independent Director

Mr. Sunil Lulla
Executive Vice Chairman & Managing Director

Mr. Kishore Lulla
Executive Director

Dr. Shankar Nath Acharya
Independent Director

Mr. Dhirendra Swarup
Independent Director

Ms. Jyoti Deshpande
Executive Director

Mr. Vijay Ahuja
Executive Director

Group Chief Financial Officer - India

Kamal Kumar Jain

Company Secretary & Compliance Officer

Dimple Mehta

Statutory Auditors

M/s. Walker, Chandiok & Co.
Chartered Accountants

Registered Office

201, Kailash Plaza
Plot No. A-12, Opp. Laxmi Industrial Estate
Link Road, Andheri West
Mumbai – 400 053

Corporate Office

901/902, Supreme Chambers
Off. Veera Desai Road, Andheri West
Mumbai – 400 053

Tel: 022 – 6602 1500
Email: compliance.officer@erosintl.com

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited

Unit – Eros International Media Limited
C-13, Pannalal Silk Mills Compound
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