DRAFT RED HERRING PROSPECTUS
Dated December 31, 2009
Please read section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Issue

Eros International Media Limited

Our Company was incorporated under the Companies Act, 1956, as a private limited company under the name Rishima International Private Limited, on August 19, 1994. For details in changes in the name of our Company and our registered office, *see* "***History and Key Corporate Matters***" on page 93. **Registered Office:** 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, Off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India. Tel: + (91 22) 6691 8500; Fax: + (91 22) 2673 2586; **Corporate Office**: Satya Dev Building, 2nd Floor, opposite Q Lab, off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India. Tel: + (91 22) 4053 8500; Fax: + (91 22) 4053 8540; **Contact Person and Compliance Officer**: Mr. Rajesh Bhatia; Email: compliance.officer@erosintl.com; Website: www.erosintl.com

The Promoters of our Company are Eros International plc ("**Eros plc**") and Eros Worldwide FZ LLC ("**Eros Worldwide**").

PUBLIC ISSUE OF [•] EQUITY SHARES OF Rs. 10 EACH (THE "EQUITY SHARES") OF EROS INTERNATIONAL MEDIA LIMITED (THE "COMPANY") FOR CASH AT A PRICE OF Rs. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [•] PER EQUITY SHARE), AGGREGATING UP TO Rs.3,500 MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE [•] % OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY.

*Our Company is considering a Pre-IPO Placement of up to Rs. 200 million with certain investors, ("**Pre-IPO Placement**"). Our Company will complete the issuance of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue paid-up equity capital being offered to the public.*

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID OPENING DATE.

In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers (the "**BRLMs**") and at the terminals of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"), this being an Issue for less than 25% of the post Issue paid-up equity capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", and such portion, the "**QIB Portion**"), provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors, on a discretionary basis (the "**Anchor Investor Portion**"). Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, the entire application money will be refunded forthwith. Further, not less than 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Retail Individual Bidders and Non-Institutional Bidders, who are Indian residents, may participate in the Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks ("**SCSBs**"). For details in this regard, specific attention is invited to "***Issue Procedure***" on page 196.

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10 per Equity Share and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Issue Price (as determined and justified by our Company in consultation with the BRLMs as stated in "***Basis for Issue Price***" on page 44) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (the "**SEBI**"), nor does the SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page xi.

IPO GRADING

This Issue has been graded by [●] as [●], indicating [●]. The IPO grade is assigned on a five -point scale from 1 to 5, with IPO grade 5 / 5 indicating strong fundamentals and IPO grade 1 / 5 indicating poor fundamentals. For more information on the IPO Grading, see "***General Information***" on page 19.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirm that this Draft Red Herring Prospectus contains all information with regard to our Company, and this Issue, which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares proposed to be offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange for purposes of the Issue.

BOOK RUNNING LEAD MANAGERS				**REGISTRAR TO THE ISSUE**
ENAM SECURITIES PRIVATE LIMITED 801, Dalamal Towers, Nariman Point Mumbai 400 021, Maharashtra, India Tel: +91 22 6638 1800; Fax: +91 22 2284 6824 Email: eros.ipo@enam.com Investor Grievance Email: complaints@enam.com Website: www.enam.com Contact Person: Ms. Kanika Sarawgi SEBI Registration No.: INM000006856	**KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 1st Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021, Maharashtra, India Tel: +91 22 6634 1100; Fax: +91 22 2283 7517 Email: eros.ipo@kotak.com Investor Grievance Email:kmccredressal@kotak.com Website: www.kmcc.co.in Contact Person: Mr. Chandrakant Bhole SEBI Registration No.: INM000008704	**MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED** 5F, Unit 55-56, Free Press House, 215 Free Press Journal Marg, Nariman Point, Mumbai 400 021, Maharashtra, India Tel: +91 (22) 6621 0555; Fax: +91 (22) 6621 0556 Email: eros_ipo@morganstanley.com Investor Grievance Email: investors_india@morganstanley.com Website: www.morganstanley.com/indiaofferdocuments Contact Person: Mr. Naveen Asopa SEBI Registration Number: INM000011203	**RBS EQUITIES (INDIA) LIMITED*** (formerly known as ABN AMRO Asia Equities (India) Limited) 83/84, Sakhar Bhavan, Behind Oberoi Towers, 230, Nariman Point, Mumbai 400 021 Maharashtra, India Tel: +91 22 6632 5535; Fax: +91 22 6632 5541 Email: eros.ipo@in.abnamro.com Investor Grievance Email: customercare.ecm@in.abnamro.com Website: www.abnamro.co.in Contact Person: Mr. Asim Anwar SEBI registration number: INM000010551	**LINK INTIME INDIA PRIVATE LIMITED** C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West) Mumbai 400 078 Tel: +(91 22) 2596 0320 Fax: +(91 22) 2596 0329 Email: eros.ipo@linkintime.co.in Website: www.linkintime.co.in **Contact Person:** Mr. Sachin Achar SEBI Registration No: INR000004058

BIDDING PROGRAM*

BID OPENS ON	[●]	**BID CLOSES ON**	[●]

**Anchor Investors, if any, shall submit their Bids on the Anchor Investor Bidding Date, which shall be one Working Day prior to the Bid Opening Date.*

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SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in the Draft Red Herring Prospectus, and references to any statute or regulations or policies shall include amendments thereto, from time to time:

Company Related Terms

Term	Description
"Eros Group" or "Eros"	Eros plc along with its subsidiaries, on a consolidated basis
"the Company" or "our Company" or the "Issuer"	Eros International Media Limited, a public limited company incorporated under the Companies Act, 1956, on a stand alone basis
"we", "us", "our" or "Eros India Group"	Eros International Media Limited, Eros International Films, Big Screen Entertainment, EyeQube, Eros Music Publishing, and Eros Animation, including Ayngaran, on a consolidated basis. However in the context of the Relationship Agreement, the Eros India Group shall exclude Ayngaran.
Acacia Investments	Acacia Investments Holdings Limited
AoA / Articles of Association	Articles of Association of our Company, as amended
Audit Committee	Committee of Directors constituted as our Company's Audit Committee in accordance with Clause 49 of the Listing Agreement
Auditor	Statutory auditors of our Company, Walker Chandiok & Co., Chartered Accountants
Ayngaran	Ayngaran International Limited, together with Ayngaran International (UK) Limited, Ayngaran International (Mauritius) Limited, Ayngaran International Media Private Limited and Ayngaran Anak Media Private Limited
Ayngaran International (Mauritius) Limited	Ayngaran Mauritius Limited
Ayngaran SHA	Shareholders agreement amongst Eros plc, Denkal Finance Inc, Film Bond Limited, Ayngaran International Limited, Kumarasamy Karunasamy Karunamurthy, and Dr. Jayabalan Murali Manohar, dated July 11, 2007
Beech	Beech Investments Limited
Bhoomipooja Buildwell	Bhoomipuja Buildwell Properties Private Limited
Big Screen Entertainment	Our Subsidiary, Big Screen Entertainment Private Limited
Big Screen SHA	Shareholders agreement amongst the Big Screen Shareholders, Big Screen Entertainment and our Company, dated January 13, 2007
Big Screen Shareholders	Mr. Kumar Mangat Pathak, Ms. Neelam Pathak, Mr. Abhishek Pathak, Ms. Amita Pathak, Mr. Sanjeev Joshi, shareholders of Big Screen Entertainment at the time of execution of the Big Screen SHA
Board / Board of Directors	Board of Directors of our Company, or a duly constituted committee thereof
Copsale	Our Subsidiary, Copsale Limited
Corporate Office	Corporate office of our Company, at Satyadev Building, off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India
Directors	Directors of our Company
Eros Animation	Our Subsidiary, Eros Animation Private Limited
Eros Australia	Eros Australia Pty Limited
Eros Canada	Eros Distribution (Canada) Limited
Eros India Library	Includes, with respect to cinematographic films produced, co-produced or acquired by the Eros India Group, in Hindi, Tamil or any other language including English for exhibition within and outside such territory, including all applicable intellectual property rights and all other rights of any kind, including screenplays, soundtracks and music for such films, including all footage shots; sound recording rights; and distribution rights
Eros International Films	Our Subsidiary, Eros International Films Private Limited (India) (formerly known as Eros Pictures Private Limited and Shivam Videotech Private Limited)
Eros International Group	Eros plc, Eros Worldwide, Eros UK, Eros Network, Eros Pacific, Eros Australia, Eros Digital, Eros USA, Eros Canada, Eros Music UK, Eros Music Germany, Eros Singapore and Acacia Investments.
Eros Music Germany	Eros Music Publishing GMBH

Term	Description
Eros Music Publishing	Our Subsidiary, Eros Music Publishing Private Limited
Eros Music UK	Eros Music Publishing Limited
Eros Network	Eros Network Limited
Eros Pacific	Eros Pacific Limited
Eros plc	Eros International plc
Eros Singapore	Eros International PTE Limited
Eros UK	Eros International Limited
Eros USA	Eros International USA Inc.
Eros Worldwide	Eros Worldwide FZ LLC
ESOP 2009	Employee Stock Option Plan, 2009, of our Company
EyeQube	Our Subsidiary, EyeQube Studios Private Limited
Ganges Enterprises	Ganges Enterprises Private Limited
Ganges Entertainment	Ganges Entertainment Private Limited
Group Entities	The companies, firms and ventures disclosed in the section ***"Our Promoters and Group Companies – Our Group Entities"*** on page 123, which are promoted by our Promoters, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act
Indian Rights	Indian film content distributed via multiple formats within India, Nepal and Bhutan
International Rights	Indian film content distributed via multiple formats in the entire world excluding India Nepal and Bhutan
Key Management Personnel	Officers vested with executive powers and officers at the level immediately below the Board of Directors and including any other person whom our Company may declare as key management personnel. See "***Our Management - Key Management Personnel***" on page 118
MoA / Memorandum of Association	Memorandum of Association of our Company, as amended
Promoter Group	The persons and entities constituting our promoter group pursuant to regulation 2(1)(zb) of the SEBI Regulations. See, ***"Our Promoters and Group Entities – Our Promoters"*** on page 121
Promoters	Eros plc and Eros Worldwide, as disclosed in ***"Our Promoters and Group Entities – Our Promoters"*** on page 121
Registered Office	Registered office of our Company at 201, Kailash Plaza, Plot No. A-12, Opposite Laxmi Industrial Estate, Off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India
Relationship Agreement	Relationship agreement dated December 16, 2009, amongst our Company, Eros plc and Eros Worldwide, effective from October 1, 2009.
Settlement Agreement(s)	Settlement agreement(s) between our Company and the Exhibitor(s) specified in "***History and Key Corporate Matters – Other Material Agreements – Settlement Agreements***" on page 105
Subsidiary(ies)	Subsidiaries of our Company, Eros International Films, Copsale, Big Screen Entertainment, EyeQube, Eros Music Publishing, Eros Animation, Ayngaran International Limited, Ayngaran International (UK) Limited, Ayngaran Mauritius Limited, Ayngaran International Media Private Limited and Ayngaran Anak Media Private Limited. See "***History and Key Corporate Matters - Our Subsidiaries***" on page 95
Universal JVA	Joint Venture Agreement between our Company and Universal Music India, dated November 18, 2008

Issue Related Terms

Term	Description
Allotted / Allotment / Allot	The issue and allotment / transfer of Equity Shares to successful Bidders pursuant to the Issue
Allottee	A successful Bidder to whom Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer applying under the Anchor Investor category, with a minimum Bid of Rs. 100 million
Anchor Investor Bid	Bid made by the Anchor Investor
Anchor Investor Bidding Date	The date one Working Day prior to the Bid Opening Date, prior to or after which Bids by Anchor Investors shall not be accepted
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Margin Amount	An amount representing 25% of the Bid Amount payable by Anchor Investors at the time of submission of their Bid

Term	Description
Anchor Investor Portion	Up to 30% of the QIB Portion, equal to a maximum of [●] Equity Shares, which may be allocated to Anchor Investors by our Company in consultation with the BRLMs on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds, at or above the price at which allocation is made to Anchor Investors
Application Supported by Blocked Amount / ASBA	Application (whether physical or electronic) used by a Resident Retail Individual Bidder or Non-Institutional Bidder to make a Bid authorising the SCSB to block the Bid Amount in the specified bank account maintained with the SCSB
ASBA Account	Account maintained by an ASBA Bidder with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Resident Retail Individual Bidder or Non-Institutional Bidder who/which intends to apply through ASBA and (i) is applying through blocking of funds in a bank account with an SCSB; (ii) has agreed not to revise his / her Bid; and (iii) is not bidding under any of the reserved categories
Banker(s) to the Issue	[●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in "***Issue Procedure-Basis of Allotment***" on page 219
Bid	An indication to make an offer during the Bidding Period by a Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by a Retail Resident Individual Bidder or Non-Institutional Bidder pursuant to the submission of an ASBA Bid cum Application Form to subscribe for the Equity Shares
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue
Bid Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and SCSBs will not accept any Bids, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares and which shall be considered as the application for the issue of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application as may be applicable
Bid Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and SCSBs shall start accepting Bids, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and Anchor Investor
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date, inclusive of both days, during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process	Book building process as provided in Schedule XI of the SEBI Regulations, in terms of which this Issue is being made
BRLMs / Book Running Lead Managers	The merchant bankers appointed by our Company to undertake the Book Building Process in respect of the Issue, Enam Securities Private Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited and RBS Equities (India) Limited
CAN / Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the successful Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted, including any revisions thereof
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on http://www.sebi.gov.in
Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the

Term	Description
	Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to the Allottees
Designated Stock Exchange	[●]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated December 31, 2009 filed with the SEBI and issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares
Equity Shares	Equity Shares of our Company of Rs. 10 each
Escrow Account (s)	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement to be entered into among our Company, the Registrar, the BRLMs, the Syndicate Member(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts and remitting refunds, if any of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
Escrow Collection Bank(s)	The bank(s)which is / are clearing members and registered with the SEBI as Bankers to the Issue with whom the Escrow Account will be opened, [●]
First Bidder	Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application Form
Floor Price	Lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted including any revisions thereof
IOB	Indian Overseas Bank
Issue	This public issue of [●] Equity Shares of Rs. 10 each at the Issue Price by our Company.
Issue Price	Final price at which Equity Shares will be issued and Allotted to the Bidders, which may be equal to or less than the Anchor Investor Issue Price, in terms of the Red Herring Prospectus and the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of Bid, being 10% to 100% of the Bid Amount
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, out of the QIB Portion (excluding the Anchor Investor Portion) on a proportionate basis
Mutual Fund(s)	Mutual fund registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Issue that are available to our Company, excluding the Issue related expenses
NFDC	National Film Development Corporation of India
Non-Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with the SEBI, which are foreign corporate or foreign individuals, that are not QIBs (including Anchor Investors) or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000
Non-Institutional Portion	The portion of the Issue being not less than [●] Equity Shares available for allocation to Non Institutional Bidders
Pay-in Date	With respect to QIB Bidders, the Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable and which shall with respect to the Anchor Investors, be a date not later than two Working Days after the Bid Closing Date
Pay-in Period	Except with respect to ASBA Bidders, those Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date With respect to Bidders, except Anchor Investors, whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the last date specified in the CAN With respect to Anchor Investors, the Anchor Investor Bidding Date and the last specified in

Term	Description
	the CAN which shall not be later than two Working Days after the Bid Closing Date
Pre-IPO	Our Company is considering a Pre-IPO Placement of up to Rs. 200 million with certain investors, and which will be completed prior to the filing of the Red Herring Prospectus with the RoC.
Price Band	Price band of a minimum Floor Price of Rs. [●] and a maximum Cap Price of Rs. [●] respectively, including revisions thereof. The Price Band and the minimum Bid lot will be decided by our Company in consultation with the BRLMs and advertised at least two Working Days prior to the Bid Opening Date, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation.
Pricing Date	Date on which our Company, in consultation with the BRLMs, will finalize the Issue Price
Prospectus	Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue, including any addenda or corrigenda thereto
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	Amount representing at least 10% of the Bid Amount payable by QIBs (other than Anchor Investors) at the time of submission of their Bid
QIB Portion	The portion of the Issue being a minimum of [●] Equity Shares to be Allotted to QIBs, including the Anchor Investor Portion
Qualified Institutional Buyers or QIBs	(i) Mutual funds, venture capital funds, or foreign venture capital investors registered with the SEBI; (ii) FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual; (iii) Public financial institutions as defined in Section 4A of the Companies Act; (iv) Scheduled commercial banks; (v) Multilateral and bilateral development financial institutions; (vi) State industrial development corporations; (vii) Insurance companies registered with the Insurance Regulatory and Development Authority; (viii) Provident funds with minimum corpus of Rs. 250 million; (ix) Pension funds with minimum corpus of Rs. 250 million; (x) National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and (xi) Insurance funds set up and managed by the army, navy, or air force of the Union of India.
Red Herring Prospectus / RHP	Red Herring Prospectus to be filed with the RoC in terms of Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue, and which will be filed with the RoC at least three Working Days before the Bid Opening Date and will become a Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	Account(s) opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made
Refund Bank(s)	Bank(s) which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being [●]
Registrar / Registrar to the Issue	Registrar to the Issue, Link Intime India Private Limited
Resident Retail Individual Bidder	Retail Individual Bidder who is a person resident in India as defined in the Foreign Exchange Management Act, 1999 and who has Bid for Equity Shares for an amount not more than Rs. 100,000 in any of the bidding options in the Issue
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being up to [●] Equity Shares available for allocation to Retail Bidder(s)
Revision Form	Form used by the Bidders (excluding ASBA Bidders) to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, Maharashtra, at Mumbai, Maharashtra, India
Self Certified Syndicate Bank / SCSB	Banks which are registered with the SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, a list of which is available on http://www.sebi.gov.in
Stock Exchanges	The BSE and the NSE
Syndicate	Collectively, the BRLMs and the Syndicate Member
Syndicate Agreement	Agreement among the Syndicate, our Company in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue

Term	Description
Syndicate Member(s)	Intermediary(ies) appointed in respect of the Issue, registered with the SEBI and permitted to carry on activities as an underwriter, [●]
TRS / Transaction Registration Slip	Slip or document issued only on demand by the Syndicate or the SCSB to the Bidder as proof of registration of the Bid
Underwriters	BRLMs and the Syndicate Member(s)
Underwriting Agreement	Agreement between the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	Any day other than Saturday, Sunday and public holidays on which commercial banks in India are open for business

Conventional and General Terms

Term	Description
AIM	Alternative Investment Market of the London Stock Exchange
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
B2B	Business to Business
B2C	Business to Consumer
Bombay Shops and Establishments Act	Bombay Shops and Establishment Act, 1948
BPLR	Benchmark Prime Lending Rate
BSE	Bombay Stock Exchange Limited
BST	Bombay Sales Tax Act, 1959
CAGR	Compounded Annual Growth Rate
CBFC	Central Board for Film Certification
CDSL	Central Depository Services (India) Limited
Certification Rules	Cinematograph (Certification) Rules, 1983
Cinematograph Act	Cinematograph Act, 1952
Cinematograph Rules	Cinematograph Film Rules, 1948
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act	Companies Act, 1956
Competition Act	Competition Act 2002
Competition Commission	Competition Commission of India
Copyright Act	Copyright Act, 1957
CST	Central Sales Tax Act, 1956
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant's Identity
Economic Survey 2007-2008	Economic Survey 2007-2008 published by the Indian Ministry of Finance
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPF Act	Employees (Provident Fund and Miscellaneous Provisions) Act, 1952
EPS	Earnings Per Share i.e., net profit after tax as restated after excluding extraordinary income attributable to equity shareholders for a fiscal year divided by the weighted average number of equity shares outstanding at the end of that fiscal year
ESI Act	Employees State Insurance Act, 1948
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with the rules and regulations thereunder
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with the SEBI
Finance Act	Finance Act, 1994
Financial Year / fiscal	Period of 12 months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FSC	Financial Services Commission
FVCI	Foreign Venture Capital Investor registered under the SEBI (Foreign Venture Capital Investor)

Term	Description
	Regulations, 2000
GDP	Gross Domestic Product
GIR No	General index register number
GoI / Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961
IDBI	Industrial Development Bank Limited
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IPL	Indian Premier League
IPO	Initial Public Offering
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under the FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue.
P / E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number allotted under the I.T. Act
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
Press Note 2 of 2009	DIPP Press Note No. 2 (2009 Series) dated February 13, 2009
Press Note 4 of 2009	DIPP Press Note No. 4 (2009 Series) dated February 25, 2009
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RoNW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Sec.	Section
Securities Act	US Securities Act of 1933
Stock Exchange(s)	BSE and NSE
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Trademarks Act	Trademarks Act, 1999
TRAI	Telecom Regulatory Authority of India
UIN	Unique Identification Number
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD / US$	United States Dollars

Technical / Industry Related Terms

Term	Description
ATPs	Average Ticket Prices
DTH	Direct-to-home
IPTV	Internet Protocol Television
Mobile VAS	Mobile Value Added Service
MoD	Movie-on-Demand
SVOD	Subscription Video-on-Demand

References to other business entities

Term	Description
Reliance	Reliance Big Entertainment
Sahara One	Sahara One Media and Entertainment Limited
Universal Music India	Universal Music India Private Limited

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Financial Data

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our restated consolidated financial statements, prepared in accordance with Indian GAAP, the SEBI Regulations and the Companies Act, which are included in the Draft Red Herring Prospectus, and set out in ***"Financial Statements"*** on page F1. Our financial year commences on April 1 and ends on March 31.

In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, US GAAP and IFRS. Our consolidated financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or US GAAP. This Draft Red Herring Prospectus does not contain a reconciliation of our consolidated financial statements to IFRS or US GAAP, nor does it include any information in relation to the differences between Indian GAAP, IFRS and US GAAP. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited.

Currency and Units of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or United States Dollars are to the official currency of the United States of America. All references to "GBP" are to Great Britain Pounds, the official currency of the United Kingdom. All references to "Singapore$" are to the Singapore Dollar, the official currency of the Republic of Singapore.

Except where specified, in the Draft Red Herring Prospectus, all figures have been expressed in millions.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout the Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified. The extent to which the market and industry data used in the Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Exchange Rates

Currency	Exchange rate into Rs. as at September 30, 2009	Exchange rate into Rs. as at March 31, 2009	Exchange rate into Rs. as at March 31, 2008	Exchange rate into Rs. as at March 31, 2007
1 US$	48.34	52.17	39.90	43.44
1 GBP	76.97	74.16	79.60	85.26
1 Singapore $	34.09	34.32	28.91	28.64

Source: www.oanda.com

FORWARD-LOOKING STATEMENTS

The Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "contemplate", "expect", "estimate", "future", "goal", "intend", "may", "objective", "plan", "project", "shall", "will", "will continue", "will pursue", "will likely result", "will seek to", "seek" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- our ability to respond to competitive pressures;
- our ability to successfully implement our strategy, our growth and expansion strategy, and respond to technological changes;
- general economic and political conditions in India and which have an impact on our business activities or investments;
- contingent liabilities that may materialise, including our exposure to liabilities on account of unfavourable judgements / decisions in relation to legal proceedings involving our Subsidiaries and our Promoters;
- our exposure to market risks, including rising personnel and talent costs;
- regulatory changes in the industry and our ability to respond to them;
- the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices; and
- the performance of the financial markets in India and globally.

For further discussion of factors that could cause our actual results to differ from our expectations, see "***Risk Factors***", and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages xi and 134 respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the BRLMs, the Syndicate Member(s) or their respective affiliates do not have any obligation, and do not intend, to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the risks described below actually occur, our business, prospects, financial condition and results of operation could be seriously harmed, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. These risks are not exhaustive. New risk factors emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business prospects, results of operations and financial condition, or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law.

Prior to making an investment decision, prospective investors and purchasers should carefully consider all of the information contained in this Draft Red Herring Prospectus.

Internal risks

1. ***There are certain criminal and civil proceedings involving our Company, Directors of our Company and certain officials of our Company which could have a material adverse impact on our reputation, our relationship with distributors and co-producers and our business operations.***

In July 2008, a criminal complaint was filed against our Company, one of our Directors and one of our employees, among others, for alleged violations of certain provisions of the Indian Penal Code, 1861, as amended, including an alleged misrepresentation in relation to the number of songs in the films *Dus Kahaniyan* and *Mr. White and Mr. Black* and cheating the complainant. The aggregate claim in these proceedings is Rs. 2.7 million along with refund demanded in respect of certain expenses incurred by the complainant. We are also subject to a number of civil suits, the aggregate claims in which proceedings (where claims have been quantified) are around Rs. 98.5 million.

As our success in the Indian film industry partially depends on our ability to maintain our brand image and corporate reputation, in particular in relation to our dealings with creative talent, co-producers, distributors and exhibitors, any such allegations or proceedings, whether or not justified, could tarnish our reputation and cause such creative talent, co-producers, distributors and exhibitors not to work with us. In addition, the nature of our business and our reliance on intellectual property and other proprietary rights subjects us to the risk of significant litigation in the future. Litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of litigation are inherently uncertain and may result in adverse rulings or decisions. We may enter into settlements or be subject to judgments that may, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. For further details, see "***Outstanding Litigation and Material Developments-Litigation involving our Company- Pending litigation against our Company- Criminal proceedings***" on page 164.

2. ***Changing consumer tastes may compromise our ability to predict which films will be popular with audiences in India and internationally.***

We create filmed content, demand for which depends substantially on consumer tastes or preferences that often change in unpredictable ways. 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. The popularity and economic success of our films depends on many factors including general public tastes, the actors and other key talent involved, the promotion and marketing of the film, the quality and acceptance of other competing programmes released into, or channels existing in, the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, the genre and specific subject matter of the film, its critical acclaim, the breadth and format of its initial release and other tangible and intangible factors all of which can change, are factors that we cannot predict with certainty and which may be beyond our control. The popularity of a film's creative talent, particularly the actors and directors, has in the past been an important guide to a film's performance in theatres and our other channels of distribution. As our strategy is to 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 the changing tastes of Indian audiences, in particular if such a shift in taste or trend is sudden. 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 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 commercial success of such films will be in doubt, which could result in costs exceeding revenues generated or anticipated profits not being realised, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

3. We are dependent on the Indian box office success of our films from which a significant portion of our revenues are derived.

In India, a relatively high percentage of a film's overall revenues tends to be derived from theatre box office sales and, in particular, from such sales in the first week of a film's release. Indian domestic box office receipts may also be an indicator of a film's expected success in other distribution channels. As such, poor box office receipts from our films could have a significant adverse impact on our results of operations in both the year of release of the relevant films and in the future for revenues expected to be earned through other distribution channels. Where we are unable to ensure a wide release for our films, or where we are unable to provide theatre operators with sufficient prints of our films to allow them to maximise screenings in the first week of a film's release, it may have an adverse impact on our revenues. There can be no assurance that we will in future be able to maximise box office receipts, that industry revenues will in future be less dependent on theatre box office receipts, particularly those from the first week of release, than they have been in the past, or that there will be less correlation between box office success and success in other distribution channels. Accordingly, any failure by our films to achieve domestic box office success could have a material adverse effect on our business, prospects, financial condition and results of operations.

4. We may fail to source film content through acquisitions, co-productions or own productions.

We earn revenues by exploiting Indian film content that we produce, co-produce or acquire from third parties, and then distribute through various distribution channels. Our ability to successfully complete own productions, to enter into co-productions and to acquire content depends on our ability to maintain existing relationships, and form new ones, with creative talent and other industry participants. In particular, the pool of creative talent in India is limited and, as a result, there is significant competition to secure the services of actors, directors and producers, among others. This, in turn, can cause the cost of contracting such creative talent, and hence the cost of film content, to increase as market participants offer higher fees to creative talent to secure their services. We believe maintaining existing relationships is key to enabling us to continue to secure content and to exploit such content in the future. While we have benefited from long-standing relationships with certain industry participants in the past, there can be no assurance that we will be able to successfully maintain these relationships and continue to have access to content and/or creative talent through such means. If any such relationship were to be 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, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

5. We depend on our relationships with theatre operators and other industry participants to exploit our film content.

We generate revenues from the exploitation of 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 capitalise on new relationships, could harm our business or prevent our business from growing. In particular, we are dependent on the operators of multiplex theatres in India for a significant proportion of our theatrical revenues. For a period of three months from March 2009 until June 2009 we failed to reach agreement with certain multiplex chains currently operating in India over revenue sharing terms. This dispute had a negative impact on the revenues generated from our film *Aa Dekhen Zara*, as we were unable to release it in theatres of national multiplex chains, which also disrupted the scheduled release dates of two of our other films, which negatively impacted our cash flows to the extent that we had to delay the release of completed films that would otherwise have been released in the period. Furthermore, because there was a backlog of films waiting to be released from other distributors, there was a knock-on effect for periods following resolution of the dispute. In addition, because we typically require a marketing window prior to a film's release date to market that film, the dispute also negatively affected our marketing schedule during the three-month period of the impasse and beyond.

The dispute was resolved in June 2009, when we entered into the Settlement Agreements with the national multiplex theatre operators. For further details, see "***History and Key Corporate Matters—Other Material Agreements—Settlement Agreements***" on page 105. While the Settlement Agreements are valid until June 2011, we cannot assure you that these agreements will not be terminated earlier, or that we will be able to renew any such agreements on the expiry of their terms. In addition, there can be no assurance that we will not have similar disruptions in our relationship with the national or other multiplex operators, the operators of single-screen theatres or other industry participants, in the future, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

6. We may not be paid the full amount of box office revenues to which we are entitled.

We derive revenues from theatrical exhibition of our films by collecting a specified percentage of gross box office receipts from multiplex and single screen theatre operators and, as there is no independent monitoring of such data in India, we rely on theatre operators and our sub-distributors to report relevant information to us in an accurate and timely manner. While some single-screen operators have moved to a digital distribution model that provides greater clarity on the number of screenings given to our films, multiplex operators and many other single-screen operators retain the traditional print model. Our films may continue to be exhibited on many screens which either do not have computerized tracking systems for box office receipts or screening information, or in relation to which we do not have access to audit compliance. There is a risk that gross box office receipts and sub-distribution revenues may be inadvertently or purposefully underreported, misreported or delayed, which could prevent us from being compensated appropriately for exhibition of our films, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

7. Our international sales are dependent on distribution through the Eros International Group, and any failure to effectively exploit our film content in international markets would adversely affect our business and results of operations.

We primarily distribute film content in international markets through our agreements with the Eros International Group. With effect from October 1, 2009, we have committed to distribute such content internationally exclusively through the Eros International Group pursuant to the terms of the Relationship Agreement between our Company and our two corporate Promoters, Eros Worldwide and Eros plc. The Relationship Agreement now governs the terms of our revenue sharing with the Eros International Group. It is valid for an initial period of five years and may be renewed annually, provided however, this Relationship Agreement is subject to termination if the direct or indirect shareholding of Eros plc in the Company falls below 50.1%. See "***History and Key Corporate Matters—Other Material Agreements—Relationship Agreement***" on page 104. In the six months ended September 30, 2009, our revenues generated outside India represented 69.6% of our total revenues, compared with 61.4% in fiscal 2009 (the year ended March 31, 2009), 38.6% in fiscal 2008 and 60.9% in fiscal 2007. There can be no assurance that the Relationship Agreement will be renewed upon expiry of its term or that it will not be terminated early, in which case we would be required to distribute content in the international markets ourselves or through a third party distributor. In such case, we might not be able to enter into new distribution agreements on favourable terms or at all, and there can be no assurance that any new distribution arrangements would be sufficient to effectively exploit our film content in international markets. Any significant decrease in our revenues generated outside India could have a material adverse effect on our business, prospects, financial condition and results of operations.

8. We may not be able to adequately protect or continue to use our intellectual property.

We depend in a large part on the "Eros International" name and believe that it is very important to our business. The Eros Group relies on a combination of trademarks, service marks and similar intellectual property rights to protect its name and branded products. The success of our business, in part, depends on our continued ability to use the existing Eros Group trademarks and service marks in order to increase name awareness. Although we and the Eros Group have either registered our trademarks or have applied for registration of the same along with logos that distinguish our products for trademark protection in India and other relevant jurisdictions, the actions taken by us and/or the Eros Group may be inadequate to prevent imitation of the "Eros International" name and concepts by others. In particular, the registration of a trademark is a time-consuming process and there can be no assurance that any such registration will be granted. If we fail to register the appropriate trademarks or the efforts of us and/or the Eros Group to protect relevant intellectual property prove to be inadequate, the value of the "Eros International" name could be harmed, which could adversely affect our business, results of operations and financial condition. Further, we use certain trademarks that are registered or in relation to which applications to register have been made in the name of certain of our Subsidiaries, for the assignment of which we have not entered into formal arrangements. If such arrangements are terminated for any reason, we may not be able to continue to make use of the "Eros International" mark or logo in certain classes, in connection with our business and consequently, we may be unable to capitalise on the name recognition associated with the same. Accordingly, we may be required to invest significant resources in developing a new brand. For further details on our valid and pending intellectual property related approvals see, "***Government and Other Approvals***" on page 175.

9. Intensified competition may result in content price escalation which may restrict our ability to access content and/or talent.

We face intense competition from both Indian and foreign competitors, many of which are substantially larger and have greater financial resources than us, including from vertically integrated competitors that own their own theatres and/or television networks. Unlike some of our major competitors, which are part of larger diversified corporate groups, we derive substantially all of our revenue from our new films and exploitation of our library of films. If our films fail to perform to our expectations we are likely to face a greater adverse impact than would a more diversified competitor, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

Growth in the Indian film industry in recent years has attracted new industry participants and competitors, including corporates operating as standalone operators or aligned with internationally diversified film companies such as Sony Pictures and Warner Bros. The entry of such companies may change the Indian film industry in ways that may not favour us, including higher film budgets, longer production timeframes and the adoption of crossover themes that incorporate non-Indian elements in order to appeal to a broader market. Domestic competitors of a scale similar to or greater than our own may impact our ability to attract creative and technical talent and other scarce resources, including content, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Intensified competition in recent years has increased demand for the limited pool of creative talent in India, which has in turn contributed to an increase in the cost of creative talent as a proportion of a film's overall budget. Reputed directors and actors often command a percentage of the gross box office receipts from a film, reducing our potential revenues. There can be no assurance that these costs and the percentage of gross box office receipts that we share with creative talent will not continue to increase in the future, making it more difficult for us to access content cost-effectively and reducing our ability to sustain profit margins and maximise revenues from distribution and exploitation, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

10. Inability to successfully compete for audiences with films released by other producers and distributors, and with other consumer leisure and entertainment activities.

We compete directly against other producers and distributors of Indian films in each of our distribution channels. If the number of films released in the market as a whole increases it could create an oversupply of content in the market, in particular at peak theatre release times in India such as school and national holidays and the festivals, which would make it more difficult for our films to succeed. A substantial majority of the theatre screens in India are typically committed at any one time to a limited number of films. If our competitors were to increase the number of films available for distribution while the number of theatre screens remained static, it would be more difficult for us to release our films during optimal release periods. Failure to release during peak periods could cause us to miss potentially higher gross box-office receipts and/or home entertainment revenue, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We also compete with all other sources of entertainment and information delivery, including television, the internet and sporting events such as the Indian Premier League ("**IPL**") for cricket. Technological advancements such as video-on-demand, internet streaming and downloading have increased the number of entertainment and information delivery choices available to consumers and have intensified the challenges posed by audience fragmentation. The increasing number of choices available to audiences could negatively impact consumer demand for our films and there can be no assurance that occupancy rates at theatres in India or demand for our other distribution channels will not fall. If our films do not attract a large enough audience, our revenue streams from box office receipts and our other distribution channels could be adversely affected, which in turn could have a material adverse effect on our business, prospects, financial condition and results of operations.

11. Piracy of our content may adversely impact our revenues and business.

Our business is highly dependent on maintenance of intellectual property rights in the entertainment products and services we create. Piracy of media products, including digital and internet piracy and the sale of counterfeit consumer products, may decrease revenue received from the exploitation of our products. Consumer awareness of illegally accessed content and the consequences of piracy is lower in India than it is in Western countries and the move to digital formats has facilitated high-quality piracy in particular through the internet and cable television. Monitoring infringement of our intellectual property rights is difficult and the protection of intellectual property rights in India may not be as effective as in other countries. 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. Notwithstanding the anti-piracy measures we take, there can be no assurance that we will be able to prevent piracy of our products. Piracy of our films and sales of counterfeit media, including digital versatile discs ("**DVDs**") and compact discs ("**CDs**"), and continued or increased unauthorised use of our proprietary and intellectual property could result in lost revenue, result in significantly reduced pricing power and could have a material adverse effect on our business, prospects, financial condition and results of operations.

12. Our ability to exploit our content is limited to the rights that we own or are able to continue to license from third parties.

A significant portion of the Eros India Library is licensed from third parties, including on fixed term contracts that will expire or may terminate early. There can be no assurance that, upon expiry or termination of these arrangements, content will be available to us at all or on acceptable financial or other terms (including in relation to technical matters such as encryption, territorial limitation and copy protection). If we are unable in the future to continue to exploit the Eros India Library or other content it could have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, we only own certain rights for the exploitation of content, which limits our ability to exploit content in certain media formats. In particular, we do not own the music rights to the majority of the films in the Eros India Library and certain new releases. To the extent we do not own the music or other media rights in respect of a particular film, we may only exploit content through those channels in respect of which we do own rights, and any consequent leakage of revenues could have an adverse effect on our ability to generate revenue from a film and recover our costs from acquiring or producing content.

13. Our business and activities will be regulated by the Competition Act, 2002.

The Competition Act, 2002 (the "**Competition Act**"), several provisions of which have recently been brought into effect, is designed to prevent business practices that have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an adverse effect on competition. Further, if it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

The effect of the Competition Act on the business environment in India is as yet unclear. If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the Competition Commission and any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission, it may have a material adverse effect on our business, financial condition and results of operations.

In addition, our Directors, Mr. Sunil Lulla and Ms. Jyoti Deshpande and an officer of our Company Mr. Nandu Ahuja, have received notices from the Competition Commission of India, seeking information including in relation to the existence of a forum between film producers and distributors in connection with the dispute over revenue sharing terms in March 2009 between us and certain multiplex chains currently operating in India. Further to its investigation, the Competition Commission has issued a report dated December 21, 2009, enclosing its reports dated September 24, 2009 and November 27, 2009, with copies to Mr. Sunil Lulla, Ms.

Jyoti Deshpande and Mr. Nandu Ahuja, alleging formation of a cartel in contravention of section 3(3) of the Competition Act. Mr. Sunil Lulla, Ms. Jyoti Deshpande and Mr. Nandu Ahuja are in process of furnishing replies and objections to this report. Whilst no monetary claims have been quantified against us, any adverse decision of the Competition Commission of India against us, our employees or Directors may adversely affect our reputation, and/or may result in the imposition of penalties or fines on us, our Directors or officers. For further details, see "***Regulations and Policies***" and "***Outstanding Litigation and Material Developments - Notices from the Competition Commission***" on pages 88 and 168, respectively.

14. 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 the production, completion and release of feature films. 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 completion of a production. Where a film we have contracted to acquire from a third party experiences delays or fails to complete, we may not recover any advance monies paid in relation to the proposed acquisition. Where we enter into co-productions, while we typically seek to put in place contractually capped budgets that are pre-agreed 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. We are responsible for all cost overruns on our own productions and as such this production method exposes us to the greatest execution risk. While we maintain insurance policies for the majority of our projects covering certain of these risks, and we intend to continue such practices, we cannot assure you that any cost overruns will be adequately covered or that such insurance will be available or continue to be available on terms acceptable to us in the future, or at all. In the event of substantial budget overruns we may be required to seek additional financing from outside sources to complete a project, which may not be available on terms acceptable to us or at all. Any such delays in production, failure to complete projects and costs 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, and harm our reputation.

15. Rapid growth and recent and future acquisitions may strain our resources.

We intend to grow our business within the Indian film sector and through expansion into related sectors, such as music, in relation to which we have little or no experience. In addition to organic growth we may undertake acquisitions or enter into joint ventures as part of such strategy. Expansion into new areas may require us to make significant capital expenditures with no assurance that such amounts will be recovered. There can be no assurance that our managerial and operational resources will not be strained by our planned growth, that we will be able to fully implement this strategy or that we will realise the anticipated benefits of our past acquisitions, such as that in 2008 of Ayngaran International Limited, or any future acquisition we may undertake. Acquisitions involve a number of risks to our business, including the difficulty of integrating the operations and personnel of the acquired companies, the potential disruption of our ongoing business and the distraction of management from our core operations, as well as expenses related to the acquisition and the possibility of unknown liabilities associated with acquired businesses. Any inability of our management to effectively acquire, develop, manage, operate or integrate any new businesses could have a material adverse effect on our business, prospects, financial condition and results of operations.

16. Historically, we have exclusively relied on the Eros International Group to fund our business. Sourcing of our film content may require access to external financing, which may not be available on attractive terms or at all.

Our ability to maintain our acquisition of Indian films, to expand our distribution channels and to cover our general and administrative expenses may depend upon our ability to obtain financing through equity financing, debt financing (including credit facilities) or the sale, license or syndication of some or all of our content rights. We cannot assure you that market conditions and other factors will permit future financing on terms acceptable to us, that we will have sufficient unencumbered assets to grant to our lenders as collateral for any loans that they may grant to us or that we will successfully be able to raise non-recourse financing if required. Under the Relationship Agreement, amounts advanced to us by the Eros International Group can be offset against future revenues that we expect to derive from the sale of our international rights ("**International Rights**"). We have received a significant amount of interest free money from the Eros International Group as trade advances against acquisition of future International Rights. As of September 30, 2009, the net outstanding amount owed by us to

Eros Worldwide was Rs. 2,519.58 million (Net). To the extent that the Eros International Group chooses to offset the cost of future licenses of International Rights against such advances, it may adversely affect the cash flows we would otherwise expect to receive from the sale of those International Rights. Further, since we use these advances to fund in part our acquisition and co-production activities, in the event that such interest free advances are not available to us in future from the Eros International Group we may need to seek alternative sources of funding which may not be available to us on favourable terms or at all.

If access to existing credit facilities is not available, and if other funding does not become available to replace existing credit facilities should they mature or not be available and we are unable to raise additional funds when needed, or on terms acceptable to us, our ability to operate and grow our business could be impeded which could have a material adverse effect on our business, prospects, financial condition and results of operations. Furthermore, any unsecured loans taken by us may be recalled by the lenders at any time.

If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financings on terms acceptable to us, we may be unable to implement our plans for further production, co-production and acquisition of content and our growth strategy. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations. See "***Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources***" on page 150.

17. We cannot be certain that our services and products do not infringe upon the intellectual property rights of third parties.

Companies, organisations or individuals, including our competitors, may hold or obtain patents, trademarks, copyright protection or other proprietary rights with respect to their previously developed films, characters, stories, themes and concepts or other entertainment, technology and software or other intellectual property of which we are unaware. In addition, the creative talent that we hire or use in our productions may not own all or any of the intellectual property that they represent they do, which may instead be held by third parties. There can be no assurance that the film content that we produce and distribute or the software and technology we use does not infringe the intellectual property rights of third parties and we may have infringement claims asserted against us. For example, a claim has been filed against us alleging infringement of copyrights in relation to *Om Shanti Om*. See "***Outstanding Litigation and Material Developments***" on page 164. Any claims or litigation, whether justified or not, could be time-consuming and costly, harm our reputation, require us to enter into royalty or licensing arrangements which may not be available on acceptable terms or at all, or require us to undertake creative changes to the film content that we produce or source alternative content, software or technology. Where it is not possible to do so, claims may prevent us from producing and/or distributing certain film content and/or using certain technology or software in our operations. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations.

18. Our ability to remain competitive may be adversely affected by rapid technological changes and our ability to access such technology.

The Indian film, media and entertainment industry continues to undergo significant technological developments, including the ongoing transition from film to digital media. We may not be successful in adopting new digital distribution methods or may lose market share to our competitors if the methods that we adopt are not as technologically sound, user-friendly, widely accessible or appealing to consumers as those adopted by our competitors. Further, advances in technologies or alternative methods of product delivery or storage, or changes in consumer behaviour driven by these or other technologies, could have a negative effect on our home entertainment market in India. Other larger entertainment distribution companies may have bigger budgets to exploit growing technological trends than the budgets we can make available. If we fail to successfully exploit digital and other emerging technologies, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

We also rely on third party licenses for the software tools and techniques developed in the industry for the creation of cutting edge visual effects. We cannot guarantee that such licenses will be available or, once obtained, will continue to be available on commercially reasonable terms, or at all. Furthermore, our competitors may develop, license or acquire software and other technology that is superior to ours, which could enable our competitors to produce films of a higher quality than ours, or at a lower cost. In order to remain competitive we could be required to upgrade our technology, and any failure to do so could have a material adverse effect on our business, prospects, financial condition and results of operations.

19. Our insurance coverage may prove inadequate to satisfy future claims against us.

While we believe that we have insured our registered and corporate offices to ensure our property, including buildings, stocks, machinery and equipment, and our film production projects, including our props, sets, cast, crew, equipment, wardrobes, negatives and data media used for special effects, animation and graphics in respect of films, in a way which we believe is typical in our industry in India and in amounts which we believe to be commercially appropriate, we may become subject to liabilities against which we are not adequately insured or at all or cannot be insured, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. Even if a claim is made under an existing insurance policy, due to exclusions and limitations on coverage, we may not be able to successfully assert our claim for any liability or loss under such insurance policy.

In addition, in the future, we may not be able to maintain insurance of the types or in the amounts which we deem necessary or adequate or at premiums which we consider appropriate. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductibles or co-insurance requirements), could have a material adverse effect on our business, results of operations, financial condition and cash flows.

20. Our indebtedness and the conditions and restrictions imposed by the lenders under our financing arrangements could adversely affect our ability to conduct our business and operations.

As at September 30, 2009, our current outstanding indebtedness is Rs. 2,104.04 million, all of which requires payment of interest at a floating rate. We have entered into agreements with certain banks and financial institutions for term loans, short-term loans and working capital loans, which contain certain restrictive covenants, including, but not limited to, requirements that we obtain consent or a no-objection certificate from the lenders prior to altering our capital structure, making a further issue of shares, effecting any scheme of merger, restructuring or any expansion or new project scheme, declaring dividends, creating a charge or lien on the security granted, changing our core management team, alteration of our memorandum and articles of association, investing in our share capital, entering into borrowing arrangements, or appointing a nominee director to our Board. Moreover, some of the loan agreements contain financial covenants that require us to maintain, among other things, specified debt to equity ratios. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take those steps that we believe are necessary to operate and grow our business. Furthermore, a default under certain of the financing agreements, including as a result of our inability to service our debt, may also trigger cross-defaults. An event of default under any debt instrument, if not cured, or waived, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, under our current financing arrangement we are required to obtain lender consents or no-objection certificates to undertake the Issue. As of the date of this Draft Red Herring Prospectus, whilst we have received such lender consents and no-objection certificates, some of these consents and no-objection certificates have imposed certain conditions on us including that there be no reduction in control of our existing Promoters over our Company, that our Company remain in compliance with applicable laws and that the terms and conditions of such financing arrangements be complied with by our Company. We cannot assure you that we will be able to comply with these conditions or that we can take such steps that we believe are necessary to operate and grow our business or which are in the interest of the shareholders while remaining in such compliance. Further, any default in complying with these conditions may trigger defaults and/or cross-defaults, as applicable, under certain financing arrangements, which could, in turn, have a material adverse effect on our business, results of operations, financial condition and cash flows.

21. Our financial position and results of operations fluctuate from period to period due to film delivery schedules and other factors and may not be indicative of results for future periods.

Our financial position and results of operations for any period are significantly dependent on the number, timing and commercial success of films delivered or made available to various media in that period, none of which can be predicted with certainty. Theatre attendance in India has traditionally been highest during school holidays, national holidays and festivals and we typically aim to release big-budget films at these times. Consequently, our financial position and results of operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. The delivery schedules of films are difficult to predict and not consistent from year to year, which may cause our revenue to fluctuate from period to period, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

22. Our Promoters will continue to hold a substantial interest after the Issue, will continue to have the ability to exercise a controlling influence over our business and may cause us to take actions that are not in our best interests.

Our Promoters will own approximately [●] % of our post Issue paid up equity capital and will continue to have the ability to exercise a controlling influence over our business, and may cause us to take actions that are not in our best interests, including matters relating to our management and policies and the election of our directors and senior management, the approval of lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions.

As a result, our Promoters will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our directors and, in turn, indirectly controlling the composition of our Board, determining the timing and amount of any dividend payments and approving lending and investment policies, revenue budgets and capital expenditure, amongst other matters. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company. Many of our Directors and senior management also serve as directors of, or are employed by, our affiliated companies. We cannot guarantee that any conflicts of interest will be resolved in our favour. In addition, as Eros plc is listed on the Alternative Investment Market of the London Stock Exchange, fluctuations in its share price may have a consequential impact on the price of our Equity Shares. As a result of these factors, our Promoters may influence our material policies in a manner that could conflict with the interests of our Company's shareholders.

For more information, see "***Capital Structure***" on page 29.

23. We have entered into certain related party transactions and may continue to rely on our Promoter and Group Entities for certain key development and support activities and guarantees.

We have entered, and may continue to enter, into a number of transactions with related parties. We also rely on our Promoters, Group Entities, associates and enterprises controlled by our Directors and key management personnel for certain key development and support activities, including for instance, guarantees provided in relation to our borrowings. In fiscal 2009 and the six months ended September 30, 2009, we entered into related party transactions with an aggregate value as shown in the table below as per our consolidated statements.

Particulars	**Six months ended September 30, 2009**	**Year ended March 31, 2009**
	(Rs. million)	
Salary and perquisites	6.87	13.75
Purchases of film rights, raw stock and home entertainment products	-	42.42
Sale of film rights	2,038.42	2,749.38
Sale of Prints/VCD/DVD	62.13	162.35
Reimbursement against old outstanding advances for overseas film rights	-	-
Sale of studio services	92.62	178.43
Reimbursement of expenses received	14.88	48.83
Rent paid	7.36	7.60
Re-imbursements paid	-	6.16
Interest Received / Receivable	12.35	25.09
Advances/loans given	1.00	-
Recovery of Advances/loans given	0.94	86.49
Advances/loans taken	6.23	1,860.43
Repayment of Advances/loans taken	2,239.94	245.55
Debt balance outstanding	**450.65**	**709.88**
Credit balance outstanding	**3,656.68**	**6,054.41**

The Relationship Agreement may be terminated if Eros plc does not directly or indirectly hold 50.1% or more in the Company. Also, if Copsale ceases to be a subsidiary of Eros plc, or if Eros plc loses control over, and ownership of Copsale, or if Eros plc's direct and indirect shareholding in Copsale falls below 51%, Copsale has agreed to transfer its rights in Ayngaran International Limited to any other company that is directly or indirectly owned by Eros plc.

While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that transactions with related parties will in future be entered into on an arm's-length basis or that such related party transactions will benefit our shareholders. In addition, such transactions may form the basis of disputes with relevant tax authorities with regard to transfer pricing issues or otherwise, which may result in additional tax liabilities. See "***Outstanding Litigation and Material Developments***" on page 164. Further, because our Promoters are controlling shareholders of or have significant influence on both our Company and our related parties, there can be no assurance that any conflict of interest that may arise in relation to dealings between us and our related parties will be resolved in our favour. For further information, see "***Restated Consolidated Financial Information — Details of Related Party Transactions"*** and "***Restated Unconsolidated Financial Information— Details of Related Party Transactions***" on pages F62 and F17 respectively.

24. We are subject to scrutiny by the Income Tax Department on issues including transfer pricing.

For assessment year 2004-2005, our Company has been subject to scrutiny by the Income Tax Department on issues including details on the functions and activities of certain overseas entities including our Subsidiary, Copsale Limited and film by film details of sale and purchase of film rights to and from such overseas associated enterprises. Our Company furnished the requested information, subsequent to which, the Transfer Pricing Officer, -IV, West Zone, India issued a remand report dated August 24, 2009. Our Company has, through its chartered accountants engaged for this purpose, filed a rejoinder dated November 16, 2009 to this remand report clarifying inter alia that the film rights purchases from such entities were at arms length. We cannot assure you that the Income Tax Department will not initiate further scrutiny, investigation or regulatory action in relation to any transfer pricing issues or reopening of assessments for previous years. Any adverse finding by the Income Tax Department would have a material adverse effect on our reputation, business, operations and financial condition.

25. Our Company, Mr. Arjan Lulla, our Subsidiaries, Eros International Films Private Limited and Big Screen Entertainment Private Limited, certain Directors of our Company, certain Group Entities and certain members of our Promoter Group are subject to search and survey proceedings of the Income Tax Department.

In February, May and June 2008, the investigation unit of the Income Tax Department conducted a search and survey on our Company and issued notices, demands and summons to our Company, Mr. Arjan Lulla, our Subsidiaries, Eros International Films Private Limited ("**Eros International Films**")and Big Screen Entertainment Private Limited ("**Big Screen Entertainment**"), Directors of our Company, Mr. Sunil Lulla and Mr. Kishore Lulla, our Group Entity, Shivam Enterprises and a member of our Promoter Group, Ms. Meena Lulla *inter alia* for providing information pertaining to reconciliation of cash and valuables found pursuant to such search and survey with income, the show cause notices issued/orders passed in the years under assessment by other law enforcement agencies against them, and details of deductions and exemptions claimed by them under the Income Tax Act, 1961, as amended (the "**I.T. Act**"). Our Company, Mr. Arjan Lulla, our Subsidiaries, Eros International Films and Big Screen Entertainment, Directors of our Company, Mr. Sunil Lulla and Mr. Kishore Lulla, our Group Entity, Shivam Enterprises, and a member of our Promoter Group, Ms. Meena Lulla, are in the process of replying to the said notices, demands and summons. We cannot assure you that the Income Tax Department will not initiate further scrutiny, investigation or regulatory action in relation to above against these persons. Any adverse finding by the Income Tax Department against us, Our Directors, Group Entities and members of our Promoter Group would have a material adverse effect on our reputation, business, operations and financial condition.

26. We require a variety of approvals, licenses, registrations and permits for our business, and the failure to obtain or renew such licenses in a timely manner or at all, may adversely affect our operations.

We currently have 31 pending applications for registration of trademarks. Further, we require certain licenses in relation to the operation of certain parts of our business, including permits in relation to film shooting. If we fail to obtain or retain any of these licenses, in a timely manner, or at all, our business may be adversely affected. Furthermore, licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. If we fail to comply, or a regulatory authority claims that we have not complied with these conditions, it could have a material adverse effect on our business, prospects, financial condition and results of operations. For further details, see "***Regulations and Policies***" and "***Government and Other Approvals***" on pages 88 and 175, respectively.

27. Some viewers or civil society organisations may find our film content objectionable.

It is possible that some viewers in India or abroad may object to film content produced or distributed by us based on religious, political, ideological or any other positions held by such viewers. This is particularly true of content that is graphic in nature, including violent or romantic scenes and films that are politically oriented or targeted at a particular segment of the film audience. Viewers or civil society organisations, including interest groups, political parties, religious or other organisations may assert legal claims, seek to ban the exhibition of our films, protest against us or our films or object in a variety of other ways. Any of the foregoing could harm our reputation and could have a material adverse effect on our business, prospects, financial condition and results of operations. The film content that we produce and distribute could result in claims being asserted, prosecuted or threatened against us based on a variety of grounds, including defamation, hurting religious sentiments, invasion of privacy, negligence, obscenity or facilitating illegal activities, any of which could have a material adverse effect on our business, prospects, financial condition or results of operations.

28. We may encounter operational and other problems relating to the operations of our subsidiaries and joint ventures.

We operate, or propose to operate, several of our businesses through subsidiaries or joint ventures. We own 51% of Ayngaran International Limited which together with Ayngaran International (UK) Limited, Ayngaran Mauritius Limited, Ayngaran International Media Private Limited and Ayngaran Anak Media Private Limited, conducts all of our activities relating to Tamil language films; we own 64% of Big Screen Entertainment which is a Hindi film production company. We have also agreed to establish a 50:50 joint venture with Universal Music India Private Limited ("**Universal Music India**").

Our financial condition and results of operations are significantly dependent on the performance of our subsidiaries and the income we receive from them. Our stock price may be adversely affected if our equity stake in our subsidiaries is diluted or if our ability to exercise effective control over our non-wholly owned subsidiaries or, in future, our joint ventures, is diminished in any way. Although we have the majority equity interest in each of our subsidiaries and through such equity interest we are able to appoint the majority of the directors on the boards of such companies, unanimity at a quorate board meeting is required for major decisions relating to Big Screen Entertainment and Ayngaran. In addition, we intend to enter into the joint venture with Universal Music India, in which we have agreed to have a 50% stake, and may in future enter into further joint venture arrangements in which there can be no assurance that we will have a majority stake.

To the extent there are disagreements between us and our various minority shareholders or joint venture partners regarding the business and operations of our non-wholly owned subsidiaries or joint ventures, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests. Under the terms of our shareholders' agreements, disagreements between the partners are required to be submitted to arbitration panels whose decisions are final. In addition, our minority shareholders or our partners in our joint ventures may: be unable or unwilling to fulfil their obligations, whether of a financial nature or otherwise; have economic or business interests or goals that are inconsistent with ours; take actions contrary to our instructions or requests or contrary to our policies and objectives; take actions that are not acceptable to regulatory authorities; have financial difficulties; or have disputes with us, any of which could have a material adverse effect on our business, prospects, financial condition and results of operations. For further details, see, "***History and Key Corporate Matters***" on page 93.

29. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends. Additionally, we may be restricted by the terms of any future debt financing in relation to the payment of dividends.

30. ***Our Company has issued Equity Shares during the last one year at a price that may be below the Issue Price.***

In the last one year, our Company has issued Equity Shares at a price that may be lower than the Issue Price. The details of these issuances are provided below.

Date of issue	Allottees	Reasons for Issue	Benefits accrued to our Company
October 15, 2009	Mr. Arjan Lulla, Mr. Sunil Lulla and relatives of Mr. Arjan Lulla and Mr. Sunil Lulla, namely, Ms. Meena Lulla, Ms. Krishika Lulla and Ms. Nitu Lulla,	Preferential allotment of 100 Equity Shares each at an issue price of Rs. 10 each for the purposes of conversion of our Company from a private limited company to a public limited company on October 15, 2009	N.A.
December 1, 2009	Eros Worldwide, Eros Digital, Mr. Arjan Lulla, Mr. Sunil Lulla, Ms. Krishika Lulla, Ms. Meena Lulla and Ms. Nitu Lulla	Allotment pursuant to a bonus issue in a 13:1 ratio by capitalisation of surplus balance in the profit and loss account of our Company(1)	N.A.

(1) *Our Company has made a bonus issue out of capitalisation of the surplus balance in the profit and loss account of our Company in a 13:1 ratio to existing shareholders of our Company, on December 1, 2009 and issued 66,306,500 Equity Shares.*

The price at which the Equity Shares have been issued in the last one year is not indicative of the price at which Equity Shares may be offered in the Issue or at the price at which they will trade upon listing.

31. ***Additional issuances of equity may dilute your holdings and sales by our Promoters could adversely affect the market price of our Equity Shares.***

Sales of a large number of our Equity Shares by our Promoters could adversely affect the market price of our Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of our Equity Shares. Any future issuance of our Equity Shares or securities linked to our Equity Shares, such as ESOPs, may dilute your shareholding in our Company as well as the holdings of our existing shareholders.

32. ***Certain of our Group Entities have had negative net worth in the preceding three years.***

Our Group Entities Eros Singapore, Ganges Entertainment, Ganges Enterprises and Eros Canada have had negative net worth during the three years immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI. The details of net asset value per share of these companies in the preceding three years are provided below.

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Ganges Entertainment (in Rs. million)	(98.14)	10.69	N.A.
Ganges Enterprises (in Rs. million)	(84.74)	(13.85)	N.A.
Eros Singapore (in Sing. $)	(76,326)	(135,458)	N.A.
Eros Canada (in US$)	(9.58)	11.44	N.A.

There is no assurance that these or any other of our Group Entities will not have negative net worth in future periods.

For further information, see "***Our Promoters and Group Entities***" on page 121.

33. ***Certain of our Group Entities have incurred losses in the preceding three years.***

Our Group Entities Eros Digital, Eros Singapore, Ganges Entertainment, Ganges Enterprises and Bhoomipuja Buildwell have incurred losses during the three years immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI. The details of profits/- (losses) after tax of these companies in the preceding three years are provided below.

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Eros Digital (in Rs. million)	(0.01)	(0.01)	(0.04)
Eros Singapore (in Sing. $)	59,132	(135,459)	N.A.

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Ganges Entertainment (in Rs. million)	(3.28)	(0.03)	N.A.
Ganges Enterprises (in Rs. million)	(0.88)	(0.06)	N.A.
Bhoomipuja Buildwell (in Rs. million)	(0.03)	(0.00)	N.A.
Eros Canada (in US$)	(22,359)	24,053	N.A.

For further information, see "***Our Promoters and Group Entities***" on page 121.

There is no assurance that these or any other of our Group Entities will not incur losses in future periods.

34. We are dependent on the services of key management who may also be involved with the management of the Eros International Group.

We have, over time, built a strong team of experienced professionals on whom we depend to oversee the operations and growth of our businesses. Certain of our Directors are also directors of, or from time to time may work for, companies within the Eros International Group, which may give rise to potential conflicts of interest. We believe that our success in the future is substantially dependent on the experience and expertise of, and the longstanding relationships with key talent and other industry participants built by, our senior management and key personnel as well as personnel that are currently employed by the Eros International Group. Any loss of any of our senior management or key personnel, any conflict of interest that may arise for such management or key personnel or the inability to recruit further senior managers or other key personnel could impede our growth by impairing our day-to-day operations and hindering our development of our business and our ability to develop, maintain and expand client relationships, which would have a material adverse effect on our business, results of operations, financial condition and prospects.

35. Our management will have flexibility in applying the Net Proceeds for the Objects of the Issue.

We intend to use the Net Proceeds that we receive from the Issue for the purposes described in "***Objects of the Issue***" on page 39. While we have entered into certain commitments and agreements for these purposes, as described in that section, the terms of such commitments or agreements (including commercial terms, star cast, nature or period of rights to be acquired and any other terms) may be subject to change in light of variations in external circumstances or costs, competitive pressures, availability of talent, variations in viewer preferences and other factors which may not be within our control, or otherwise as a result of changes in our financial condition, results of operations, business or strategy. Furthermore, our management may determine that it is appropriate to revise our estimated costs, funding requirements and deployment schedule owing to such factors which may not be presently foreseeable or within our control. Further, in the event of any shortfall of funds for any of the Objects of the Issue, we may decide to reallocate the Net Proceeds from other objects to the objects where such shortfall has arisen. Pending utilization of the Net Proceeds of the Issue and other financings, we intend to invest such Net Proceeds in interest-bearing liquid instruments including money market mutual funds and bank deposits, as approved by our Board of Directors. Although the utilisation of the Net Proceeds and other financing will be monitored by the Board of Directors, there are no limitations on interim investments that we can make using the Net Proceeds. In addition, any balance amount from the Net Proceeds which may be allocated to general corporate purposes will be used at the discretion of our management.

36. Our films are required to be certified by the Central Board of Film Certification ("CBFC").

Pursuant to the Indian Cinematograph Act, 1952**,** Indian films must be certified by the CBFC, which must keep in mind factors such as the interest of sovereignty, integrity and security of India, friendly relations with foreign states, public order and morality. There can be no assurance that we will be able to obtain any or our desired certification for each of our films in the future and we may have to modify the title, content, characters, storylines, themes or concepts of a given film in order to obtain any certification or a desired certification that will facilitate distribution and exploitation of the film. Any such modification could reduce the appeal of any affected film to our target audience and so reduce our revenues from that film, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

37. Contingent liabilities could adversely affect our financial condition.

As of September 30, 2009 we had contingent liabilities in the following amounts, as disclosed in our restated consolidated financial statements:

Particulars	As at September 30, 2009 (Rs. million)
Guarantees issued by the Company's Bankers on behalf of the Director	-
Bank Guarantees in favour of various Government Authorities	0.03
Corporate guarantee to a bank for loans availed of by a subsidiary company	50.00
Sales tax/cess claims disputed by the Company	159.93
Claims against the company not acknowledged as debts	56.98
Income tax and interest demands raised by authorities and disputed by the company	22.93
Vat and CST Liability on the sale / lease of Copy Rights under the MVAT Act and disputed by the Company and the Industry.	20.94

If a significant portion of these liabilities materializes, it could have an adverse effect on our business, financial condition and results of operations.

External risks

38. The general economic downturn is affecting Gross Domestic Product (GDP) growth in India.

Recent turmoil in the financial markets has adversely affected economic activity in India and other regions of the world in which we do business. In India global economic conditions have resulted in a slowdown in the expansion of multiplex screens across India, leading to lower than anticipated box office revenues from film releases. 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 GDP growth in such countries, and in particular in India, discretionary consumer spending may be adversely affected, which would have an adverse impact on demand for our theatre, home entertainment, television, music and new media 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 is likely to have a material adverse effect on our business, prospects, financial condition and results of operations.

39. Our performance is linked to the stability of policies, including taxation policy, and the political situation in India.

The role of the Indian central and state governments in the Indian economy has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The leadership of India has undergone multiple changes since 1996. Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares. 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.

The Government of India does not tax the Indian film industry. Rather taxes are levied on a state-by-state basis. Recently, there has been interest in rationalizing the industry's taxes by putting into place a uniform set of entertainment taxes administered by the Government of India. The Federation of Indian Chambers of Commerce and Industry ("**FICCI**") issued a memorandum calling for such changes. Such changes may result in higher taxes payable by us, which could adversely affect our financial condition and earnings. Furthermore, the present construction of theatre multiplexes in India is partly due to certain entertainment tax benefits that are presently available. This construction has expanded our market considerably and is expected to continue to do so, as the number of multiplex screens is expected to increase to approximately 4,000 by the end of 2013, according to the FICCI-PWC Report 2009. Separately, there are certain deductions available to film producers under the I.T. Act, in respect of expenditure on production of feature films released during a given year. For further information, see "***Statement of Tax Benefits – Special Benefits***" on page 47. There can be no assurance that new theatre multiplexes will in fact be built, or that any such tax benefits will continue to be available to us or to the multiplex operators.

In addition, the Government of India has a policy of setting consumer prices for content on Pay TV stations. If prices are set too low there could be a limit or reduction in the prices that television broadcasters are willing to pay for these rights.

Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations.

40. ***Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, prospects, financial condition and results of operations.***

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income.

Terrorist attacks, such as the November 2008 terrorist attacks in Mumbai, the bomb blasts that occurred in Mumbai on August 25, 2003 and on July 11, 2006, the October 2004 bomb blasts that occurred in North-east India, the World Trade Center attack on September 11, 2001 and the bomb blasts in London on July 7, 2005, as well as other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, prospects, financial condition and results of operations. Travel restrictions as a result of such attacks may have an adverse impact on our ability to operate effectively. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including those between India and neighbouring countries. Since May 1999, military confrontations between countries have occurred in Kashmir. The hostilities between India and Pakistan are particularly threatening because both India and Pakistan are nuclear powers. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Iraq and Afghanistan. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our shares.

41. ***An outbreak of the H1N1 virus (swine influenza) or any other similar epidemic may, directly or indirectly, adversely affect our operating results.***

Recently countries around the world, including India, have experienced incidents of swine influenza. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in India. If any of our employees are identified as possible carriers of H1N1 or any other similar epidemic we may be required to quarantine employees that are suspected of being infected, as well as others that have come into contact with those employees. This could cause a temporary suspension of our operations if, for example, local authorities closed theatres as a measure to counter the spread of H1N1, and there can be no assurance that local authorities will not take such measures in response to any future outbreak or suspected outbreak. Such closures have in the past and could in future impact our ability to exhibit our films and have a material adverse effect on our business, prospects, financial condition and results of operations. An outbreak of H1N1 or any other similar epidemic could also restrict the level of economic activity generally. As a result of the factors discussed above any such outbreak could have a material adverse effect on our business, prospects, financial condition and results of operations.

42. ***Financial instability in Indian financial markets could materially and adversely affect our results of operations and financial condition.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries. Financial turmoil in Asia, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could have a material adverse effect on our business, prospects, financial condition and results of operations.

43. If the rate of Indian price inflation increases, our results of operations and financial condition may be adversely affected.

India has recently experienced fluctuating wholesale price inflation compared to historical levels due to the global economic downturn. 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 in the Indian film industry it is unlikely we would be able to pass our increased costs on to our customers, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

44. Fluctuation in the value of the Rupee against foreign currencies may have an adverse effect on our results of operations.

While a significant portion of our revenues are denominated in Rupees, certain contracts for our film content are or may be denominated in foreign currencies, including transactions with the Eros International Group. Any fluctuation in the value of the Rupee against these currencies, which may include the U.S. dollar, the U.K. pound or any other currency, will affect the Rupee value of our revenues in cases of revenues that are received in foreign currencies, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

45. Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on our business.

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. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our shares.

Risks Related to Our Equity Shares and the Issue

46. You will not be able to immediately trade any of the Equity Shares you purchase in this Issue on an Indian Stock Exchange.

Under the SEBI Regulations, we are permitted to allot Equity Shares within 15 days of the Bid Closing Date. Consequently, the Equity Shares you purchase in the Issue may not allotted to you until 15 days of the Bid Closing Date. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges. We can apply for listing and trading permissions only after allotment. There can be no assurance that Equity Shares will be allotted to you within 15 days of the Bid Closing Date or that listing and trading permissions are received from either of the Stock Exchanges.

47. There is no existing market for the Equity Shares. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest in our Company will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The initial public offering price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue. The market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- volatility in the Indian and other global securities markets;
- risks relating to our business and industry, including those discussed above;
- strategic actions by us or our competitors;

- investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- significant development in the regulation of financial services markets; and
- adverse media reports about us, Eros plc or companies forming part of the Eros Group or any individual in the Eros Group companies.

48. Future sales of Equity Shares by us or any of our major shareholders may adversely affect the market price of the Equity Shares.

The market price of our Equity shares could decline as a result of future sales of a large number of our Equity Shares by us or by any of our major shareholders. Additionally, the perception that such sales may occur might make it more difficult for our shareholders to sell their Equity Shares in the future at a time and at a price that they deem appropriate. Pursuant to the SEBI Regulations the entire pre-Issue share capital of the Company will be locked in for a period of one year from the date of allotment in this issue, and the minimum Promoters' contribution shall be locked in for a period of three years.

49. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in certain other economies and may be more volatile than the securities markets in other countries. Indian stock exchanges have in the recent past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

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

Following the Issue, our listed shares will be subject to a daily "circuit breaker" imposed by the Stock Exchanges, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

51. The Issue Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.

The Issue Price of our Equity Shares will be determined by the Company in consultation with the BRLMs. This price will be based on numerous factors and may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the investor will be able to resell their shares at or above the Issue Price. Among the factors that could affect our share price are:

- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- general market conditions; and

- domestic and international economic, legal and regulatory factors unrelated to our performance.

Prominent Notes:

1. Investors may contact any of the BRLMs who have submitted the due diligence certificate to the SEBI, for any complaint pertaining to the Issue.

2. The net worth of our Company as at September 30, 2009 and March 31, 2009 was Rs. 2,030.27 million and Rs. 1,580.85 million, and Rs. 1,377.44 million and Rs. 1,094.77 million, respectively, based on the restated consolidated and unconsolidated financial statements included in the Draft Red Herring Prospectus. The size of the Issue is up to Rs. 3,500 million.

3. The net asset value (considering the bonus shares issued on December 1, 2009) per Equity Share of Rs. 10 each, as at September 30, 2009 and March 31, 2009 was Rs. 19.29 and Rs. 15.33, respectively, and net asset valued (without considering the bonus shares issued on December 1, 2009) was Rs. 270.09 and Rs. 214.66 as at September 30, 2009 and March 31, 2009, based on our restated unconsolidated financial statements included in the Draft Red Herring Prospectus.

   The net asset value (considering the bonus shares issued on December 1, 2009) per Equity Share of Rs. 10 each, as at September 30, 2009 and March 31, 2009 was Rs. 28.44 and Rs. 22.14, respectively, and net asset value (without considering the bonus shares issued on December 1, 2009) was Rs. 398.09 and Rs. 309.97 as at September 30, 2009 and March 31, 2009, based on our restated consolidated financial statements included in the Draft Red Herring Prospectus.

4. The average cost of acquisition of or subscription to Equity Shares by our Promoters is provided below.

Name of the Promoter	No. of Equity Shares held	Average price per Equity Share (in Rs.)
Eros plc	Nil	N.A.
Eros Worldwide	49,700,000	0.07
Total	**49,700,000**	**0.07**

   The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amount paid for the total number of Equity Shares held.

5. None of our Group Entities have any business or other interest, except as stated in "***Restated Consolidated Financial Information — Details of Related Party Transactions***" and "***Restated Unconsolidated Financial Information— Details of Related Party Transactions***" on pages F62 and F17 respectively and "***Our Promoters and Group Entities***" on page 121, and to the extent of Equity Shares held by them and to the extent of the benefits arising out of such shareholding.

6. Our Company has entered into certain related party transactions for an aggregate amount as shown in the table below for the six month period ended September 30, 2009 and for the year ended March 31, 2009 respectively, based on our restated consolidated and unconsolidated financial statements included in the Draft Red Herring Prospectus. For further information, see "***Restated Consolidated Financial Information — Details of Related Party Transactions***" and "***Restated Unconsolidated Financial Information— Details of Related Party Transactions***" on pages F62 and F17 respectively.

Particulars	**Six months ended September 30, 2009**	**Year ended March 31, 2009**
	(Rs. million)	
Salary and perquisites	6.87	13.75
Purchases of film rights, raw stock and home entertainment products	-	42.42
Sale of film rights	2,038.42	2,749.38
Sale of Prints/VCD/DVD	62.13	162.35
Reimbursement against old outstanding advances for overseas film rights	-	-
Sale of studio services	92.62	178.43
Reimbursement of expenses received	14.88	48.83

Particulars	Six months ended September 30, 2009	Year ended March 31, 2009
Rent paid	7.36	7.60
Re-imbursements paid	-	6.16
Interest Received / Receivable	12.35	25.09
Advances/loans given	1.00	-
Recovery of Advances/loans given	0.94	86.49
Advances/loans taken	6.23	1,860.43
Repayment of Advances/loans taken	2,239.94	245.55
Debt balance outstanding	**450.65**	**709.88**
Credit balance outstanding	**3,656.68**	**6,054.41**

7. The name of our Company was changed from Eros Multimedia Private Limited to Eros International Media Private Limited on December 17, 2008, to better reflect the nature of its business. There was no change in our Company's activities pursuant to the change in name and consequently, there was no change in the objects clause of our Company's Memorandum of Association. Our Company was converted into a public limited company pursuant to a special resolution of our shareholders, dated September 16, 2009, following which our name was changed to Eros International Media Limited, and a fresh certificate of incorporation was issued consequent to the conversion into a public limited company, on November 18, 2009.

8. There has been no financing arrangement whereby the Promoter Group, directors of our Promoters, our Directors, or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in the ordinary course of their business during the six months preceding the date of this Draft Red Herring Prospectus.

SECTION III - INTRODUCTION
SUMMARY OF BUSINESS, STRENGTHS AND STRATEGY

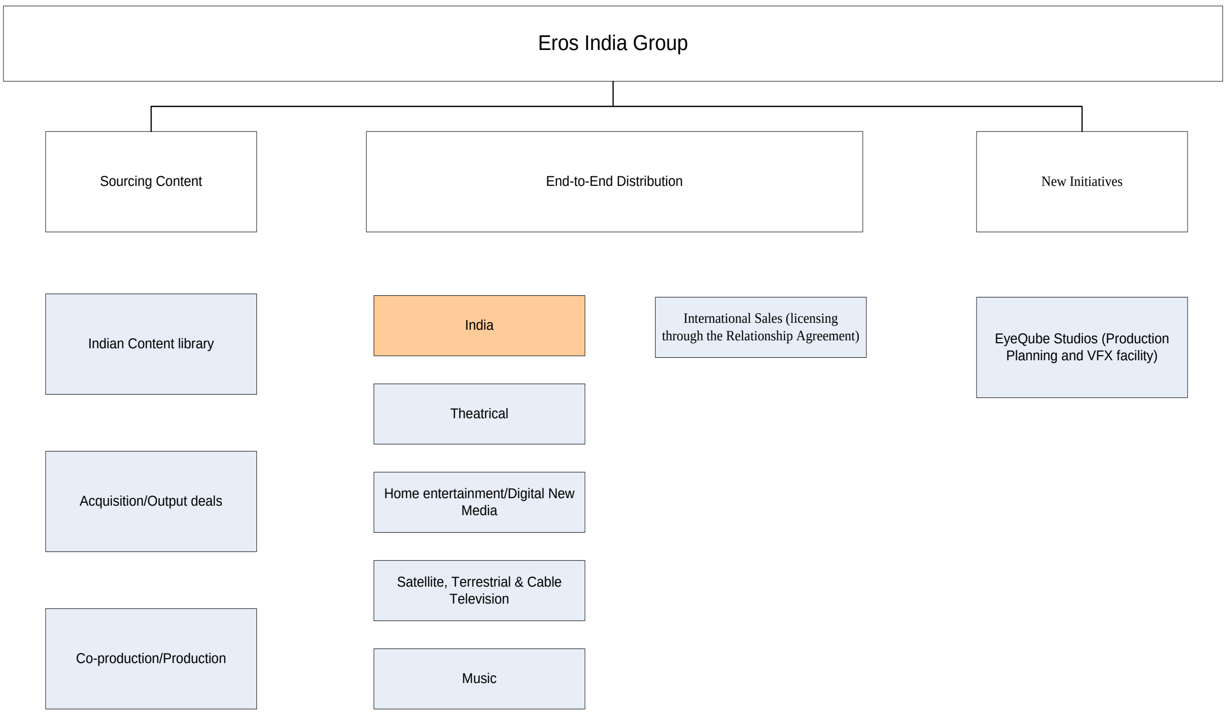
*Investors should note that this is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information in "**Risk Factors**" and our "**Financial Information**" and related notes on pages xi and F1, respectively, before deciding to invest in our Equity Shares.*

Overview

We are part of the Eros Group, which is a global player within the Indian media and entertainment sector that has been in the business close to three decades. The Eros Group has an extensive film library and is in the business of sourcing Indian and other film content and exploiting it worldwide through its offices in India, UK, USA, UAE, Singapore, Australia, the Isle of Man and Fiji across formats such as theatres, home entertainment, television and digital new media. Eros plc, the holding company of the Eros Group, is a Promoter of our Company and is listed on the Alternative Investment Market of the London Stock Exchange.

We exclusively source all Indian film content for the Eros Group and exploit such content across formats within India, Nepal and Bhutan. Our Company has various rights to over 1,000 films which include Hindi, Tamil and other regional language films, including films such as *Mughal-e-Azam*, *Om Shanti Om*, *Lage Raho Munnabhai* and *Love Aaj Kal*, which we consider to be a key competitive advantage and an integral part of our business model. We also own rights to certain English language films for home entertainment distribution within India. The Hindi, Tamil, other regional and English language films together form our content library (the "**Eros India Library**").

Our business is broadly structured as below:

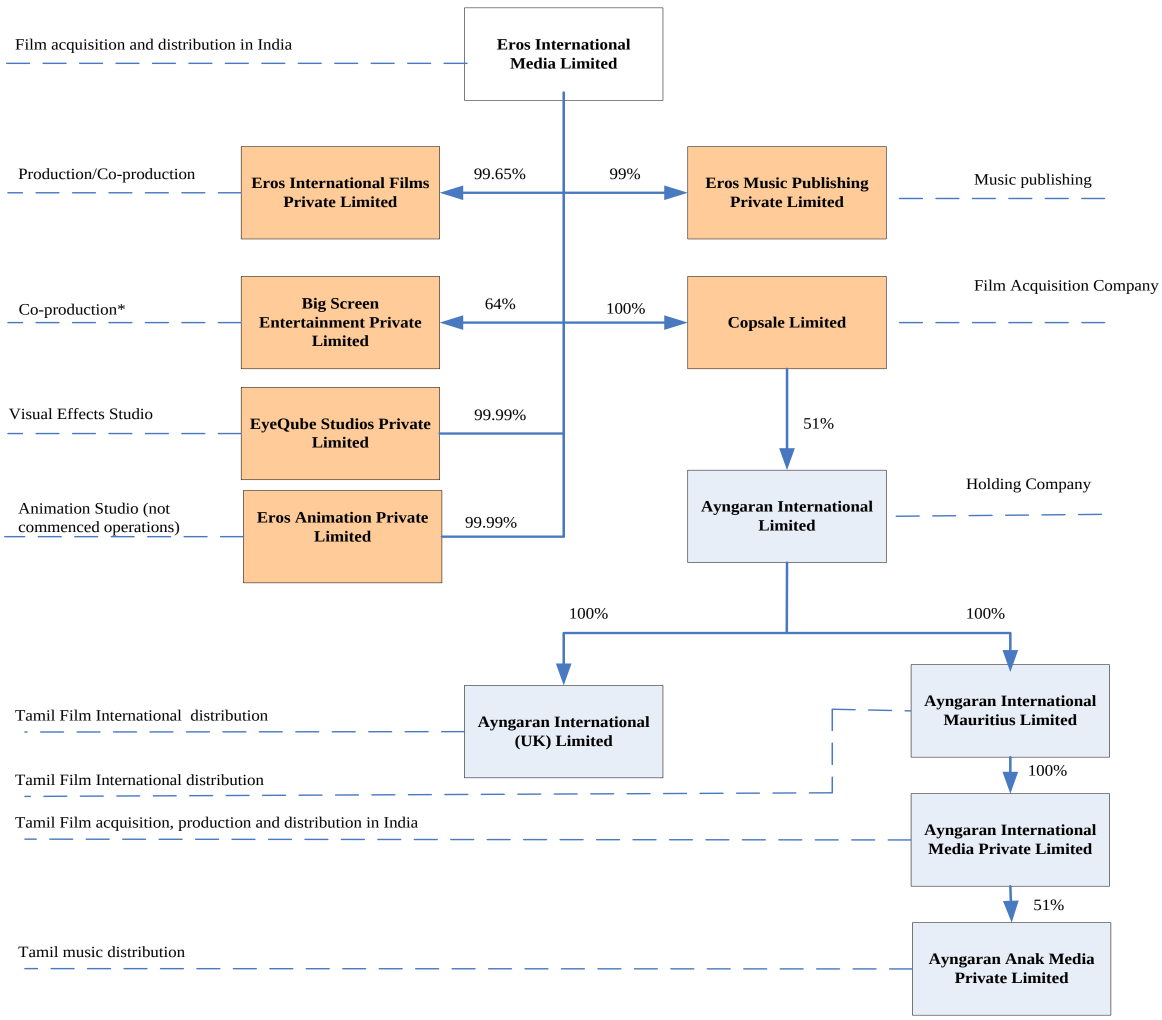


We source content primarily through acquisitions from third parties and through co-productions and, occasionally, through our own productions. We mainly acquire films from third party producers at various stages of a film's production for an agreed contractual value, and also co-produce films from inception with certain producers for a pre-agreed fixed budget. We have only released a single own production to date, namely *Aa Dekhen Zara*, as we rely more on acquisitions and co-productions to source content.

We exploit and distribute end-to-end Indian film content within India, Nepal and Bhutan ("**Indian Rights**") through multiple formats such as theatres, home entertainment, principally in the form of DVDs, VCDs and audio CDs, and television syndication, which primarily involves licensing the broadcasting rights to major satellite television broadcasting channels, cable television channels and terrestrial television channels. We also exploit and distribute content via digital new media such as mobile ring tones, wallpapers and downloads, internet protocol television ("**IPTV**"), direct-to-home and other internet channels and we also license films to airlines for in-flight viewing.

The International Rights for distribution of Indian film content for the entire world excluding India, Nepal and Bhutan are licensed to the Eros International Group in accordance with the terms of the Relationship Agreement with effect from October 1, 2009 between our Company and our Promoters, Eros Worldwide and Eros plc (the "**Relationship Agreement**"). However, our Tamil language films are distributed globally by Ayngaran and therefore arrangements for their distribution are not governed by the Relationship Agreement. The key terms of the Relationship Agreement are summarised in "***History and Key Corporate Matters—Other Material Agreements—Relationship Agreement***" on page 104.

Our group structure is set out below:



*Only used for co-productions with the minority shareholders in Big Screen Entertainment.

Our Company directly acquires all our Hindi and regional language films, other than Tamil language films, while most of our Company's co-production and production activities are conducted through our wholly-owned Subsidiary, Eros International Films, and our Company distributes all Indian Rights of such films across formats as well as licensing the International Rights of such films to the Eros International Group.. We occasionally also acquire films, in particular catalogue and overseas-only rights, through our wholly-owned Subsidiary, Copsale Limited ("**Copsale**"). Our 64%-owned Subsidiary, Big Screen Entertainment undertakes production projects that are initiated by its minority shareholder and approved by us and distributed by our Company. In 2007, Eros plc acquired a 51% stake in an international Tamil film distribution house Ayngaran International Limited

("**Ayngaran**") and in 2008 Eros plc transferred its entire stake to our Subsidiary Copsale at cost. Ayngaran and its Subsidiaries conduct all of our activities relating to Tamil language films in India and internationally. For further details, see "***History and Key Corporate Matters***" on page 93.

In 2007, we set up a visual effects facility, EyeQube Studios Private Limited ("**EyeQube**") which is a 99.99% owned Subsidiary. Charles Darby, who has considerable expertise in visual effects and has been associated with films such as *Harry Potter and the Prisoner of Azkaban, Harry Potter and the Goblet of Fire, The Matrix*, *Armageddon*, *Fifth Element* and *Minority Report*, is the Creative Director of EyeQube. Our wholly-owned Subsidiary, Eros Music Publishing Private Limited ("**Eros Music Publishing**") signs up artists and composers with a view to collecting and administering music publishing revenues generated worldwide from the use of the work of such artists. We have entered into a joint venture agreement with Universal Music India in relation to a 50:50 joint venture through which we will seek to discover and manage new acting and / or singing talent and provide them film and music platforms to showcase their talent, leveraging on our and Universal Music India's respective strengths. At the date of this Draft Red Herring Prospectus, the joint venture company is yet to be formed and commence operation. For further details, see "***History and Key Corporate Matters—Joint Ventures—Joint venture agreement between our Company and Universal Music India***" on page 100.

For further details on our Subsidiaries, see "***History and Key Corporate Matters***" on page 93.

In the year ended March 31, 2009, we generated profit after tax and minority interest of Rs. 733.01 million based on revenues of Rs.6,277.85 million. An overview of our restated consolidated financial results for the six months ended September 30, 2009 and the years ended March 31, 2007, 2008 and 2009 is provided in the table below.

	Six months ended September 30,	**Year ended March 31,**				
	2009	**2009**	**2008**	**2008-2009 change**	**2007**	**2007-2008 change**
	(Rs. millions except percentages)					
Revenue	3,389.43	6,277.85	4,901.85	28.07%	2,247.76	118.08%
Profit after tax and minority interest...............	471.07	733.01	411.26	78.2%	132.32	210.8%

Key Strengths

We believe that our business activities, operations and financial condition benefit from the following strengths:

Valuable and expanding content library

The Eros India Library, comprising over 1,000 film titles is a key competitive advantage and positions us well to exploit the increasing number of existing and new distribution channels in the Indian entertainment market. We believe we have a diverse content library which is constantly updated by the addition of our new releases as well as further library acquisitions. The Eros India Library includes Hindi film titles such as *Mother India*, *Devdas*, *Hum Dil De Chuke Sanam*, *Rangeela*, *1942 Love Story*, *Om Shanti Om*, *Heyy Babyy*, *Namastey London*, *Lage Raho Munna Bhai* and *Love Aaj Kal*. Tamil titles in our library include *Alaipayuthey*, *Kandukondain Kandukondain*, *Boys*, *Sivaji*, *Billa*, *Aegan* and *Aadhavan.*

The extent and nature of the Eros India Library allows us to follow a distribution strategy of combining our new releases with films from our existing catalogue. For example, our television syndication strategy is driven by licensing new film releases and Eros India Library films to television channels as a 'bundle'. Furthermore, the revenues generated from the exploitation of films from our library have high margins because a substantial proportion of the cost of films in the Eros India Library is written down within the first few years following their theatrical release. We believe that the Eros India Library will be able to generate stable revenue streams as new distribution platforms continue to evolve.

The Eros India Library also allows us to take advantage of technological developments and re-monetise the same films across different formats as technologies advance over time. For example, we have monetised the same films over a period of time on video format, VCD, DVD, DTH, IPTV, cable and we have recently released films such as *Om Shanti Om* and *Heyy Babyy* in Blu-Ray high definition. The Eros India Library allows us to maintain and further develop diversified revenue streams thus reducing our reliance on theatrical revenues.

We believe that having a large portfolio of films has allowed us to build a distinct distribution advantage which in turn puts us in a favourable position when contracting talent for content on an ongoing basis.

Well developed content distribution network

We believe our extensive distribution network is a key strength and competitive advantage, which enhances our ability to monetise our film content without solely relying on sub-licensing to third parties. We believe we are one of the few companies within the Indian media and entertainment sector to have an end-to-end (all format) distribution capability through a national theatrical distribution network, in-house music distribution capability with our own music record label, Eros Music, an in-house television syndication team, and our own home entertainment distribution division.

For theatrical distribution within India we have established our own distribution offices in some of the key markets in India such as Mumbai, Delhi and Punjab. We distribute in West Bengal through an exclusive distribution agent and distribute Hindi and Tamil films in South India through Ayngaran's distribution offices. These markets account for a significant proportion of the national theatrical revenues from India for our Hindi films. One of the key benefits of having our own well established distribution network is that it allows us greater control, transparency and flexibility over the distribution process as well as higher revenue margins as a result of direct exploitation instead of using sub-distributors, which requires the payment of additional commission. Having our own offices also supports timely local marketing without having to wait for a sub-distribution arrangement to be put in place.

Our music and home entertainment distribution allows us to monetise library films and new films across traditional and new formats as they emerge for as long as we own the rights, rather than limiting revenue to a one-off sale. We have an in-house distribution capability for audio content as well as a video home entertainment division to service both the wholesale and retail distribution market, and we also exploit music rights digitally through mobile and other platforms.

We believe that the distribution network of the Eros International Group is a key advantage as we are able to offer a global end-to-end distribution solution to our content partners or co-producers. This allows us to effectively have a simultaneous worldwide co-ordinated release.

Portfolio approach to films and a strong regional presence

Our portfolio of new releases includes a mix of big, medium and small budget films, both with established talent within the film industry and new and upcoming talent including actors, directors or co-producers. Our Tamil Subsidiary Ayngaran follows a similar portfolio approach. Since the year ended March 31, 2007 we have distributed over 250 films, including Tamil and regional films, of which over 75 were mainstream Hindi films. We have also begun the acquisition and exploitation of film content in other regional languages such as Punjabi and Marathi. For example, we acquired the Punjabi films *Hashar* and *Tera Mera Ki Rishta* in 2008 and *Heer Ranjha* in 2009 and the Marathi film *Me Shivaji Raje Bhosale Boltoy* in 2009. As a combined portfolio, we release a significant number of Hindi films each year which, along with the Eros India Library, gives us a portfolio of films that can generate diversified revenues and sustain a level of revenue visibility when exploited as a portfolio, which reduces our reliance on the box-office success of individual films.

We typically use a 'bundle' model for distributing our films in television, home entertainment and digital new media which means that we bundle different categories of films including new releases and catalogue films. We re-release old films from the Eros India Library as a part of compilations along with new releases under the Eros label. We have done deals through Moser Baer for a bundling deal with L.G. Electronic Private Limited and with P9 Integrated for a bundling deal with Citibank.

Strong long-standing relationships with talent within the industry provide steady access to content and talent

The Indian film industry has been traditionally driven by talent and production houses that are family-owned. As the Eros Group has operated in the Indian film business for close to 30 years it has worked with the first and second generation of talent in these families and, as a consequence, we believe the relationships that the Eros Group enjoys are deep rooted and will give us sustained access to talent and content. For example we have an ongoing relationship with talent such as Shah Rukh Khan and with production houses such as Nadiadwala Grandson Entertainment Private Limited and Venus Films Private Limited.

Strong and experienced management

We have an experienced management team including our Executive Vice Chairman Mr. Sunil Lulla, who has over 20 years experience in the business, and our Managing Director and Group CEO (India) Mr. A.P. Parigi, who has wide experience in a variety of industries. Our management team possesses a deep understanding of the Indian film business including an understanding of talent relationships, deal structuring and strategic content exploitation, and is therefore well-positioned to focus on the continued strengthening of our distribution network to capitalise on our competitive advantage and our expansion into new media distribution. We believe our management team's experience and expertise has been essential in adopting the appropriate strategies to source our film content in a cost-effective manner and in maximising the monetisation of our content. For example, the talent arrangements put in place by our management in 2005 allowed us to move into co-productions when the costs of acquiring film content increased significantly in 2007. Mr. Naresh Chandra and Dr. Shankar Acharya are the independent and non-executive directors and bring significant corporate governance experience to our board. Further, Mr. Kishore Lulla and Ms. Jyoti Deshpande bring to our board over 20 years and 16 years of experience in the media industry, respectively.

Value of the Eros name

We believe that the 'Eros' name is well established and respected and enjoys a strong reputation in the Indian film industry. We use the Eros name for our Hindi and other regional language film production and distribution businesses, and our Ayngaran name for our Tamil production and distribution activities. We believe many Indian film actors, directors, studios, exhibitors and other distributors as well as Indian audiences associate the Eros name with quality content and a strong distribution network. Through our continued efforts, both with participants and audiences, we seek to continue to benefit from the positive values associated with the Eros name as a business to business ("**B2B**") and business to consumer ("**B2C**") name.

Strategy

Our vision is to emerge as a leading entertainment house that balances diverse platforms in a dynamically changing media environment, by establishing a sustainable connection with audiences, with content at the heart of our strategy.

Our strategy is to further strengthen our competitive advantage by building on and augmenting the Eros India Library and further leveraging our portfolio approach to film content. We intend to expand further into regional language film markets, such as the Marathi, Punjabi, Telugu and Kannada markets, and increase the scale of our presence in these markets. We also intend to explore further digital distribution opportunities based on the experience of the Eros International Group in international markets including opportunities in mobile, DTH, digital cable and IPTV to further monetise value from the Eros India Library. Consolidation of our music catalogues in order to exploit growth from radio, mobile, public performances and internet is another key strategy. We intend to build on a strong foundation of key management and systems to ensure that we are well positioned to capitalise on opportunities as they present themselves.

Our strategy is structured around the scale and variety of content in the Eros India Library and the successful exploitation of that content to ensure that it can be monetised through diversified platforms, directly or indirectly, on a worldwide basis. Our strategy is designed to address predictability, scalability and sustainability, ultimately resulting in profitability, which we consider to be key parameters measuring the success of our business.

Enhancing revenue predictability and minimising risk through a portfolio of new releases, continuing to build a diversified content portfolio and maintaining a wide release strategy

The Eros India Library has over 1,000 films, which we believe gives us a competitive advantage over our competitors. Our strategy is to release annually at least 50 new films, including Hindi, Tamil and other regional language films with a mix of high, medium and low budget films, which allows us to exploit our portfolio of new releases across various distribution platforms.

As a result of a wide distribution strategy, we receive a larger percentage of the theatrical revenues from a film in the first week following its release. We believe that this mitigates the adverse effect on revenue where a film fails to gain popularity or critical acclaim in the longer term We follow a strategy of pre-selling the rights of certain of our new films while maintaining the rights to other films until after their theatrical release, thereby trying to maximise revenue potential from the portfolio as a whole. Our arrangement with Eros plc and Eros Worldwide under the Relationship Agreement in respect of the sale of International Rights also helps ensure visibility in respect of the recovery of approximately 40% of the cost of the film. For further details of the key provisions of the Relationship Agreement, see "***History and Key Corporate Matters—Other Material Agreements—Relationship Agreement***" on page 104.

As non-theatrical revenues gain more importance, our portfolio approach and the Eros India Library will allow us, in our view, to monetise satellite licensing and DVD compilations efficiently, as we will be able to bundle and package several films together instead of exploiting the films on an individual film basis. We typically bundle categories of films including new releases and catalogue films in syndication deals and in DVD compilations. We regard this is a key competitive advantage as our revenues are not entirely dependent on the box office success of a particular film.

Maintaining our ability to build scale through different approaches to content sourcing and a regional strategy

Our portfolio of new films each year is the result of a planned mix of films and tie-up with talent. Our strategy is not to undertake more than one or two own production films in a given year as this is a time-consuming process which is difficult to control and to build scale. Most of our big budget films are done under a co-production model where we agree the script, cast, main crew, budget and cash flow as per a detailed shooting schedule with a well-known co-producer and then allow the co-producer to produce the film within the mutually agreed parameters. This allows us to develop multiple big budget projects simultaneously with different talent thereby allowing us to build scale. We also acquire films produced by various production houses based on a mutually negotiated market price. We believe this strategy optimises the time, effort and return on investment for our films and gives us flexibility to adjust the proportion of films sourced through productions, acquisitions or co-productions to suit changing market dynamics.

The diversity of languages within India allows us to treat the regional language markets as distinct markets where particular regional language films have a strong following, while Hindi films continue to retain a broad appeal across India. By way of illustration, the South Indian film industry, comprising the four states of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu, has, by far, the largest share in the total number of films released across the whole of India per year (source: *FICCI-E&Y Report 2009*). We believe that these regional markets do not compete with the mainstream Hindi market and we are therefore able to simultaneously release Hindi and regional language films without prejudicing the box office success and revenue of either segment. We have already released films in Marathi such as *Me Shivaji Raje Bhosale Boltoy* and Punjabi such as *Hashar* and *Tera Mera Ki Rishta*. We also intend to release Kannada, Telugu and Malayalam language films and to continue to develop our ability to offer a regional portfolio of films in addition to our Hindi film releases. We already have an existing distribution network across India which we are able to use to distribute regional language films in specific regions. As a consequence, we believe we will be able to expand our release of regional films in a cost effective manner.

Ensuring a sustainable competitive advantage and enhancing monetisation of the Eros India Library through new and emerging media platforms

We believe our key competitive advantages are the Eros India Library, our access to the Eros International Group's end-to-end worldwide distribution network and our talent relationships. To sustain these advantages, we intend to continue to build on the Eros India Library, consolidate music catalogues to benefit from digital, internet and radio expansion, expand our distribution network further, particularly in the digital and new media domain, and, in the longer term, build an audience-focused entertainment consumer brand through these key areas.

We believe that we will be able to benefit from the experience of the Eros International Group in digital exploitation, such as DTH, video on demand and IPTV platforms, to ensure that we can take advantage of the growth of these emerging revenue streams. For example, the Eros International Group has been able to monetise its library content on international markets through formats such as branded subscription video-on-demand services on cable platforms such as Comcast Communications LLC, Cablevision, Rogers Broadcasting Limited and other platforms in the United States. This has been possible as a result of monetising a combination of new films and existing films from the Eros International Group's catalogue of films. We intend to position ourselves to take advantage of similar technological opportunities in India and use and leverage the Eros International Group's international experience to maximise our impact. We believe the increased distribution of films in Blu-Ray format and the expansion of corporate bundling deals will add depth and scale to our home entertainment strategy. We believe that digital convergence, technological developments and the popularity of mobile content will present new opportunities to diversify our revenue streams and exploit the Eros India Library.

Our aim is to own all the intellectual property rights to a film instead of having fragmented rights to different aspects of the film and we believe this will be a key contributor to the long term sustainability of the Eros business model.

SUMMARY OF OUR INDUSTRY

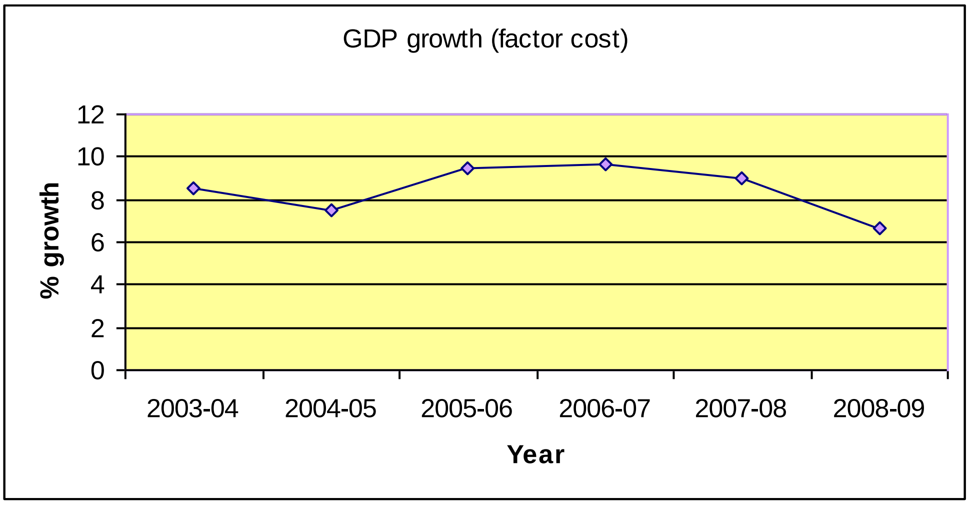
Unless otherwise indicated, industry data used throughout this section is derived from the following publications: Indian entertainment and media outlook, In the interval... But ready for the next act – FICCI-KPMG Media and Entertainment Industry Report, FICCI, KPMG, February 2009 (the "FICCI-KPMG Report 2009") and Indian entertainment down South – From script to screen, FICCI, Ernst & Young (the "FICCI-E&Y Report 2009"). The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has verified the information provided in this chapter. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. *For further details see "**Industry Overview**" on page 57.*

Overview of the Indian economy

India, the world's largest democracy in terms of population (July 2009 estimate: approximately 1,166 million inhabitants, source: *CIA World Fact Book*), had an estimated Gross Domestic Product ("**GDP**"), on a purchasing power parity basis of approximately US$3,304 trillion in 2008 (source: *CIA World Fact Book*). This makes India the fifth largest economy in the world after the European Union, United States, China and Japan (source: *CIA World Fact Book*). According to the Indian Ministry of Statistics and Programme Implementation, India's GDP grew by 7.9% during the second quarter of fiscal year 2009-2010 (the three months ended 30 September 2009) from the same period in the previous year, compared with a growth rate of 6.1% during the first quarter of fiscal year 2009-2010.

Both per capita income and per capita consumption have increased in India over recent year. Per capita income in India during fiscal 2008, measured in terms of gross domestic product at constant 1999-2000 market prices, was Rs. 31,278, compared with Rs. 29,901 during fiscal 2007, while per capita consumption was Rs. 17,344 during fiscal 2008 compared with Rs. 17,097 during fiscal 2008, according to the Economic Survey 2008-2009 published by the Indian Ministry of Finance ("**Economic Survey 2007-2008**"). This increase in levels of per capita income and consumption was recently accompanied by a perceptible slowdown in growth as a result of the global financial crisis with GDP growing at 6.7% during fiscal 2008, compared with 9.0% a year earlier.

The following graph sets forth certain information in relation to GDP growth at factor cost in India during fiscal years 2003-04 through 2008-09.



Source: Economic Survey 2008-09

Despite the slowdown in growth, investment remained relatively buoyant in India, growing at a higher rate than GDP. The ratio of fixed investment to GDP consequently increased to 32.2% of GDP in fiscal 2008 from 31.6% in fiscal 2008, reflecting the resilience of the Indian economy in the face of the global financial crisis (source: Economy Survey 2008-2009). The fallout of the global financial crisis on the Indian economy has been significant in the industry and trade sectors and has also impacted the services sector.

Media and Entertainment industry

The Indian media and entertainment industry which principally comprises film, television, printed media, radio and music was estimated to be worth Rs. 584 billion during calendar year 2008 and is projected to grow at a compound annual growth rate ("**CAGR**") of 12.5% between 2009 and 2013 to reach Rs. 1,052 billion (*Source: FICCI- KPMG Report 2009).*

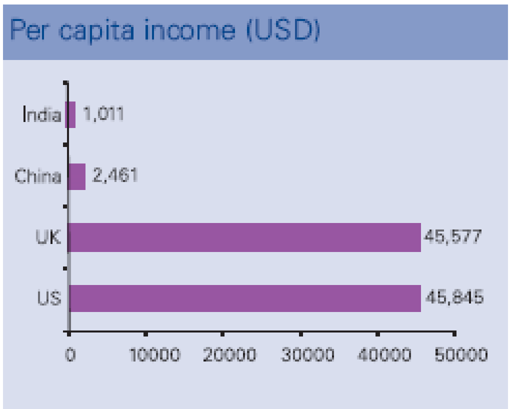
The following table sets forth certain details in relation to the different segments comprising the India media and entertainment industry.

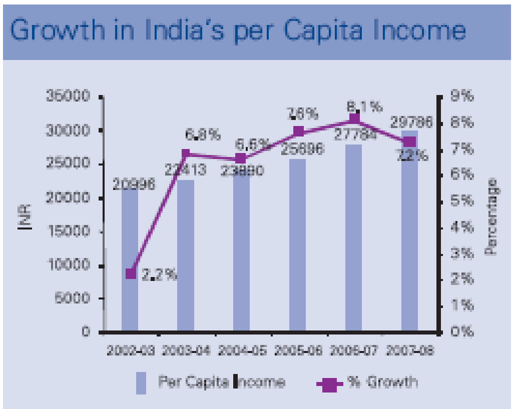
	2005	2006	2007	2008	CAGR (05-08)	2009P	2010P	2011P	2012P	2013P	CAGR (09-13)
		(Rs billion)			%		(Rs billion)				%
Television	163.3	182.5	211.3	240.5	13.8%	262.7	295.6	341.7	399.1	474.6	14.6%
Print	117.1	138.6	160.4	172.6	13.8%	183.9	197.9	216.0	239.3	266.0	9.0%
Film	66.9	81.7	96.4	109.3	17.8%	109.2	117.5	130.9	151.3	168.6	9.1%
Radio	4.9	6.0	7.4	8.4	19.7%	9.2	10.3	11.9	13.9	16.3	14.2%
Music	8.3	7.8	7.4	7.3	(4.2)%	7.5	8.0	8.7	9.5	10.7	7.9%
Animation	10.0	12.0	14.5	17.4	20.3%	20.0	23.3	27.8	33.1	39.4	17.8%
Gaming	2.2	3.0	4.4	6.5	43.5%	9.4	13.3	17.9	22.5	27.4	33.3%
Internet Advertising	2.0	2.0	3.9	6.2	45.8%	8.4	11.0	13.7	17.1	21.4	28.1%
Outdoor	10.0	11.7	14.0	16.1	17.2%	17.7	19.8	22.4	25.5	29.3	12.7%
Total Size	**385**	**445**	**520**	**584**	**15%**	**628**	**697**	**791**	**911**	**1,052**	**12.5%**

Source: FICCI-KPMG Report 2009

The growth in the Indian media and entertainment industry is driven by a variety of factors, including the following:

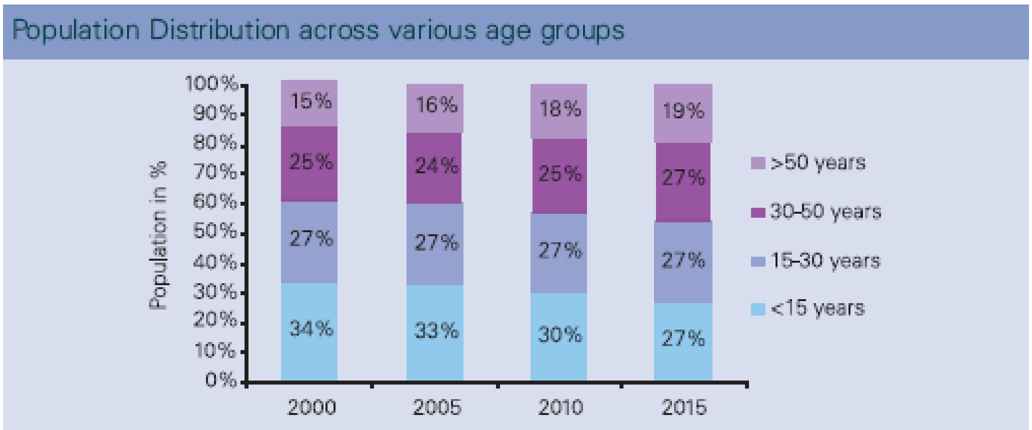
Growth in India's per capita income. While India's per capita income is lower than that of more mature economies, it has exhibited stable growth in recent years. The following graphs set forth certain information in relation to India's per capita income.





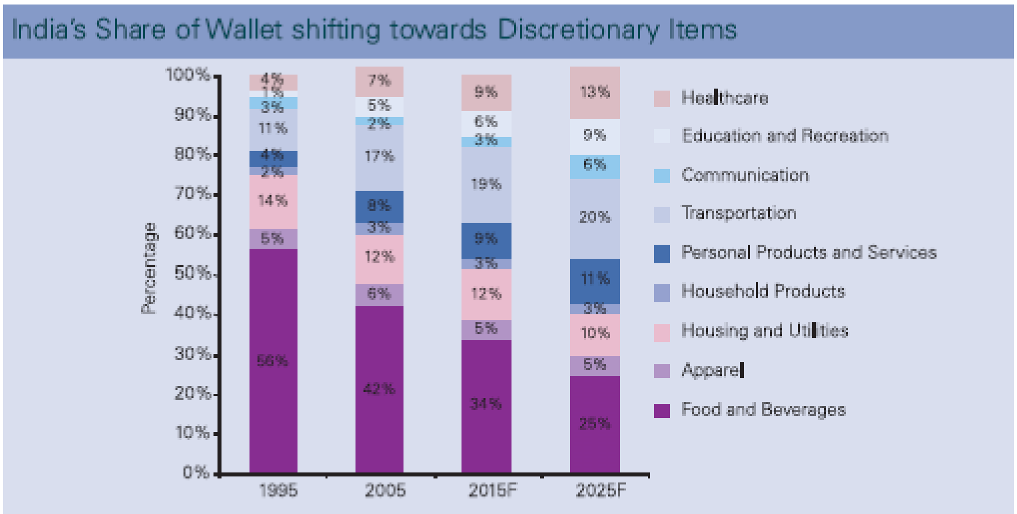
Source: FICCI-KPMG Report 2009

Favourable demographic composition. The average Indian consumer is getting younger. It is estimated that around 70% of the country's population is below 35 years of age and it is expected that more than 50% of India's population will be under the age of 30 in 2015 (source: *FICCI-KPMG Report 2009*). The following graph sets forth certain information in relation to the demographic composition in India.



Source: FICCI-KPMG Report 2009

Increasing spends on discretionary items. As a result of strong GDP growth over recent years in India, spending patterns among Indians have changed with necessities such as food declining and other categories such as communications, education and recreation and health care increasing their share.



Source: FICCI-KPMG Report 2009

The Indian film industry

The film industry involves the production and distribution of feature films. Production consists of the development and physical production of films, while distribution involves the marketing and exploitation of those films in a variety of ways, including theatrical exhibition, home entertainment sales and rentals. Distribution also includes the generation of revenues from licensing fees, from pay and free-to-air television operators and from ancillary revenue streams, including music rights, mobile and internet rights, film advertising and merchandising.

The FICCI-KPMG Report 2009 estimates that the Indian film industry is one of the largest in the world, with over 1,000 films released annually and over three billion tickets sold in Indian cinemas each year. The industry has traditionally been fragmented with independent producers and single screen theatres dominating the value chain.

During the three years ended December 31, 2008, the Indian film industry is estimated to have grown at a compound annual growth rate (or CAGR) of 17.7%, reaching an estimated market size of Rs. 109.3 billion in 2008 (*source: FICCI-KPMG Report 2009*).

The table below sets forth certain information in relation to the main revenue streams of the Indian film industry.

	2005	**2006**	**2007**	**2008**	**CAGR (2006-08)**
		(Rs. billion)			**%**
Domestic Theatrical	52.05	62.11	71.49	80.21	15.5%
Overseas Theatrical	5.30	5.71	8.71	9.77	22.7%
Home Video	4.29	6.43	7.01	8.63	26.3%
Cable & Satellite Rights	3.31	4.97	6.21	7.14	29.2%
Ancillary Revenue Streams	2.01	2.45	2.94	3.53	20.7%
Total Industry Size	**66.95**	**81.66**	**96.36**	**109.29**	**17.7%**

Source: FICCI-KPMG Report 2009

SUMMARY FINANCIAL INFORMATION

*The selected restated consolidated and unconsolidated summary financial information presented below as at and for the financial years ended March 31, 2005, 2006, 2007, 2008 and 2009 and for the period ended September 30, 2009 has been prepared in accordance with Indian GAAP and should be read together with the Auditors' Reports and the consolidated and unconsolidated financial statements and notes thereto contained in the Draft Red Herring Prospectus under "**Financial Information**", and in "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Our Business**" on pages F1, 134 and 73 respectively. The summary consolidated and unconsolidated financial information presented below does not purport to project our results of operation or financial condition. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve months ending March 31 of that year.*

Unconsolidated Restated Summary Statement of Assets and Liabilities

		As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
A	**Fixed Assets**						
	Gross Block	6,148.94	5,379.16	3,372.05	988.32	243.85	229.19
	Less : Depreciation / Amortization	4,519.15	3,887.72	2,447.32	684.72	137.16	121.18
	Net Block	**1,629.79**	**1,491.44**	**924.73**	**303.60**	**106.69**	**108.01**
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	**1,629.79**	**1,491.44**	**924.73**	**303.60**	**106.69**	**108.01**
B	**Investments**	**204.06**	**204.06**	**9.46**	**9.37**	**9.30**	**9.30**
C	**Deferred Tax Asset (Net)**	**-**	**-**	**-**	**14.28**	**2.13**	**-**
D	**Current Assets, Loans and Advances**						
	Inventories	409.12	617.57	397.48	13.51	16.41	21.93
	Sundry Debtors	901.13	781.46	775.17	592.84	619.72	481.29
	Cash and Bank Balances	482.02	324.57	1,100.48	234.91	117.33	93.42
	Loans and Advances	3,622.63	4,360.10	3,333.86	1,667.19	343.70	266.00
		5,414.90	**6,083.70**	**5,606.99**	**2,508.45**	**1,097.16**	**862.64**
E	**Total Assets (A+B+C+D)**	**7,248.75**	**7,779.20**	**6,541.18**	**2,835.70**	**1,215.28**	**979.95**
F	**Loan Funds**						
	Secured Loans	1,835.05	1,220.29	1,183.16	655.60	790.36	484.87
	Unsecured Loans	0.38	0.38	1.18	0.43	2.12	30.24
	Total Loan Funds	**1,835.43**	**1,220.67**	**1184.34**	**656.03**	**792.48**	**515.11**
G	**Deferred Tax Liability (Net)**	**283.95**	**259.56**	**85.57**	**-**	**-**	**2.53**
H	**Current Liabilities and Provisions**						
	Liabilities	3,651.41	5,194.63	4,634.15	1,870.90	153.58	203.73
	Provisions	100.52	9.57	8.54	24.91	17.75	19.87
	Total Current Liabilities and Provisions	**3,751.93**	**5,204.20**	**4,642.69**	**1,895.81**	**171.33**	**223.6**

		As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
I	**Total Liabilities (F+G+H)**	**5,871.31**	**6,684.43**	**5,912.60**	**2,551.84**	**963.81**	**741.24**
	Net worth (E-I)	**1,377.44**	**1,094.77**	**628.58**	**283.86**	**251.47**	**238.71**
	Represented By:						
	Shareholders' Funds						
	Share Capital	51.00	51.00	51.00	51.00	51.00	51.00
	Reserves and Surplus	1,326.44	1,043.77	577.58	232.86	200.47	187.71
	Net Worth	**1,377.44**	**1,094.77**	**628.58**	**283.86**	**251.47**	**238.71**

Unconsolidated Restated Summary Statement of Profits and Losses

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	**2009**	**2008**	**2007**	**2006**	**2005**
A	**Income**						
	Sales and Service Income	2,801.93	4,787.79	4,234.98	1,786.85	935.89	1,062.38
	Other Income	85.03	8.29	152.83	56.34	13.85	1.73
	Total Income	**2,886.96**	**4,796.08**	**4,387.81**	**1,843.19**	**949.74**	**1,064.11**
B	**Expenditure**						
	Operating Expenses	2,159.03	3,384.88	3,348.73	1,521.18	766.60	957.61
	Employee Remuneration and Other Benefits	32.91	72.59	62.46	36.80	17.26	19.52
	Administrative and Other Expenses	230.29	582.39	398.68	174.48	92.87	38.42
	Finance Costs (Net)	34.41	3.19	23.95	47.69	38.92	26.22
	Depreciation	9.88	22.32	14.81	9.10	9.39	13.83
	Total Expenditure	**2,466.52**	**4,065.37**	**3,848.63**	**1,789.25**	**925.04**	**1,055.60**
C	**Net Profit Before Tax and Extra Ordinary Items (A-B)**	**420.44**	**730.71**	**539.18**	**53.94**	**24.70**	**8.51**
	Extra Ordinary Items	-	-	-	-	-	-
	Net Profit Before Tax	**420.44**	**730.71**	**539.18**	**53.94**	**24.70**	**8.51**
	Taxation						
	Current tax	120.00	75.00	92.00	32.50	15.84	7.00
	Deferred tax	24.39	173.99	99.85	(12.15)	(4.66)	(2.10)
	Fringe benefits tax	-	2.70	2.60	1.20	0.76	-
	Total Taxation	**144.39**	**251.69**	**194.45**	**21.55**	**11.94**	**4.90**
	Net Profit after Tax	**276.05**	**479.02**	**344.73**	**32.39**	**12.76**	**3.61**

Consolidated Restated Summary Statement of Assets and Liabilities

(Rupees in millions)

		As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
A	**Fixed Assets**						
	Gross Block	8,550.82	7,723.34	4,663.31	1,886.48	569.44	549.59
	Less : Depreciation / Amortisation	6,219.89	5,528.67	3,244.61	1,168.96	440.02	404.88
	Net Block	**2,330.93**	**2,194.67**	**1,418.70**	**717.52**	**129.42**	**144.71**
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	**2,330.93**	**2,194.67**	**1,418.70**	**717.52**	**129.42**	**144.71**
B	**Investments**	**80.00**	**80.00**	**60.00**	**40.00**	**-**	**-**
C	**Deferred Tax Asset (Net)**	**0.95**	**0.80**	**0.44**	**14.85**	**2.13**	**-**
D	**Current Assets, Loans and Advances**						
	Inventories	772.43	978.34	695.11	169.85	43.25	73.96
	Sundry Debtors	1,347.79	1,588.10	1,046.17	772.19	748.57	600.93
	Cash and Bank Balances	541.02	361.10	1,182.19	331.00	127.74	103.40
	Loans and Advances	4,898.45	6,005.01	3,647.47	1,629.25	420.39	346.00
		7,559.69	**8,932.55**	**6,570.94**	**2,902.29**	**1,339.95**	**1,124.29**
E	**Total Assets (A+B+C+D)**	**9,971.57**	**11,208.02**	**8,050.08**	**3,674.66**	**1,471.50**	**1,269.00**
F	**Loan Funds**						
	Secured Loans	2,103.61	2,114.12	1,233.99	685.86	883.24	536.44
	Unsecured Loans	0.43	4.03	4.78	0.50	2.12	30.24
	Total Loan Funds	**2,104.04**	**2,118.15**	**1,238.77**	**686.36**	**885.36**	**566.68**
G	**Deferred Tax Liability (Net)**	**305.11**	**281.06**	**88.27**	**0.06**	**0.12**	**2.71**
H	**Minority Interest**	**41.98**	**39.71**	**22.30**	**6.36**	**3.66**	**3.88**
I	**Current Liabilities and Provisions**						
	Liabilities	5,365.69	7,148.91	5,863.64	2,530.22	279.96	406.10
	Provisions	124.48	39.34	21.90	37.47	18.76	25.69
	Total Current Liabilities and Provisions	**5,490.17**	**7,188.25**	**5,885.54**	**2,567.69**	**298.72**	**431.79**
J	**Total Liabilities (F+G+H+I)**	**7,941.30**	**9,627.17**	**7,234.88**	**3,260.47**	**1,187.86**	**1,005.06**
	Net worth (E-J)	**2,030.27**	**1,580.85**	**815.20**	**414.19**	**283.64**	**263.94**
	Represented By:						
	Shareholders' Funds						
	Share Capital						

	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
	51.00	51.00	51.00	51.00	51.00	51.00
Reserves and Surplus	1,979.27	1,529.85	764.20	363.19	232.64	212.94
Net worth	**2,030.27**	**1,580.85**	**815.20**	**414.19**	**283.64**	**263.94**

Consolidated Restated Summary Statement of Profits and Losses

(Rupees in millions)

		For the six month period ended September 30, 2009	For the year ended March 31, 2009	2008	2007	2006	2005
A	**Income**						
	Sales and Service Income	3,282.54	6,265.28	4,747.12	2,179.41	1,020.94	1,106.03
	Other Income	106.89	12.57	154.73	68.35	14.63	2.55
	Total Income	**3,389.43**	**6,277.85**	**4,901.85**	**2,247.76**	**1,035.57**	**1,108.58**
B	**Expenditure**						
	Operating Expenses	2,316.48	4,220.12	3,661.55	1,799.86	837.09	1,014.71
	Employee Remuneration and Other Benefits	79.31	154.93	84.97	36.80	17.50	19.77
	Administrative and Other Expenses	293.93	752.27	449.45	180.44	94.91	42.23
	Finance Costs (Net)	49.59	61.05	28.18	52.12	44.57	28.71
	Depreciation	21.87	49.69	17.87	9.41	9.75	14.30
	Amortisation of Goodwill on Consolidation	-	1.10	-	0.02	-	-
	Total Expenditure	**2,761.18**	**5,239.16**	**4,242.02**	**2,078.65**	**1,003.82**	**1,119.72**
C	**Net Profit / (Loss) Before Tax and Extra Ordinary Items (A-B)**	**628.25**	**1,038.69**	**659.83**	**169.11**	**31.75**	**(11.14)**
	Extra Ordinary Items	-	-	-	-	-	-
	Net Profit / (Loss) Before Tax	**628.25**	**1,038.69**	**659.83**	**169.11**	**31.75**	**(11.14)**
	Taxation						
	Current tax	129.37	94.79	122.39	45.00	16.44	9.20
	Deferred tax	23.90	192.49	102.62	(12.78)	(4.72)	(2.15)
	Fringe benefits tax	-	4.21	7.63	1.89	0.77	-
	Total Taxation	**153.27**	**291.49**	**232.64**	**34.11**	**12.49**	**7.05**
	Net Profit / (Loss) after Tax and before Minority Interest	**474.98**	**747.20**	**427.19**	**135.00**	**19.26**	**(18.19)**
	Share of Minority Interest in Profit / (Loss)	**3.91**	**14.19**	**15.93**	**2.68**	**(0.20)**	**0.19**
	Net Profit / (Loss) after Minority Interest	**471.07**	**733.01**	**411.26**	**132.32**	**19.46**	**(18.38)**

THE ISSUE

Issue[1]	[●] Equity Shares
Of which	
A) QIB Portion	At least [●] Equity Shares
(i) Anchor Investor Portion[2]	
(ii) QIB Portion (excluding the Anchor Investor Portion)	
Of which	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
C) Non-Institutional Portion[3]	Not less than [●] Equity Shares
D) Retail Portion[3]	Not less than [●] Equity Shares
Pre- and Post Issue Equity Shares	
Equity Shares outstanding prior to the Issue	71,407,000 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue Proceeds	See "***Objects of the Issue***" on page 39

[1]*Our Company is considering a Pre-IPO Placement of up to Rs. 200 million. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue paid-up equity capital.*

[2]*Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations, of which at least one third will be available for allocation to Mutual Funds only. For details, see "**Issue Procedure**" on page 196.*

[3]*Allocation shall be made on a proportionate basis. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith.*

GENERAL INFORMATION

Our Company was incorporated on August 19, 1994 under the Companies Act as a private limited company, with the name Rishima International Private Limited. For details of changes in our name and registered office see "***History and Key Corporate Matters***" on page 93.

Registered and Corporate Office of our Company

Registered Office:
201, Kailash Plaza, Plot No. A-12
Opposite Laxmi Industrial Estate, off New Link Road
Andheri (West)
Mumbai 400 053
Maharashtra, India
Tel: + (91 22) 6691 8500
Fax: + (91 22) 2673 2586

Corporate Office:
Satya Dev Building, 2nd Floor
Opposite Q Lab, off New Link Road
Andheri (West)
Mumbai 400 053
Maharashtra, India
Tel: + (91 22) 4053 8500
Fax: + (91 22) 4053 8540
Website: www.erosintl.com

Details	Registration / Identification number
Registration Number	11-080502
Corporate Identification Number (CIN)	U92110MH1994PLC080502

Address of the Registrar of Companies

Our Company is registered at the office of the Registrar of Companies, Maharashtra at:

Everest 5th floor
100, Marine Drive
Mumbai 400 002
Maharashtra, India
Tel: + (91 22) 221 2639
Fax: + (91 22) 281 1977

Board of Directors

The following table sets out the current details regarding our Board as on the date of the filing of this Draft Red Herring Prospectus:

Name, Designation and DIN	Age (years)	Address
Mr. Naresh Chandra **Designation**: Non- executive Chairman and Independent Director **DIN**: 00015833	75	C4/4053, Vasant Kunj, New Delhi, 110 070
Dr. Shankar Acharya **Designation**: Non-Executive Independent Director **DIN**: 00033242	64	S-523 A, Second Floor, Greater Kailash II, New Delhi 110 048

Name, Designation and DIN	Age (years)	Address
Mr. Kishore Lulla **Designation**: Executive Director **DIN**: 02303295	48	Highcroft, Totteridge Common, London, N20 8NL, U.K.
Mr. Sunil Lulla **Designation**: Executive Vice Chairman **DIN**: 00243191	45	Aumkar Bungalow, 172, Dr Rajendra Jain Marg, off Gandhi Gram Road, Juhu, Mumbai 400 049, Maharashtra, India
Mr. A.P. Parigi **Designation**: Managing Director and Group CEO (India) **DIN:** 00087586	60	Tahnee Heights CHS Limited, 66, Napean Sea Road, Mumbai 400 036, Maharashtra, India
Ms. Jyoti Deshpande **Designation**: Executive Director **DIN**: 02303283	39	16 Cavendish Drive, Edgware, HA8 7NS, U.K.

For further details of our Directors, see "***Our Management***" on page 108.

Company Secretary and Compliance Officer

Mr. Rajesh Bhatia
Eros International Media Limited
(Corporate Office)
Satya Dev Building, 2nd Floor
Opposite Q Lab, off New Link Road
Andheri (West)
Mumbai 400 053
Maharashtra, India
Tel: + (91 22) 4053 8500
Fax: + (91 22) 4053 854
Email: compliance.officer@erosintl.com

Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund orders.

Book Running Lead Managers

Enam Securities Private Limited
801, Dalamal Towers
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: +91 22 6638 1800
Fax: +91 22 2284 6824
Email: eros.ipo@enam.com
Investor Grievance Email: complaints@enam.com
Website: www.enam.com
Contact Person: Ms. Kanika Sarawgi
SEBI Registration No.: INM000006856

Kotak Mahindra Capital Company Limited
1st Floor, Bakhtawar
229, Nariman Point

Mumbai 400 021
Maharashtra, India
Tel: +91 22 6634 1100
Fax: +91 22 2283 7517
Email: eros.ipo @kotak.com
Investor Grievance Email: kmccredressal@kotak.com
Website: www.kmcc.co.in
Contact Person: Mr. Chandrakant Bhole
SEBI Registration No.: INM000008704

Morgan Stanley India Company Private Limited
5F, Unit 55-56, 5th floor,
Free Press House, 215 Free Press Journal Marg, Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: +91 (22) 6621 0555
Fax: +91 (22) 6621 0556
Email: eros_ipo@morganstanley.com
Investor Grievance Email: investors_india@morganstanley.com
Website: www.morganstanley.com/indiaofferdocuments
Contact Person: Mr. Naveen Asopa
SEBI Registration Number : INM000011203

RBS Equities (India) Limited*
(Formerly known as ABN AMRO Asia Equities (India) Limited)
83/84, Sakhar Bhavan Behind Oberoi Towers
230**,** Nariman Point
Mumbai 400 021
Maharashtra, India
Telephone: +91 22 6632 5535
Facsimile: +91 22 6632 5541
Email: eros.ipo@in.abnamro.com
Website: www.abnamro.co.in
Investor Grievance ID: customercare.ecm@in.abnamro.com
Contact Person: Mr. Asim Anwar
SEBI Registration number: INM000010551

* RBS Equities (India) Limited's ("**RBS**") Certificate of Registration as a Category 1 Merchant Banker obtained from the SEBI in the name of ABN AMRO Asia Equities (India) Limited was valid up to December 4, 2008. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, an application dated September 4, 2008 for renewal of the said Certificate of Registration, in the prescribed manner, was made on September 5, 2008 to the SEBI, three months before the expiry of the said Certificate of Registration.

Additionally, the said Certificate of Registration in the name of ABN AMRO Asia Equities (India) Limited is in the process of being changed to the name of RBS Equities (India) Limited. Pursuant to a letter dated March 4, 2009, RBS has informed the SEBI of its new Certificate of Incorporation consequent on change in name dated January 30, 2009 issued by the Registrar of Companies, changing its name from ABN AMRO Asia Equities (India) Limited to RBS Equities (India) Limited. RBS is awaiting the renewal certificate in the name of RBS Equities (India) Limited from the SEBI.

Syndicate Member

[●]

Domestic Legal Counsel to our Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.
216, Amarchand Towers
Okhla Industrial Estate Phase III
New Delhi 110 020, India
Tel: +91 11 2692 0500
Fax: +91 11 2692 4900

Domestic Legal Counsel to the BRLMs

S&R Associates
64, Okhla Industrial Estate Phase III
New Delhi 110 020, India
Tel: +91 11 4069 8000
Fax: +91 11 4069 8001

International Legal Counsel to the BRLMs

Freshfields Bruckhaus Deringer LLP
65 Fleet Street, London, EC4Y 1HS
Tel: +44 207 936 4000
Fax: +44 207 832 7001

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West)
Mumbai 400 078
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
Email: eros.ipo@linkintime.com
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration No: INR000004058

Bankers to the Issue and Escrow Collection Banks

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at http://www.sebi.gov/.in

Auditors to our Company

Walker Chandiok & Co.
Engineering Centre, 6th Floor
9 Matthew Road
Opera House
Mumbai 400 004
Maharashtra, India
Tel: + (91 22) 2367 1623
Fax: + (91 22) 2367 1624
Email: Khushroo.Panthaky@wcgt.in
Firm Registration Number: 001076N

Inter se responsibilities of the BRLMs

S. No.	Activity	Responsibility	Co-coordinator
1.	Capital Structuring with relative components and formalities such as type of instruments., etc.	Enam, Kotak, Morgan Stanley, RBS	Enam

S. No.	Activity	Responsibility	Co-coordinator
2.	Due-diligence of the company including its operations/management/business plans/legal, etc. Drafting and design of the Draft Red Herring Prospectus, RHP including memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI, including finalisation of Prospectus and the RoC filing.	Enam, Kotak, Morgan Stanley, RBS	Enam
3.	Drafting and approving all statutory advertisements	Enam, Kotak, Morgan Stanley, RBS	Enam
4.	Drafting and approving non-statutory advertisements including corporate advertisements	Enam, Kotak, Morgan Stanley, RBS	Morgan Stanley
5.	Appointment of Printer(s)	Enam, Kotak, Morgan Stanley, RBS	Enam
6.	Appointment of Advertising Agency	Enam, Kotak, Morgan Stanley, RBS	RBS
7.	Appointment of Bankers to the Issue	Enam, Kotak, Morgan Stanley, RBS	Kotak
8.	Appointment of Registrar to the Issue	Enam, Kotak, Morgan Stanley, RBS	Kotak
9.	Non-Institutional and Retail Marketing of the Issue, which will cover, *inter alia*, ▪ Formulating marketing strategies, preparation of publicity budget ▪ Finalizing Media, marketing & public relations strategy ▪ Finalizing centers for holding conferences for brokers, etc. ▪ Follow-up on distribution of publicity and Issuer material including application form, prospectus and deciding on the quantum of the Issue material ▪ Finalizing collection centres	Enam, Kotak, Morgan Stanley, RBS	Kotak
10.	**International Institutional marketing** International Institutional marketing of the Issue, which will cover, *inter alia*, marketing in the United States and includes: • Institutional marketing strategy • Finalizing the list and division of investors for one to one meetings, and • Finalizing road show schedule and investor meeting schedules • Preparing road show presentation	Enam, Kotak, Morgan Stanley, RBS	Morgan Stanley
11.	Preparing frequently asked question	Enam, Kotak, Morgan Stanley, RBS	RBS
12.	**Domestic Institutional marketing** Domestic Institutional marketing of the Issue, which will cover, *inter alia*, Institutional marketing strategy Finalizing the list and division of investors for one to one meetings, and Finalizing road show schedule and investor meeting schedules	Enam, Kotak, Morgan Stanley, RBS	Enam

S. No.	Activity	Responsibility	Co-coordinator
13.	Co-ordination with Stock Exchanges for Book Building Process software, bidding terminals and mock trading	Enam, Kotak, Morgan Stanley, RBS	RBS
14.	Finalisation of pricing in consultation with the company	Enam, Kotak, Morgan Stanley, RBS	RBS
15.	Post bidding activities including management of Escrow Accounts, co-ordinate non-institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Bidders, etc. The post issue activities of the issue will involve essential follow up steps, which include finalisation of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business. The Book Running Lead Managers shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company.	Enam, Kotak, Morgan Stanley, RBS	Kotak

Even if any of these activities are handled by other intermediaries, the designated BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Credit Rating

As this is an Issue comprising of only Equity Shares, credit rating is not required

IPO Grading Agency

[●]

IPO Grading

This Issue has been graded by [●], a SEBI-registered credit rating agency, as [●] indicating [●] fundamentals pursuant to Regulation 26(7) and Schedule VIII - Part A (I)(m) and (VI)(10) of the SEBI Regulations. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO Grade 5 / 5 indicating strong fundamentals and IPO Grade 1 / 5 indicating poor fundamentals. For details in relation to the rationale furnished by [●] and its disclaimer, see "***Annexure I***".

Experts

Except the report of [●] in respect of the IPO grading of this Issue annexed herewith, and the report of our Auditor, Walker Chandiok & Co. dated December 16, 2009 in respect of the information in the section "***Financial Information***" and "***Statement of Tax Benefits***", our Company has not obtained any expert opinions.

Trustee

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

As this is an Issue for less than Rs. 5,000 million, there is no requirement for the appointment of a monitoring agency.

Appraising Entities

Our Company's fund requirements as described in "***Objects of the Issue***" on page 39 are based on management estimates and our current business plan, and have not been appraised by any bank or financial institution.

Bankers to our Company

Indian Overseas Bank
28, Ashok Nagar Society
Circular Road, J.V.P Scheme Vile Parle
Juhu Branch
Mumbai 400 049
Maharashtra, India
Telephone: + (91 22) 2619 4775
Fax: + (91 22) 2615 1079
Email: jvpscbr@mummsco.iobnet.co.in

Union Bank of India
Union Bank Bhavan
239, Vidhan Bhavan Marg
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: + (91 22) 2287 1055
Fax: + (91 22) 2285 5037
Email: amghosalkar@unionbankofindia.com

Punjab National Bank
82/5, Jay Aptt.
Linking Road, Santacruz (W)
Mumbai 400 054
Maharashtra, India
Tel: + (91 22) 2660 0618
Fax: + (91 22) 2660 0618
Email: pnbsantacruz@pnd.co.in

Oriental Bank of Commerce
Dalamal Tower, B-wing Ground Floor
211, Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: + (91 22) 2285 2721
Fax: + (91 22) 2285 2724
+ (91 22) 2285 2719
Email: bm0530@obc.co.in

IDBI Bank Limited
Large Corporate Branch
9th floor, IDBI Tower
WTC Complex, Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: + (91 22) 2218 9111
Fax: + (91 22) 2215 5742
Email: jf.alapatt@idbi.co.in

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band.

The Issue Price is finalised after the Bid Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- BRLMs;
- Syndicate Members which are intermediaries registered with the SEBI or registered as brokers with the BSE / NSE and eligible to act as Underwriters. The Syndicate Member(s) are appointed by the BRLMs;
- Registrar to the Issue;
- Escrow Collection Banks; and
- SCSBs.

This is an Issue for less than 25% of the post–Issue capital of our Company and is being made pursuant to Rule 19 (2) (b) of the SCRR though the 100% Book Building Process, wherein at least 60% of the Issue shall be allocated to QIBs on a proportionate basis. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis, of which at least one third will be available for allocation to Mutual Funds only. If at least 60% of the Issue cannot be allocated to QIBs, the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. For details of Bids by Anchor Investors and Mutual Funds, see "***Issue Procedure***" on page 196.

QIBs Bidding in the QIB Portion are not allowed to withdraw their Bid(s) after the Bid Closing Date. In addition, QIBs bidding in the QIB Portion (excluding the Anchor Investor Portion) are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to such QIBs will be on a proportionate basis. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. In addition, Anchor Investors are required to pay at least 25% of the Bid Amount upon submission of the Bid cum Application Form with the balance to be paid within two Working Days of the Bid Closing Date, and allocation to the Anchor Investors will be on a discretionary basis. For further details, see "***Issue Structure***" on page 189.

Our Company will comply with the SEBI Regulations and any other directions issued by SEBI for this Issue. In this regard, we have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

The Book Building Process is subject to change from time to time and the investors are advised to make their own judgement about investment through this process prior to making a Bid in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding for Anchor Investors or under the ASBA process)*

Bidders can bid at any price within the Price Band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding Period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription (%)
500	24	500	16.67
1,000	23	1,500	50.00
1,500	22	3,000	100.00
2,000	21	5,000	166.67
2,500	20	7,500	250.00

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such Cut-Off Price, i.e., at or below Rs. 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details see "***Issue Procedure - Who Can Bid***") on page 197.

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form and the ASBA Bid cum Application Form.

3. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your Permanent Account Number ("**PAN**") allotted under the Income Tax Act, 1961 ("**I.T. Act**") in the Bid cum Application Form and the ASBA Bid cum Application Form (see "***Issue Procedure – Permanent Account Number or PAN***" on page 216).

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid cum Application Form and the ASBA Bid cum Application Form.

5. Ensure the correctness of your Demographic Details (as defined in the "***Issue Procedure-Bidders Depository Account Details***" on page 211) given in the Bid cum Application Form and the ASBA Bid cum Application Form, with the details recorded with your Depository Participant.

6. Bids by QIBs (including Anchor Investors) will have to be submitted to the BRLMs.

7. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue any time after the Bid Opening Date but before the Allotment. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two Working Days of the Bid Closing Date. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bidding Programme

BID OPENS ON	[●]*
BID CLOSES ON	[●]

** The Anchor Investor Bidding Date shall be one Working Day prior to the Bid Opening Date.*

The Company is considering participation by Anchor Investors in terms of the SEBI Regulations. For details, see "***Issue Procedure- Bids by Anchor Investors***" on page 210.

Bids and any revision in Bids will be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid Closing Date, Bids excluding ASBA Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 4 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) 5.00 p.m. or until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid Closing Date and, in any case, no later than 1 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLMs and the Syndicate Member(s) shall not be responsible. Bids will be accepted only on Working Days, i.e. Monday to Friday (other than Saturday, Sunday and public holidays). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two Working Days prior to the Bid Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member(s) does not fulfil its underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters would be several and subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:*

(Rs. million)

Underwriters	**Indicative Number of Equity Shares to be Underwritten**	**Amount Underwritten**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

* *This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.*

The abovementioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●], has authorized the execution of the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for / subscribe to Equity Shares to the extent of the defaulted amount, except in cases where the allocation to QIB is less than 60% of the Issue, in which case the entire subscription monies will be refunded.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue.

CAPITAL STRUCTURE

The share capital of our Company as on the date of the Draft Red Herring Prospectus is provided below.

(Rs. million)

		Aggregate Value at nominal value	Aggregate Value at Issue Price
A)	**AUTHORISED SHARE CAPITAL**		
	125,000,000 Equity Shares of Rs. 10 each	1,250.00	
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE***		
	71,407,000 fully paid up Equity Shares of Rs. 10 each	714.07	
C)	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS****		
	[●] Equity Shares of Rs. 10 each	[●]	[●]
D)	**EQUITY CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares of Rs. 10 each	[●]	[●]
E)	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	Nil	
	After the Issue	[●]	

* *Also see "-Employee Stock Options" on page 31*

** *The present Issue has been authorised by our Board of Directors at its meeting on November 19, 2009 and our shareholders at their meeting on December 1, 2009.*

Our Company is considering a Pre-IPO Placement of Equity Shares with various investors. The Pre-IPO Placement is at the discretion of our Company and at a price to be decided by our Company. Our Company will complete the issuance and allotment of such Equity Shares prior to the filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post-Issue paid-up capital being offered to the public.

For details in change of authorised share capital of our Company, see "***History and Key Corporate Matters***" on page 93.

Notes to Capital Structure

1. **Equity Share Capital History of our Company:**

Date of issue / allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of allotment	Cumulative Equity Share Capital (Rs.)
August 19, 1994	200	10	10	Cash	Subscription to the Memorandum of Association	2,000
March 30, 1999	99,800(1)	10	10	Cash	Further issue	1,000,000
June 1, 1999	5,000,000(2)	10	N.A.	Other than cash	Allotment as consideration for assignment and transfer of the assets and liabilities of a partnership firm(1)	51,000,000
October 15, 2009	500(3)	10	10	Cash	Preferential allotment	51,005,000
December 1, 2009	66,306,500	10	N.A.	Other than cash	Bonus issue in a 13:1 ratio by capitalisation of surplus balance in the profit and loss account of our Company	714,070,000
Total	71,407,000					714,070,000

(1) *Allotment of 49,900 Equity Shares each to Mr. Arjan Lulla and Mr. Sunil Lulla*

(2) *Allotment of 3,500,000 and 1,500,000 Equity Shares each to Mr. Arjan Lulla and Mr. Sunil Lulla as consideration for assignment and transfer of the business including assets and liabilities of the partnership firm, Jupiter Enterprises, by Mr. Arjan Lulla and Mr. Sunil Lulla to our Company, with effect from April 1, 1999, by an agreement dated March 30, 1999 entered into by and among Mr. Arjan Lulla, Mr. Sunil Lulla and our Company.*

[(3)] *Preferential allotment of 100 Equity Shares each to Mr. Arjan Lulla, Mr. Sunil Lulla and relatives of Mr. Arjan Lulla and Mr. Sunil Lulla, namely, Ms. Meena Lulla, Ms. Krishika Lulla and Ms. Nitu Lulla, at an issue price of Rs. 10 each for the purposes of conversion of our Company from a private limited company to a public limited company on October 15, 2009.*

Issue of Equity Shares in the last one year

Our Company has made a preferential allotment of 100 Equity Shares each to Mr. Arjan Lulla, Mr. Sunil Lulla and relatives of Mr. Arjan Lulla and Mr. Sunil Lulla, namely, Ms. Meena Lulla, Ms. Krishika Lulla and Ms. Nitu Lulla, at an issue price of Rs. 10 each for the purposes of conversion of our Company from a private limited company to a public limited company on October 15, 2009. Further, our Company has made a bonus issue out of capitalisation of the surplus balance in the profit and loss account of our Company in a 13:1 ratio to existing shareholders of our Company, on December 1, 2009 and issued 66,306,500 Equity Shares.

2. **Build-up of Promoters' shareholding, Promoters' Contribution and Lock-in**

Pursuant to the SEBI Regulations, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in by the Promoters for a period of three years from the date of Allotment.

(a) ***Details of the build up of our Promoters' shareholding in our Company:***

Our Promoters are Eros plc and Eros Worldwide. Eros plc does not hold any Equity Shares on the date of this Draft Red Herring Prospectus. Eros Worldwide currently holds 49,700,000 Equity Shares.

Name of Promoter	Date of allotment / transfer	Consideration (Cash other than Cash etc.)	Nature of allotment / acquisition/transfer	No. of Equity Shares	Face Value (Rs.)	Consideration per Equity Share (Rs.)
Eros Worldwide	September 5, 2003	Cash	Acquisition [(1)]	3,550,000	10	1
	December 1, 2009	Other than cash	Bonus issue	46,150,000	10	N.A.
Total				**49,700,000**		

[(1)]*Acquisition from Mr. Arjan Lulla*

(b) ***Details of Promoter Contribution and Lock-in***:

[●] Equity Shares, aggregating to 20% of the post-Issue equity capital of our Company, held by the Promoter(s) shall be locked in for a period of three years from the date of Allotment in the Issue. The contribution of the Promoter(s) has been brought in to the extent of not less than the specified minimum lot and from persons defined as "promoters" under the SEBI Regulations. The Equity Shares that are being locked-in are not ineligible for computation of Promoters contribution under Regulation 33 of the SEBI Regulations. In this connection, as per Regulation 33 of the SEBI Regulations, we confirm the following:

- The Equity shares offered for minimum 20% Promoters contribution are not acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources or against shares which are otherwise ineligible for computation of Promoters contribution;

- The minimum Promoters contribution does include the Equity Shares acquired during the preceding one year at a price lower than the price at which Equity Shares are being offered to the public in the Issue;

- The Equity shares offered for minimum 20% Promoters contribution were not issued to the Promoters upon conversion of a partnership firm;

- The Equity Shares held by the Promoters and offered for minimum 20% Promoters contribution are not subject to any pledge; and

- The minimum Promoters contribution does not consist of Equity Shares for which specific written consent has not been obtained from the respective Promoters for inclusion of their subscription in the minimum Promoters contribution subject to lock-in.

The details of Promoter Contribution and lock-in are provided below.

Name of Promoter	Date of allotment / transfer	Consideration (Cash other than Cash etc.)	Nature of allotment / acquisition	No. of Equity Shares	Face Value (Rs.)	Consideration per Equity Share	No. of Equity Shares locked in	% of Pre Issue Paid Up Capital	% of Post Issue Paid Up Capital
Eros Worldwide	[●]	[●]	[●]	[●]	10	[●]	[●]	[●]	[●]
Total				**[●]**			**[●]**	**[●]**	**20.00**

** In terms of Explanation I to Regulation 32 of the SEBI Regulations Promoters contribution has been computed on the basis of post-Issue expanded capital, taking into account all employee stock option as on [●], which are [●], Issue of [●]Equity Shares of the Company and existing authorised, issued and paid-up capital of 71,407,000 Equity Shares.*

(c) *Details of Equity Shares locked in for one year*

Other than the above Equity Shares that are locked in for three years as stated above, the entire pre-Issue share capital of our Company, comprising [●] Equity Shares will be locked-in for a period of one year from the date of Allotment of Equity Shares in the Issue in accordance with the SEBI Regulations. Such lock-in shall not be applicable to Equity Shares issued pursuant to grants under ESOP 2009.

(d) *Other requirements in respect of lock-in*

Locked in Equity Shares held by the Promoter, as specified above, may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan and provided that if any Equity Shares are locked in as minimum Promoters contribution under the SEBI Regulations, the same may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue.

Equity Shares held by the Promoters may be transferred inter-se or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the "**Takeover Code**"). Equity Shares held by persons other than Promoters prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in as per the SEBI Regulations, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

Further, Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

3. Employee Stock Options

Our Company has instituted an employees' stock option plan, i.e., ESOP 2009. Pursuant to ESOP 2009, options to acquire Equity Shares were granted to eligible employees (as such term is defined under ESOP 2009). ESOP 2009 is administered by the Compensation Committee of our Board. As on the date of filing this Draft Red Herring Prospectus our Company has granted 1,729,512 options to eligible employees under ESOP 2009, none of which have vested, lapsed, cancelled or been exercised. Accordingly, the total number of outstanding options under ESOP 2009 is 1,729,512. The terms and conditions of ESOP 2009 are provided below.

Particulars	Details	
Options granted	**Date of Grant**	**No. of options Granted**
	December 17, 2009	1,729,512
	Total Options Granted	1,729,512
	Less options cancelled	0
	Less options exercised	0

<table>
<tr><td></td><td>Total options outstanding under ESOP2009</td><td>1,729,512</td></tr>
<tr><td>Pricing formula</td><td colspan="2">The exercise price of the options for an employee is based on factors such as seniority, tenure, criticality and performance of the employee.
Based on the above, the exercise price would be calculated at a discount of 0 – 50% on the fair share price which is derived through a valuation by an independent valuer.</td></tr>
<tr><td>Vesting period</td><td colspan="2">• 20% of the Options shall vest on the completion of 12 months from the Grant Date
• 20% of the Options shall vest on the completion of 24 months from the Grant Date
• 30% of the Options shall vest on the completion of 36 months from the Grant Date
• 30% of the Options shall vest on the completion of 48 months from the Grant Date</td></tr>
<tr><td>Options vested (excluding the options that have been exercised)</td><td colspan="2">No options have vested till date</td></tr>
<tr><td>Options exercised</td><td colspan="2">No options have been exercised till date</td></tr>
<tr><td>The total number of shares arising as a result of exercise of options (including options that have been exercised)</td><td colspan="2">Nil</td></tr>
<tr><td>Options forfeited / lapsed / cancelled</td><td colspan="2">Nil</td></tr>
<tr><td>Variation of terms of options</td><td colspan="2">Nil</td></tr>
<tr><td>Money realized by exercise of options</td><td colspan="2">Nil</td></tr>
<tr><td>Total number of options in force</td><td colspan="2">1,729,512</td></tr>
<tr><td>Employee wise detail of options granted to

(i) Directors / Senior managerial personnel</td><td colspan="2">
<table>
<tr><th>Name of the Directors/ Key managerial personnel</th><th>No. of options granted under ESOP 2009</th></tr>
<tr><td colspan="2">Directors</td></tr>
<tr><td>Ms. Jyoti Deshpande</td><td>713,950</td></tr>
<tr><td>Mr. A.P. Parigi</td><td>36,127</td></tr>
<tr><td colspan="2">Key Managerial Personnel</td></tr>
<tr><td>Ms. Sundari Ramamurthy</td><td>59,276</td></tr>
<tr><td>Mr. Kumar Ahuja</td><td>85,267</td></tr>
<tr><td>Mr. Ram Mirchandani</td><td>7, 816</td></tr>
<tr><td>Mr. Nandu Ahuja</td><td>19,588</td></tr>
<tr><td>Mr. Narendra L. Lalchandani</td><td>16,578</td></tr>
<tr><td>Mr. Girish Kumar V.</td><td>15,197</td></tr>
<tr><td>Mr. Prashant Mahadev Gaonkar</td><td>25,903</td></tr>
<tr><td>Mr. Anand K Shankar</td><td>61,128</td></tr>
<tr><td>Mr. Surender Sood</td><td>41,100</td></tr>
<tr><td>Mr. Rajesh Bhatia</td><td>15,830</td></tr>
<tr><td>Ms. Amita Naidu</td><td>10,942</td></tr>
<tr><td>Ms. Vaishali Malhotra</td><td>14,506</td></tr>
<tr><td>Mr. Sudam Patil</td><td>13,930</td></tr>
</table>
</td></tr>
</table>

(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Except as mentioned above, for our director, Ms. Jyoti Deshpande no other employee has received a grant in any one year of options amounting to 5% or more of the options granted during the year.
(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	None
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the AS 20	Rs. 3.84
Lock-in	Nil
Impact on profit and EPS of the last three years	Nil
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and the impact of this difference on profits and on the Earnings Per Share of the Company	Fair value per option = Rs.110.63 Intrinsic value per option = Rs. 56.58 Difference per option = Rs.54.05 Impact on profit (and EPS) of this difference: Year 1 = Rs.44.40 Mn (and 0.012) Year 2 = Rs.25.70 Mn (and 0.007) Year 3 = Rs.16.36 Mn (and 0.005) Year 4 = Rs.7.01 Mn (and 0.002)

Impact on the profits of our Company and on the earnings per share of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years.	N.A since the options have been allotted on December 17, 2009
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price = Rs.143.42 Weighted average fair value of options = Rs. 110.63
Method and significant assumptions used to estimate the fair value of options granted during the year	
Method used	Black Scholes Option Valuation Method
Risk free return	6.30% (average over 4 year vesting schedule)
Expected life	5.25 years (average over 4 year vesting schedule)
Expected volatility	75% (comparator companies' volatility)
Expected dividends	Nil
Price of underlying shares in market at the time of the options grant	Rs.200

Intention of the holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer *	N.A
Intention to sell Equity Shares arising out of the ESOP 2009 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having equity shares arising out of the ESOP 2009 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N.A

Particulars of Equity Shares issued under ESOP 2009, aggregated quarter wise:

N.A.

4. **Details of the shareholding in the Company as on the date of filing of this Draft Red Herring Prospectus:**

Category code	Category of shareholder	Number of shareholders	Total Number of shares	Total shareholding as a percentage of total number of shares		Total post issue shareholding *	
				As a percentage of (A+B)	As a percentage of (A+B+C)	Total Number of shares	As a percentage of (A+B+C)
(A)	**Promoter and Promoter Group**						
(1)	**Indian**						
	Bodies Corporate -Eros Digital Private Limited	1	21,700,000	30.39	30.39	21,700,000	[●]
	Sub-Total (A)(1)	1	21,700,000	30.39	30.39	21,700,000	[●]
(2)	**Foreign**						
	Bodies Corporate - Eros Worldwide	1	49,700,000	69.60	69.60	49,700,000	[●]
	Sub-Total (A)(2)	**1**	**49,700,000**	**69.60**	**69.60**	**49,700,000**	[●]
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**2**	**71,400,000**	**99.99**	**99.99**	**71,400,000**	[●]

Category code	Category of shareholder	Number of shareholders	Total Number of shares	Total shareholding as a percentage of total number of shares		Total post issue shareholding *	
				As a percentage of (A+B)	As a percentage of (A+B+C)	Total Number of shares	As a percentage of (A+B+C)
(B)	**Public Shareholding**						
	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	5	7,000	0.01	0.01	7,000	[●]
	Total Public Shareholding	**5**	**7,000**	**0.01**	**0.01**	**[●]**	[●]
	TOTAL (A)+(B)	**7**	**71,407,000**	**100**	**100**	**[●]**	[●]
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-	
	GRAND TOTAL (A)+(B)+(C)	**7**	**71,407,000**	**100**	**100**	**[●]**	**[●]**

* *Assuming none of the shareholders participate in the Issue.*

5. In the event the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

6. Over-subscription to the extent of 10% of the Issue to the public can be retained for the purpose of rounding off to the nearer multiple of minimum Allotment lot.

7. Except the Pre-IPO Placement, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.

8. We did not have ten shareholders as on the date, ten days before the date and two years prior to the date of filing of this Draft Red Herring Prospectus. The total number of shareholders as of the date of this Draft Red Herring Prospectus is seven.

   The details of shareholders of our Company as on the date, ten days before the date and two years prior to the date of filing of this Draft Red Herring Prospectus are provided below.

   (a) Shareholders of our Company as on the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	Eros Worldwide	49,700,000	69.60
2.	Eros Digital Private Limited	21,700,000	30.39
3.	Mr. Arjan Lulla	1,400	0.002
4.	Mr. Sunil Lulla	1,400	0.002
5.	Ms. Krishika Lulla	1,400	0.002
6.	Ms. Meena Lulla	1,400	0.002
7.	Ms. Nitu Lulla	1,400	0.002
	Total	**71,407,000**	**100.00**

   (b) Shareholders of our Company ten days prior to the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	Eros Worldwide	49,700,000	69.60
2.	Eros Digital Private Limited	21,700,000	30.39
3.	Mr. Arjan Lulla	1,400	0.002
4.	Mr. Sunil Lulla	1,400	0.002
5.	Ms. Krishika Lulla	1,400	0.002
6.	Ms. Meena Lulla	1,400	0.002

S. No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
7.	Ms. Nitu Lulla	1,400	0.002
	Total	**71,407,000**	**100.00**

(c) Shareholders of our Company, two years prior to the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	Eros Worldwide	3,550,000	69.61
2.	Eros Digital Private Limited	1,550,000	30.39
	Total	**5,100,000**	**100.00**

9. All Equity Shares offered through this Issue are fully paid up. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

10. We have not issued any bonus shares out of revaluation reserves since our incorporation.

11. Except as disclosed below, we have not issued any Equity Shares for consideration other than cash at any point of time since our incorporation. Further, we have not allotted any shares in terms of any scheme approved under Sections 391-394 of the Companies Act.

Date of issue	Allottees	Reasons for Issue	Benefits accrued to our Company
June 1, 1999	Mr. Arjan Lulla and Mr. Sunil Lulla	Allotment as consideration for assignment and transfer of the assets and liabilities of a partnership firm(1)	All the assets of the partnership firm (including film rights) were transferred to our Company
December 1, 2009	Eros Worldwide, Eros Digital, Mr. Arjan Lulla, Mr. Sunil Lulla, Ms. Krishika Lulla, Ms. Meena Lulla and Ms. Nitu Lulla	Allotment pursuant to a bonus issue in a 13:1 ratio by capitalisation of surplus balance in the profit and loss account of our Company(2)	N.A.

(1) *Allotment of 3,500,000 and 1,500,000 Equity Shares each to Mr. Arjan Lulla and Mr. Sunil Lulla as consideration for assignment and transfer of the business including assets and liabilities of the partnership firm, Jupiter Enterprises, by Mr. Arjan Lulla and Mr. Sunil Lulla to our Company, with effect from April 1, 1999, by an agreement dated March 30, 1999 entered into by and among Mr. Arjan Lulla, Mr. Sunil Lulla and our Company.*

(2) *Our Company has made a bonus issue out of capitalisation of the surplus balance in the profit and loss account of our Company in a 13:1 ratio to existing shareholders of our Company, on December 1, 2009 and issued 66,306,500 Equity Shares.*

12. Our Promoters, our Company, our Directors and the BRLMs have not entered into any buy-back or standby arrangements for purchase of Equity Shares from any person.

13. The BRLMs and their associates currently do not hold any Equity Shares in our Company.

14. Except as stated in "-***Issue of Equity Shares in the last one year***" on page 30, none of our Promoters, Promoter Group, directors of our Promoters, our Directors or their immediate relatives have purchased or sold any Equity Shares during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI. Also see "***Risk Factors***" on page xi.

15. Except for Mr. Sunil Lulla, none of our Directors hold any Equity Shares in our Company. Further, except for Mr. A. P. Parigi and Ms. Jyoti Deshpande, and some of our Key Managerial Personnel, none of our Directors, hold options pursuant to the ESOP 2009. For details, see "***- Employee Stock Options***" in this section and see the section "***Our Management***" on page 31.

16. Except the Pre-IPO Placement and except to the extent of options granted under ESOP 2009, we presently do not intend or propose any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges.

17. Except the Pre-IPO Placement and except to the extent of options granted under ESOP 2009, we presently do not intend or propose to alter our capital structure from the date of submission of this Draft Red Herring Prospectus for a period of six months from the Bid Opening Date and further until the date the Equity Shares have been listed on the Stock Exchanges, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except if we enter into acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

18. Our Company shall ensure that transactions in Equity Shares by the Promoter and members of the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid Closing Date shall be reported to the Stock Exchanges within 24 hours of such transaction.

19. Except for the employee stock options granted pursuant to ESOP 2009 of our Company, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares as on the date of this Draft Red Herring Prospectus.

20. Our Company has not raised any bridge loans against the proceeds of the Issue.

21. No Equity Shares held by our Promoters are subject to any pledge.

22. Our Promoters and members of our Promoter Group will not participate in this Issue.

23. Except as disclosed under "***Financial Statements***", on page F1, none of our sundry debtors are related to our Company, our Promoters or our Directors.

OBJECTS OF THE ISSUE

The objects of the Issue are as provided below:

A. Acquiring and co-producing Indian films, including primarily Hindi language films as well as certain Tamil and other regional language films.

B. General corporate purposes.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The details of our fund requirements and deployment of such funds are based on internal management estimates in view of the current circumstances of our business and are subject to change in light of variations in external circumstances or costs, competitive pressures, availability of talent, variations in viewer preferences and other external factors which may not be within our control, or otherwise as a result of changes in our financial condition, results of operations, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise our business plan from time to time and consequently our funding requirements and deployment of funds may also change. This may entail rescheduling or revising the proposed utilisation of the Net Proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilisation of the Net Proceeds. For further information, see "***Risk Factors***" on page xi.

Requirement of Funds and Means of Finance

The details of proceeds of the Issue are summarised in the following table:

S. No	Description	Amount (Rs. million)
1.	Gross proceeds of the Issue*	[●]
2.	Issue Expenses *	[●]
3.	Net proceeds of the Issue*	[●]

**To be finalised upon determination of Issue Price.*

We intend to utilize the Net Proceeds of the Issue of Rs. [•] (the "**Net Proceeds**") for financing the objects as provided below.

Description	Amount proposed to be financed from the Net Proceeds (Rs. million)
Acquiring and co-producing Indian films including primarily Hindi language films as well as certain Tamil and other regional language films	2,800
General corporate purposes*	[●]
Total*	**[●]**

**To be finalised upon determination of Issue Price.*

Any expenditure incurred towards the aforementioned objects would be recovered from the Net Proceeds of the Issue.

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. Accordingly, there is no requirement for us to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Issue and existing identifiable internal accruals.

We may have to revise our estimated costs, funding allocation and fund requirements owing to factors such as escalation in costs, that may be caused by star cast finalization or other changes, and other external factors which may cause delays and which may not be within the control of our management. This may entail revising the planned expenditure and deployment schedule for the objects of the Issue. For further information, see "***Risk Factors***" on page xi.

In the event of a surplus, we will use such surplus towards general corporate purposes including meeting future growth requirements. In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. In the event of any shortfall in the Net Proceeds, our Company will bridge the fund requirements from internal accruals or debt, including through institutional sources or by seeking additional financing from one or both of our Promoters, as may be necessary or appropriate in light of the terms of the financing arrangements that may be available to us at such time. Our management, in accordance with the policies of our Board of Directors, will have flexibility in utilising the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

The fund requirement in the table above is based on our current business plan. We may have to revise our business plan from time to time and consequently our funding requirements may also change. This may include rescheduling of our content acquisitions, increase or decrease in the funding for a particular project vis-à-vis current plans at the discretion of our management. In the event any surplus is left out of the Issue proceeds after meeting the object, such surplus Issue proceeds will be used for general corporate purposes.

Details of the Objects of the Issue

A. Acquiring and co-producing Indian films, including primarily Hindi language films as well as certain Tamil and other regional language films

Our Company intends to use up to Rs. 2,800 million from the Net Proceeds, to fund our Hindi, Tamil and other regional language film projects that we intend to release in fiscal 2011 and 2012. This is line with our growth plans and will help us expand our presence in the Indian film industry.

The Eros India Library includes over 1,000 Indian films, including regional language films. We earn revenues by exploiting film content that we buy from third parties, co-produce and occasionally produce. Therefore we need to have sustained access to content to secure a future pipeline of content, which is integral to our business model. We source or acquire our film content through entering into assignment / licensing/ co-productions arrangements with other film producers or co-producers. All such content sourced, acquired or co-produced as above is exploited and distributed by us end-to-end through multiple formats such as theatres, home entertainment, principally in the form of DVDs, VCDs, and music CDs, television syndication and digital new media.

In the year ended March 31, 2009 we released 19 Hindi and 75 regional language films. In the year ended March 31, 2008 we released 23 Hindi (including major releases such as *Om Shanti Om*, *Partner* and *Heyy Babyy*, among others) and 42 regional language films. In the year ended March 31, 2007, we released 27 Hindi (including *Omkara* and *Namastey London*) and 2 regional language films.

The following film projects have been identified for which the Net Proceeds are proposed to be utilised:*

Project Name	Language	Star Cast	Production house	Type of sourcing	Stage of production	Tentative Release
Untitled	Hindi	Shah Rukh Khan	Red Chillies Entertainment Private Limited	Acquisition	Script, star cast and director finalised	Fiscal 2011
*Anjaana Anjaanee***		Ranbir Kapoor, Priyanka Chopra	Sajid Nadiadwala & Grandsons Private Limited	Co-production	Principal photography under way	Fiscal 2011
*Desi Boyz***		To be finalised	To be decided	Co-production	Script and director finalised	Fiscal 2011
Untitled**		Saif Ali Khan	Illuminati Films Private Limited	Co-production	Pre-production	Fiscal 2011
Punha Dhakka	Marathi	Makarand Anaspure, Shivaji Satam	Saatyaashwami Films	Co-production	Pre-production	Fiscal 2011
Haapus	Marathi	Makarand Anaspure, Shivaji Satam	Alpha Lyra Productions	Co-production	Principal photography under way	Fiscal 2011
Shodh	Marathi	To be finalised	Everest Entertainment	Co-production	Pre-production	Fiscal 2011
Phakt Ladh Mhana	Marathi	Sachin Khedekar, Bharat Jadhav, Makarand Anaspure	Ashwami Films	Co-production	Pre-production	Fiscal 2012

Project Name	Language	Star Cast	Production house	Type of sourcing	Stage of production	Tentative Release
Murattu Kalai (remake)	Tamil	Sundar C., Sneha, Vivek	Soorya Productions	Acquisition	Principal photography under way	Fiscal 2011
Arjunan Kaadhal	Tamil	Jai, M.S. Bhaskar, Kancha Karuppu, Santhanam	SS Movie Makers	Acquisition	Principal photography under way	Fiscal 2011
Krishna Leelai	Tamil	Jeevan, Vadivelu	Kavithalayaa Productions (Private) Limited	Acquisition	Principal photography under way	Fiscal 2011

** All information for films that have not yet been released is tentative and subject to change. Due to the uncertainties involved in the development and production of films, the date of their completion can be significantly delayed, planned talent can change and, in certain circumstances, films can be cancelled or not approved by the CBFC. Furthermore, the terms of the commitments or agreements entered into for these projects (including commercial terms, star cast, nature or period of rights to be acquired and any other terms) may be subject to change in light of various external factors discussed in this section and in "**Risk Factors**" on page xi.*

*** The total funds deployed by us in respect of the specified Hindi film projects, as certified by A.P. Rajagopalan & Co., Chartered Accountants, is Rs. 254.10 million, as at December 24, 2009.*

The total estimated cost of the above projects is up to Rs. 2,800 million. This includes the cost of the cast and crew and shooting expenses, marketing and advertising expenses, and other costs as may be agreed with the concerned production house or line producer. In exchange, we would acquire film rights to these projects, which will typically be for a period ranging from five years up to the period for which copyright protection is available under applicable law, for the projects mentioned above. For further information, see "***Regulations and Policies***" on page 88. These film rights will include the rights to exploit content across formats such as theatres, home entertainment, television and digital new media.

All the above projects, except the Tamil film projects, shall be governed by the Relationship Agreement which shall mean that we shall hold the Indian film rights including television rights in these films for exploitation within India, Nepal and Bhutan and will assign and transfer the international rights to our Promoter, Eros Worldwide, for exploitation outside the territory. For further details on the terms of the Relationship Agreement, see "***History and Key Corporate Matters***" on page 93.

Of the total estimated cost of the above projects which is Rs. 2,800 million, we have deployed Rs. 254.10 million towards Hindi film projects as at December 24, 2009. Our Company has not deployed any amount towards Marathi and Tamil film projects identified above, as of the date of this Draft Red Herring Prospectus. All expenditure incurred towards the aforementioned objects would be recovered from the Net Proceeds of the Issue.

B. General corporate purposes

We intend to continue to grow and expand our presence in the Indian film industry by exploring both organic and inorganic growth opportunities including acquisitions and strategic initiatives.

Accordingly, we intend to deploy the balance Net Proceeds aggregating Rs. [●] million towards our other existing projects and such growth plans. We will continue to evaluate various opportunities and may take up new projects. Our management will have the flexibility in utilizing these proceeds under the overall guidance and policies laid down by our Board.

Schedule of Implementation and Deployment of Funds

The entire Net Proceeds are intended to be deployed in fiscal 2011.

Object	Estimated Schedule of Deployment of Net Proceeds (Rs. million)
	2011
Acquiring and co-producing Indian film rights including primarily Hindi language films as well as certain Tamil and other regional language films, thereby expanding our presence in the Indian film industry	2,800

Object	Estimated Schedule of Deployment of Net Proceeds (Rs. million)
General corporate purposes*	[●]
Total*	[●]

**To be finalised upon determination of Issue Price.*

Issue Related Expenses*

The expenses of this Issue include, among others, lead management fees, underwriting, brokerage and selling commission, printing and distribution expenses, legal fees, advertisement expenses and listing fees. All expenses with respect to the Issue shall be borne by our Company. The estimated Issue expenses are provided below.

Activity	Expenses (Rs. million)	% of Issue size (%)	% of Issue expense (%)
Lead management fees	[●]	[●]	[●]
Underwriting, brokerage and selling commission (including commission to SCSBs for ASBA Applications)	[●]	[●]	[●]
Registrar's fees	[●]	[●]	[●]
Advertising and marketing	[●]	[●]	[●]
Printing and distribution	[●]	[●]	[●]
IPO Grading	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.)	[●]	[●]	[●]
Total estimated Issue expenses*	[●]	[●]	[●]

**To be finalised upon determination of Issue Price.*

Appraisal

Our fund requirements as described above are based on management estimates and our current business plan and have not been appraised by any bank or financial institution. Also see, "***Risk Factors***" on page xi.

Interim use of funds

Our Company, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds. Pending utilisation for the purposes described above, we intend to invest the funds in high quality interest / dividend bearing liquid instruments including investments in mutual funds, deposits with banks and other investment grade interest bearing securities. Such investments would be in accordance with applicable laws and investment policies approved by our Board of Directors from time to time.

Monitoring Utilisation of Funds

Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI Regulations, the Equity Listing Agreement and any other applicable law or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Issue Proceeds that have not been utilised, if any, of such currently unutilised Issue Proceeds.

As per the current requirements of Clause 49 of the Equity Listing Agreement, our Company will disclose to the Audit Committee the use / application of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, our Company shall place before the Audit Committee a statement of funds utilised for purposes other than those stated in the Draft Red Herring Prospectus. This disclosure shall be made until such time as the entire proceeds of the Issue have been fully spent. The statement shall be certified by our statutory auditors.

Further, in accordance with clause 43A of the Equity Listing Agreement, our Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the utilisation of the proceeds of the Issue for the Objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

Except an amount of up to Rs. 500 million, which would be payable in course of our ordinary business to our Promoter Eros Worldwide in relation to acquisition of film content for one of the untitled project, as disclosed above, no part of the Issue Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Managerial Personnel, associates and Group Entities promoted by the Promoters.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The face value of the equity shares is Rs. 10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

We believe that the following competitive strengths will enable us to compete successfully in our industry.

- Valuable and expanding content library
- Well developed content distribution network
- Portfolio approach to films and a strong regional presence
- Strong long-standing relationships with talent within the industry provide steady access to content and talent
- Strong and experienced management
- Value of the Eros name

For further details, see, "***Our Business - Key Strengths***" on page 75.

Quantitative Factors

The information presented below relating to our Company is based on the Unconsolidated Restated Financial Statements and Consolidated Restated Financial Statements for Fiscals 2007, 2008 and 2009 and six months ended September 30, 2009 prepared in accordance with Indian GAAP. For details, see, "***Financial Information***" on page F1.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. **Weighted Average Earning Per Share (EPS):**

Earning Per Share (Unconsolidated)

Year ended	Basic EPS (in Rs.)	Diluted EPS (in Rs.)	Weight
March 31, 2007	6.35	6.35	1
March 31, 2008	67.59	67.59	2
March 31, 2009	93.93	93.93	3
Weighted Average	70.55	70.55	

For the six months period ending September 30, 2009 (not annualised): Rs.54.13

Earning Per Share (Consolidated)

Year ended	Basic EPS (in Rs.)	Diluted EPS (in Rs.)	Weight
March 31, 2007	25.95	25.95	1
March 31, 2008	80.64	80.64	2
March 31, 2009	143.73	143.73	3
Weighted Average	103.07		

For the six months period ending September 30, 2009 (not annualised): Rs. 92.37

Note:

1. 66,306,500Equity Shares of Rs. 10 each have been allotted as fully paid up Bonus Shares in the ratio of 13 Shares for every 1 shares held, on December 01, 2009, by way of capitalisation of Profit and Loss account. If the same is considered, the adjusted EPS would be as under:
a) EPS as on March 31, 2009 (unconsolidated): 6.71
b) EPS as on September 30, 2009 (unconsolidated): 3.87
c) EPS as on March 31, 2009 (Consolidated): Rs.10.27
d) EPS as on September 30, 2009 (Consolidated): Rs.6.60

2. Earnings per share calculations are done in accordance with Accounting Standard 20 'Earning per Share' issued by the Institute of Chartered Accountants of India.

3. Earnings per share is calculated as Net profit / (loss) after tax and minority interest as restated after excluding extraordinary income attributable to equity shareholders divided by Weighted average number of shares outstanding during the year / period
4. Weighted Average number of equity shares is the number of equity shares outstanding at the beginning of the year/period adjusted by the number of equity shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
5. The above statement should be read with Significant Accounting Policies and the Notes to the Unconsolidated Restated Summary Statements as appearing on page F55 of Financial Statements
6. The face value of each equity shares is Rs.10

2. **Price/Earning (P/E) ratio in relation to Issue Price of Rs [●] per share of Rs. 10 each**

a. P/E based on Basic EPS of Rs. [●] as per our Unconsolidated Restated Financial Statements for year ended March 31, 2009 is [●].
b. P/E based on Diluted EPS of Rs. [●] as per our Unconsolidated Restated Financial Statements for year ended March 31, 2009 is [●].
c. P/E based on Basic EPS of Rs. [●] as per our Consolidated Restated Financial Statements for year ended March 31, 2009 is [●].
d. P/E based on Diluted EPS of Rs. [●] as per our Consolidated Restated Financial Statements for year ended March 31, 2009 is [●].
e. Industry P/E*:
   i) Highest: 121.1
   ii) Lowest: 1.4
   iii) Average: 28.2

* *Source: Capital Market, Volume: XXIV/20 Nov 30 – Dec 13, 2009 (Industry: Entertainment)*

3. **Weighted Average Return on Net Worth ("RONW") as per Restated Financial Statements:**

As per our Unconsolidated Restated Financial Statements:

Year ended	RONW (%)	Weight
March 31, 2007	11.41	1
March 31, 2008	54.84	2
March 31, 2009	43.76	3
Weighted Average	42.06	

For the six months period ending September 30, 2009 (not annualised): 20.04%

As per our Consolidated Restated Financial Statements:

Year ended	RONW (%)	Weight
March 31, 2007	31.95	1
March 31, 2008	50.45	2
March 31, 2009	46.37	3
Weighted Average	45.33	

For the six months period ending September 30, 2009 (not annualised): 23.20%

4. **Minimum Return on increased Net Worth after Issue needed to maintain Pre-Issue EPS:**

Based on Unconsolidated Restated Financial Statements:

a. At the Floor Price – [●]%
b. At the Cap Price – [●]%

5. **Net Asset Value# per Equity Share of face value Rs. 10 each**

On Unconsolidated Basis:

a. As of March 31, 2009, as per our Unconsolidated Restated Financial Statements is Rs. 214.66
b. As of September 30, 2009, as per our Unconsolidated Restated Financial Statements is Rs. 270.09

On Consolidated Basis:

c. As of March 31, 2009, as per our Consolidated Restated Financial Statements is Rs. 309.97
d. As of September 30, 2009, as per our Consolidated Restated Financial Statements is Rs. 398.09

Notes:
66,306,500 Equity Shares of Rs. 10 each have been allotted as fully paid up Bonus Shares in the ratio of 13 Shares for every 1 shares held, on December 01, 2009, by way of capitalisation of Profit and Loss account. If the same is considered, the NAV would be as under:
a) NAV as on March 31, 2009 (unconsolidated): 15.33
b) NAV as on September 30, 2009 (unconsolidated): 19.29
c) NAV as on March 31, 2009 (Consolidated): Rs. 22.14
d) NAV as on September 30, 2009 (Consolidated): Rs. 28.44

NAV per Equity Share after the Issue: [●]
Issue Price per Equity Share: Rs. [●]*

*Issue Price per Equity Share will be determined on conclusion of book building process.

#*Net Asset Value per Equity Share represents Net Worth excluding revaluation reserve at the end of the year / period, as restated divided by the number of Equity Shares outstanding at the end of the period/ year.*

6. **Comparison with Industry Peers:**

Based on the nature of the services provided by the Company, the comparison of its accounting ratios with its closest comparable competitor in India is given below:

	Face Value per Equity Share (Rs.)	**EPS (Rs.)***	**P/E (times)***	**RONW (%)***	**NAV per Equity Share (Rs.)***
Eros International Media Limited (as on March 31, 2009)	10	93.93	[●]	43.76	214.66
Peer Group(1)					
UTV Software Communications Limited	10	6.1	101.7	3.3	309.0

Source: Capital Market, Volume: XXIV/20 Nov 30 – Dec 13, 2009 (Industry: Entertainment)
* *On an unconsolidated basis.*

The Issue Price of Rs. [●] has been determined by the Company in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process. Prospective investors should also review the entire Red Herring Prospectus, including, in particular, the sections entitled ''***Risk Factors***'', ''***Industry Overview***'', ''***Our Business***'' and ''***Financial Information***'' on pages xi, 57, 73 and F1 of this Red Herring Prospectus to obtain a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Eros International Media Limited
201, Kailash Plaza
Andheri Link Road
Andheri West
Mumbai – 110 001
India

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby certify that the enclosed annexure states the possible tax benefits available to **Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)** (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 ('IT Act') and other direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This report is intended solely for your information and for the inclusion in the offer Document in connection with the proposed Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

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

per **Khushroo Panthaky**
Partner
Membership No. F-42423
Mumbai
Date : December 16, 2009

Levy of Income Tax

In India, tax is charged on the basis of the residential status of a person (under terms of the provisions of the IT Act) on his/her total income in the previous year, at the rates as specified in the Finance Act as applicable in the relevant assessment year. An assessment year is a period of 12 months commencing on the first day of April every year ("**Assessment Year''**). Generally, the previous year means the financial year immediately preceding the Assessment Year.

In general, in the case of a person who is "resident" in India in a previous year, his/her global income is subject to tax in India. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India, is subject to tax in India. In the case of a person who is "not ordinarily resident" in India, the income chargeable to tax is the same as in the case of persons who are resident and ordinarily resident except that the income which accrues or arises outside India is not included in his total income unless it is derived from a business controlled or a profession set up in India. In the instant case, the income from the shares of the company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of residential status. However, applicable Double Taxation Avoidance Agreement (DTAA) may give some relief from tax in India to the non-resident.

Residence in India

An **individual** is considered to be a **resident** of India during any financial year if he or she is in India in that year for:

- A period or periods amounting to 182 days or more; or
- 60 days or more if within the 4 preceding years, he/she has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in the case of a citizen of India or a person of Indian origin living abroad who visits India; or
- 182 days or more, in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year.

A **Hindu undivided Family (HUF), firm or other association of persons (AOP)** is resident in India except where the control and management of its affairs is situated wholly outside India.

A **company** is resident in India if it is an Indian company formed and registered under the Companies Act, 1956 or the control and management of its affairs is situated wholly in India.

A “**Non-Resident**” means a person who is not a resident in India.

A person is said to be **not ordinarily resident** in India in any previous year if such person is:

- a non-resident in India in 9 out of the 10 previous years preceding that year, or has during the 7 previous years preceding that year been in India for a period of, or periods amounting in all to, 729 or less; or
- a Hindu undivided family whose manager has been a non-resident in India in 9 out of the 10 previous years preceding that year, or has during the 7 previous years preceding that year been in India for a period of, or periods amounting in all to, 729 or less.

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STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO EROS INTERNATIONAL MEDIA LIMITED AND IT'S SHAREHOLDERS

1. BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT, 1961 ('IT Act')

GENERAL BENEFITS

1.1 Dividend income

Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115O of the IT Act. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Act will also be exempt from tax under Section 10(35) of the IT Act.

Under section 115O of the IT Act, in addition to the income-tax chargeable in respect of the total income of a domestic company for any assessment year, any amount declared, distributed or paid by such company by way of dividends (whether interim or otherwise), whether out of current or accumulated profits, shall be charged to additional income-tax (hereafter referred to as tax on distributed profits) at the rate of 15%.

The dividend income shall be reduced by dividend, if any, received by any domestic company during the financial year, if:

- Such dividend is received from its subsidiary;
- The subsidiary has paid tax under this section on such dividend; and
- The domestic company is not a subsidiary of any other company.

Further, the same amount of dividend shall not be taken into account for reduction more than once.

A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company.

1.2 Computation of capital gains

Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for12 months or less are considered as "short term capital gains".

Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

According to Section 10(38) of the IT Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax ('STT') and thereby STT has been paid on the same shall be exempt from tax.

As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

According to the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within 6 months from the date of transfer. The investment made in such bonds during any financial year cannot exceed Rs.5,000,000.

However, if the said bonds are transferred or converted into money within a period of 3 years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% per cent (plus applicable surcharge and education cess).

As per the Minimum Alternate Tax (MAT) provisions governed by Section 115JB of the IT Act, capital gains (short term and long term) realized on sale of securities of the company (irrespective of whether the securities are listed on a recognized stock exchange in India) forming part of the 'book profit' will be taxed at the rate of 15% (plus applicable surcharge and education cess).

1.3 Credit for Minimum Alternate Taxes ("MAT")

Under section 115JAA(2A) of the IT Act tax credit shall be allowed in respect of MAT paid under section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

SPECIAL BENEFITS

1.4 Deduction in respect of expenditure on production of feature films

Rule 9A lays down the method of computation of deduction allowable to the producer of a feature film towards "cost of production" of a feature film certified for release during the year.

Subject to the conditions specified in Rule 9A, the quantum of deduction under that Rule is summarized in the table below:

	Quantum of deduction	
Situation	**Film released for exhibition on or before ninety days before the close of the financial year ending on 31 March i.e. on or before 31 December generally**	**Film released for exhibition within ninety days before the close of the financial year ending on 31 March i.e. after 31 December generally**
Film producer sells all rights of exhibition of the film in the financial year	Entire cost of production	Entire cost of production
Film producer himself exhibits the film on a commercial basis in all or some of the areas or sells the rights of exhibition of the film in respect of some of the areas or himself exhibits the film in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas	Entire cost of production	Cost of production or amount realised by exhibiting the film or sale of rights of exhibition (as applicable), whichever is less
Film producer does not exhibit the film, nor sell the rights of exhibition	Nil	Nil

1.5 Deduction in respect of expenditure on acquisition of distribution rights of feature films

Rule 9B lays down the method of computation of deduction allowable to a film distributor towards cost of acquisition of a feature film, certified for release during the year.

Subject to the conditions specified in Rule 9B, the quantum of deduction under that Rule is summarized in the table below:

Quantum of deduction:

	Quantum of deduction	
Situation	**Film released for exhibition on or before ninety days before the close of the financial year ending on 31 March i.e. on or before 31 December generally**	**Film released for exhibition within ninety days before the close of the financial year ending on 31 March i.e. after 31 December generally**
Film distributor sells all rights of exhibition of the film in the same financial year in which it is acquired by him	Entire cost of acquisition	Entire cost of acquisition
Film distributor himself exhibits the film on a commercial basis in all or some of the areas, or sells the rights of exhibition in respect of some of the areas, or himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in all or some of the remaining areas	Entire cost of acquisition	Cost of acquisition of the film or amount realised by exhibiting the film or sale of rights of exhibition (as applicable), whichever is less
Film distributor does not exhibit the film nor sells the rights of exhibition during the previous year	Nil	Nil

BENEFITS AVAILABLE TO SHAREHOLDERS

2. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

2.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

2.2 Computation of capital gains

Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any financial year cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

3. Benefits available to non-residents/ non-resident Indian shareholders

3.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

3.2 Computation of capital gains

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same.

Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares. However, please note that this is a litigious and a controversial issue.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act,

1956.

The investment made in such bonds during any financial year cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

As per Section 90(2) of the IT Act, provisions of the DTAA between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

3.3 Option of taxation under Chapter XII-A of the IT Act:

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:

- Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from long term capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident Indian, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

- Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within 6 months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within 3 years from the date of their acquisition.

- Under provisions of section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the IT Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

- The benefit conferred on a Non-resident Indian will be available even after he/she becomes a resident if declaration in writing is filed along with the return of income under section 139(1) of the IT Act, to the effect that the provisions of Chapter XII A shall continue to apply to him in respect of investment income derived from foreign exchange asset being debentures issued by/deposits with an Indian company which is not a private company, any security of the Central Government as defined in clause (2) of section 2 of the Public Debt Act, 1944 and such other assets as the Central Government may specify in this behalf by notification in the Official Gazette, vide section 115 H of the Act, until the transfer or conversion (otherwise than by transfer) into money of such assets.

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- Under section 115 I of the IT Act, a Non-Resident Indian, if he elects, by so declaring in the return of his income for that assessment year, not be governed by the above mentioned special provisions of chapter XII-A, then he will be entitle to compute his total income and pay tax in accordance with the other provisions of the IT Act.

4 BENEFITS AVAILABLE TO FIIs

4.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

4.2 Taxability of capital gains

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any financial year cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Under section 115AD (1)(ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30% and 15% (where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same). The above rates are to be increased by applicable surcharge and education cess.

Under section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the IT Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

However, where the equity shares form a part of its stock-in-trade, any income realised in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realised from the disposition of equity shares is chargeable to tax in India as business income, FIIs could claim deduction with respect to STT paid on purchase/sale of equity shares while computing taxable income. Business profits may be subject to tax at the rate of 30 / 40% (plus applicable surcharge and education cess).

As per section 90(2) of the IT Act, provisions of the DTAA between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

4.3 Tax Deduction At Source

Generally, tax, surcharge and education cess on the capital gains, if any, are withheld at the source by the purchaser/person paying for the equity shares in accordance with the relevant provisions of the IT Act. However, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the IT Act payable to FIIs.

5 BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

6 STT

The exemption on long term capital gains and reduction of rate for short term capital gains would be applicable only if the sale / transfer of the equity shares take place on a recognised stock exchange in India. All transactions entered into on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates. In case of purchase / sale of equity shares and units of an equity oriented mutual fund which is settled by way of actual delivery or transfer of the Equity Share/ unit, STT will be levied at the rate of 0.125% on both the buyer and seller of the Equity Share/ unit. For sale of equity shares and units of an equity oriented mutual fund settled otherwise than by way actual delivery or transfer of the Equity Share/ unit, STT will be levied at the rate of 0.025% on the seller of the Equity Share/ unit. Seller of derivatives would be subjected to an STT of 0.017% while in case of sale of a unit of equity oriented fund to the mutual fund would attract STT at the rate of 0.25%. The STT can be claimed as deduction while computing taxable business income as per the provisions of the IT Act, provided the gains on the transactions are offered to tax as business income and not as capital gains.

7 CAPITAL LOSS

In general terms, loss arising from a transfer of a capital asset in India can only be set off against capital gain. Since long-term capital gains on the sale of listed equity shares in respect of which STT has been paid is not liable to capital gains tax, it is doubtful whether any long-term capital loss arising on account of such sale would be allowed to be set off. A short term capital loss can be set off against capital gain whether short term or long-term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of 8 Assessment Years immediately succeeding the Assessment Year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent Assessment Years. In order to set off a capital loss as above, the non-resident investor would be required to file appropriate and timely returns in India and undergo the usual assessment procedure.

8 DTAA BENEFITS

An investor has an option to be governed by the provisions of the IT Act or the provisions of DTAA that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

9 BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Assets as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

Notes:

- *The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;*
- *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the*

relevant tax laws;

- *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*
- *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile; and*
- *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.*

SECTION IV- ABOUT THE COMPANY
INDUSTRY OVERVIEW

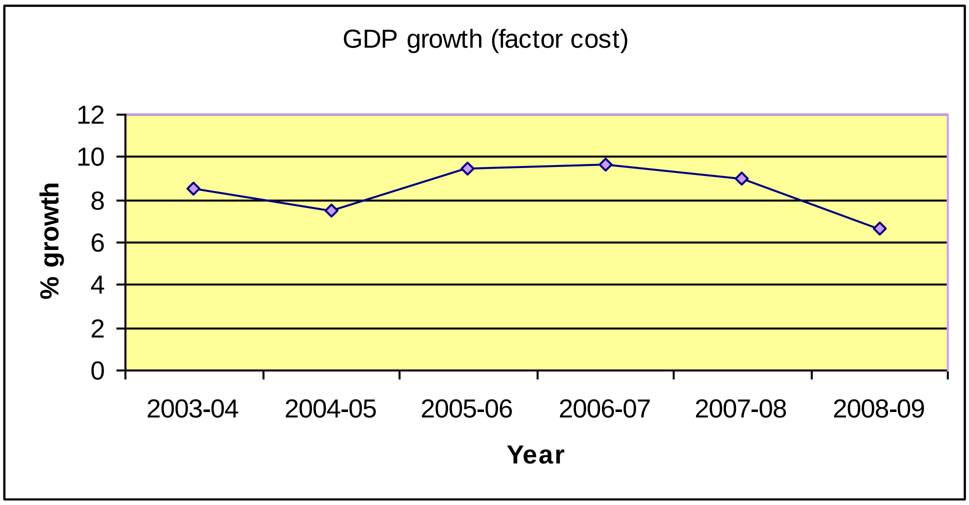
Unless otherwise indicated, industry data used throughout this section is derived from the following publications: Indian entertainment and media outlook, In the interval... But ready for the next act – FICCI-KPMG Media and Entertainment Industry Report, FICCI, KPMG, February 2009 (the "FICCI-KPMG Report 2009") and Indian entertainment down South – From script to screen, FICCI, Ernst & Young (the "FICCI-E&Y Report 2009"). The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has verified the information provided in this chapter. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

Overview of the Indian economy

India, the world's largest democracy in terms of population (July 2009 estimate: approximately 1,166 million inhabitants, source: *CIA World Fact Book*), had an estimated Gross Domestic Product ("**GDP**"), on a purchasing power parity basis of approximately US$3,304 trillion in 2008 (source: *CIA World Fact Book*). This makes India the fifth largest economy in the world after the European Union, United States, China and Japan (source: *CIA World Fact Book*). According to the Indian Ministry of Statistics and Programme Implementation, India's GDP grew by 7.9% during the second quarter of fiscal year 2009-2010 (the three months ended 30 September 2009) from the same period in the previous year, compared with a growth rate of 6.1% during the first quarter of fiscal year 2009-2010.

Both per capita income and per capita consumption have increased in India over recent year. Per capita income in India during fiscal 2008, measured in terms of gross domestic product at constant 1999-2000 market prices, was Rs. 31,278, compared with Rs. 29,901 during fiscal 2007, while per capita consumption was Rs. 17,344 during fiscal 2008 compared with Rs. 17,097 during fiscal 2008, according to the Economic Survey 2008-2009 published by the Indian Ministry of Finance ("**Economic Survey 2007-2008**"). This increase in levels of per capita income and consumption was recently accompanied by a perceptible slowdown in growth as a result of the global financial crisis with GDP growing at 6.7% during fiscal 2008, compared with 9.0% a year earlier.

The following graph sets forth certain information in relation to GDP growth at factor cost in India during fiscal years 2003-04 through 2008-09.



Source: Economic Survey 2008-09

Despite the slowdown in growth, investment remained relatively buoyant in India, growing at a higher rate than GDP. The ratio of fixed investment to GDP consequently increased to 32.2% of GDP in fiscal 2008 from 31.6% in fiscal 2008, reflecting the resilience of the Indian economy in the face of the global financial crisis (source: Economy Survey 2008-2009). The fallout of the global financial crisis on the Indian economy has been significant in the industry and trade sectors and has also impacted the services sector.

Media and Entertainment industry

The Indian media and entertainment industry which principally comprises film, television, printed media, radio and music was estimated to be worth Rs. 584 billion during calendar year 2008 and is projected to grow at a compound annual growth rate ("**CAGR**") of 12.5% between 2009 and 2013 to reach Rs. 1,052 billion (*Source: FICCI- KPMG Report 2009).*

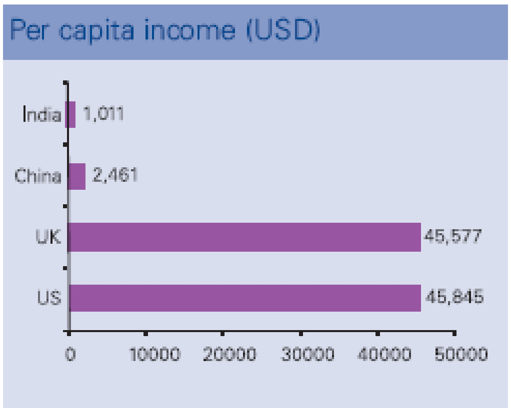
The following table sets forth certain details in relation to the different segments comprising the India media and entertainment industry.

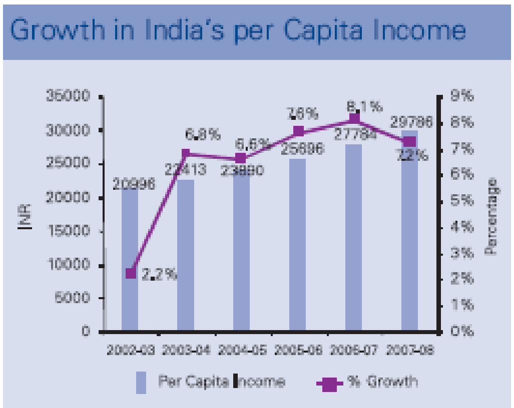
	2005	2006	2007	2008	CAGR (05-08)	2009P	2010P	2011P	2012P	2013P	CAGR (09-13)
		(Rs billion)			%		(Rs billion)				%
Television	163.3	182.5	211.3	240.5	13.8%	262.7	295.6	341.7	399.1	474.6	14.6%
Print	117.1	138.6	160.4	172.6	13.8%	183.9	197.9	216.0	239.3	266.0	9.0%
Film	66.9	81.7	96.4	109.3	17.8%	109.2	117.5	130.9	151.3	168.6	9.1%
Radio	4.9	6.0	7.4	8.4	19.7%	9.2	10.3	11.9	13.9	16.3	14.2%
Music	8.3	7.8	7.4	7.3	(4.2)%	7.5	8.0	8.7	9.5	10.7	7.9%
Animation	10.0	12.0	14.5	17.4	20.3%	20.0	23.3	27.8	33.1	39.4	17.8%
Gaming	2.2	3.0	4.4	6.5	43.5%	9.4	13.3	17.9	22.5	27.4	33.3%
Internet Advertising	2.0	2.0	3.9	6.2	45.8%	8.4	11.0	13.7	17.1	21.4	28.1%
Outdoor	10.0	11.7	14.0	16.1	17.2%	17.7	19.8	22.4	25.5	29.3	12.7%
Total Size	**385**	**445**	**520**	**584**	**15%**	**628**	**697**	**791**	**911**	**1,052**	**12.5%**

Source: FICCI-KPMG Report 2009

The growth in the Indian media and entertainment industry is driven by a variety of factors, including the following:

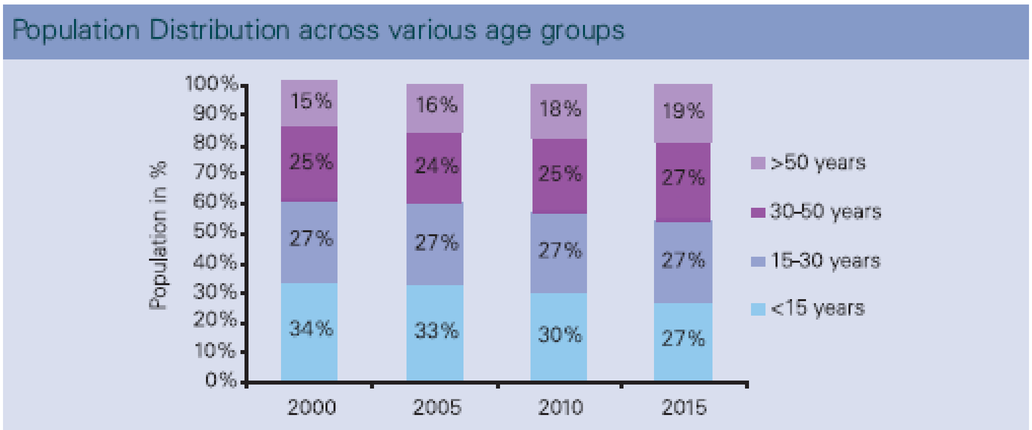
Growth in India's per capita income. While India's per capita income is lower than that of more mature economies, it has exhibited stable growth in recent years. The following graphs set forth certain information in relation to India's per capita income.





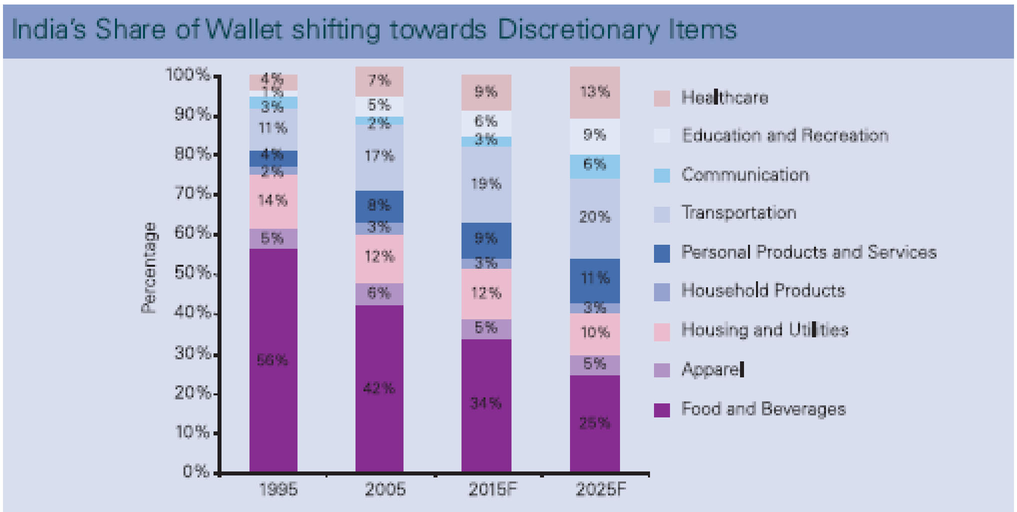
Source: FICCI-KPMG Report 2009

Favourable demographic composition. The average Indian consumer is getting younger. It is estimated that around 70% of the country's population is below 35 years of age and it is expected that more than 50% of India's population will be under the age of 30 in 2015 (source: *FICCI-KPMG Report 2009*). The following graph sets forth certain information in relation to the demographic composition in India.



Source: FICCI-KPMG Report 2009

Increasing spends on discretionary items. As a result of strong GDP growth over recent years in India, spending patterns among Indians have changed with necessities such as food declining and other categories such as communications, education and recreation and health care increasing their share.



Source: FICCI-KPMG Report 2009

The Indian film industry

The film industry involves the production and distribution of feature films. Production consists of the development and physical production of films, while distribution involves the marketing and exploitation of those films in a variety of ways, including theatrical exhibition, home entertainment sales and rentals. Distribution also includes the generation of revenues from licensing fees, from pay and free-to-air television operators and from ancillary revenue streams, including music rights, mobile and internet rights, film advertising and merchandising.

The FICCI-KPMG Report 2009 estimates that the Indian film industry is one of the largest in the world, with over 1,000 films released annually and over three billion tickets sold in Indian cinemas each year. The industry has traditionally been fragmented with independent producers and single screen theatres dominating the value chain.

During the three years ended December 31, 2008, the Indian film industry is estimated to have grown at a compound annual growth rate (or CAGR) of 17.7%, reaching an estimated market size of Rs. 109.3 billion in 2008 (*source: FICCI-KPMG Report 2009*).

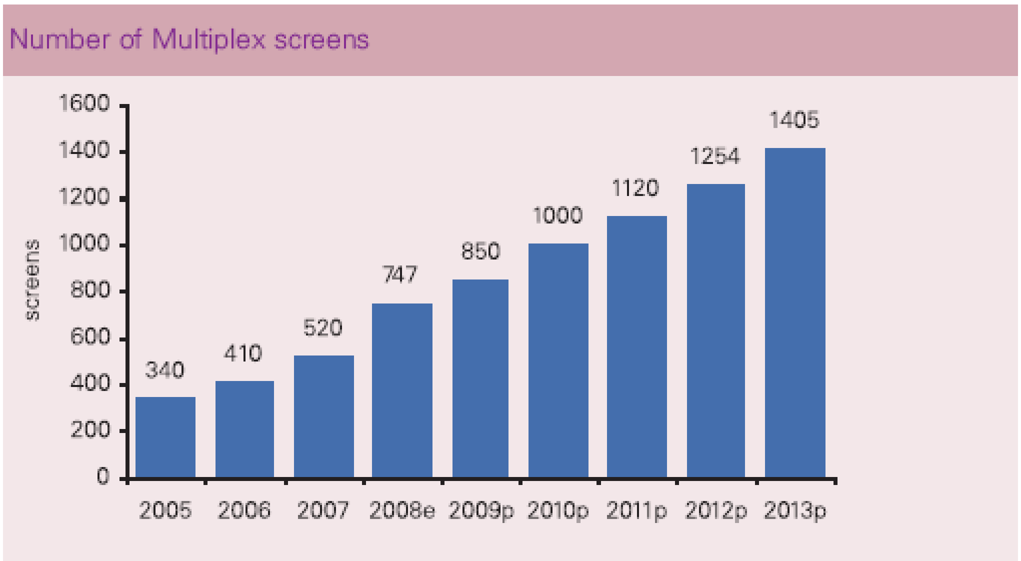
The table below sets forth certain information in relation to the main revenue streams of the Indian film industry.

	2005	2006	2007	2008	CAGR (2006-08)
		(Rs. billion)			%
Domestic Theatrical	52.05	62.11	71.49	80.21	15.5%
Overseas Theatrical	5.30	5.71	8.71	9.77	22.7%
Home Video	4.29	6.43	7.01	8.63	26.3%
Cable & Satellite Rights	3.31	4.97	6.21	7.14	29.2%
Ancillary Revenue Streams	2.01	2.45	2.94	3.53	20.7%
Total Industry Size	**66.95**	**81.66**	**96.36**	**109.29**	**17.7%**

Source: FICCI-KPMG Report 2009

Trends

Expansion of multiplex screens to drive domestic theatrical revenues. The number of multiplex screens in India is estimated to increase to 1045 in 2013 from 747 in 2008 *(source: FICCI-KPMG Report 2009).* This increase is expected to translate into higher revenues for the Indian film industry as occupancy rates and average ticket prices ("**ATPs**") tend to be higher than in the case of smaller and single screen cinemas. In addition, multiplexes provide greater transparency in reporting box office revenues. The following table sets forth certain information in relation to the number of multiplexes in India.



Source: FICCI-KPMG Report 2009

Digital cinema to grow. While the majority of cinemas in India use film-based projection, an increasing number of screens have been converted for digital projection in recent years. Digitisation reduces incremental distribution costs as cinemas upload films to computer hard drives, thereby eliminating the need for physical prints to be produced and delivered to the cinema.

Prior to the onset of digital prints, distributors would release only a limited number of physical prints due to the high cost of producing prints and low average ticket prices. Due to the limited number of prints, films are typically launched first in urban areas before prints are shifted to cinemas in other areas. As this process can take as long as five months, by the time films reach smaller towns and centres, demand is often low as pirated copies have already swamped the market. Digital prints have enabled distributors to release a large number of copies at the same time, thereby allowing producers to capture revenues outside urban areas and recover their investment more quickly. The growing number of digital cinemas is also reflected in the recent trend in India for a significantly higher proportion of box office revenues being collected in the first week following the release of a film compared to revenues collected during the second week and beyond.

The following table sets forth certain information in relation to the release of certain Indian language films in Indian cinemas equipped with digital technology.

Film	**Digital cinemas**
Singh is Kingg	415
Rab ne Bana di Jodi	400
Sarkar Raj	372
Heyy Babyy	340
Tashan	322
Love Story 2050	320
Jodha Akbar	302
Bhool Bhulaiya	297

Source: FICCI-KPMG Report 2009

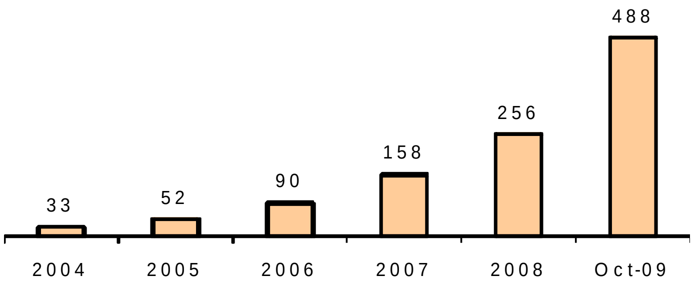
The *FICCI-KPMG Report 2009* estimates that companies, such as Real Images Media Technologies Private Limited and Unlimited Fun Options (UFO) have equipped approximately 1,800 cinemas in India with digital technology and that the rate of adoption of digital screen technology in India is currently higher than in developed countries.

Growing popularity of Indian films to drive overseas theatrical revenues. In recent years, overseas box office collections have shown good growth, mainly as a result of increasing demand for Indian films from Indians residing abroad ("**Non-Resident Indians**", or "**NRIs**") and persons of Indian origin who have acquired the citizenship of another country ("**Persons of Indian Origin**" or "**PIOs**"). According to the Indian Ministry of External Affairs, there are currently over 20 million NRIs and PIOs. According to the FICCI-KPMG Report 2009, certain Indian films, such as *Kabhi Alvida Na Kehna* and *Don* performed relatively better overseas than in the domestic market. The two most important overseas markets for the Indian film industry are the U.S. and the U.K. Indian films are also gaining in popularity in markets such as Germany, Japan and Korea.

Emergence of new distribution platforms. A direct impact of digitisation has been the convergence of media over the recent years enabling consumers to access audio and visual media content (in digital formats) across multiple devices including computers, MP3 players and mobile phones.

According to the Telecom Regulatory Authority of India ("**TRAI**"), there were approximately 488 million mobile phone subscribers in India as of October 31, 2009. The increasing penetration of mobile phones is expected to create increasing opportunities for media companies to provide content such as music, news and entertainment which can be accessed through these devices.

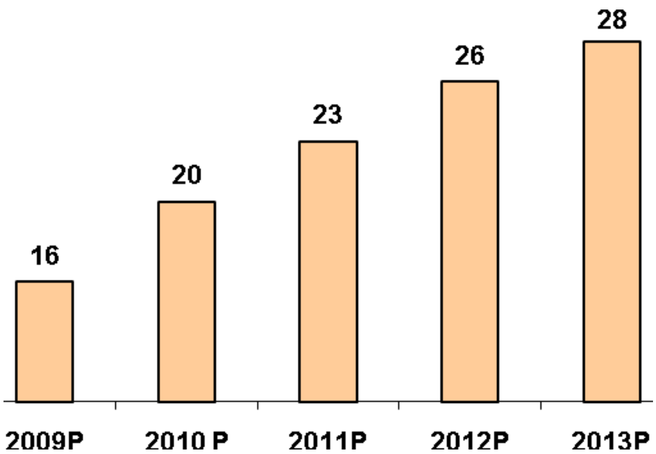
The following graph sets forth certain information in relation to the number of mobile phone subscribers in India.



Source: TRAI
Note: in millions

Direct-to-home refers to home entertainment technology platforms for the distribution of movies. DTH offers different models of content exploitation, such as the Movie-on-Demand ("**MoD**") service where subscribers can watch a movie over DTH for a one-time payment, the Subscription Video-on-Demand ("**SVOD**") model where subscribers pay a recurring monthly fee for a pre-determined number of movie views.

The following table sets forth certain information in relation to the projected growth of DTH subscribers in India.



Source: FICCI-KPMG Report 2009
Note: in millions

The growing popularity of the internet in India also offers the film industry opportunities to exploit film content. As of October 31, 2009, there were approximately 7.4 million broadband subscribers in India (source: *TRAI*).

Radio: As a result of recent reforms of radio licensing regulations, the number of active private FM stations in India increased from 21 before the implementation of the reforms to over 205 by March 2008 (source: *FICCI-KPMG Report 2009*). The size of the Indian radio industry reached Rs. 8.4 billion in 2008 and is estimated to grow to Rs. 13.4 billion by 2013, partly as a result of further liberalization of the Indian radio industry (source: *FICCI-KPMG Report 2009*). The industry offers a royalty model for the exploitation of music rights from

Indian films. Such licensing revenues from radio and television are expected to increase from Rs. 386 million in 2008 to Rs. 921 million in 2013 (source: *FICCI-KPMG Report 2009*).

New forms of funding. Historically, the Indian media and entertainment industry largely relied on private financing. Over recent years, the industry witnessed increased investments in the form of public issues, strategic investments and private equity funding. These investments came from both established industry participants as well as from Indian and international private equity investors. While most of the funding was initially directed at the Indian television industry, other sectors of the Indian media and entertainment industry, including the film industry, are now availing themselves of these new forms of financing. This trend is expected to make it more difficult for smaller market participants to compete financially with larger competitors as these are more likely to benefit from these new sources of funding, which may lead to a consolidation across sectors in the future (source: *FICCI-KPMG Report 2009*).

Internationalisation. Apart from increasingly marketing Indian films overseas, Indian film companies have also recently begun to co-produce international films. In September 2008, Reliance Big Entertainment ("**Reliance**") signed an agreement with DreamWorks SKG film studio, co-founded by director Steven Spielberg, pursuant to which Reliance agreed to invest US$500 million in DreamWorks (source: *FICCI-KPMG Report 2009*).

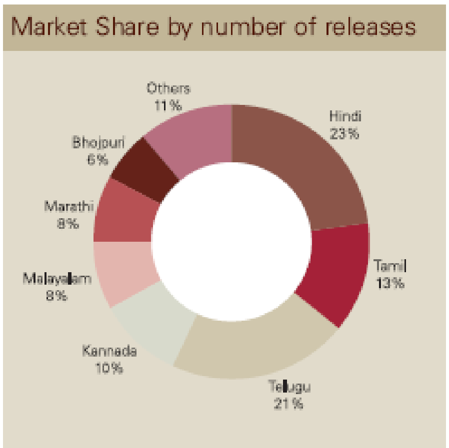
Growing prominence of regional movies. While mainstream Indian cinema is dominated by Hindi language films, regional language films are growing in popularity. South India is now an important market in terms of number of film releases. The four southern states comprising Andhra Pradesh, Tamil Nadu, Karnataka and Kerala together account for over 50% of the share of total film releases in India (source: *FICCI-KPMG Report 2009*). See also "—***Regional film industry***" below.

Rationalisation of costs in production and distribution. The Indian film industry is looking to move towards a risk-sharing model, in which costs and benefits are spread across the value chain. With funds for investments drying up, film production companies are more cautious about their selection of movies and their acquisition price and production costs. Examples of cost cutting in film distribution include limiting the number of languages into which an international film is dubbed; distribution in select markets thereby savings on print costs as well as local marketing and promotion costs and others.

Film insurance. The increase in production budgets for major Indian films and entry of corporates into film production business in recent years has led to higher demand for film insurance. There are typically three different types of insurance policies available to producers: The first is "production insurance" where the death or illness of lead actors and crew, as well as damage to film sets and equipment are insured. The second type, referred to as "errors and omission insurance", covers legal matters and liabilities, while the third type, "distribution insurance", protects distributors against losses suffered as a result of delay in release of the film.

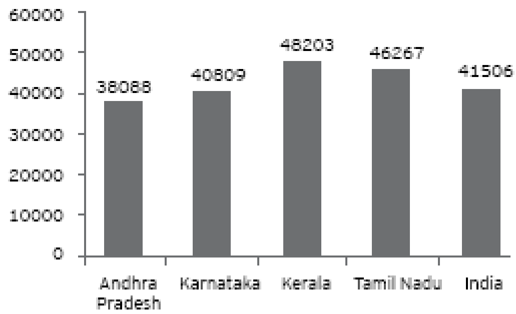
Regional film industry

The regional film industry comprises the production of films in regional languages such as Tamil, Telugu, Kannada, Marathi, Bengali, Bhojpuri and Malayalam. Regional films account for a significant share of the total number of films released in India.



Source: FICCI-E&Y Report 2009

The South Indian region comprises the four states of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu. They account together for 21% of the Indian population (240 million inhabitants) and 24% of the India's GDP, according to the FICCI-E&Y Report 2009. In addition, the per capita GDP of the four states is broadly in line with India's per capita GDP. The following graph sets forth certain information in relation to the per capita GDP (at current prices) of India and the four states comprising South India.



Source: FICCI-E&Y Report 2009
Note: in Rs.

The South Indian film industry is a key contributor to the overall Indian film industry, in terms of number of films produced, revenues earned and employment generated. It has, by far, the largest share in the total number of films released per year. The industry comprises four language sub-segments — Tamil, Telugu, Malayalam and Kannada.

The following table sets forth certain information in relation to certified and released films in the four language sub-segments of the South Indian film industry.

		2006	2007	2008
		(number of films)		
Tamil	certified	135	146	173
	released	103	110	120
Telugu	certified	251	226	271
	released	109	97	136
Malayalam	certified	72	86	84
	released	60	62	63
Kannada	certified	75	106	159
	released	69	89	114
Total South India	certified	**533**	**564**	**687**
	released	**341**	**358**	**433**

Source: FICCI-E&Y Report 2009

According to the FICCI-E&Y Report 2009, the aggregate market size of the Tamil, Telugu and Malayalam language sub-segments in terms of total revenues generated by films is estimated to reach Rs. 17.3 billion for the year ending December 31, 2009 with the Tamil and Telugu language accounting for 45% each of that amount.

The following table sets forth certain information in relation to the estimated revenue streams of the South Indian film industry for the year ending December 31, 2009.

	Domestic theatrical	C&S (1) television rights	Overseas theatrical	Others (2)	Total
			(Rs. billion)		
Tamil	6.2	0.8	0.5	0.2	**7.7**
Telugu	5.1	1.8	0.4	0.5	**7.7**
Malayalam	1.0	0.3	0.1	-	**1.4**
Kannada	0.3	0.1	-	0.1	**0.5**
Total	**12.6**	**3.0**	**1.0**	**0.8**	**17.3**

Source: FICCI-E&Y Report 2009
Note: (1) Includes music rights, domestic home video rights, and mobile and internet rights
(2) Cable and satellite

Certain key characteristics of the South Indian film industry are set forth below.

- *Lower budgets*. The budgets for regional films are typically smaller than those for Hindi films, where production costs of big budget productions range between Rs. 300 and Rs. 600 million.

- *Importance of domestic theatrical revenues*. As is the case with the Indian film industry overall, domestic cinema revenues are the most important source of revenue for the South Indian film industry expected to account for 72.8% of total South Indian film revenues in 2009. The region houses 5000 cinemas – almost half of the total number of operational cinemas in India (source: *FICCI-E&Y Report 2009*).

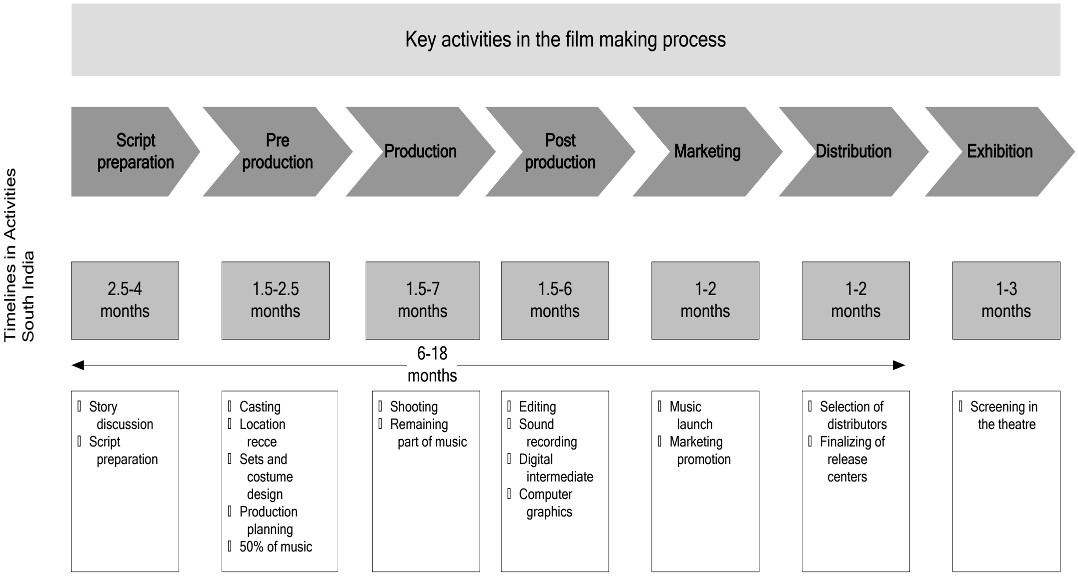
- *Huge pool of talent and high levels of discipline.* According to the FICCI-E&Y Report 2009, the South Indian film industry is known for its huge pool of talent, including actors, directors and production staff. Directors and film technicians from South India are increasingly being used by the Hindi film industry and certain South Indian actors enjoy significant fan followings. In addition, the South Indian film is said to enjoy high productivity levels and effective cost controls (source: *FICCI-E&Y Report 2009*).

- *Technologically advanced.* The South Indian film industry also embraces new technologies in film production and screening with most films now incorporating digitization technology in the film production process. In addition, up to 40% of film prints are released in digital format to combat piracy and improve transparency in revenue reporting (source: *FICCI-E&Y Report 2009*).

Production

The Film Production Process

The production process for Indian films typically lasts between nine and 18 months and can be divided into seven groups of activities.



Note: many activities are done concurrently hence the total time required to complete a film is less than the sum of total time spent on individual activities.

Source: FICCI-E&Y Report 2009

Script preparation. This activity comprises both story discussion and script development. Story discussion involves developing the storyline for a potential film between director and producer, while script development involves detailed work on the script between director and script-writer.

Pre-production. The pre-production stage includes activities such as casting (i.e. the selecting of actors for various roles in the film), location scouting (i.e. the search and selection of indoor and outdoor locations to shoot the film's scenes), sets and costumes design (i.e. the preparation of the required film sets and the selection and production of costumes to be worn by the actors), production planning (i.e. the preparation of a detailed shooting schedule) and music composition (i.e. the writing of lyrics and music for the film).

Production. This phase basically comprises the shooting of the film. The number of days of shooting depends on several factors, including the production value, the story and the genre of the film. Depending on the number of shooting locations and the availability of actors, the shooting activity is broken up into schedules. It is also common for different scenes to be shot simultaneously with the director shooting scenes featuring the lead actor while the assistant director shoots another scene.

Post-production. Post-production represents the last stage in the film-making process. It allows the director to correct errors incurred during the shooting process and to enhance the visual appeal of the film. It includes activities such as editing and sound recording as well as the use of digital technology to create special or other effects. Depending on the complexity and the extent of graphics usage, this activity can take up to a year to be completed.

Marketing. Marketing is a critical activity that can determine the success or failure of a film. Marketing efforts are aimed to create interest in a film in both audiences as well as distributors, exhibitors and distribution channels. The marketing campaign typically starts soon after the first official announcement of the film and varies depending on the budget of the film and the lead star cast. A mix of film content and media are used for marketing, including trailers on television, sponsored events and outdoor media.

Distribution. Distribution is the process by which a film passes through a chain comprising distributors and exhibitors before it eventually reaches the audience. See "—***Distribution***" below.

Exhibition. Once the prints of the films are finalised, they are shipped to exhibitors and the film is screened in cinemas. The first release of a film typically occurs on Fridays.

Costs

The majority of the costs associated with a film's distribution are generally incurred just prior to, and concurrent with, its release in cinemas and on home entertainment formats. The most significant distribution costs include the cost of prints and advertising in the cinema markets and the cost of duplication and marketing in the home entertainment markets. Depending on a variety of factors, including primarily the number of units being made, home entertainment duplication typically occurs several months prior to shipment to wholesalers, or three to four months prior to home entertainment release. Distribution costs for the various television and ancillary markets tend to be small relative to the costs associated with the initial film release in the cinema and home entertainment markets. Accordingly, on average, approximately two-thirds of total distribution costs are incurred within one year of domestic cinema release.

Financing Sources

Film financing can be undertaken by way of a debt structure (traditional private financiers), an equity structure (producers or distributors) or a hybrid structure combining elements of both. Any debt incurred for the production of a film is repaid with the revenues generated from the distribution of the film, while in the case of equity financing, revenues are shared among the investors (see "—***Distribution***" below).

Common sources

The following are common sources of film financing:

- *Producers' contribution*. Film producers contribute financing to films and, in cases where films exceed their initial budget, may agree to reduce their fee or negotiate with distributors a stake in the expected returns.

- *Distribution pre-sales*. Pre-sales are sales of the right to distribute a film in different territories before the film is produced on the basis of the script and cast commitment. This is often the primary means of film financing. A distributor will typically insist that the producers deliver on certain elements of content and cast, since financing may collapse if material alterations are made.

- *Private financiers.* Private financiers often contribute large amounts of debt or equity capital to the production of films. Because private film financiers providing debt financing can receive high returns while equity financing involves higher risk for marginal excess returns compared to debt financing. As revenues from ancillary rights and overseas markets have increased in recent years, however, equity stakes have become more common.

- *Non-traditional financing*. In recent years, Indian film financing has become increasingly sophisticated, with films being financed through bank loans and/or direct investments from music and television companies. Certain production companies have also obtained financing through private equity or through public equity offerings.

- *Co-production*. Co-production has become common as a method of spreading producers' costs. Under a co-production structure, multiple producers of a film contribute creative and financial resources.

- *Consortium finance*. Indian films have also been produced using a consortium of commercial banks in the past. For example, in May 2009, Exim Bank and Indian Overseas Bank ("**IOB**") announced that they will co-finance the production of the Indian film *De Dhana Dhan* with Exim Bank and IOB providing Rs. 250 million and Rs. 100 million, respectively. The film is expected to be released later this year.

- *Public funding*. In certain cases, producers can obtain funding from the National Film Development Corporation of India ("**NFDC**"), a central agency established by the Indian government to promote the Indian cinema industry. According to the NFDC, it has (together with its predecessor, the Film Finance Corporation) so far funded / produced over 300 films. Funding is subject to approval by the NFDC and, if granted, is subject to certain conditions, including the assignment to the NFDC of all distribution and others rights relating to the film where the film is funded entirely by the NFDC.

New financing models

Historically, the Indian media and entertainment industry largely relied on private financing. Over recent years, the industry witnessed increased investments in the form of public issues, strategic investments and private equity funding. See "—***Trends—New forms of funding***" above. Examples of such new financing models have included film funds, such as the Vistaar Religare Film Fund and the Nomad Film Fund.

- *Vistaar Religare Film Fund*. During 2008, India's first regulated film fund was created by financial services firm Religare Enterprise Limited and Vistaar Entertainment Ventures Private Limited to finance film projects both in India and overseas. According to media reports, the fund invested approximately Rs. 50 million for print and advertising costs in WalkWater Media's film *Victory* in January 2009 – the first deal of its kind in India.

- *Nomad Film Fund*. In April 2009, the Indian director Junaid Memon and actor Irfan Khan also launched a film fund.

Distribution

Distribution refers to the sale or licensing of exploitation rights of a film. As the production and marketing of feature films require substantial capital, and the costs of producing and marketing films have generally increased in recent years, producers typically seek to generate revenues from a variety of distribution channels, such as cinema, television or the internet.

Revenue streams

Producers may either sell their rights to a film directly into various channels or may opt to sell part or all of their rights to a distributor for on-sale in the various end markets. Rights are typically allocated to buyers on the basis of geographical territories or on the basis of distribution channels in order to exploit markets more effectively. Additionally, the emergence of revenue streams beyond cinema is changing the face of the Indian film industry, thereby lowering the risk associated with film production and enticing new participants, such as Indian corporations and Hollywood studios, to enter the market (see "—***Industry trends***" below).

Film revenues are derived primarily from the following basic sources:

- cinema exhibition in India and markets outside of India;

- exhibition on various home entertainment formats, such as DVD or VCD platforms;

- exhibition on pay-per-view and premium pay television programming services; and

- exhibition on free-to-air and other programming services and ancillary channels such as the internet and mobile devices.

In addition, revenues are also generated from music releases and merchandising in connection with a film. Producers may not always have exploitation rights for all media formats and do not necessarily distribute a given film in all of these markets.

Revenue sharing

While certain production houses distribute their own films, producers typically sell the exhibition rights of a film to distributors who then license the film to exhibitors. The revenues generated from the distribution of a film are thus typically split between three elements of the value chain: producers, distributors and exhibitors in accordance with pre-agreed formulae negotiated between such parties. Set forth below are the most common revenue sharing models used in distributing a film for cinema exhibition.

Distribution of revenues between producers and distributors

The revenues received by a distributor from the exhibitor (see "—***Distribution of revenues between distributors and exhibitors***" below) are generally shared between the distributor and the producer based on one of three models set forth below.

- *Minimum guarantee plus royalty model*. In this model, the distributor pays the producer a guaranteed fee in exchange for exhibition rights. In addition, the producer also has the right to a share of the amount received from the exhibitor which exceeds the guaranteed fee, if any, the distributor's commission and the advertising and print costs incurred in releasing the film. This excess amount is generally shared in the ratio of 50:50. In the event that the distributor's costs, including the guaranteed amount, exceed the revenues received from the exhibitor, the distributor bears the entire loss. This model is most commonly followed in the case of films produced by established producers or major production companies.

- *Commission model*. In this model, the distributor simply retains a commission on the revenues received from the exhibitor and remits the remaining amount to the producer. This model is increasingly gaining acceptance, especially for relatively small budget films, since distributors have incurred heavy losses in recent years as a result of poor box office performance of certain films.

- *Outright sale model*. In this model, the distributor purchases a film's entire exhibition rights for a territory or several territories from the producer for a specified amount.

Distribution of revenues between distributors and exhibitors

Once a distributor has obtained exhibition rights for a film, it then licenses the film to exhibitors. Revenues between exhibitors and distributors are generally shared based on one of four models set forth below.

- *Theatre hire model*. In this model, the exhibitor retains a fixed pre-determined amount of the entire box office collections (net of entertainment tax and other local levies), and passes on the balance to the distributor.

- *Fixed hire model*. In this model, the distributor receives a fixed amount from the exhibitor, irrespective of the performance of the film at the box office. The entire risk is therefore borne by the exhibitor.

- *Minimum guarantee plus royalty model*. In this model, the exhibitor pays a guaranteed minimum amount, usually every week, to the distributor. Net box office collections in excess of the guaranteed amount are shared between the distributor and the exhibitor in a pre-determined ratio. In the event that box office collections are lower than the guaranteed amount, the exhibitor bears the losses.

- *Revenue share model*. In this model, the net box office collections are shared between the distributor and the exhibitor in a pre-determined ratio. The risk of a poor box office performance is thus also shared by the distributor and the exhibitor.

Cinema exhibition

Despite the poor box office performance of several movies, slowdown in economic growth and difficulties in obtaining funds for new films (source: *FICCI-KPMG Report 2009*), domestic and overseas box office collections increased in 2008 to Rs. 80.21 billion and Rs. 9.77 billion, respectively, to an aggregate amount of Rs. 89.98 billion representing 82.3% of total revenues generated from exploitation of film rights, compared with Rs. 71.49 billion for domestic and Rs. 8.71 billion for overseas box office collections in 2007 (Rs. 80.20 billion in aggregate and 83.2% of total revenues). The increase in domestic box office collections in recent years can partly be attributed to an increasing number of multiplex screens. According to the *FICCI-KPMG Report 2009,* there were an estimated 747 multiplex screens in India in 2008 compared to 340 of such screens in 2005. While multiplexes only account for approximately 5% of total screens in India, they command, on average, 35% to 40% of total box office collections as a result of higher average ticket prices.

Home video rights

While the home video market grew at 26.3% CAGR between 2006 and 2008, it increased from Rs. 7.01 billion in 2007 to Rs. 8.63 billion in 2008, accounting for approximately 7.90% of total revenues (source: *FICCI-KPMG Report 2009*).

The home entertainment market in India has largely been a rental market due to the widespread sale of pirated DVDs and VCDs. In early 2007, the Indian technology company Moserbaer entered the home entertainment market. The company, which currently offers more than 10,000 film titles in 18 major Indian languages (source: company website) reduced prices of its DVDs to below Rs. 30 in a bid to curb growing sales of cheaper pirated CDs. This announcement paved the way for other home entertainment companies to follow suit.

Notwithstanding this move, the home entertainment market is still hampered by piracy. It is estimated that the Indian film industry loses as much as Rs. 20 billion per year to piracy (source: *FICCI-KPMG Report 2009*).

Television rights

The Indian television industry grew at 13.8% CAGR between 2006 and 2008, reaching an estimated market size of Rs. 240.5 billion (source: *FICCI-KPMG Report 2009*). After domestic and overseas box office collections and home video rights, television rights constitute the largest revenue stream for the Indian film industry, with cable and satellite rights amounting to approximately Rs. 7.14 billion (7% of total revenues) in 2008 (source: *FICCI-KPMG Report 2009*).

In general, films are distributed in television markets throughout the world either through output agreements or on an individual film basis. Output agreements generally involve a production company and a pay cable or satellite network operator agreeing that all eligible films produced by such production company will be licensed to the network for exhibition a specified number of times during the license period. In addition, television networks, independent television networks, television stations and basic cable system operators generally license individual films and film packages (consisting of feature films released in cinemas and made-for-television films) pursuant to agreements with distributors or syndicators that allow a fixed number of telecasts over a prescribed period of time for a specified cash license fee or in exchange for advertising time. The license fees vary based on factors including the box office success of a film, the subscriber base of a pay cable service and/or cinema admissions in territories outside India.

With shorter release windows, the revenues earned from sale of television rights for single telecast have increased significantly, especially in non-metropolitan areas where cinema screens are often of inferior quality and the available pirated home entertainment is not of the same quality. Home entertainment companies are also acquiring intellectual property rights for films. Depending upon the performance of films on the home entertainment platform, such companies may then sell rights to television broadcasters. Television distributors may also enter into agreements with film producers to obtain satellite rights for upcoming films for their video-on-demand and pay-per-view services. Film producers can therefore now sell television rights before or after the release of films.

Music rights

The size of the Indian music industry was estimated to be approximately Rs. 7.3 billion in 2008, compared with Rs 8.3 billion in 2005. One of the primary reasons for the decrease has been the erosion of sales of physical formats, a trend which is expected to continue into the future. Traditionally, music companies had significant bargaining power with film producers as they used to contribute significantly to a film’s revenues. With rampant music piracy in the physical market, however, the value of music rights declined and, as a result, most film producers retained such rights. Overall, the Indian music industry is expected to grow at CAGR 8.0% between 2008 and 2013 to reach Rs. 10.7 billion by 2013 with the Indian digital music market is estimated at Rs. 1.8 billion in 2008 (source: *FICCI-KPMG Report 2009*). See also "—***Trends—Radio***" above.

*Mobile value added service ("**Mobile VAS**")*

The increasing penetration of mobile telecommunications has opened up numerous opportunities for entertainment companies to monetize content in form of ring tones, caller tunes, music downloads, wallpapers etc. Further the expected rollout of 3G services in India will provide high speed data networks to mobile users thereby accelerating growth of Mobile VAS services like videos, movie clips downloads etc. (Source: FICCI-KPMG Report 2009)

Given the declining ARPUs from voice services, mobile-based VAS is expected to become increasingly significant for Indian Telecom service providers as additional revenue sources to offset this decline. (Source: FICCI-KPMG Report 2009). Content aggregators like Hungama, Onmobile etc provide a transparent channel for monetization of content on the mobile platform.

Internet rights

As of October 31, 2009, there were approximately 7.4 million broadband subscribers (source: *TRAI*), making internet-based distribution technology, such as on-demand-screening and downloads, an increasingly viable business option. See also "—***Trends—Emergence of new distribution platforms***" above.

Other ancillary rights

With the recent trend of re-makes of old films such as *Don*, *Sholay* and *Umrao Jaan,* the sale of remake rights has also emerged as another revenue-earning opportunity for owners of film rights. Rights to merchandise based on characters, themes and concepts in films can be sold for additional revenue. Movie merchandise such as accessories, apparel, stationery, toys, books, crockery etc. is also gaining importance. Another recent trend is film advertising, which refers to the placement of products of certain companies in films in exchange for a fee.

Competition

In recent years, competition for Indian film content increased as existing distribution channels grew in scale and new technologies allowed for film content to be exploited through entirely new channels. In addition, the Indian film industry also became exposed to competitors from outside the industry with a broad range of entertainment and leisure activities increasingly competing for audience. The following is an overview of the sources of competition.

Competition among Distribution Channels

Film producers typically exploit their films in the cinema, home entertainment, television, music and new media channels (see "—Distribution" above). These distribution channels compete with one another for the attention of film audiences, as viewers can often choose whether to see a film in the cinema, on television, on DVD or on the internet. As new distribution channels such as online streaming and satellite television reach wider audiences, the degree of competition among distribution channels is expected to intensify in the future. In addition, the value chain of rights exploitation has recently become more compressed with film content becoming more quickly available on non-cinema distribution channels. By way of illustration, over recent years, the period between the cinema release of an Indian film and its release on DVD has shortened.

Other Forms of Entertainment

The Indian film industry as a whole competes with alternative forms of entertainment including foreign films, other 'event' entertainment such as sporting events and live theatre, non-film television programming, video games and other leisure time activities. The degree and sources of competition from other forms of entertainment is largely a function of the public taste, cultural evolution and general economic performance and, as such, is difficult to predict. By way of illustration, during April 2009, Indian cinemas recorded a decrease in ticket sales which was largely attributed to the screening of live IPL cricket matches on television during that month.

Outlook

According to the *FICCI-KPMG Report 2009*, the Indian film industry is projected to grow at a CAGR of 9.1% between 2009 and 2013, to reach a total market size of Rs. 168.6 billion by 2013. Domestic and overseas box office collections are expected to grow at 8.4% CAGR and 13.8% CAGR, respectively, between 2009 and 2013, primarily due to the increase in the number of multiplex screens, which have higher average ticket prices than smaller cinemas, and increased marketing and selling efforts internationally. The home video market is estimated to grow by 13.2% CAGR over the same period, with the physical sales market expected to outperform the rental market. Revenues for the Indian film industry are expected to continue to be dominated by box office revenues (domestic and overseas), accounting for approximately 82% of total revenues in 2013 (source: *FICCI-KPMG Report 2009*).

The table below sets forth certain projections in relation to the different revenue streams of the Indian film industry for the years 2009 through 2013.

	2009P	2010P	2011P	2012P	2013P	CAGR (2009-13)
			(Rs. billion except percentages)			
Domestic Theatrical.............	78.81	83.70	92.74	108.22	119.80	8.4%
Overseas Theatrical	10.75	12.12	13.86	16.00	18.65	13.8%
Home Video.........................	9.84	11.31	12.90	14.47	16.06	13.2%
Cable & Satellite Rights	6.43	6.88	7.57	8.40	9.41	5.7%
Ancillary Revenue Streams...	3.35	3.52	3.80	4.18	4.68	5.8%
Total Industry Size	**109.18**	**117.53**	**130.86**	**151.28**	**168.60**	**9.1%**

Source: FICCI-KPMG Report 2009

Government initiatives

The Indian government announced various initiatives in 2008 to promote the Indian film industry. For example, in its latest five-year plan (referred to as the '11^{th} Plan', covering the period between 2007 and 2012), the government more than doubled the provision for grants-in-aid to the Federation of Film Societies of India and support to non-governmental and state government organisations to promote Indian cinema domestically and overseas from Rs. 98.94 million in the previous five-year plan to Rs. 206.9.million. In addition, the Indian government operates a scheme called 'Export promotion through film festivals in India and abroad' which is implemented through the Directorate of Film Festivals. The scheme covers the organisation of the International Film Festival of India and the participation in, and the organisation of, various film festivals in India and abroad. In addition, Indian films are also sent to various Indian embassies under the scheme for them to stage their own festivals.

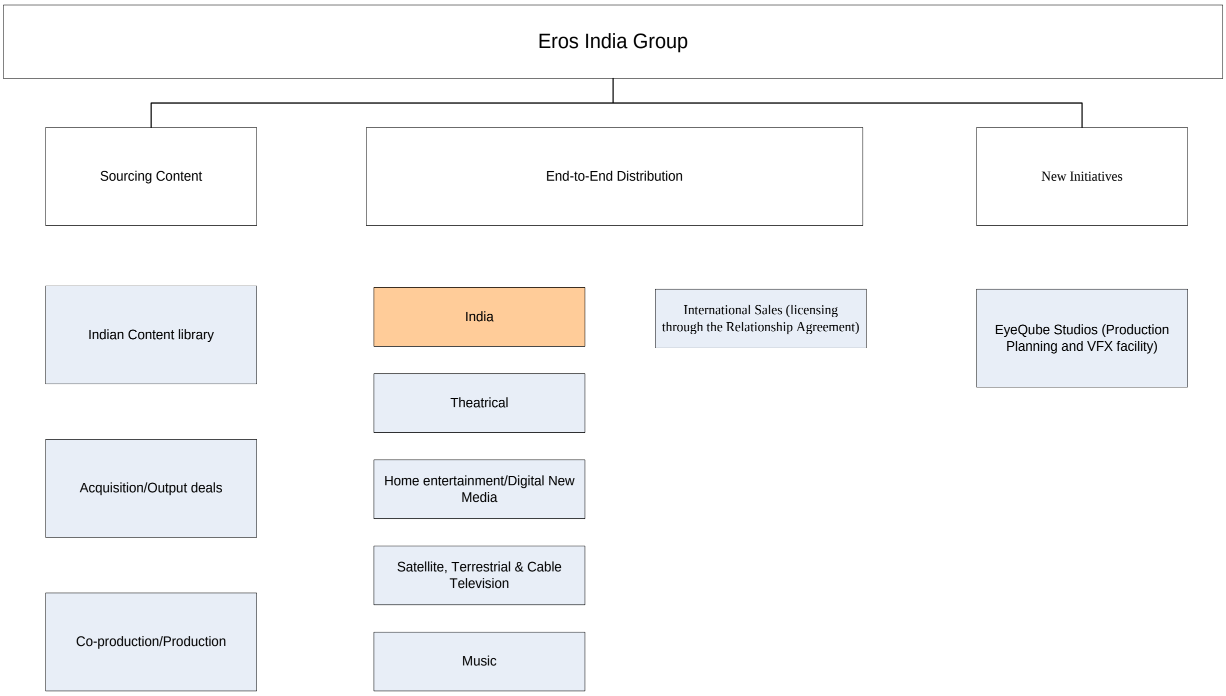
OUR BUSINESS

Overview

We are part of the Eros Group, which is a global player within the Indian media and entertainment sector that has been in the business close to three decades. The Eros Group has an extensive film library and is in the business of sourcing Indian and other film content and exploiting it worldwide through its offices in India, UK, USA, UAE, Singapore, Australia, the Isle of Man and Fiji across formats such as theatres, home entertainment, television and digital new media. Eros plc, the holding company of the Eros Group, is a Promoter of our Company and is listed on the Alternative Investment Market of the London Stock Exchange.

We exclusively source all Indian film content for the Eros Group and exploit such content across formats within India, Nepal and Bhutan. We have various rights to over 1,000 films which include Hindi, Tamil and other regional language films, including films such as *Mughal-e-Azam*, *Om Shanti Om*, *Lage Raho Munnabhai* and *Love Aaj Kal*, which we consider to be a key competitive advantage and an integral part of our business model. We also own rights to certain English language films for home entertainment distribution within India. The Hindi, Tamil, other regional and English language films together form the Eros India Library.

Our business is broadly structured as below:



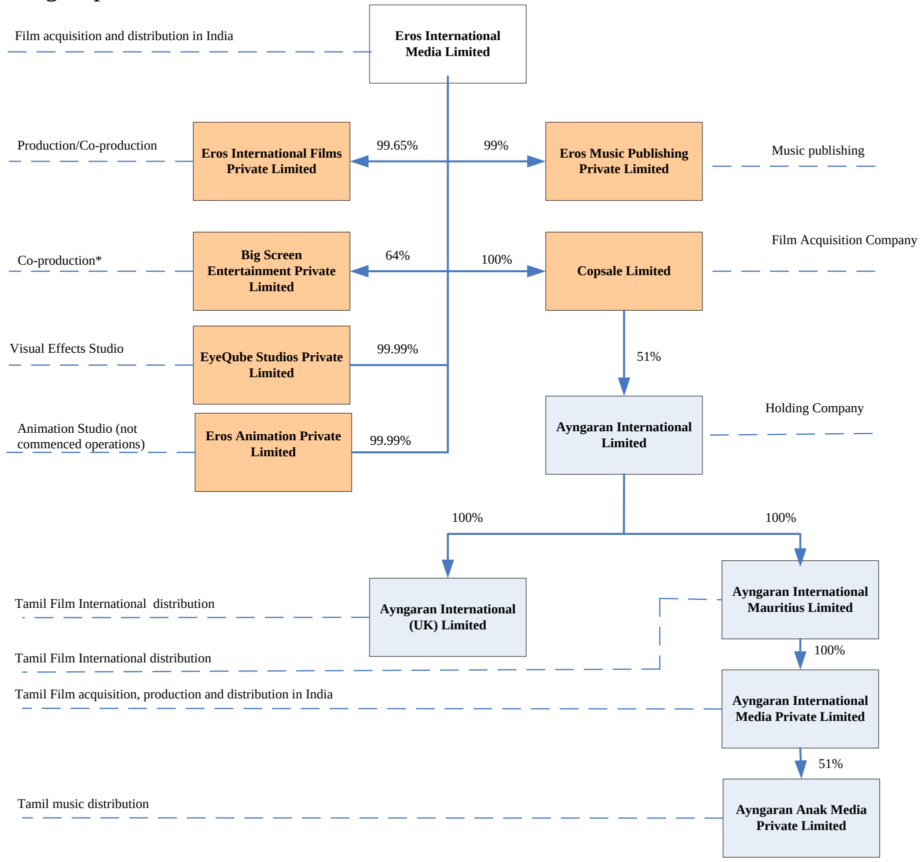
We source content primarily through acquisitions from third parties and through co-productions and, occasionally, through our own productions. We mainly acquire films from third party producers at various stages of a film's production for an agreed contractual value, and also co-produce films from inception with certain producers for a pre-agreed fixed budget. We have only released a single own production to date, namely *Aa Dekhen Zara*, as we rely more on acquisitions and co-productions to source content.

We exploit and distribute end-to-end Indian film content within India, Nepal and Bhutan through multiple formats such as theatres, home entertainment, principally in the form of DVDs, VCDs and audio CDs, and television syndication, which primarily involves licensing the broadcasting rights to major satellite television broadcasting channels, cable television channels and terrestrial television channels. We also exploit and distribute content via digital new media such as mobile ring tones, wallpapers and downloads, IPTV, DTH and other internet channels and we also license films to airlines for in-flight viewing.

The International Rights for distribution of Indian film content for the entire world excluding India, Nepal and Bhutan are licensed to the Eros International Group in accordance with the terms of the Relationship Agreement with effect from October 1, 2009 between our Company and our Promoters, Eros Worldwide and Eros plc.

However, our Tamil language films are distributed globally by Ayngaran and therefore arrangements for their distribution are not governed by the Relationship Agreement. The key terms of the Relationship Agreement are summarised in "***History and Key Corporate Matters—Other Material Agreements—Relationship Agreement***" on page 104.

Our group structure is set out below:



*Only used for co-productions with the minority shareholders in Big Screen Entertainment.

Our Company directly acquires all our Hindi and regional language films, other than Tamil language films, while most of our Company's co-production and production activities are conducted through our wholly-owned Subsidiary, Eros International Films, and our Company distributes all Indian Rights of such films across formats as well as licensing the International Rights of such films to the Eros International Group. We occasionally also acquire films, in particular catalogue and overseas-only rights, through our wholly-owned Subsidiary, Copsale. Our 64%-owned Subsidiary, Big Screen Entertainment undertakes production projects that are initiated by its minority shareholder and approved by us and distributed by our Company. In 2007, Eros plc acquired a 51% stake in an international Tamil film distribution house Ayngaran and in 2008 Eros plc transferred its entire stake to our Subsidiary Copsale at cost. Ayngaran conducts all of our activities relating to Tamil language films in India and internationally. For further details, see "***History and Key Corporate Matters***" on page 93.

In 2007, we set up a visual effects facility, EyeQube which is a 99.99% owned Subsidiary. Charles Darby, who has considerable expertise in visual effects and has been associated with films such as *Harry Potter and the Prisoner of Azkaban*, *Harry Potter and the Goblet of Fire*, *The Matrix*, *Armageddon*, *Fifth Element* and *Minority Report*, is the Creative Director of EyeQube. Our wholly-owned Subsidiary, Eros Music Publishing, signs up artists and composers with a view to collecting and administering music publishing revenues generated worldwide from the use of the work of such artists. We have entered into a joint venture agreement with Universal Music India in relation to a 50:50 joint venture through which we will seek to discover and manage new acting and / or singing talent and provide them film and music platforms to showcase their talent, leveraging on our and Universal Music India's respective strengths. At the date of this Draft Red Herring Prospectus, the joint venture company is yet to be formed and commence operation. For further details, see "***History and Key Corporate Matters—Joint Ventures—Joint venture agreement between our Company and Universal Music India***" on page 100.

For further details on our Subsidiaries, see "***History and Key Corporate Matters***" on page 93.

In the year ended March 31, 2009, we generated profit after tax and minority interest of Rs. 733.01 million based on revenues of Rs.6,277.85 million. An overview of our restated consolidated financial results for the six months ended September 30, 2009 and the years ended March 31, 2007, 2008 and 2009 is provided in the table below.

	Six months ended September 30,	**Year ended March 31,**				
	2009	**2009**	**2008**	**2008-2009 change**	**2007**	**2007-2008 change**
	(Rs. millions except percentages)					
Revenue	3,389.43	6,277.85	4,901.85	28.07%	2,247.76	118.08%
Profit after tax and minority interest..............	471.07	733.01	411.26	78.2%	132.32	210.8%

Key Strengths

We believe that our business activities, operations and financial condition benefit from the following strengths:

Valuable and expanding content library

The Eros India Library, comprising over 1,000 film titles is a key competitive advantage and positions us well to exploit the increasing number of existing and new distribution channels in the Indian entertainment market. We believe we have a diverse content library which is constantly updated by the addition of our new releases as well as further library acquisitions. The Eros India Library includes Hindi film titles such as *Mother India*, *Devdas*, *Hum Dil De Chuke Sanam*, *Rangeela*, *1942 Love Story*, *Om Shanti Om*, *Heyy Babyy*, *Namastey London*, *Lage Raho Munna Bhai* and *Love Aaj Kal*. Tamil titles in our library include *Alaipayuthey*, *Kandukondain Kandukondain*, *Boys*, *Sivaji*, *Billa*, *Aegan* and *Aadhavan.*

The extent and nature of the Eros India Library allows us to follow a distribution strategy of combining our new releases with films from our existing catalogue. For example, our television syndication strategy is driven by licensing new film releases and Eros India Library films to television channels as a 'bundle'. Furthermore, the revenues generated from the exploitation of films from our library have high margins because a substantial proportion of the cost of films in the Eros India Library is written down within the first few years following their theatrical release. We believe that the Eros India Library will be able to generate stable revenue streams as new distribution platforms continue to evolve.

The Eros India Library also allows us to take advantage of technological developments and re-monetise the same films across different formats as technologies advance over time. For example, we have monetised the same films over a period of time on video format, VCD, DVD, DTH, IPTV, cable and we have recently released films such as *Om Shanti Om* and *Heyy Babyy* in Blu-Ray high definition. The Eros India Library allows us to maintain and further develop diversified revenue streams thus reducing our reliance on theatrical revenues.

We believe that having a large portfolio of films has allowed us to build a distinct distribution advantage which in turn puts us in a favourable position when contracting talent for content on an ongoing basis.

Well developed content distribution network

We believe our extensive distribution network is a key strength and competitive advantage, which enhances our ability to monetise our film content without solely relying on sub-licensing to third parties. We believe we are one of the few companies within the Indian media and entertainment sector to have an end-to-end (all format) distribution capability through a national theatrical distribution network, in-house music distribution capability with our own music record label, Eros Music, an in-house television syndication team, and our own home entertainment distribution division.

For theatrical distribution within India we have established our own distribution offices in some of the key markets in India such as Mumbai, Delhi and Punjab. We distribute in West Bengal through an exclusive distribution agent and distribute Hindi and Tamil films in South India through Ayngaran's distribution offices. These markets account for a significant proportion of the national theatrical revenues from India for our Hindi films. One of the key benefits of having our own well established distribution network is that it allows us greater control, transparency and flexibility over the distribution process as well as higher revenue margins as a result of direct exploitation instead of using sub-distributors, which requires the payment of additional commission. Having our own offices also supports timely local marketing without having to wait for a sub-distribution arrangement to be put in place.

Our music and home entertainment distribution allows us to monetise library films and new films across traditional and new formats as they emerge for as long as we own the rights, rather than limiting revenue to a one-off sale. We have an in-house distribution capability for audio content as well as a video home entertainment division to service both the wholesale and retail distribution market, and we also exploit music rights digitally through mobile and other platforms.

We believe that the distribution network of the Eros International Group is a key advantage as we are able to offer a global end-to-end distribution solution to our content partners or co-producers. This allows us to effectively have a simultaneous worldwide co-ordinated release.

Portfolio approach to films and a strong regional presence

Our portfolio of new releases includes a mix of big, medium and small budget films, both with established talent within the film industry and new and upcoming talent including actors, directors or co-producers. Our Tamil Subsidiary Ayngaran follows a similar portfolio approach. Since the year ended March 31, 2007 we have distributed over 250 films, including Tamil and regional films, of which over 75 were mainstream Hindi films. We have also begun the acquisition and exploitation of film content in other regional languages such as Punjabi and Marathi. For example, we acquired the Punjabi films *Hashar* and *Tera Mera Ki Rishta* in 2008 and *Heer Ranjha* in 2009 and the Marathi film *Me Shivaji Raje Bhosale Boltoy* in 2009. As a combined portfolio, we release a significant number of Hindi films each year which, along with the Eros India Library, gives us a portfolio of films that can generate diversified revenues and sustain a level of revenue visibility when exploited as a portfolio, which reduces our reliance on the box-office success of individual films.

We typically use a 'bundle' model for distributing our films in television, home entertainment and digital new media which means that we bundle different categories of films including new releases and catalogue films. We re-release old films from the Eros India Library as a part of compilations along with new releases under the Eros label. We have done deals through Moser Baer for a bundling deal with L.G. Electronic Private Limited and with P9 Integrated for a bundling deal with Citibank.

Strong long-standing relationships with talent within the industry provide steady access to content and talent

The Indian film industry has been traditionally driven by talent and production houses that are family-owned. As the Eros Group has operated in the Indian film business for close to 30 years it has worked with the first and second generation of talent in these families and, as a consequence, we believe the relationships that the Eros Group enjoys are deep rooted and will give us sustained access to talent and content. For example we have an ongoing relationship with talent such as Shah Rukh Khan and with production houses such as Nadiadwala Grandson Entertainment Private Limited and Venus Films Private Limited.

Strong and experienced management

We have an experienced management team including our Executive Vice Chairman Mr. Sunil Lulla, who has over 20 years experience in the business, and our Managing Director and Group CEO (India) Mr. A.P. Parigi, who has wide experience in a variety of industries. Our management team possesses a deep understanding of the Indian film business including an understanding of talent relationships, deal structuring and strategic content exploitation, and is therefore well-positioned to focus on the continued strengthening of our distribution network to capitalise on our competitive advantage and our expansion into new media distribution. We believe our management team's experience and expertise has been essential in adopting the appropriate strategies to source our film content in a cost-effective manner and in maximising the monetisation of our content. For example, the talent arrangements put in place by our management in 2005 allowed us to move into co-productions when the costs of acquiring film content increased significantly in 2007. Mr. Naresh Chandra and Dr. Shankar Acharya are the independent and non-executive directors and bring significant corporate governance experience to our board. Further, Mr. Kishore Lulla and Ms. Jyoti Deshpande bring to our board over 20 years and 16 years of experience in the media industry, respectively.

Value of the Eros name

We believe that the 'Eros' name is well established and respected and enjoys a strong reputation in the Indian film industry. We use the Eros name for our Hindi and other regional language film production and distribution businesses, and our Ayngaran name for our Tamil production and distribution activities. We believe many Indian film actors, directors, studios, exhibitors and other distributors as well as Indian audiences associate the Eros name with quality content and a strong distribution network. Through our continued efforts, both with participants and audiences, we seek to continue to benefit from the positive values associated with the Eros name as a business to business ("**B2B**") and business to consumer ("**B2C**") name.

Strategy

Our vision is to emerge as a leading entertainment house that balances diverse platforms in a dynamically changing media environment, by establishing a sustainable connection with audiences, with content at the heart of our strategy.

Our strategy is to further strengthen our competitive advantage by building on and augmenting the Eros India Library and further leveraging our portfolio approach to film content. We intend to expand further into regional language film markets, such as the Marathi, Punjabi, Telugu and Kannada markets, and increase the scale of our presence in these markets. We also intend to explore further digital distribution opportunities based on the experience of the Eros International Group in international markets including opportunities in mobile, DTH, digital cable and IPTV to further monetise value from the Eros India Library. Consolidation of our music catalogues in order to exploit growth from radio, mobile, public performances and internet is another key strategy. We intend to build on a strong foundation of key management and systems to ensure that we are well positioned to capitalise on opportunities as they present themselves.

Our strategy is structured around the scale and variety of content in the Eros India Library and the successful exploitation of that content to ensure that it can be monetised through diversified platforms, directly or indirectly, on a worldwide basis. Our strategy is designed to address predictability, scalability and sustainability, ultimately resulting in profitability, which we consider to be key parameters measuring the success of our business.

Enhancing revenue predictability and minimising risk through a portfolio of new releases, continuing to build a diversified content portfolio and maintaining a wide release strategy

The Eros India Library has over 1,000 films, which we believe gives us a competitive advantage over our competitors. Our strategy is to release annually at least 50 new films, including Hindi, Tamil and other regional language films with a mix of high, medium and low budget films, which allows us to exploit our portfolio of new releases across various distribution platforms.

As a result of a wide distribution strategy, we receive a larger percentage of the theatrical revenues from a film in the first week following its release. We believe that this mitigates the adverse effect on revenue where a film fails to gain popularity or critical acclaim in the longer term We follow a strategy of pre-selling the rights of certain of our new films while maintaining the rights to other films until after their theatrical release, thereby trying to maximise revenue potential from the portfolio as a whole. Our arrangement with Eros plc and Eros Worldwide under the Relationship Agreement in respect of the sale of International Rights also helps ensure visibility in respect of the recovery of approximately 40% of the cost of the film. For further details of the key provisions of the Relationship Agreement, see "***History and Key Corporate Matters—Other Material Agreements—Relationship Agreement***" on page 104.

As non-theatrical revenues gain more importance, our portfolio approach and the Eros India Library will allow us, in our view, to monetise satellite licensing and DVD compilations efficiently, as we will be able to bundle and package several films together instead of exploiting the films on an individual film basis. We typically bundle categories of films including new releases and catalogue films in syndication deals and in DVD compilations. We regard this is a key competitive advantage as our revenues are not entirely dependent on the box office success of a particular film.

Maintaining our ability to build scale through different approaches to content sourcing and a regional strategy

Our portfolio of new films each year is the result of a planned mix of films and tie-up with talent. Our strategy is not to undertake more than one or two own production films in a given year as this is a time-consuming process which is difficult to control and to build scale. Most of our big budget films are done under a co-production model where we agree the script, cast, main crew, budget and cash flow as per a detailed shooting schedule with a well-known co-producer and then allow the co-producer to produce the film within the mutually agreed parameters. This allows us to develop multiple big budget projects simultaneously with different talent thereby allowing us to build scale. We also acquire films produced by various production houses based on a mutually negotiated market price. We believe this strategy optimises the time, effort and return on investment for our films and gives us flexibility to adjust the proportion of films sourced through productions, acquisitions or co-productions to suit changing market dynamics.

The diversity of languages within India allows us to treat the regional language markets as distinct markets where particular regional language films have a strong following, while Hindi films continue to retain a broad appeal across India. By way of illustration, the South Indian film industry, comprising the four states of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu, has, by far, the largest share in the total number of films released across the whole of India per year (source: *FICCI-E&Y Report 2009*). We believe that these regional markets do not compete with the mainstream Hindi market and we are therefore able to simultaneously release Hindi and regional language films without prejudicing the box office success and revenue of either segment. We have already released films in Marathi such as *Me Shivaji Raje Bhosale Boltoy* and Punjabi such as *Hashar* and *Tera Mera Ki Rishta*. We also intend to release Kannada, Telugu and Malayalam language films and to continue to develop our ability to offer a regional portfolio of films in addition to our Hindi film releases. We already have an existing distribution network across India which we are able to use to distribute regional language films in specific regions. As a consequence, we believe we will be able to expand our release of regional films in a cost effective manner.

Ensuring a sustainable competitive advantage and enhancing monetisation of the Eros India Library through new and emerging media platforms

We believe our key competitive advantages are the Eros India Library, our access to the Eros International Group’s end-to-end worldwide distribution network and our talent relationships. To sustain these advantages, we intend to continue to build on the Eros India Library, consolidate music catalogues to benefit from digital, internet and radio expansion, expand our distribution network further, particularly in the digital and new media domain, and, in the longer term, build an audience-focused entertainment consumer brand through these key areas.

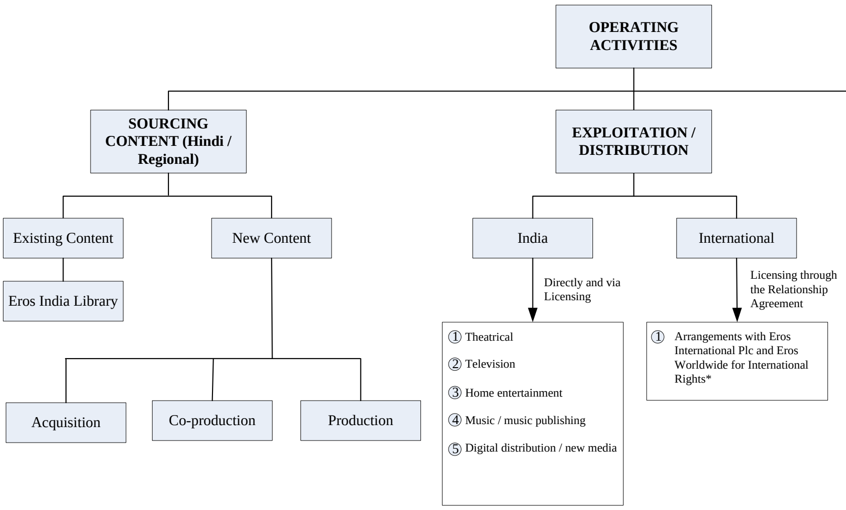
We believe that we will be able to benefit from the experience of the Eros International Group in digital exploitation, such as DTH, video on demand and IPTV platforms, to ensure that we can take advantage of the growth of these emerging revenue streams. For example, the Eros International Group has been able to monetise its library content on international markets through formats such as branded subscription video-on-demand services on cable platforms such as Comcast Communications LLC, Cablevision, Rogers Broadcasting Limited and other platforms in the United States. This has been possible as a result of monetising a combination of new films and existing films from the Eros International Group’s catalogue of films. We intend to position ourselves to take advantage of similar technological opportunities in India and use and leverage the Eros International Group’s international experience to maximise our impact. We believe the increased distribution of films in Blu-Ray format and the expansion of corporate bundling deals will add depth and scale to our home entertainment strategy. We believe that digital convergence, technological developments and the popularity of mobile content will present new opportunities to diversify our revenue streams and exploit the Eros India Library.

Our aim is to own all the intellectual property rights to a film instead of having fragmented rights to different aspects of the film and we believe this will be a key contributor to the long term sustainability of the Eros business model.

Operating Activities

Our principal business activity is obtaining rights to film content and generating revenue from our exploitation and distribution of such content, both in connection with the release of new films through theatrical distribution and our growing library of content in the Eros India Library. We also have several new business initiatives, principally EyeQube, our visual effects facility. In addition we have recently agreed to enter into a joint venture with Universal Music India, designed to identify and promote musical and film talent, and undertake music publishing initiatives through Eros Music Publishing.

The diagram below illustrates our principal operating activities:



** The arrangements are in accordance with the Relationship Agreement. For further details, see "**History and Key Corporate Matters—Other Material Agreements—Relationship Agreement**" on page 104.*

Sourcing Content

We source content through a combination of acquisitions, co-productions and own production so as to be able to exploit such content through our distribution network. We use our distribution network to exploit both new films and our existing films in the Eros India Library. Although we are expanding into other regional language films such as Marathi and Punjabi, both our new releases and catalogue currently focus predominantly on Hindi and Tamil language film content.

The Eros India Library

The Eros India Library consists of various rights to filmed content including previously released films and music videos, comprising over 1,000 films. We add to the Eros India Library by regularly sourcing new and catalogue films for exploitation within India, Nepal and Bhutan as well as overseas.

The Eros India Library provides revenue from Indian distribution, depending on the specific rights that we own for each film and other content in our catalogue. Pursuant to our internal policy, our new releases become part of the Eros India Library one year from the date of their release.

The following table sets forth certain information in relation to films released by us during the years ended March 31, 2008, 2009 and 2010 (to December 19, 2009).

	Year ended March 31,		
	2008	**2009**	**2010 (1)**
	(number of films released)		
Hindi	23	20	11
Regional (excluding Tamil language films)	1	1	3
Tamil	41	73	69
Total	**65**	**94**	**83**

Note: (1) As at December 19, 2009.

Hindi Language Film Catalogue

Our Hindi language film catalogue includes the Indian Rights to over 500 films across various rights categories such as theatrical, home entertainment, television and new media. The Eros India Library includes Hindi film titles such as *Mother India*, *Devdas*, *Hum Dil De Chuke Sanam*, *Rangeela*, *1942 Love Story*, *Om Shanti Om*, *Heyy Babyy*, *Namastey London*, *Lage Raho Munna Bhai* and *Love Aaj Kal*.

Tamil Language Film Catalogue

In addition, Ayngaran owns the International Rights to over 600 Tamil language films, substantially all of which are International Rights excluding India. Tamil titles in our library include *Alaipayuthey*, *Kandukondain Kandukondain*, *Boys*, *Sivaji*, *Billa*, *Aegan* and *Aadhavan.*

Sources of content

The different ways we source content are described below:

	Execution Role	Creative Control	Cost	Scalability
Acquisition	**Low**	**Low**	**Market Value**	**High**
Co-Production	**Moderate**	**Moderate**	**Cost-plus Arrangement**	**Moderate - High**
Own production	**High**	**High**	**At cost (can overrun)**	**Low**

Our Company's core competencies

The following table sets forth certain information in relation to our sources of content.

	Year ended March 31,		
	2008	**2009**	**2010 (1)**
	(number of films sourced)		
Acquisition	**62**	**85**	**72**
of which Hindi and regional films (excluding Tamil films)	21	16	6
of which Tamil films	41	69	66
Co-production	**3**	**6**	**6**
of which Hindi and regional films (excluding Tamil films)	3	3	5
of which Tamil films	-	3	1
Production	**-**	**3**	**2**
of which Hindi and regional films (excluding Tamil films)	-	1	0
of which Tamil films	-	2	2
Total	**65**	**94**	**80**

Note: (1) As at December 19, 2009.

Acquisitions

We acquire films that are produced by third party producers where we either evaluate the film at a very early stage; when the concept and budget initially become available, or during the course of its production. The price and terms are mutually agreed. Typically in an acquisition model, between 35% and 50% of a film's cost is only payable when the film is delivered by the producer to us near its release date, by which time we would usually have already started the pre-sales process for that film. We have historically acquired films from production houses including Red Chillies Entertainment Private Limited, Vinod Chopra Films Private Limited and Venus

Movies Private Limited. Films acquired since 2006 include *Om Shanti Om, Partner, Heyy Babyy, Cheeni Kum, Billu, Namastey London* and *De Dana Dan.*

Co-productions

The key difference between a co-produced film and a film entirely produced by us is that the principal line production responsibility lies with the co-producer we work with. Typically, once we agree with the co-producer the script, cast and main crew including the director, the budget and expected cash flow as per a detailed shooting schedule, the co-producer takes the lead in production and execution. We normally nominate an executive producer on the film for control purposes. In exchange for the financing of the film through its production schedule, we typically secure all worldwide distribution rights for a specified period and a minimum 50% share in the intellectual property rights of the film. Pending determination of the actual production cost in respect of the film, we also pre-agree a production fee to compensate the co-producer for his services. We normally do not have to share any revenues with the co-producer until we have recovered our entire investment in the film, including our distribution and marketing costs, and typically an additional distribution commission of between 10% and 20% of our investment.

The co-production model allows us to work on more than one production with key talent simultaneously, allowing us to build scale more rapidly.

Own Productions

We have only produced one Hindi film, *Aa Dekhen Zara*, with all other films in the Eros India Library being acquisitions or co-productions. Future own productions will be led by Ram Mirchandani, our Chief Creative Officer, who with his team and the assistance of EyeQube will have the primary responsibility for developing our own productions. Our strategy is to invest in a creative team for the development stage and, once the project has been agreed, to seek to get an execution team on board on a project-by-project basis rather than maintaining such a team on a permanent basis. Alternatively, we may also choose to produce the film with a co-producer. We currently have no own productions underway.

Financing the Sourcing of Content

Historically, Eros International Group primarily financed the sourcing of our content. As at September 30, 2009, Eros Worldwide, one of our Promoters, had a net outstanding advance to us of Rs. 2,519.58 million. We also finance films from internal cashflow and through local banking facilities of approximately Rs. 818.60 million, as at September 30, 2009.

Hindi Film Content

Our select current pipeline of Hindi Language Films

Details on some of these films are set out below. Given the lead-time required to bring a film to release we would typically expect to have good visibility on our release slate for the next twelve months.

Fiscal 2011 Indicative Releases* (list not exhaustive)

Film	Cast/ Director	Production/Acquisition	Genre
Untitled	Shahrukh Khan	Acquisition from Red Chillies Entertainment Private Limited	Family entertainment
Housefull	Akshay Kumar, Deepika Padukone Sajid Khan (director)	Co-production with Sajid Nadiadwala through Nadiadwala Grandson Entertainment Private Limited	Romantic comedy
Anjaana Anjaanee	Ranbir Kapoor, Priyanka Chopra Siddharth Anand (director)	Co-production with Sajid Nadiadwala through Nadiadwala Grandson Entertainment Private Limited	Romance
Untitled	Saif Ali Khan	Co-production with Illuminati Films Private Limited	Action/ Romance
Paathshala	Shahid Kapur Ahmed Khan (director)	Acquisition from Paperdoll Entertainment Inc.	Social
Desi Boyz	Rohit Dhawan	Co-production	Youth/Romance

Film	Cast/ Director	Production/Acquisition	Genre
	(director)		

* All information for films that have not yet been released is tentative and subject to change. Due to the uncertainties involved in the development and production of films, the date of their completion can be significantly delayed, planned talent can change and, in certain circumstances, films can be cancelled or not approved by the CBFC.

Regional Language Film Content

Tamil Language Films

Our Tamil language production, acquisition and distribution activities are conducted through Ayngaran which is a significant participant in Tamil content distribution.

Fiscal 2011 Indicative Tamil Language Films

We have released over 50 films in the year ended March 31, 2010 to date, of which three films were released globally. We expect to release over 50 films in the year ended March 31, 2011. Some of the films in the pipeline are *Murattu Kalai, Arjunan Kaadhal* and *Krishna Leelai.*

Other Regional Language Films

Our highest box office performing Marathi language film in 2009 was an acquisition to which we hold only Indian theatrical rights, *Me Shivaji Raje Bhosale Boltoy*. We currently expect to release four films during the course of the year ended March 31, 2011, *Shikshnachya Aaicha Go*, *Haapus*, *Punha Dhakka* and *Shodh* and a further film, *Phakt Ladh Mhana* in the course of the year ended March 31, 2012. With regard to Punjabi films, we released *Hashar* in 2008, *Tera Mera Ki Rishta* with Jimmy Shergill and *Heer Ranjha* with Harbhajan Mann this fiscal year, and we expect to release *Mitti* and *Virsa* during the remainder of this fiscal year.

Exploitation and Distribution of Content

We generate revenue from our exploitation of film content in India and internationally. Our key distribution channels and key timelines are:

Distribution Platforms	Music Release*	Theatrical Release (TR)	DTH	DVD Distribution	Satellite licensing to Television	New Media and other
Timing	**6-8 weeks before TR**	**0**	**1-3 months from TR**		**3-6 months from TR**	**3-9 months from TR**

**** Including mobile ring tones***

**Due to uncertainties involved in the development and production of films, the key timelines set out above are indicative only and actual timelines may differ significantly from those set out above.*

Certain information in relation to our distribution rights of content as at December 19, 2009, is set forth below.

	Year ended March 31,		
	2008	**2009**	**2010 (1)**
	(number of films sourced)		
Global (India and Overseas)	**18**	**22**	**13**
of which Hindi and regional films (excluding Tamil films)	15	15	10
of which Tamil films	3	7	3
Overseas Only	**47**	**72**	**67**
of which Hindi and regional films (excluding Tamil films)	9	5	1
of which Tamil films	38	67	66
Total	**65**	**94**	**80**

India

We typically seek to generate revenues in the Indian market from a wide variety of distribution channels. We derive our revenues from the following sources: (i) theatrical exhibition of Indian films; (ii) television syndication of Indian films; (iii) home entertainment formats of Indian and international films; (iv) music publishing and distribution and (v) new media formats for Indian films.

We distribute and market our films principally through our own distribution and marketing channels utilising associate offices and sub-distributors where appropriate. The pre-release marketing of a feature film is an integral part of our distribution strategy and we generally begin print media public relations as soon as a film commences shooting, with full marketing efforts commencing two to twelve weeks in advance of a film's release date, starting with a theatrical trailer for the film promoted within another film release. The release of music content typically occurs six to eight weeks before the theatrical release of a film. DVD distribution commences one to three months following the theatrical release of a film.

Theatrical Distribution

We distribute our Indian film content to both multiplexes and single screen theatres throughout India, including digital screen theatres, and we typically collect advances from all theatre owners.

For theatrical distribution within India we have established our own distribution offices in some of the key markets in India, namely in Mumbai, which also services the rest of Maharashtra, Goa and Gujarat, in Delhi, which also services Uttar Pradesh, and in Punjab. We distribute in West Bengal through an exclusive distribution agent and in Tamil Nadu through either the distribution office of Ayngaran or through sub-distributors. These markets account for a significant proportion of the national theatrical revenues from India for our Hindi films. The advantage of having our own well established distribution network is that it allows us greater control, transparency and flexibility over the distribution process as well as higher revenue margins as a result of direct exploitation instead of using sub-distributors, which requires the payment of additional commission. The existence of such a distribution network also allows us to tailor our marketing arrangements for a film to the requirements of each local market.

In order to take advantage of the recent trend in India for a significantly higher proportion of revenues being collected in the first week of theatrical exhibition of a film, we try and ensure that there are sufficient prints of the film available in theatres. We have also increased focus on digital distribution, which enables additional copies to be made available in a cost effective manner. Marketing and promotional activities also assume more importance and we typically ensure we have sufficient marketing lead-time to make the appropriate publicity arrangements. A large part of the marketing involves in-theatre publicity, including standees or large display cut-outs, vinyl posters, photosets and backlit posters, which are effectively displayed in theatres through our distribution offices. If we were solely reliant on sub-distributers such arrangements would typically be concluded very close to the release date of the relevant film, potentially impacting our ability to market the film effectively. Having our own distribution offices allows us greater marketing control distinct from sub-distributors.

We use third party software that allows us to manage our theatrical division's operations and finance. It captures screen wise data of a film's distribution plan with the terms settled with each individual theatre and allows input of a daily collection report and calculation of our distributor share of revenues, after agreed deductions such as entertainment tax. This allows us to maintain greater control over our theatrical revenue collections and receivables. For further details of our arrangements with the multiplexes see "***History and Key Corporate Matters- Other Material Agreements – Settlement Agreements***" on page 105.

Television

While in the past we have licensed television rights either directly to third parties or through the Eros International Group, we will with effect from October 1, 2009, retain all television rights for exploitation within India, Nepal and Bhutan.

Television licensing is mainly broken down into satellite television licensing, cable television licensing, terrestrial television licensing and, more recently, DTH licensing.

Satellite television broadcasting rights licensing involves us licensing Indian film content (usually a combination of new releases and films in the Eros India Library) for a number of years pursuant to agreements that, generally, allow a certain number of telecasts of a film over a stated period of time in exchange for a specified license fee. We have, directly or indirectly, created licenses for major television channels such as Sony, Star, Zee and Colours. There are several models for satellite television syndication. In the 'syndication model', a group of channels share the broadcast of a specified set of films between them in a certain order and pay us separate license fees. In the alternative 'licensing model', we create a straightforward exclusive license in favour of one particular channel for broadcast on its channels for a specified period of time. We operate a flexible policy of syndication or licensing depending on our portfolio, market appetite for our Hindi film content and also on whether we are seeking a pre-sale or the exploitation of a film after its release. Our strategy is to maximise the revenue potential of a film through a combination of such deals.

For example, in March 2008, we exclusively licensed 35 previously released films including *Rangeela* and *Hum Dil De Chuke Sanam* to Sahara One Media and Entertainment Limited ("**Sahara One**") for a period of five years. In the same month we syndicated satellite television rights to 16 other films, including the 2007 big budget film *Om Shanti Om*, to Multi Screen Media Private Limited ("**Sony**"), Viacom 18 Media Private Limited. ("**Colours**") and INX Media Private Limited ("**9X**") where the telecasts where shared between the three channels in a particular order for a limited period of time.

Cable television licensing is developing as a revenue stream as more cable operators are connecting to digital technology and are willing to license our Indian film content.

We also sub-license Indian film content for broadcast on Doordarshan, which is a terrestrial television license.

DTH (Direct-to-Home) licensing is a recent development. We have licensed recent films such as *Aa Dekhen Zara* as well as films such as *Heroes*, *Billu* and *Om Shanti Om* for exploitation on DTH by many of the major direct to home operators in India such as Dish TV India Limited, Tata Sky, Reliance Big TV Limited and Bharti Telemedia Limited, which provides a revenue stream in addition to the films being broadcast on satellite TV channels.

Television licensing and syndication enables us to maximise our revenues from films in the Eros India Library.

Home Entertainment

Home entertainment distribution consists mainly of the sale 'sell-through' of DVDs and VCDs of feature films for home viewing by consumers.

Our home entertainment distribution consists primarily of DVD and VCD sales to consumers indirectly via retail outlets such as Planet M and online via www.erosentertainment.com. We also have direct sales to corporate customers who bundle our DVDs or VCDs with their own products for promotional purposes. For example, we have done deals through Moser Baer for a bundling deal with L.G. Electronics Private Limited and with P9 Integrated for a bundling deal with Citibank. We believe this to be a growing area of DVD revenues. We outsource the physical production of VCDs and DVDs. We include extra material such as interviews with the stars or directors or a video on the 'making of the film' with the film DVD to make it more attractive to the consumer. We have a team of 18 regional managers, executives and assistants working nationally on our DVD distribution team who work with retailers and wholesalers in their region to maximise our home entertainment sales.

We release old films as well as new and also release combination packs, such as Classics of Nasir Husain, Romance and Comedy Club, to incentivise people to buy old films along with new releases. We also release song compilations on DVD and VCD where we own music rights, which allows us to monetise the Indian film content in part.

In addition, we are able to take advantage of technological developments and re-release existing films from the Eros India Library through new forms of distribution such as Blu-Ray, which allows us to monetise our existing content across various platforms and provides a potential opportunity to increase our earnings. We released *Om Shanti Om* and *Heyy Babyy* on Blu-Ray format in 2009.

Since 2003, we have distributed original and dubbed international studio content on VCD and DVD formats in India including *The Aviator* and *Kill Bill, Volumes 1 and 2*.

Our Tamil Subsidiary Ayngaran also releases films on DVD and VCD format and monetises the same directly both in India and internationally under the Ayngaran label.

Music

We have recently started acquiring music rights to add to our Eros India Library. We have developed our own music label, Eros Music, to exploit music rights by publishing and distributing Indian film soundtracks and songs. In 2006, Eros Music launched its first release, the soundtrack to the Indian film *Omkara*. Since then we have released *Namastey London*, *Cheeni Kum* and more recently *Kambakht Ishq*, *Love Aaj Kal* and *Aladin*.

While music is used as a tool to promote the release of a film by releasing the music album 6-8 weeks prior to the film's release, it is also an important source of revenue. Music rights are mainly monetised in three different ways: digital rights, physical rights and ancillary rights. Digital rights include mobile ringtones, downloads and wallpapers monetised mainly through telecommunication platforms. We have an arrangement with Virtual Marketing India Private Limited wherein we have a revenue-sharing arrangement that classifies our slate of music and they automatically pay us a minimum guarantee fee for the exploitation of the music rights in these films through telecom and mobile. With the growing number of Value added services ("**VAS**") and 3G in mobile, we believe digital rights will be an important revenue contributor in the future.

Physical rights involve using our retail distribution network to distribute and sell audio cassettes and CDs, where we sell through organised retail such as Planet M and also work through wholesalers and retailers nationally through our regional sales team.

Ancillary rights involve revenues from licensing songs to radio and television channels to play on their networks, as well as royalties from public performance of these songs when they are played in public places and at events. For example if a song is played at a cricket match we would receive royalties for the same. While we license music content directly to radio and television networks we collect other ancillary revenues from public performances through Phonographic Performance Limited, a body which monitors, collects and distributes royalties to its members.

A key focus for us is to continue developing our music catalogue and exploiting our music content.

Additionally, our Subsidiary, Eros Music Publishing, signs up writers, composers and other artists and administers their worldwide publishing rights for a commission. We have signed artists including Pritam, Pyarelal Sharma, Shravan Rathod and Jaidev Kumar.

New Media

Digital new media is a growing area of focus for us. Apart from digital music, which is mainly monetised through mobile platforms and also DTH on television, other new media revenue streams are airborne rights, IPTV services and exploitation on the internet amongst others.

While the Eros International Group has successfully monetised its library on video on demand, subscription video-on-demand and IPTV services such as Comcast Cable Communications LLC, Cablevision, Rogers Cable Broadcasting Limited and others as well as monetising content through its partner channel on Google Inc.'s YouTube, these revenue streams are only beginning to evolve in India. We believe that we will soon also be able to monetise the Eros India Library through such avenues in India. With Indian telecom networks and DTH platforms expanding their services, we believe we are beginning to see an increased interest for video on demand in India. Through the Eros International Group, we have also licensed content to Aksh Optifibre Limited in 2008 for IPTV rights in Mumbai and Delhi. Pursuant to the Relationship Agreement these rights will be retained by us for exploitation with effect from October 1, 2009.

We license airborne rights by way of individual purchase orders to a number of key airlines, including Air India, Jet Airways, British Airways, Delta, Emirates and Kingfisher. We are informed of developments in the domain of flight entertainment by the World Airlines Entertainment Association ("**WAEA**"). Recently, Air India has awarded us an exclusive contract as content service provider ("**CSP**") for the supply of video and audio programs, for a period of five years.

International

Our international distribution primarily consists of selling the International Rights to our new Hindi language film releases to Eros Worldwide for distribution in markets outside India such as the UK, Spain and Germany. For further details of the Relationship Agreement, see "***History and Key Corporate Matters***" on page 93. International distribution of Tamil movies is conducted through Ayngaran and the terms of the Relationship Agreement do not apply to our Tamil films.

New Business Initiatives

Our visual effects facility EyeQube worked on three films during the course of 2009, including *Aladin* which was released in October 2009. It also provided production planning services. Our 50:50 joint venture with Universal Music India, which will seek to identify, nurture and manage new acting and/or singing talent and provide them with film and music platforms to showcase their talent, has not yet commenced operations.

Competition

The competitive landscape within the Indian film industry is rapidly changing. Some of the companies that have entered this sector recently are Reliance, UTV and Indian Film Company. We compete with these companies to access content produced by independent production houses and to enter directly into deals with talent, such as actors and directors. We also compete with these companies for distribution when our films release on or close to the same dates. We believe our experience and understanding of the Indian film market positions us well to compete with new and existing entrants to the Indian media and entertainment sector.

For further details, see "***Risk Factors***" on page xi and "***Industry Overview***" on page 57.

Intellectual Property

Unauthorised use of intellectual property, particularly piracy of DVDs and CDs, is rampant in India and the protection of intellectual property in India is not comparable to that of various other countries, including the United States. Although we occasionally participate in actions against persons who have illegally pirated our content we have concluded that the best strategy to deal with the situation is to promote a film to ensure maximum revenues early in its release and seek to shorten the period between the theatrical release of a film and its legitimate availability on DVD and VCD. This is supported by the trend in the Indian market for a significant percentage of a film's box office receipts to be generated in the first week after release.

All of the registered trademarks and domain names which are used in our business are owned by the Eros Group. However, we are yet to receive trademark registration for certain of our trademarks. Furthermore, certain of these registrations, and certain applications for registrations, are in the name of certain of our Subsidiaries, or our Promoter Group Entity, Eros Digital, with whom we have an informal arrangement with respect to the use of such trademarks. The registration of any trademark is a time-consuming process, and there can be no assurance that any such registration will be granted.

For further information, see "***Risk Factors***", "***Regulations and Policies***" and "***Government and Other Approvals***" on pages xi, 88 and 175, respectively.

Government Regulation

We are subject to various central, state and local laws affecting the operation of our business, including the Income Tax Act, 1961, state excise and sales taxes, certification from the Central Board of Film Certification and local municipalities' laws. Difficulties in obtaining, or the failure to obtain, required registrations or approvals could delay or prevent the production or distribution of our films. For further information, see "***Risk Factors***", "***Regulations and Policies***" and "***Government and Other Approvals***" on pages xi, 88 and 175, respectively.

Properties

We do not own any significant property. Our Registered Office is currently leased for a period of five years and our Corporate Office is currently leased for a remaining period of three years. In addition we have additional properties located in various parts of India primarily used as warehouses and distribution offices.

Insurance

Our offices and storage spaces in Mumbai and Delhi have been insured against customary risks. In addition, we have obtained office package policies for our registered and corporate offices to insure our property including, building, stocks, machinery, and equipment. Considering the nature of our business, we have obtained customary policies insuring film production, which includes our props, sets, cast, crew, equipment, wardrobe, negatives and data media used for special effects, animation and graphics in respect of the films. In addition, we also have obtained group health policies for our employees.

Employees and Employer Relations

As at December 15, 2009, our Company and EyeQube had approximately 285 employees.

We provide provident fund and pension benefits to all our employees pursuant to the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 of India. We also provide other benefits to our employees, including medical, education and housing benefits and facilities. For further information, see "***Regulations and Policies***" and "***Government and Other Approvals***" on pages 88 and 175, respectively.

Litigation

We and our Directors may from time to time be involved in litigation and regulatory proceedings in the course of our operating our business. For further information, see "***Risk Factors***" and "***Outstanding Litigation and Other Material Developments***" on pages xi and 164, respectively.

REGULATIONS AND POLICIES

The following description is a summary of various sector-specific laws and regulations in India, which are applicable to our Company. The information below has been obtained from publications in the public domain. It may not be exhaustive, and is only intended to provide general information and is neither designed nor intended to substitute for professional legal advice.

Notification of Industry Status

The Indian film industry was conferred industry status by a press release issued by the Ministry of Information and Broadcasting, Government of India ("**GoI**"), on May 10, 1998.

Intellectual Property

In India, trademarks and copyrights enjoy protection both statutory and under common law.

Intellectual Property Laws

Trademarks A trademark is used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor or user to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The Trademarks Act, 1999 (the "**Trademarks Act**") governs the registration, acquisition, transfer and infringement of trademarks and remedies available to a registered proprietor or user of a trademark. The registration of a trademark is valid for a period of 10 years but can be renewed in accordance with the specified procedure.

Currently, a person desirous of obtaining registration of his trademark in other countries has to make separate applications in different languages and disburse different fees in the respective countries. However, the Madrid Protocol, administered by the International Bureau of the World Intellectual Property Organisation ("**WIPO**"), of which India is a member country, aims to facilitate global registration of trademarks by enabling nationals of member countries to secure protection of trademarks by filing a single application with one fee and in one language in their country of origin. This in turn is transmitted to the other designated countries through the International Bureau of the WIPO. The Trademarks (Amendment) Bill 2009 was recently tabled before the Lok Sabha, to amend the Trademarks Act to enable Indian nationals as well as foreign nationals to secure simultaneous protection of trademarks in other countries, and to empower the Registrar of Trademarks accordingly, as well as to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to bring the law generally in line with international practice.

Copyrights A copyright is an exclusive right to do or authorisation to do certain acts in relation to literary, dramatic, musical and artistic works, cinematographic films and sound recordings. The Copyright Act, 1957 (the "**Copyright Act**") provides for registration of copyrights, transfer of ownership and licensing of copyrights, and infringement of copyrights and remedies available in that respect. Depending upon the subject, copyright is granted for a certain period of time, usually for a period of 60 years, subsequent to which the work falls in the public domain and any act of reproduction of the work by any person other than the author would not amount to infringement. Software, both in source and object code, constitutes a literary work under Indian law and is afforded copyright protection. Following the issuance of the International Copyright Order, 1999, subject to certain conditions and exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organisation, the Berne Convention and the Universal Copyright Convention.

While intellectual property registration is not a prerequisite for acquiring or enforcing such rights, registration creates a presumption favouring the ownership of the right by the registered owner. Registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. The registration of certain types of intellectual property is prohibited, including where the property sought to be registered is not distinctive. The remedies available in the event of infringement under the Copyright Act and the Trademarks Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing materials to the owner of the right, as well as criminal remedies including imprisonment of the accused and the imposition of fines and seizure of infringing materials.

Film Certification

The Cinematograph Act, 1952 (the "**Cinematograph Act**") authorizes the Central Government to constitute a Board of Film Certification (also known as the "Central Board for Film Certification" or "**CBFC**") in accordance with the Cinematograph (Certification) Rules, 1983 (the "**Certification Rules**") for sanctioning films for public exhibition in India. Under the Certification Rules, the producer of a film is required to apply in the specified format for certification of such film, along with the prescribed fee. The film is examined by an examining committee, which determines whether the film:

- is suitable for unrestricted public exhibition; or
- is suitable for unrestricted public exhibition, with a caution that the question as to whether any child below the age of 12 years may be allowed to see the film should be considered by the parents or guardian of such child; or
- is suitable for public exhibition restricted to adults; or
- is suitable for public exhibition restricted to members of any profession or any class of persons having regard to the nature, content and theme of the film; or
- is suitable for certification in terms of the above if a specified portion or portions be excised or modified therefrom; or
- that the film is not suitable for unrestricted or restricted public exhibitions, i.e., that the film be refused a certificate. A film will not be certified for public exhibition if, in the opinion of the CBFC, the film or any part of it is against the interests of the sovereignty, integrity or security of India, friendly relations with foreign states, public order, decency or morality, or involves defamation or contempt of court or is likely to incite the commission of any offence.

Any applicant, if aggrieved by any order of the CBFC either refusing to grant a certificate or granting a certificate that restricts exhibition to certain persons only, may appeal to the Film Certification Appellate Tribunal constituted by the Central Government under the Cinematograph Act.

A certificate granted or an order refusing to grant a certificate in respect of any film is published in the Official Gazette of India and is valid for 10 years from the date of grant. Films certified for public exhibition may be re-examined by the CBFC if any complaint is received in respect of the same. Pursuant to grant of a certificate, film advertisements must indicate that the film has been certified for public exhibition.

The Central Government may issue directions to licensees of cinemas generally or to any licensee in particular for the purpose of regulating the exhibition of films, so that scientific films, films intended for educational purposes, films dealing with news and current events, documentary films or indigenous films secure an adequate opportunity of being exhibited. The Central Government, acting through local authorities, may order suspension of exhibition of a film, if it is of the opinion that any film being publicly exhibited is likely to cause a breach of peace. Failure to comply with the Cinematograph Act may attract imprisonment and / or monetary fines.

Separately, the Cable Television Networks Rules, 1994 require that no film or film song, promo, trailer, of film music video, album or trailer, whether produced in India or abroad, shall be carried through cable services unless it has been certified by the CBFC as suitable for unrestricted public exhibition in India

The Cinematograph Film Rules, 1948 (the "**Cinematograph Rules**") require a license to be obtained prior to storing any film, unless specifically exempted. Licenses for storage of films are granted for one year and must be renewed annually. Any person transporting, storing or handling films is required to ensure compliance with requirements pertaining to, *inter alia*, precautions against fire, storage of loose films, minimum specifications for aisle space, exits and electrical installations in storage rooms etc. The Cinematograph Rules also specify the procedure for transport of film, and application for, or renewal, transfer, refusal and cancellation of, licenses.

Financing

In October 2000, the Ministry of Finance, GoI, notified the film industry as an industrial concern in terms of the Industrial Development Bank of India Act, 1964, pursuant to which loans and advances to industrial concerns became available to the film industry.

The Reserve Bank of India (the "**RBI**"), by circular dated May 14, 2001, permitted commercial banks to finance up to 50% of total production cost of a film. Further, pursuant to an RBI circular dated June 8, 2002, bank financing is now available even where total film production cost exceeds Rs. 100 million. Banks which finance film productions customarily require borrowers to assign the film intellectual property or music audio / video / CDs / digital versatile discs ("**DVDs**") / internet, satellite, channel, export / International Rights as part of the security for the loan, such that the banks would have a right in negotiation of valuation of such intellectual property rights.

Labour Laws

Depending on the nature of work and number of workers employed at any workplace, various labour related legislations may apply. Certain significant provisions of such labour related laws are provided below.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Employees (Provident Fund and Miscellaneous Provisions) Act, 1952 (the "**EPF Act**") applies to factories employing more that 20 employees and such other establishments and industrial undertakings as notified by the Government from time to time. It requires all such establishments to be registered with the relevant State Provident Fund Commissioner. Also, such employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance payable to employees. Employees are also required to make equal contribution to the fund. A monthly return is required to be submitted to the relevant State Provident Fund Commissioner in addition to the maintenance of registers by employers.

Employees State Insurance Act, 1948

Under the Employees State Insurance Act, 1948 (the "**ESI Act**"), all establishments where 20 or more persons are employed are required to be registered with the Employees State Insurance Corporation. The ESI Act requires all employees of the factories and establishments to which it applies to be insured in the manner provided. Further, both employers and employees are required to make contribution to the ESI fund, of which returns are required to be filed with the ESI department.

In addition, under the provisions of local shops and establishments legislations applicable in the states in which commercial establishments are located, such establishments are required to be registered. Such legislations regulate the working and employment conditions of workers employed in shops commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, and other rights and obligations of the employers and employees. Such laws are enforced by the Chief Inspector of Shops and various inspectors under the supervision and control of the Labour Commissioner acting through the various District Deputy / Assistant Labour Commissioners.

Foreign Investment

Under India's current Foreign Direct Investment ("**FDI**") Policy, foreign direct investment in the Indian film industry, not including broadcasting, is permitted under the 100% automatic route and does not require approval of the RBI or the Foreign Investment Promotion Board (the "**FIPB**").

Calculation of Total Foreign Investment in Indian Companies

Press Note No. 2 (2009 Series) dated February 13, 2009 ("**Press Note 2 of 2009**"), issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), read with the clarificatory guidelines for downstream investment under Press Note No. 4 (2009 Series) dated February 25, 2009 ("**Press Note 4 of 2009**") issued by the DIPP, sets out the manner of calculation of foreign investment in an Indian company. Foreign investment is defined broadly and includes investment by FIIs, NRIs and foreign investment in the form of American depositary receipts, global depository receipts, foreign currency convertible bonds, convertible preference shares and convertible currency debentures.

Press Note 2 of 2009 specifies that all direct investments by a non-resident entity in an Indian company will be considered foreign investment. Further, in relation to investment by an Indian company in another Indian company, if (i) the investing Indian company is owned and controlled by resident Indian entities (i.e., resident Indian citizens and / or resident Indian companies that are ultimately owned and controlled by resident Indian citizens) and (ii) foreign entities do not own or control the investing Indian company, the foreign investment in the investing Indian company will not be considered for calculation of the foreign investment in the second Indian company. However, if the requirements under (i) and (ii) above are not satisfied, the entire investment of the investing Indian company in the investee Indian company will be considered foreign investment, provided that indirect foreign investment in 100% owned subsidiaries of operating-cum-investing / investing companies will be limited to the foreign investment in the operating-cum-investing / investing company, since the downstream investment of a 100% owned subsidiary of the holding company is akin to investment made by the holding company and the downstream investment should be a mirror image of the holding company. Pursuant to Press Note 2 of 2009, an investing company will be considered (i) "owned" by resident Indian entities or foreign entities, if more than 50% of its equity interest is beneficially owned by resident Indian entities or foreign entities, as the case may be and (ii) "controlled" by resident Indian entities or foreign entities if the resident Indian entities or foreign entities, as the case may be, have the power to appoint a majority of its directors.

Press Note 4 of 2009 provides guidelines relating to downstream investments by Indian companies that are owned or controlled by foreign entities. These guidelines are based on the principle that indirect foreign investment through downstream investments by Indian companies owned or controlled by foreign entities should follow the same rules as those applicable to direct foreign investment. In respect of downstream investments by Indian companies that are not owned or controlled by foreign entities, there will not be any restrictions. For the purpose of downstream investments, Press Note 4 of 2009 classifies Indian companies into (i) operating companies, (ii) operating-cum-investing companies and (iii) investing companies. In connection with foreign investment in these categories of Indian companies, Press Note 4 of 2009 provides that:

(a) Operating company: Foreign investment in an operating company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates;
(b) Operating-cum-investing company: Foreign investment in an operating-cum-investing company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates and such company will need to notify the Secretariat for Industrial Assistance, the DIPP and the FIPB of its downstream investment within 30 days of such investment. Further, the investee Indian company in which downstream investments are made by such company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which the investee Indian company operates. In addition, investing companies would have to bring in requisite funds from abroad and not leverage funds from domestic market for such investments. This would, however, not preclude downstream operating companies to raise debt in the domestic market; and
(c) Investing company: An "investing company" has been defined under Press Note 4 of 2009 as an Indian company holding only direct or indirect investments in other Indian companies other than for trading of such holdings or securities. Any foreign investment in such company will require the prior approval of the FIPB. Further, the investee Indian company in which downstream investments are made by such company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which the investee Indian company operates.

Press Note 4 of 2009 further provides that foreign investment in an Indian company that does not have any operations and does not have any downstream investments will require the prior approval of the FIPB.

Competition Act

The Competition Act 2002 (the "**Competition Act**") aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Act, although enacted in 2002, is being brought into force in a phased manner. Provisions relating to anti-competitive agreements and abuse of dominant position were brought into force with effect from May 20, 2009 and thereafter the Competition Commission of India (the "**Competition Commission**") became operational from May 20, 2009. Sections 5 and 6 (dealing with combinations, mergers and acquisitions) are yet to be notified, by the GoI.

Under the Competition Act, the Competition Commission has powers to pass directions / impose penalties in cases of anti-competitive agreements, abuse of dominant position and combinations. In the event of failure to comply with the orders or directions of the Competition Commission, without reasonable cause, such person is punishable with a fine extending to Rs. 0.10 million for each day of such non-compliance, subject to a maximum of Rs. 100 million. If there is a continuing non-compliance the person may be punishable with imprisonment for a term extending up to three years or with a fine which may extend up to Rs. 250 million or with both as the Chief Metropolitan Magistrate, Delhi may deem fit. In case of offences committed by companies, the persons responsible for the conduct of the business of the company will be liable under the Competition Act, except when the offence was committed without their knowledge and they had exercised due diligence to prevent it. Where the contravention committed by the company took place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such person is liable to be punished. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India. Recently, the Lok Sabha has passed a bill to transfer the pending monopolies and restrictive trade practices cases under the Consumer Protection Act, 1986 to the Competition Appellate Tribunal. Once this bill is notified the Competition Appellate Tribunal will take up the pending cases of unfair trade practices under the Consumer Protection Act, 1986. This bill will replace the ordinance which was introduced on October 14, 2009 to make the Monopolies and Restrictive Trade Practice Commission non functional.

HISTORY AND KEY CORPORATE MATTERS

Mr. Arjan Lulla started the business in 1977. A partnership firm under the name Jupiter Enterprises was formed on April 1, 1981. The original members of Jupiter Enterprises were Mr. Arjan Lulla, Mr. Kishore Lulla and Ms. Bhagibhai Lulla. Our Company was incorporated on August 19, 1994 under the Companies Act as a private limited company, with the name Rishima International Private Limited. Pursuant to an agreement dated March 30, 1999, by and among Mr. Sunil Lulla, Mr. Arjan Lulla and our Company, our Company acquired the entire business, including the assets and liabilities of Jupiter Enterprises, with effect from April 1, 1999. For further information, see "***Capital Structure***" on page 29.

The name of our Company changed to Eros Multimedia Private Limited on July 25, 2000. Subsequently, our name was changed to Eros International Media Private Limited on November 20, 2008. Our Company was converted to a public limited company pursuant to a shareholders resolution dated September 16, 2009, following which our name changed to Eros International Media Limited, on November 18, 2009.

As on the date of filing this Draft Red Herring Prospectus, the total number of holders of Equity Shares is seven.

Changes in our Registered Office

The changes in the registered office of our Company are provided below.

Date of change	Change in the address of our Registered Office
April 23, 1999	Change in registered office of our Company from 6-A/4, Juhu Sangeeta Apartments, Behind Lido Cinema, Juhu, Mumbai 400 049, Maharashtra, India to 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, Off Andheri Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India

The change in our registered office was made for business viability and cost effectiveness.

Our Company is not operating under any injunction or restraining order.

For further information on our business including description of our activities, services, market of each segment, our growth, profits due to foreign operations, technology, market, managerial competence and capacity built-up, our standing with reference to our prominent competitors, see "***Our Business***" and "***Industry Overview***" on pages 57 and 73 respectively.

Major events

Year	Event
1994	Incorporation of our Company and our Subsidiary Eros International Films
1999	• Acquired business and assets of Jupiter Enterprises • Commenced selling home entertainment, for instance VCDs and DVDs
2005	• Release of our first co-produced film, *Waqt*
2006	• First India theatrical release and music distribution of the film *Omkara* • Launch of the Eros Music label
2007	• Set up VFX operations under our Subsidiary EyeQube • Entered into a shareholder's agreement for acquisition of 64% in Big Screen Entertainment
2008	• Entry into Tamil film industry pursuant to the assignment of the Ayngaran SHA to Copsale, by Eros plc • Incorporation of our Subsidiary Eros Music Publishing for signing lyricists and composers • Joint Venture Agreement with Universal Music India for talent management • India theatrical distribution expansion through offices in Mumbai and Delhi • First release on Blu-Ray high-definition disc format, *Heyy Babyy,* followed by *Om Shanti Om*
2009	• India theatrical distribution expansion through offices in Punjab and exclusive arrangement for West Bengal • Execution of Settlement Agreements with various film exhibitors • Conversion to a public limited company

Awards and recognitions

Our Company has not received any major awards.

Changes in the activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years preceding the date of this Draft Red Herring Prospectus, which may have a material adverse effect on our profits or loss, including discontinuance of any of our lines of business, loss of agencies or markets and similar factors.

Our Main Objects

Our main objects, as contained in our Memorandum of Association are:

Clause	Particulars
III.A.1	To carry on in all parts of the world the business of exhibiting, distributing and otherwise exploiting cinematograph and television films and motion pictures of all kinds, including advertisement commercial films.
III.A.1A	To plan, prepare, estimate, develop, supply execute and otherwise deal with internet content creation and delivery services, commerce, e-commerce, delivery systems, technology related development, audio or visual, multimedia development, software and hardware development, marketing franchising, brand building, buying, selling, exchanging, importing, exporting, supplying, trading and dealing with any related issues products or services anywhere in the world and to plan, prepare, estimate, supply and execute basic telecommunications works (including civil and electrical works) such as tower foundation, tower erection, all types of cable lying (optical, copper etc.) all types of equipment installations such as the telephone exchanges, wireless in local loop, radio, optical fibre etc including works mentioned below on contractual basis by company itself or by way of subcontracting and to manufacture assemble, design, plan, estimate, prepare, develop, improve, alter, buy, sell, exchange, import, export, supply, store, trade and deal in telecommunication systems, microwave and radio systems, optical systems, MARR systems, cellular telephone systems, switching systems, telephone exchange systems. EPABX systems cable networks and any other telecommunication systems, internet systems, all sorts of computer hardware and software systems, monitoring systems, testing systems, data processing systems, information technology systems, their raw materials, components, parts attachments and accessories.

Changes in our Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Shareholder Resolution	Details
March 30, 1999	Increase in authorised share capital to Rs. 60 million divided into 6 million equity shares of face value Rs. 10 each, by the creation of 0.55 million shares of face value Rs. 10 each
March 30, 2000	Insertion of the following main object to the objects clause: "To plan, prepare, estimate, develop, supply execute and otherwise deal with internet content creation and delivery services, commerce, e-commerce, delivery systems, technology related development, audio or visual, multimedia development, software and hardware development, marketing franchising, brand building, buying, selling, exchanging, importing, exporting, supplying, trading and dealing with any related issues products or services anywhere in the world and to plan, prepare, estimate, supply and execute basic telecommunications works (including civil and electrical works) such as tower foundation, tower erection, all types of cable lying (optical, copper etc.) all types of equipment installations such as the telephone exchanges, wireless in local loop, radio, optical fibre etc including works mentioned below on contractual basis by company itself or by way of subcontracting and to manufacture assemble, design, plan, estimate, prepare, develop, improve, alter, buy, sell, exchange, import, export, supply, store, trade and deal in telecommunication systems, microwave and radio systems, optical systems, MARR systems, cellular telephone systems, switching systems, telephone exchange systems. EPABX systems cable networks and any other telecommunication systems, internet systems, all sorts of computer hardware and software systems, monitoring systems, testing systems, data processing systems, information technology systems, their raw materials, components, parts attachments and accessories"
April 25, 2000	Change in the name of our Company to Eros Multimedia Private Limited
November 20, 2008	Change in the name of our Company to Eros International Media Private Limited
September 16, 2009	Change in the name of our Company to Eros International Media Limited and adoption of a fresh MoA consequent upon conversion to a public limited company
December 1, 2009	Increase in authorised share capital to Rs. 1,250 million divided into 125 million equity shares of face value Rs. 10 each, by the creation of 119 million shares of face value Rs. 10 each.

Holding Company

Our holding company is Eros Worldwide, which is a 100% subsidiary of, and is promoted by, Eros plc. For further information, see "***Our Promoters and Group Entities***" on page 121.

Our Subsidiaries

Our Company presently has 11 Subsidiaries (including step down Subsidiaries). The details of our Subsidiaries are provided below.

1. Eros International Films Private Limited ("Eros International Films")

Eros International Films was incorporated as a private limited company under the Companies Act on August 18, 1994 as Shivam Videotech Private Limited. Its name was changed to Eros Pictures Private Limited on October 23, 2007, and subsequently, to Eros International Films Private Limited on February 4, 2009. Its corporate identification number is U92113MH1994PTC080423 and its registered office is at 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India. Eros International Films' objects include the business of vision engineering, production, post production, direction, creation and devising of graphic and complex special effects for and of animation films, telefilms, advertisement films, feature films, documentaries, news papers, magazines, brochures, on or on video films, television H.D. television or digital format in India and abroad with the use of sophisticated hi tech computing. Further, it is also authorised to carry on the business of sound engineering and recording.

The equity shares of Eros International Films are not listed on any stock exchange. The authorised share capital of Eros International Films is Rs. 200 million. The shareholding pattern of Eros International Films as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Eros International Media Limited	19,930,300	99.65
Eros Digital	69,700	0.35
Total	20,000,000	100.00

Board of directors

The board of directors of Eros International Films currently comprises:

1. Mr. Sunil Lulla;
2. Mr. Bipinchandra Talati; and
3. Ms. Sundari Ramamurthy.

2. Copsale Limited ("Copsale")

Copsale was incorporated as a limited company under the International Business Companies Act, Cap. 291, of the British Virgin Islands, on February 24, 1998. Its registration number is 269307 and its registered office is at Offices of Ansbacher (BVI) Limited, P.O. Box 659, Road Town, Tortola, British Virgin Islands. Copsale's objects include buying, selling, underwriting, investing in, exchanging, acquiring, holding, managing, developing and dealing with and turning to account any bonds, debentures, stocks or other securities.

The equity shares of Copsale are not listed on any stock exchange. The authorised share capital of Copsale is US$ 0.20 million. The shareholding pattern of Copsale as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of US$ 1 each	% of issued capital
Eros International Media Limited	105,000	100.00
Total	105,000	100.00

Board of directors

The board of directors of Copsale currently comprises:

1. Mr. Arjan Lulla;
2. Mr. Surender Sadhwani; and
3. Mr. Ken Naz.

3. Big Screen Entertainment Private Limited ("Big Screen Entertainment")

Big Screen Entertainment was incorporated as a private limited company under the Companies Act on October 3, 2005. Its corporate identification number is U92110MH2005PTC156504 and its registered office is at B-301-302, Brook Hill Tower, 3rd Cross Lane, Lokhandwala Complex, Andheri (West), Mumbai 400 053, Maharashtra, India. Big Screen Entertainment is engaged in the business of producing, promoting, projecting, participating, manufacturing, exhibiting, making, remaking, buying, selling, importing, exporting all kinds of big screen cine films, video films, feature films, animation films, television serials, slides and other entertainment software in all languages prevailing in India and overseas.

The equity shares of Big Screen Entertainment are not listed on any stock exchange. The authorised share capital of Big Screen Entertainment is Rs. 11 million. The shareholding pattern of Big Screen Entertainment as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Eros International Media Limited	6,400	64.00
Mr. Kumar Mangat Pathak	1,300	13.00
Mr. Abhishek Pathak	1,000	10.00
Ms. Neelam Pathak	1,300	13.00
Total	10,000	100.00

Board of directors

The board of directors of Big Screen Entertainment currently comprises:

1. Mr. Sunil Lulla;
2. Mr. Bipinchandra Talati;
3. Mr. Surender Sood;
4. Mr. Vikram Rajani;
5. Ms. Neelam Pathak;
6. Mr. Abhishek Pathak; and
7. Mr. Kumar Mangat.

4. EyeQube Studios Private Limited ("EyeQube")

EyeQube was incorporated as a private limited company under the Companies Act on October 15, 2007. Its corporate identification number is U92120MH2007PTC175027 and its registered office is at 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India. EyeQube is engaged in the business of creating, producing, acquiring and dealing with audio-visual special and other effects, computer generated imagery and entertainment content for television, theatre, films and also developing, producing and distributing films, video games, animation and television programming.

The equity shares of EyeQube are not listed on any stock exchange. The authorised share capital of EyeQube is Rs. 0.10 million. The shareholding pattern of EyeQube as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Eros International Media Limited	9,999	99.99
Mr. Sunil Lulla	1	0.01
Total	10,000	100.00

Board of directors

The board of directors of EyeQube currently comprises:

1. Mr. Sunil Lulla; and
2. Mr. Bipinchandra Talati.

5. Eros Music Publishing Private Limited ("Eros Music Publishing")

Eros Music Publishing was incorporated as a private limited company under the Companies Act on February 7, 2008. Its corporate identification number is U92140MH2008PTC178628 and its registered office is at 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India. Eros Music Publishing is engaged in the business of music publishing and is authorised to source rights of songs from any source and to assist in negotiating contracts for music composers, lyricists and to act as a facilitator for various agencies in the music industry.

Shareholding Pattern

The equity shares of Eros Music Publishing are not listed on any stock exchange. The authorised share capital of Eros Music Publishing is Rs. 0.50 million. The shareholding pattern of Eros Music Publishing as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Eros International Media Limited	9,900	99.00
Mr. Sunil Lulla	100	1.00
Total	10,000	100.00

Board of directors

The board of directors of Eros Music Publishing currently comprises:

1. Mr. Sunil Lulla; and
2. Mr. Bipinchandra Talati.

6. Eros Animation Private Limited ("Eros Animation")

Eros Animation was incorporated as a private limited company under the Companies Act on September 2, 2008. Its corporate identification number is U92100MH2008PTC186402 and its registered office is at 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India. Eros Animation is engaged in the business of creating, producing, acquiring and dealing with audio-visual and other special effects, computer generated imagery and entertainment content for television, theatre, films and also developing, producing and distributing films, video games, animation and television programming.

Shareholding Pattern

The equity shares of Eros Animation are not listed on any stock exchange. The authorised share capital of Eros Animation is Rs. 0.1 million. The shareholding pattern of Eros Animation as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Eros International Films	9,999	99.99
Mr. Sunil Lulla	1	0.01
Total	10,000	100.00

Board of directors

The board of directors of Eros Animation currently comprises:

1. Mr. Sunil Lulla;
2. Mr. Bipinchandra Talati; and
3. Ms. Sundari Ramamurthy.

7. Ayngaran International Limited

Ayngaran International Limited, which is primarily engaged in the business of production and distribution of Tamil films worldwide was incorporated as a limited company under the Isle of Man Companies Act, 1931, on September 27, 2006. Its registration number is 117883C and its registered office is at P O Box 203, St. George's Court, Upper Church Street, Douglas, Isle of Man, IM99 1EE.

The equity shares of Ayngaran International Limited are not listed on any stock exchange. The authorised share capital of Ayngaran International Limited is £100. The shareholding pattern of Ayngaran International Limited as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of £ 1 each	% of issued capital
Copsale	51	51.00
Denkal Finance Limited	44	44.00
Film Bond Limited	5	5.00
Total	100	100.00

Board of directors

The board of directors of Ayngaran International Limited currently comprises:

1. Mr. Ken Naz;
2. Mr. Kumaraswamy Karunamoorthy;
3. Mr. Sunil Lulla; and
4. Kumaraswamy Sureshkumar.

8. Ayngaran International (UK) Limited

Ayngaran International (UK) Limited, a general commercial company authorised to purchase, sell, improve, exchange, mortgage or otherwise deal with leasehold, freehold or other property, chattel and effects, was incorporated as a limited company under the United Kingdom of Great Britain and Northern Ireland, Companies Act, 1985 on October 5, 2006. Its registration number is 5957372 and its registered office is at Unit 23, Sovereign Park, Coronation Road, Park Royal, NW 107QP.

The equity shares of Ayngaran International (UK) Limited are not listed on any stock exchange. The authorised share capital of Ayngaran International (UK) Limited is £1,000. The shareholding pattern of Ayngaran International (UK) Limited as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of £ 1 each	% of issued capital
Ayngaran International Limited	1	100.00
Total	1	100.00

Board of directors

The board of directors of Ayngaran International (UK) Limited currently comprises:

1. Mr. K. Karunamoorthy;
2. Mr. R. Manickavasagar;
3. Ms. Jyoti Deshpande; and
4. Mr. Andrew Heffernan.

9. Ayngaran International (Mauritius) Limited ("Ayngaran Mauritius Limited")

Ayngaran Mauritius Limited, which is licensed as a Category-I Global Business Company by the Financial Services Commission of Mauritius, was incorporated on March 7, 2008. Its registration number is 073444C1 / GBL and its registered office is at International Financial Services Limited, IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius.

The equity shares of Ayngaran Mauritius Limited are not listed on any stock exchange. The authorised share capital of Ayngaran Mauritius Limited is $ 7,350. The shareholding pattern of Ayngaran Mauritius Limited as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of $1 each	% of issued capital
Ayngaran International Limited	7,350	100.00
Total	7,350	100.00

Board of directors

The board of directors of Ayngaran Mauritius Limited currently comprises:

1. Mr. Couldiplal Basanta Lal; and
2. Mr. Kapil Dev Joory.

10. Ayngaran International Media Private Limited

Ayngaran International Media Private Limited was incorporated as a private limited company under the Companies Act on August 22, 2007. Its corporate identification number is U92100MH2007PTC173363 and its registered office is at 147/11, III Floor, Raj Paris Trimeni Towers, G N Chetty Road, T Nagar, Chennai 600 017, Tamil Nadu, India.

Its main objects include carrying on in India or elsewhere the business of making, producing, exhibiting, broadcasting, presenting, distributing, marketing, renting, letting on hire or otherwise, exploiting and manufacturing cinematograph films, TV, media, sports, features, documentary and non-documentary films, pictures of all kinds and the business of purchase, exhibition, distribution, sale, hiring and exploitation of such media.

The equity shares of Ayngaran International Media Private Limited are not listed on any stock exchange. The authorised share capital of Ayngaran International Media Private Limited is Rs. 5 million. The shareholding pattern of Ayngaran International Media Private Limited as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Ayngaran Mauritius Limited	21,900	100.00
Total	21,900	100.00

Board of directors

The board of directors of Ayngaran International Media Private Limited currently comprises:

1. Mr. Sunil Lulla;
2. Mr. K. Karunamoorthy; and
3. Mr. S. Venkatesh.

11. Ayngaran Anak Media Private Limited

Ayngaran Anak Media Private Limited was incorporated as a private limited company under the Companies Act on October 6, 2008. Its registration number is U92100TN2008PTC069493 and its registered office is at No. 42, Old No. 80, New Avadi Road, Kilpauk, Chennai 600 010, Tamil Nadu, India.

Its main objects include carrying on business as producers, distributors, exhibitors, trader, agents, contractors of feature films, teleserials, telefilms, audio/video and all kinds of electronic entertainment rights, documentaries, commercial advertisements and other programmes for telecast.

The equity shares of Ayngaran Anak Media Private Limited are not listed on any stock exchange. The authorised share capital of Ayngaran Anak Media Private Limited is Rs. 2 million. The shareholding pattern of Ayngaran Anak Media Private Limited as at December 15, 2009 is provided below.

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Ayngaran International Media Private Limited	102,000	51.00

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Mr. Sanjay Arjundas Wadhwa	98,000	49.00
Total	200,000	100.00

Board of directors

The board of directors of Ayngaran Anak Media Private Limited currently comprises:

1. Mr. K. Karunamoorthy
2. Mr. Sanjay Arjundas Wadhwa

Other Confirmations

There are no accumulated profits or losses of any of our Subsidiaries which have not been accounted for by our Company.

Collaborations

Our Company has not entered into any collaboration with any third party as per Regulation (VIII) (B) (1) (c) of Part A, Schedule VIII of the SEBI Regulations.

Strategic Partners

Our Company has not entered into any arrangements with any strategic partners within the meaning of the SEBI Regulations.

Financial Partners

Apart from our various arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, our Company does not have any other financial partners within the meaning of the SEBI Regulations.

Joint Ventures

Our Company has one joint venture agreement, details of which are provided below.

Joint venture agreement between our Company and Universal Music India

Our Company and Universal Music India entered into a joint venture agreement dated November 18, 2008 (the "**Universal JVA**") to form a 50:50 joint venture company ("**Universal JVC**") with the final name to be mutually agreed between the parties, with an authorised share capital of Rs. 12 million divided into 1.20 million shares of Rs. 10 each, as an artist management company whose business would include identifying, developing and promoting television / movie-friendly music talents, managing and promoting their careers and events such as recordings, performance, endorsement of the talent so identified across media platforms and providing music and entertainment consultancy and marketing services. The significant terms of the Universal JVA are provided below.

Board of directors: The board of directors of the Universal JVC would comprise a minimum of four directors, where our Company and Universal Music India would be entitled to appoint two directors each, and remove directors appointed by them. Quorum would be three directors, present in person or through an alternate director (appointed by either party in place of a director appointed by them) and shall include at least one representative of our Company and Universal Music India. The chairman of the board of directors of the Universal JVC would be appointed by rotation by each of Universal Music India and our Company, respectively, at every annual general meeting of the Universal JVC. All resolutions passed in a meeting of the board of directors of the Universal JVC must be by unanimous consent, including: (a) approval of the Universal JVC's development plan and approval or modification of the Universal JVC's business plan; (b) consolidation, sub-division or conversion of any securities of the Universal JVC, (c) dissolving, liquidating, or applying for bankruptcy of the Universal JVC; (d) disposal or transfer of any intellectual property rights owned by or essential for continued operation of the Universal JVC's business, other than licensing in ordinary course of business; (e) appointments of senior personnel; and (e) undertaking any material change in the existing business or undertaking of the

Universal JVC. Certain matters would also be reserved for shareholders consent, as specified in the Universal JVC.

Transfer of equity shares: Either party to the Universal JVA can transfer (directly or indirectly) its shareholding in the Universal JVC only after three years from the date of the Universal JVA. After this period, either party may transfer its shares to any person, provided that such transfer shall not occur unless the transferee enters into a deed of adherence to be bound by the terms of the Universal JVA and the articles of association of the Universal JVC. A transfer of equity shares to an affiliate of our Company or Universal Music India would not require prior approval of the other party, provided that such affiliate enters into such a deed of adherence and agrees to immediately retransfer its equity shares in the Universal JVC to such party if it ceases to be an affiliate of such party. Further, in the event of a deadlock (as described in the Universal JVA), if not rectified as prescribed in the Universal JVA, the Universal JVC would be voluntarily wound up in accordance with the Companies Act.

Right of first offer and first refusal: After the specified period of three years, if any party wishes to directly or indirectly transfer all its shareholding in the Universal JVC to any person other than its affiliates:

(i) it shall first notify the other party of its intention to transfer such shareholding upon receipt of which, the other party may notify details of the price at which it wishes to purchase the offered shares and any other relevant details within the specified period. After this period has lapsed, the offeror shall be entitled to approach any third party for a better offer, failing which it shall be entitled to accept the original offer; or

(ii) in case such party has made a bona fide offer, it shall first notify the other party of its intention to transfer such shareholding, setting forth the details of the price at which it wishes to transfer the shares and any other relevant details within the specified period. After this period has lapsed, the offeree shall be entitled to either issue an acceptance notice or a rejection notice within the specified time, failing which the offeree shall complete the transfer at the price and terms originally offered by it to such party.

If such transfer cannot be completed as specified, the transferor shall once again follow the specified procedure for any subsequent sale of the offered shares.

Call Option: In the event of change in control of either our Company or Universal Music India, such party would be required to intimate the other party within the specified period, and the other party would then have an irrevocable right to call and purchase (and the changed party would be required to sell) the entire shareholding of such party directly or though its affiliates within the period specified in the notice, at fair market value.

Term and Termination: The Universal JVA shall remain in force until the earliest of the following events, (a) mutual termination by our Company and Universal Music India; (b) continuation of force majeure (as described in the Universal JVA) for over 12 months; (c) failure to satisfy conditions precedent (as described in the Universal JVA), (d) accumulated losses exceeding Rs. 10 million of the Universal JVC, (e) liquidation or a winding up order passed against either our Company or Universal Music India; and (f) breach of obligations by either party to the Universal JVA (in case of breaches capable of rectification, such breaches which have not been rectified within the specified cure period). Upon termination of the Universal JVA, unless one party has acquired the equity shares of the other in accordance with the Universal JVA, both parties would co-own all intellectual property rights. If one party wishes to sell its share of the Universal JVC's intellectual property, (a) such party would abide by the rights of first offer and first refusal under the Universal JVA, or (b) one party would have exclusive right to exploit the Universal JVC's intellectual property (pursuant to a valuation mutually agreed or through an independent valuation) and transfer 50% of the net revenue generated after deduction of 5% of the net revenue as overhead to the other party.

Non solicitation: During the term of the Universal JVA and for one year after its termination, the parties shall not directly or indirectly, solicit, contact or entice away the employees of either party or of the Universal JVC. Further, unless agreed otherwise between the parties and the Universal JV, neither party can solicit employees of each other or of the Universal JVC within one year of the employee leaving the concerned company.

As on the date of this Draft Red Herring Prospectus, the Universal JVC has not been incorporated.

Shareholder Agreements

Shareholders' agreement among Mr. Kumar Mangat Pathak, Ms. Neelam Pathak, Mr. Abhishek Pathak, Ms. Amita Pathak, Mr. Sanjeev Joshi, Big Screen Entertainment and our Company.

Mr. Kumar Mangat Pathak, Ms. Neelam Pathak, Mr. Abhishek Pathak, Ms. Amita Pathak, Mr. Sanjeev Joshi (collectively the "**Big Screen Shareholders**"), Big Screen Entertainment and our Company entered into a shareholders' agreement dated January 13, 2007 (the "**Big Screen SHA**"), pursuant to which our Company acquired 64% of the issued, subscribed and paid up capital of Big Screen Entertainment. The significant terms of the Big Screen SHA are as provided below.

Business

Big Screen Entertainment shall, with the prior written approval of our Company, produce all cinematograph and feature films exclusively for our Company, our subsidiaries or our nominees. The entire cost of production and completion of such films, as per the budget provided by Big Screen Entertainment and approved by our Company, will be borne by our Company. All intellectual property rights, audio rights, rights of exhibition, broadcasting, and distribution in respect of such films will be assigned to our Company, or our subsidiaries / nominees as applicable, at a mutually agreed price, along with the power to re-assign all or any such rights to any entity.

Board of Directors and Affirmative Rights

The board of directors of Big Screen Entertainment would initially comprise seven directors, four of whom would be appointed by our Company and the other three directors collectively by Mr. Kumar Mangat Pathak and Ms. Neelam Pathak. Our Company has sole and exclusive rights to appoint the managing director(s) (with the corresponding right to suspend / remove such managing director) and the chairman and vice-chairman of the board of directors of Big Screen Entertainment. The quorum for any meeting of the board of directors of Big Screen Entertainment shall consist of at least three representatives of our Company.

Certain matters, including the following, require the affirmative vote of all the directors of Big Screen Entertainment present at the relevant board meeting:

- Authorisation or issuance of shares or equity-linked securities;
- Transfer of any material business, assets or properties including intellectual property rights;
- Buyback, purchase, acquisition or redemption of shares or equity-linked securities;
- Amalgamation, merger, dissolution, reorganisation, recapitalisation or similar transaction or the making of any petition under any applicable bankruptcy, insolvency or similar law;
- Project or business plans;
- Change in authorised share capital.

Right of First Refusal

If at any time further shares are issued by Big Screen Entertainment, such shares shall first be offered to each party to the Big Screen SHA in proportion to their existing shareholding at such time and if any of such existing shareholders do not accept such shares, the other parties will have a right to purchase the offered shares at the offered price. The Big Screen Shareholders individually or collectively shall not dispose off any of their shares in part or in whole in Big Screen Entertainment (other than in case of a public offering) unless such shares are first offered to our Company, at a price determined in accordance with the Big Screen SHA. Separately, our Company has the right to sell such shares offered to it to any entity at a price which can be decided in our Company's sole discretion.

Put and Call Option

Our Company has a put option in respect of all or any of its shares, as well as a call option in respect of all or any of the shares of any other shareholder of Big Screen Entertainment.

The parties to the Big Screen SHA agreed that the shares of Big Screen Entertainment shall be listed on an Indian stock exchange as and when our Company shall so propose. Until such time, any third party acquiring shares of Big Screen Entertainment shall require mutual consent of the Big Screen Shareholders and our Company and shall also be required to enter into a deed of adherence with the Big Screen SHA.

Term and Termination

The Big Screen SHA shall continue in effect until (a) (i) one party owns 100% of Big Screen's issued and outstanding shares, or (ii) the dissolution and liquidation of Big Screen, or (b) upon giving due notice, (i) the Big Screen SHA is terminated by mutual consent, or (ii) if any party enters into liquidation, becomes insolvent, admits in writing his inability to pay his debts as they mature, or becomes party to a bankruptcy or similar proceeding brought against him or (iii) in the event of fraudulent, criminal or dishonest action of the representatives of our Company or the Big Screen Shareholders. A party receiving the termination notice shall surrender its entire shareholding to Big Screen within the specified period from receipt of the notice. Big Screen shall pay the price of the shares to the party surrendering its shares within the specified period from the date of actual surrender of the shares, at a price calculated by an independent valuer, based on the net value method (if Big Screen is listed) or on the basis of the six months average at the Stock Exchange (if Big Screen is listed). If the party receiving the notice has failed to surrender its shares as provided above, the party surrendering its shares shall waive its right to receive consideration for the surrender and the shares held by the party receiving the notice shall automatically be cancelled and can be reissued to such other persons as the board of directors of Big Screen decides.

Shareholders agreement among Eros plc, Denkal Finance Inc, Film Bond Limited, Ayngaran International Limited, Kumarasamy Karunamoorthy, and Dr. Jayabalan Murali Manohar, read with the deed of assignment between Eros plc and Copsale.

Eros plc, Denkal Finance Inc, Film Bond Limited, Ayngaran International Limited, Mr. Kumarasamy Karunamoorthy and Dr. Jayabalan Murali Manohar have entered into a shareholder's agreement dated July 11, 2007 (the "**Ayngaran SHA**") to cooperate in the establishment and management of the business of producers and distributors of Tamil films worldwide through the medium of Ayngaran International Limited. The significant terms of the Ayngaran SHA are provided below.

Eros plc acquired 50 A class shares of GBP 1 each in Ayngaran International Limited and agreed to advance a loan of up to US$ 32 million to Ayngaran International Limited, pursuant to a separate loan agreement between Eros plc and Ayngaran International Limited. Separately, Ayngaran International Limited also entered into a deferred purchase agreement dated July 11, 2007 (as supplemented on July 24, 2009) with Denkal Finance Inc and Mr. Kumarasamy Karunamoorthy, for the acquisition of certain rights to 400 identified films.

Eros plc also acquired the right to appoint the chairman of Ayngaran International Limited, as well as affirmative voting rights in respect of matters including the following:

- sale, transfer, lease, license or disposal of assets otherwise than in the ordinary course of business;
- creation of or allowing subsistence of any encumbrance over any assets;
- giving of any guarantee, indemnity or security in respect of obligations of any other person;
- enter any material contract or arrangement otherwise than in the ordinary course of business or grant any person remuneration linked to the income or profits of Ayngaran International Limited.

Further, Denkal Finance Inc and Film Bond Limited, each have the right with respect to appointment of one director of Ayngaran, and affirmative voting rights in respect of the above.

The parties to the Ayngaran SHA agreed to form two wholly owned subsidiaries called Ayngaran International (UK) Limited (which would acquire the intellectual property and associated goodwill from Ayngaran International Limited) and Ayngaran International (Mauritius) Limited.

Right of First Refusal and Transfer of Shares

If at any time any party to the Ayngaran SHA wishes to sell its shares, such shares shall first be offered to the other parties to the Ayngaran SHA in proportion to their existing shareholding or with prior consent of (and at such terms as agreed by) such parties. The parties to the Ayngaran SHA agreed that the shares of Ayngaran International Limited shall be listed at the earliest practical opportunity. Until such time, any third party acquiring shares of Ayngaran International Limited shall be required to enter into a deed of adherence with the Ayngaran SHA. If at any time a third party shall make a bona fide arm's length offer to acquire the entire issued share capital of Ayngaran International Limited, on terms and conditions acceptable to Eros plc, and for a consideration equal to or greater than fair value, Eros plc may require the other parties to the Ayngaran SHA to sell their shares upon similar terms and simultaneously with its sale to such buyer, or give such parties the right to purchase its shares at the same price and upon the same terms as the offer from such buyer.

Non-Compete

Each of Denkal Finance Inc, Film Bond Limited, Mr. Kumarasamy Karunamoorthy and Dr. Jayabalan Murali Manohar, for as long as they hold the specified number of shares and for 12 months thereafter, shall not, directly or indirectly, carry on, assist with, be employed or engaged by, concerned or interested in or control the carrying on of, or otherwise compete with, any activity or business which is the same as or competes with the business of producing Tamil films including selling, leasing, renting, distributing, advertising, publicising, marketing or otherwise exploiting Tamil films and / or any other business of Ayngaran International Limited or any of its subsidiaries, etc., in any country in which Ayngaran International Limited or any of its subsidiaries actively trades, etc. (including solicitation of any employees, or interference with suppliers, of Ayngaran International Limited or any of its subsidiaries, use of a similar name as or colourable imitation of the word 'Ayngaran', or cause harm to the reputation or goodwill of Ayngaran International Limited or any of its subsidiaries).

Assignment to Copsale

On March 28, 2008, Eros plc entered into an agreement with Copsale for the transfer of its entire shareholding in Ayngaran International Limited to Copsale, pursuant to which all its rights and liabilities were transferred to Copsale. However, if Copsale ceases to be a subsidiary of Eros plc or if Eros plc loses control over and ownership of Copsale, or if the direct or indirect shareholding of Eros plc in Copsale falls below 51%, Copsale agreed to transfer its rights under this agreement to any other company which is directly or indirectly held by Eros plc such that 51% of Ayngaran International Limited’s shareholding shall continue to be held by Eros plc.

Subsequently, on December 5, 2009, Eros plc entered into an agreement with Copsale and Ayngaran International Limited (including any of its subsidiaries), pursuant to which, Eros plc assigned to Copsale all its rights and liabilities as a lender in respect of the loan to be extended in this regard to Ayngaran International Limited, along with any interests accrued thereon. All other terms of the agreements dated July 11, 2007 and July 24, 2007 would continue to remain in effect.

Other Material Agreements

Except as disclosed in this Draft Red Herring Prospectus, there are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us and / or entered into more than two years before the date of this Draft Red Herring Prospectus.

Relationship Agreement

Our Company has entered into a relationship agreement with Eros plc and Eros Worldwide, dated December 16, 2009 , effective from October 1, 2009 (the “**Relationship Agreement**”). The significant terms of the Relationship Agreement are provided below.

Assignment of Film Rights: Eros Worldwide has agreed to acquire, absolutely and unconditionally, exclusive distribution rights for Indian films (meaning films produced, co-produced or acquired within the territory of India, Nepal and Bhutan, excluding Tamil language films) for which the “**Eros India Group**” (including our Company and its subsidiaries from time to time, but excluding Ayngaran) holds distribution rights outside the territory of India, Nepal and Bhutan, with a further right to assign and transfer such film rights within the “**Eros International Group**” (comprising Eros plc, Eros Worldwide and the Group Entities, Eros UK, Eros Network, Eros Pacific, Eros Australia, and Eros USA) for exploitation outside the said territory, for a minimum guarantee fee of equal to 30% of the production cost of each such Indian film borne by the Eros India Group with an additional markup of 30% thereon payable to our Company. Indian film rights and India television rights (including all forms of television rights as well as airborne rights for exploitation of Indian films, except in respect of Tamil language films) within the specified territory shall be retained by the Eros India Group. The period for which such rights are assigned shall be co-terminus with the period for which assigned rights were originally held by the concerned member of the Eros India Group.

In relation to the above, the Relationship Agreement provides a standard form for the film rights agreement to be entered into between Eros Worldwide and our Company, which shall include the particulars of the Indian films assigned and the period for which such rights are assigned. Gross proceeds received by the Eros

International Group for exploitation of such rights outside the specified territory shall be shared between the Eros International Group and the Eros India Group in a 70:30 ratio, subject to the Eros International Group being entitled to retain its minimum guarantee fee, a commission of 20% of the gross proceeds and any distribution expenses incurred by it. The Eros India Group shall be entitled to reimbursement, from Eros Worldwide on behalf of the Eros International Group, for any distribution expenses incurred by it and pre-agreed by the Eros International Group and a 30% markup on such expenses.

Assignment of Music Publishing Rights: Eros Worldwide is required to acquire, absolutely and unconditionally, exclusive music publishing rights (including all applicable intellectual property rights) held by the Eros India Group outside the territory of India, Nepal and Bhutan, other than with respect to Indian films for which they hold film rights, with a further right to assign and transfer such film rights within the Eros International Group. Gross proceeds received by the Eros International Group for exploitation of such rights outside the specified territory shall be shared between the Eros International Group and the Eros India Group in a 75:25 ratio, subject to reimbursements from Eros Worldwide for pre-agreed distribution expenses, if any, incurred by the Eros India Group and a 30% markup on such expenses.

Other Expenses: Eros Worldwide shall reimburse the Eros India Group for all other pre-approved expenses incurred by the latter on behalf of the Eros International Group, within the specified period.

All amounts payable under the Relationship Agreement are subject to applicable transfer pricing laws, and shall be set-off against any amounts owed or payable at such time by our Company to Eros Worldwide. In relation to such payments, the Relationship Agreement also provides a procedure for preparation of payment reports by each of Eros Worldwide and our Company, as the case may be, which may be corrected, adjusted or supplemented, as may be required in terms of the Relationship Agreement. Further, either of Eros Worldwide or our Company may retain a mutually acceptable recognized independent auditor to review and audit the other party's relevant records to confirm the performance of payment obligations in respect of Payment Reports prepared and furnished under the Relationship Agreement, upon prior written notice

Non-compete: Except in the manner contemplated in the Relationship Agreement and any commitments to third parties as of the effective date of the Relationship Agreement and except in relation to English language films, neither Eros Worldwide nor Eros plc nor their respective subsidiaries or affiliates shall produce, co-produce or acquire film rights in any Indian film and Tamil language films for exploitation within the territory of India, Nepal and Bhutan, or engage in developing, broadcasting or otherwise distributing content thereof (including any pre-production, production, post-production, animation, gaming or television broadcasting activities) unless they have first provided our Company the right to independently participate in or acquire such business opportunity. If our Company expresses its intention not to participate in any such business opportunity, the applicable film rights and India television rights for the specified territory shall first be offered to other members of the Eros India Group, failing which, and in relation to all rights other than such film rights and India television rights for the specified territory, any member of the Eros International Group may participate in such business opportunity.

Term and termination: The Relationship Agreement may be reviewed on an annual basis, and is valid for an initial period of five years, automatically renewable (with any modification as may be necessary based on such annual review) for successive two year terms unless terminated with due notice by any party on or before the commencement of such renewal term, by reason of material breach of the Relationship Agreement which is not remedied within the specified cure period, if the shareholding of Eros plc, directly or indirectly, in our Company falls below 50.1 %, or if any of the parties to the Relationship Agreement enters into liquidation or is declared insolvent in bankruptcy or other legal proceedings.

Settlement Agreements

Our Company has entered into separate agreements with: (i) Fun Multiplex Private Limited (dated June 9, 2009), (ii) Adlabs Films Limited (dated June 9, 2009), (iii) Chaphalkar Brothers, Pune (dated June 9, 2009), (iv) A.B. Movies Private Limited (dated June 10, 2009), (v) Cinemax India Limited (dated June 9, 2009), (vi) Movietime Cineplex Private Limited (dated June 9, 2009), (vii) DT Cinemas Limited (dated June 2009), (viii) Fame India Limited (dated June 9, 2009), (ix) HDIL Entertainment Private Limited (dated June 9, 2009), (x) Inox Leisure Limited (dated June 9, 2009), (xi) PVR Limited (dated June 9, 2009), (xii) Satyam Cineplexes Limited (dated June 9, 2009), (xiii) SRS Entertainment and Retail Limited (dated June 10, 2009), and (xiv) Velocity Limited (dated June 9, 2009) (collectively, the "**Exhibitors**" and individually, the "**Exhibitor**", and such agreement(s), the "**Settlement Agreement(s)**"). The significant terms of the Settlement Agreement(s) are provided below.

The Settlement Agreement(s) govern the non-exclusive grant of license of theatrical rights for distribution of specified films to certain designated screens including the number of prints (in analog and digital format), refundable advance paid by each Exhibitor to our Company, and quantities and content of publicity materials pertaining to the specified films. The revenue share as per the Settlement Agreement(s) applies to all films licensed by our Company to the Exhibitor(s) for exploitation of theatrical rights during the term of the Settlement Agreement(s). Further, the Settlement Agreement(s) apply to all multiplexes owned and operated by an Exhibitor in the domestic distribution territories in India, at the time of execution, and during the term, of the Settlement Agreement(s). In addition, the Settlement Agreements bind sub-distributors of our Company and any other person who has acquired distribution rights of the specified film.

Prior to the release of a specified film, our Company is required to intimate the Exhibitor(s) of the name and particulars including the director, star cast and release date of the specified film and the proposed refundable advance to be paid by such Exhibitor to our Company. If the Exhibitor(s) accept the specified film and pay the refundable advance, our Company's obligations to supply the specified film and the Exhibitor(s)' obligations to exhibit the specified film become irrevocable. Thereafter, our Company is required to communicate the distribution strategy, including the name, number and location of multiplexes and the number of prints of the specified film to be released to the Exhibitor(s). Further, the Exhibitor(s) shall inform our Company in advance of the designated screens where the specified film would be exhibited with details as the number of shows, pricing of tickets and timings for exhibition of the specified film. The Exhibitor(s) have sole and absolute discretion to determine the designated screens where the specified film would be exhibited, number of shows, show timings and ticket prices for exhibiting the specified film. Our Company has the sole prerogative to decide the distribution strategy (i.e. number of multiplexes, name and location of the multiplexes and number of prints of the specified film to be released) provided that if our Company plans the distribution strategy of a specified film such that the number of prints to be distributed is less than a specified aggregate in the first exhibition week, the Exhibitor(s) are entitled to designate additional prints for exhibiting the specified film.

Ownership rights, copyrights, intellectual property rights and negative rights in each specified film would continue to vest solely and exclusively in our Company. During the term of the Settlement Agreement(s), our Company would be free to grant theatrical rights of a particular specified film to any other entity and Exhibitor(s) are free to exhibit films of other producers / distributors in their multiplexes.

In consideration for grant of license to exploit theatrical rights, the Exhibitor(s) provide us a revenue share, based on net collections in respect of the specified film (arrived at by deducting certain mutually agreed expenses including entertainment tax, publicity and print related costs and expenses, and service charge from the aggregate revenues received by the Exhibitor(s) from sale of tickets in multiplexes in India for a particular film), which is as provided below:

1st week: 50 % of net collections
2nd week: 42.5 % of net collections
3rd week: 37.5 % of net collections
4th week onwards until last week: 30% of net collections

If net collections of a particular specified film, computed as an aggregate of all exhibition weeks, during the first theatrical release of the specified film in all multiplexes of the six specified national multiplex chains (owned and/or operated under the brand names Big, PVR, Inox, Fun, Fame and Cinemax) exceeds Rs. 175 million (the "**Benchmark Amount**") based on weekly reports on net collections of a specified film, our Company would be entitled to receive an additional revenue share, aggregating 52.5% in the first week and 45% in the second week. If net collections for a specified film for which our Company has distributed more than 500 prints across the six national multiplex chains is less than Rs. 1 million (the "**Lower Benchmark Amount**") computed at the end of all the exhibition weeks for the first theatrical release of a specified film, Exhibitors are entitled to a rebate in the revenue share, to be shared with our Company, such that we receive 40% of net collections in the third exhibition week and 35% of net collections in the third exhibition week. The Benchmark Amount and Lower Benchmark Amount are subject to review by an empowered committee at the end of every six months from the execution of the respective Settlement Agreement(s) with each Exhibitor. The Exhibitors are obliged to provide our Company daily collection reports of sales of tickets for exhibition of a specified film, based on which our Company shall raise invoices. If an Exhibitor fails to pay our Company the revenue share within a stipulated time, such Exhibitor would be liable to make such payment with an interest of 18% per annum from the due date until the actual date of payment. Each Exhibitor is entitled to first adjust the entire refundable advance against the revenue share payable to our Company, as well as any other undisputed amount outstanding due by our Company to such Exhibitor, before payment is effected for the exhibition week to our Company. The Settlement Agreement(s) contain a separate revenue sharing arrangement for Hollywood films.

The Settlement Agreement(s) are valid from the date of signing until June 30, 2011, unless terminated if either the Exhibitor or our Company commits material breach of a material term of the Settlement Agreement(s) and fails to remedy the breach within the cure period specified. There is no automatic renewal of the Settlement Agreement(s) and any negotiations for renewal of the Settlement Agreements have to be mutually agreed upon by both the Exhibitors and our Company and must commence two months prior to the expiry of the Settlement Agreement(s).

OUR MANAGEMENT

Under our Articles of Association we are required to have not less than three Directors and not over twelve Directors. We currently have six Directors on our Board. The following table sets forth details regarding our Board of Directors as on the date of the Draft Red Herring Prospectus:

Name, Father's Name, Designation, Occupation and Nationality	Age (year)	Address	DIN	Other Directorships
Mr. Naresh Chandra S/o (Late) Mr. Rama Kant **Designation:** Non Executive Chairman and Independent Director **Occupation:** Former civil servant **Nationality:** Indian **Term:** Retirement by rotation	75	C4/4053, Vasant Kunj New Delhi, 110 070	00015833	**Indian Companies** 1. ACC Limited 2. Ambuja Cements Limited 3. AVTEC Limited 4. Bajaj Auto Limited 5. Bajaj Finserv Limited 6. Bajaj Holdings & Investment Limited 7. Balrampur Chini Mills Limited 8. Cairn India Limited 9. Electrosteel Castings Limited 10. Emerging Ventures India Private Limited 11. G4S Corporate Services (India) Private Limited 12. Gammon Infrastructure Projects Limited 13. Hindustan Motors Limited 14. Linde Engineering India (Private) Limited 15. VIS Legis Consult Private Limited **Foreign Companies** 1. Eros International plc 2. Vedanta Resources plc
Dr. Shankar Acharya S/o Mr. Bejoy Krishna Acharya **Designation**: Non Executive Independent Director **Occupation**: Businessman **Nationality**: Indian **Term**: Retirement by rotation	64	S-523 A, Second Floor Greater Kailash II New Delhi 110 048	00033242	**Indian Companies** Kotak Mahindra Bank Limited **Foreign Companies** Nil
Mr. Kishore Lulla S/o Mr. Arjan Lulla **Designation**: Executive Director **Occupation**: Businessman **Nationality**: British **Term**: Retirement by rotation	48	Highcroft, Totteridge Common, London N20 8NL, U.K.	02303295	**Indian Companies** Nil **Foreign Companies** 1. Eros International plc 2. Eros International Limited 3. Eros Network Limited 4. Eros International USA Inc. 5. Eros Australia Pty Limited

Name, Father's Name, Designation, Occupation and Nationality	Age (year)	Address	DIN	Other Directorships
Mr. Sunil Lulla S/o Mr. Arjan Lulla **Designation**: Executive Vice Chairman **Occupation**: Businessman **Nationality**: Indian **Term**: Three years, from September 29, 2009	45	Aumkar Bungalow 172, Dr Rajendra Jain Marg, off Gandhi Gram Road, Juhu, Mumbai 400 049, Maharashtra, India	00243191	**Indian Companies** 1. Eros Animation Private Limited 2. Eros Television India Private Limited 3. Eros Digital Private Limited 4. Bhoomipuja Buildwell Properties Private Limited 5. Eros International Films Private Limited 6. Ganges Entertainment Private Limited 7. Ganges Enterprises Private Limited 8. EyeQube Studios Private Limited 9. Eros Music Publishing Private Limited 10. Ayngaran International Media Private Limited 11. Big Screen Entertainment Private Limited **Foreign Companies** 1. Ayngaran International Limited 2. Eros International plc 3. Eros International USA Inc.
Mr. A.P. Parigi S/o Mr. Parigi Krishna Rao **Designation**: Managing Director and Group CEO (India) **Occupation**: Director **Nationality**: Indian **Term**: Two years w.e.f. October 1, 2009	60	Tahnee Heights CHS Limited 66, Napean Sea Road Mumbai 400 006 Maharashtra, India	00087586	**Indian Companies** 1. Entertainment Network (India) Limited 2. Times Infotainment Media Limited 3. Times Innovative Media Limited 4. Mirchi Movies (India) Limited 5. Alternate Brand Solutions (India) Limited 6. Bennett, Coleman and Company Limited 7.Times Global Broadcasting Company Limited 8. Optimal Media Solutions Limited 9. Zoom Entertainment Network Limited 10. Artha Financial Services Limited 11. Worldwide Media Private Limited 12. Times of Money Limited **Foreign Companies** 1.TIML Global Limited 2. TIML Golden Square Limited

Name, Father's Name, Designation, Occupation and Nationality	Age (year)	Address	DIN	Other Directorships
				3. TIML Radio Holding Limited 4. TIML Radio Limited 5. Golden Square Networks Limited 6. SMG Digital Radio Limited
Ms. Jyoti Deshpande D / o Mr. Krishnan Subbarayan **Designation**: Executive Director **Occupation**: Director **Nationality**: British **Term**: Retirement by rotation	39	16 Cavendish Drive Edgware, HA8 7NS, U.K.	02303283	**Indian Companies** Nil **Foreign Companies** 1. Ayngaran International (UK) Limited 2. Eros International Limited 3. Eros International plc 4. Eros Music Publishing Limited 5. Eros Network Limited 6. Sysame Solutions Limited 7. Eros Distribution (Canada) Limited

Except Mr. Sunil Lulla and Mr. Kishore Lulla, who are brothers, none of our Directors are related to one another.

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or member of the senior management.

Brief Biographies of our Directors

Mr. Naresh Chandra, 75 years, is our Non-Executive Chairman and Independent Director. He graduated with a masters' degree in science from Allahabad University. A former civil servant, he joined the Indian Administrative Services in 1956 and has served as Chief Secretary in the State of Rajasthan, Commonwealth Secretariat Advisor on Export Industrialisation and Policy in Colombo (Sri Lanka), Advisor to the Government of Jammu and Kashmir, and successively Secretary to the Ministries of Water Resources, Defence, Home and Justice in the GoI. In December 1990, he became Cabinet Secretary, the highest post in the Indian civil service. In 1992, he was appointed Senior Advisor to the Prime Minister of India. He has served as the Governor of the state of Gujarat in 1995-1996 and Ambassador of India to the United States of America in 1996-2001. He has also chaired the Committee on Corporate Audit and Governance, the Committee on Private Companies and Limited Companies Partnerships and the Committee on Civil Aviation Policy, for the GoI. He has been honoured with the Padma Vibhushan, a high civilian award, by the Government of India in 2007. He is a director of various companies, including Eros plc and Vedanta Resources plc. He was appointed as a Non-Executive Chariman and Independent Director by our Company on September 28, 2009.

Dr. Shankar Nath Acharya, 64 years, is our Non-Executive and Independent Director. He graduated with a bachelors' degree in politics, philosophy and economics from Oxford University in 1967 and earned a doctorate in economics from Harvard University in 1972. He worked in the World Bank, Washington D.C. from 1971 - 1982, where he led the World Development Report team for 1979 and was research adviser to the bank in 1979-82. After returning to India, he served as economic advisor to the Union Finance Ministry from 1985–90. From 1993 to 2000 he was chief economic advisor to the Government of India and was deeply involved in the economic reforms of that period. He also served as member, SEBI during 1997–2000. He was a member of the Prime Ministers' Economic Advisory Council (2001–2003) and member, Twelfth Finance Commission (2004). He has authored several books and numerous scholarly articles on economics and serves on the governing bodies of several national research organizations. He was appointed by our Company as Non-Executive Independent Director on November 1, 2009.

Mr. Kishore Lulla, 48 years, is our Executive Director. He graduated with a bachelors' degree in Arts from Mumbai University. He has over 20 years of experience in the media and film industry. He is a member of the

British Academy of Film and Television Arts and Young Presidents' Organisation and also a board member of the University of California, Los Angeles ("**UCLA**"). He has been honoured at the Asian Business Awards 2007 and the Indian Film Academy Awards 2007 for his contribution in taking Indian cinema global. As Executive Chairman of the Eros Group, he has been instrumental in spearheading the growth of Eros International Group and expanding their presence in UK, USA, Dubai, Australia, Fiji and other international markets. He was appointed as an Executive Director by our Company on September 28, 2009.

Mr. Sunil Lulla, 45 years, is our Executive Vice Chairman. He graduated with a bachelors' degree in commerce from Mumbai University. He has over 20 years of experience in the business. He is the first Director of our Company appointed as per the provisions of the MoA of our Company and has been instrumental in developing the Eros India Group. He has valuable relationships with the talent within the Indian film industry and has been instrumental in our Company's expansion into India distribution as well as home entertainment and music. He has led our Company's growth within India as Managing Director for many years before being appointed by the Board as Executive Vice Chairman on September 28, 2009.

Mr. A.P Parigi, 60 years, is our Managing Director and Group CEO (India). He holds a masters degree in business administration from the Faculty of Management Studies, a bachelors' degree in economics and a masters' degree in sociology from the Delhi School of Economics. Mr. Parigi has contributed to the *Times Group's* foray into FM radio broadcasting, event management, out-of-home advertising and filmed entertainment. Mr. Parigi is credited with lead managing businesses and brands like *Radio Mirchi*, *360 Degrees* and *Times OOH Media*. Mr. Parigi also served as the managing director and the chief executive officer of Times Infotainment Media Limited, a subsidiary of Bennett, Coleman and Company Limited. In the last three decades he has held senior positions in various industries, including the telecom industry. Prior to joining the Times Group, Mr. Parigi was the chief executive officer of BPL Mobile Communications Limited. Mr. Parigi is an active member of the Federation of Indian Chambers and Commerce Industry. He was appointed by our Company on December 4, 2009 as Managing Director and Group CEO (India) with effect from October 1, 2009.

Ms. Jyoti Deshpande, 39 years, is our Executive Director. She graduated with a bachelors' degree in commerce and economics and a masters in business administration from Mumbai University. She has over 16 years of experience in the media and entertainment industry. She has 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. She has been a 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. She has been with the Eros International Group since 2001 and was instrumental in helping Eros plc list on the AIM. She is a director of Eros plc and part of the leadership team driving strategy as well as operations for the group. Her experience has been valuable for our Company's growth and expansion within India and she was appointed as an Executive Director by our Company with effect from September 28, 2009.

Borrowing powers of the Board

Our Articles, subject to the provisions of the Companies Act, authorize the Board to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our shareholders have, pursuant to a resolution passed at the extraordinary general meeting dated December 1, 2009, authorised the Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of our Company and its free reserves not exceeding Rs. 10,000 million at any time.

Corporate Governance

The provisions of the Equity Listing Agreements to be entered into with the Stock Exchanges with respect to corporate governance will apply to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the applicable provisions of the corporate governance code in accordance with Clause 49 of the Equity Listing Agreement. Currently, the Board has six Directors and the Chairman of the Board is a Non-Executive Independent Director. Further, one third of the Board is comprised on Independent Directors and we are currently in compliance with the requirements of corporate governance as set forth in terms of Clause 49 of the Equity Listing Agreements, particularly those relating to the composition of the board of directors, constitution of committees including the audit committee and shareholder/investor grievance committee.

Our Company undertakes to take all further steps necessary to comply with all the requirements of Clause 49 of the Equity Listing Agreement to be entered into with the Stock Exchanges.

(a) Audit Committee

Our Audit Committee was constituted pursuant to a Board resolution dated November 19, 2009. Currently our Audit Committee comprises the following members:

1. Dr. Shankar Nath Acharya (Chairman);
2. Mr. Naresh Chandra; and
3. Ms. Jyoti Deshpande

The terms of reference of the Audit Committee are in accordance with the Companies Act and the Listing Agreement as amended from time to time and include the following:

(a) Overseeing our financial reporting process and the disclosure of our financial information to ensure that the financial statement is correct, sufficient and credible;
(b) Recommending to the Board regarding the fixation of the audit fee;
(c) Approving of payment of statutory auditors for any other services rendered by them;
(d) Reviewing with the management the half yearly and annual financial statements before submission to the Board;
(e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
(f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
(g) Discussing with internal auditors regarding any significant findings and follow up thereon;
(h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
(i) Discussing with external auditors before the audit commences, nature and scope of the audit, as well as have post audit discussion to ascertain any area of concern;
(j) Reviewing our financial and risk management policies;
(k) Looking into the reason for substantial defaults in payments to depositors, debenture holders, shareholders and creditors;
(l) Reviewing the functioning of the whistle blowing mechanism, in case the same is formulated;
(m) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, if any, monitoring the utilisation of proceeds of public or rights issue and making appropriate recommendations to the board to take up steps in this matter;
(n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and
(o) Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies of the Company.

Our Company Secretary is the Secretary of the Audit Committee. The Audit Committee is required to meet at least four times in a year, including once before the finalisation of annual accounts and once in every six months. The quorum for the meetings of the Audit Committee is two members or one third of the total number of members, whichever is higher, provided that at least two independent members are present.

(b) Share Transfer & Investor Grievance Committee

Our Share Transfer & Investor Grievance Committee was constituted pursuant to a Board resolution dated November 19, 2009. Currently, the Shareholders/Investor Grievance Committee comprises the following members:

1. Dr. Shankar Acharya (Chairman);
2. Mr. A.P. Parigi; and
3. Ms. Jyoti Deshpande.

The terms of reference of the Compensation Committee are in accordance with the Companies Act and the Listing Agreement as amended from time to time and include the following:

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

Our Company Secretary is the Secretary of the Share Transfer & Investor Grievance Committee. The Share Transfer & Investor Grievance Committee shall, among other things, oversee the redressal of shareholders' or investors' complaints or grievances pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transmission (with or without legal representation) of shares and other miscellaneous complaints.

The Share Transfer & Investor Grievance Committee is required to meet periodically, as it deems fit. The quorum for the Share Transfer & Investor Grievance Committee is the presence of one third of the total number of members or two directors, whichever is higher.

(c) Compensation Committee

Our Compensation Committee was constituted pursuant to a Board resolution dated November 19, 2009. Currently, the Compensation Committee comprises the following members:

1. Mr. Naresh Chandra (Chairman); and
2. Dr. Shankar Nath Acharya.

The terms of reference of the Compensation Committee are in accordance with the Companies Act and the Listing Agreement as amended from time to time and include the following:

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

Two members shall be the quorum for the Compensation Committee.

(d) Management Committee

Our Management Committee was constituted pursuant to a Board resolution dated December 16, 2009. Currently, the Management Committee comprises the following members:

1. Mr. Kishore Lulla (Chairman);
2. Mr. Sunil Lulla;
3. Mr. A.P. Parigi; and
4. Ms. Jyoti Despande

The Management Committee is empowered by the Board to take day to day decisions for running the Company within parameters and budgets set by the Board, in accordance with the terms of reference of the Management Committee are in accordance with the Companies Act and the Listing Agreement as amended from time to time.

Terms and Conditions of appointment of our Executive Directors

Other than as described below, there are no service contracts between our Company and any of our Directors or pursuant to which any remuneration is received by any of our Directors.

Mr. Sunil Lulla

Mr. Sunil Lulla, one of our original Directors under our Articles, was appointed as Executive Vice Chairman of our Company for a period of three years, pursuant to a resolution of our Board dated September 29, 2009 and an employment contract of the same date. The current terms and conditions governing the appointment of Mr. Sunil Lulla are as under:

Particulars	Annual Remuneration (Rs. million)
Basic Salary	6.00
Retirals - Gratuity at 15 days basic salary	0.25
Conveyance and car reimbursement	1.50
Medical reimbursement	0.02
Special pay	10.49
Company rent accommodation	3.60
Total	**21.85**

Mr. A.P. Parigi

Mr. A.P. Parigi was appointed as Managing Director and Group CEO (India) for a period of two years with effect from October 1, 2009, pursuant to a resolution of our shareholders dated December 4, 2009. The terms of employment and remuneration include the following:

Particulars	Annual Remuneration (Rs. million)
Basic Salary	5.40
Contribution to Provident Fund @ 12% of basic salary*	0.65
Retirals - Gratuity at 15 days basic salary	0.23
Conveyance and car reimbursement	1.20
Medical reimbursement**	0.02
Special pay	5.68
Fixed annual payment***	9.44
Company rent accommodation****	5.40
Total	**28.02**

* Our Company shall contribute 12% towards provident fund and family pension scheme, towards which Mr. Parigi shall also contribute an amount equal to 8.33% of his salary.
** Medical insurance for Mr. Parigi and his spouse shall be paid by our Company for an amount to be decided as per our Company's policy in this regard.
*** Payable annually upon finalisation of our Company's audited accounts, but no later than June 30.
**** Our Company shall pay three years in lease rent in advance towards securing rented accommodation in South Mumbai. In case Mr. Parigi opts for his own residence, the amount payable towards the rent of accommodation shall be added to his Special Pay.

In addition, Mr. Parigi shall be eligible for the following:

(a) An interest-free loan of Rs. 2.5 million by our Company, repayable in five annual installments, which will cover, among other obligations, club memberships, which Mr. Parigi will pay in his personal capacity.
(b) All expenses relating to telephone at residence, mobile bills, PDA charges, and other expenses incurred by Mr. Parigi for purposes of our Company's business will be reimbursed by our Company on actuals.

(c) Stock options in our Company or in Eros plc, as the case may be, on an annual basis, in accordance with the applicable stock option scheme, of an amount equal to 2.5% of the incremental EBIDTA of the relevant year, over the base of our Company's EBIDTA as at March 31, 2009.

Terms and conditions of appointment of our non-executive Directors

We have not entered into any formal arrangements with our Non-Executive Directors. Pursuant to the resolution passed by the Board, dated December 17, 2009 our Non- Executive Directors shall be paid a sitting fee up to Rs. 20,000, the permissible limit under the Companies Act, per Board meeting. They may also be paid commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act and other applicable Indian laws and regulations.

Compensation paid to our Directors

Name of Directors	Date of contract/appointment letter/resolution	Term	Compensation	Remuneration in fiscal 2009 (Rs. million)
Mr. Naresh Chandra	September 28, 2009	Retirement by rotation	Sitting fees	Nil
Dr. Shankar Nath Acharya	November 1, 2009	Retirement by rotation	Sitting fees	Nil
Mr. Kishore Lulla	September 28, 2009	Retirement by rotation	Nil	Nil
Mr. Sunil Lulla	August 19, 1994 (original subscriber to our Memorandum), followed by employment contract dated September 20, 2009	Three years w.e.f. September 29, 2009	See-"***Terms and conditions of appointment of our Executive Directors***" above	16.17*
Mr. A.P. Parigi	October 1, 2009	Two years w.e.f. October 1, 2009	See-"***Terms and conditions of appointment of our Executive Directors***" above	Nil
Ms. Jyoti Deshpande	September 28, 2009	Retirement by rotation	Nil	Nil

* *Includes approximately Rs. 3.63 million as rent paid*

Shareholding of our Directors in our Company

S. No.	Name of Director	No. of Equity Shares	Number of options
1.	Mr. Sunil Lulla	1,400	Nil
2.	Mr. A.P. Parigi	Nil	36,127
3.	Ms. Jyoti Deshpande	Nil	713,950
TOTAL		**1,400**	**750,077**

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Our Directors may also be regarded as interested in the Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

On December 21, 2009, Mr. Sunil Lulla entered into an agreement with our Company to lease out his property 'Aumkar Bunglow', located on Gandhi Gram Road, Juhu, Mumbai 400 049. The property has been leased for a period of 36 months, effective from October 1, 2009 for a monthly consideration of Rs. 0.30 million. The premise is to be solely and exclusively used for as residence for any of our Company's officers. Pursuant to the agreement, our Company has made a deposit of a sum of Rs. 30.50 million as interest fee refundable security deposit for due observance of terms and conditions of the agreement.

Except as stated above in this Draft Red Herring Prospectus and in "***Related Party Transactions***" under "***Financial Statements***" on page F1, our Directors, have no interest in any property acquired by us within two years of the date of filing of this Draft Red Herring Prospectus. For further details, see, "***Our Management-Compensation paid to our Directors***" and "***Financial Statements***" on pages 115 and F1.

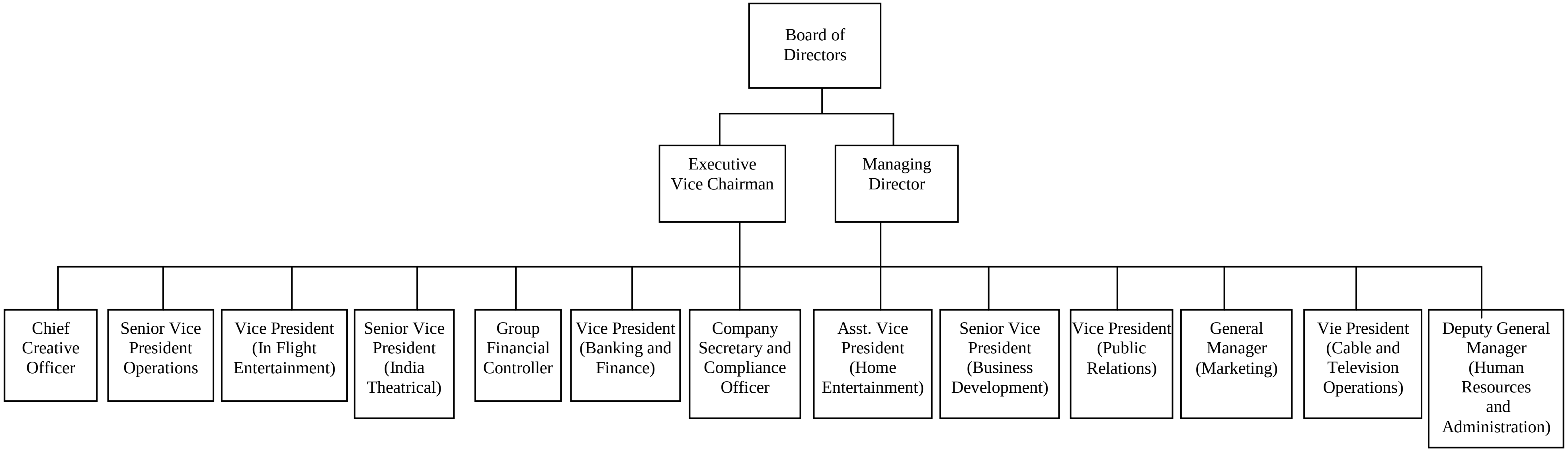
Certain of our Directors also hold directorships in our Promoters and Group Entities, which are authorised to engage in entertainment and media business. None of our Directors have been appointed on the Board pursuant to any arrangement with major shareholders, customers, suppliers or others.

Except as stated in this Draft Red Herring Prospectus and in "***Related Party Transactions***" under "***Financial Statements***" on page F1 our Directors do not have any other interest in our business.

Changes in the Board of Directors during the last three years

Name	Date Of Appointment	Date of Cessation	Reason
Mr. Naresh Chandra	September 28, 2009	N.A.	Appointment
Mr. A.P. Parigi	w.e.f. October 1, 2009	N.A.	Appointment
Mr. Kishore Lulla	September 28, 2009	N.A.	Appointment
Dr. Shankar Nath Acharya	November 1, 2009	N.A.	Appointment
Ms. Jyoti Deshpande	September 28, 2009	N.A.	Appointment
Mr. Bipinchandra K. Talati	-	September 30, 2009	Resignation
Ms. Sundari Ramamurthy	-	September 30, 2009	Resignation

Managerial Organisational Structure



Key Management Personnel

All of our key managerial employees are our permanent employees. Further, except for Mr. Kumar Ahuja who is the nephew of Mr. Kishore Lulla and Mr. Sunil Lulla, none of our key Managerial Personnel are related to each other or to any Director of our Company. The details of our Key Management Personnel, other than the Executive Directors mentioned above, are provided below.

Ms. Sundari Ramamurthy, 53 years, is our Senior Vice President Operations. She completed her matriculation from Mumbai and has approximately 35 years of experience in the industry. She joined our Company on February 20, 1995. Prior to joining our Company, she has worked as a manager at Kishore Film Distributors, and with the partnership firm Shyamji Kalidas & Co. As one of the senior members of our leadership team, she has led the exports initiatives as well as the operations relating to theatrical distribution, home entertainment division as well as marketing and publicity logistics. The remuneration including bonus, paid to her for fiscal 2009 was Rs. 0.80 million.

Mr. Kumar Ahuja, 30 years, is our Senior Vice President (Business development). He completed his second year junior college from MMK College Mumbai and has approximately 10 years of work experience. He joined our Company on April 22, 1999. He represents us in all international film festivals and also managed our digital initiatives within India. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.23 million.

Mr. Ram Mirchandani, 43 years, is our Chief Creative Officer. He has completed his bachelors' degree in science from Jai Hind College, Mumbai. He has approximately 21 years of experience in the industry. Prior to joining our Company on November 1, 2009, he was the chief creative officer of UTV Rampage Motion Pictures (UMP plc) where he has been involved in the production and co-production of Hindi films including *Rang de Basanti, Fashion, Metro, Chance Pe Dance, Oye Lucky Lucky Oye, Wednesday, Mumbai Meri Jaan*, Telegu film *Athidi* and Tamil films *Kanamoochi Yenada* and *Poi Solo Poram* as well as their Hollywood productions.. Prior to that, he has been business head at a joint venture of Modi Entertainment and BVTI (a Walt Disney company) and several positions within the Modi Group including development, co-production and production of television shows for Doordarshan, Zee TV, Sony, Star TV, Walt Disney and Hallmark. As he joined our Company on November 1, 2009, he did not receive any remuneration from our Company in fiscal 2009.

Mr. Nandu Ram Ahuja, 47 years, is our Senior Vice President (India Theatrical). He completed his bachelors' degree from H.R. College. He has a total work experience of approximately 28 years including managing his own business and work experience with Adlabs Films Limited and Balaji Motion Pictures Limited. He joined our Company on January 27, 2009. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 0.51 million.

Mr. Narendra L. Lalchandani, 57 years, is our Vice President (Cable and Television Operations). He completed his bachelors' degree in arts from Rajasthan University, and has approximately 28 years of work experience. Prior to joining our Company, he has worked with Digicable, Hathway Cables, Time Magnetics and Esquire Video Films Private Limited. He joined our Company on September 1, 2009. He did not receive any remuneration from our Company in fiscal 2009.

Mr. Girish Kumar V., 43 years, is our Assistant Vice President (India, Video and Audio). He completed his bachelors' degree in commerce from Calicut University, in cost accounting. He has approximately 23 years of work experience. Prior to joining our Company, he has worked as marketing manager for the Middle East region for Viva Entertainment FZCO, Jabel Ali, Dubai; as sales and marketing manager for Music Today (part of the India Today group), where he also handled artist and repertoire; as head of sales and distribution (music division) for Archies Music; zonal manager for North India for Magnasound India Private Limited; and at Pai & Co. (Paico Books & Arts), where he handled retail sales of music, stationery and toys. He joined our Company on August 27, 2007. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.23 million.

Mr. Prashant Mahadev Gaonkar, 37 years, is our Vice President (In Flight Entertainment). He completed his bachelors' degree in science (physics) from Mumbai University and also has a postgraduate diploma in advertising and public relations. He has work experience of approximately 18 years. He joined our Company on January 1, 2004, and has previously worked at Crest Communication Limited, Dattaram Advertising Private Limited, Shell Advertising Private Limited and Jasubhai Media Private Limited. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.54 million.

Mr. Anand K. Shankar, 41 years, is our Group Financial Controller (India). He has a bachelors' degree in commerce and is an inter chartered accountant. He has approximately 19 years of work experience. He joined our Company on May 15, 2002. Prior to joining our Company, he has worked with Yatin Vyavaharkar and Co., Chartered Accountants, and G.R. Naik and Co., Chartered Accountants, as well as with Sopariwala Exports, an export trading house. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.35 million.

Mr. Surender Sood, 58 years, is our Vice President (Banking and Finance). He completed his graduation from St. Xavier College, Mumbai and post graduation in history from Bombay University in 1976, while in service with Punjab and Sind Bank. He has approximately 29 years of work experience. Prior to joining our Company, he worked with Wall Street Finance, as well as with the Bank of Oman, Punjab and Singh Bank, Toshiba Anand Battery and Hotel Nataraj. He joined our Company on May 1, 2001. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 2.09 million.

Mr. Rajesh Bhatia, 41 years, is our Manager (Finance) as well as our Company Secretary and Compliance Officer. He is a qualified chartered accountant and company secretary. He has approximately 16 years of work experience. Prior to joining our Company, he has worked with Sony Pictures India, Speciality Ranbaxy Limited, Aarjay Apparels, Pearl Polymers Limited and C.C. Chiksi. He joined our Company on July 4, 2007. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.28 million.

Ms. Amita Naidu, 34 years, is our Vice President (Public Relations). She completed her bachelors' degree from Narsee Monjee College followed by a post graduation diploma in Mass Communication (public relations and journalism) from Xavier Institute of Communication and has approximately 11 years of work experience. Prior to joining our Company, she has worked with Buzz (Perfect Relations), Spectra PR and Mafatlal Consultancy Services. She joined our Company on July 1, 2007. The remuneration including bonus, paid to her for fiscal 2009 was Rs. 0.74 million.

Ms. Vaishali Malhotra, 30 years, is our General Manager (Marketing). She completed her masters' degree in business administration degree from S.P. Jain Institute of Management and Research and has approximately six years of work experience. Prior to joining our Company, she has worked with Technova Imaging Systems Private Limited and Eros International UK before moving back to India. She joined our Company on September 8, 2008. The remuneration including bonus, paid to her for fiscal 2009 was Rs. 0.64 million.

Mr. Sudam Patil, 39 years, is our Deputy General Manager (Human Resources and Administration). He completed his bachelors' and masters' degrees in commerce as well as a postgraduate degree in management and a bachelors' degree in law, from Mumbai University. He has approximately 18 years of work experience. Prior to joining our Company, he has worked with Jetair Limited, National Leathercloth Manufacturing Company and Radix Microsystems. He joined our Company on July 1, 2007. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.13 million.

Changes in the Key Management Personnel

The changes in our Key Management Personnel in the last three years are provided below.

Name of the Key Management Person	Date of Joining	Date of Leaving	Reason for change
Mr. Ram Mirchandani	November 1, 2009	N.A.	Appointed
Mr. Narendra L. Lalchandani	September 1, 2009	N.A.	Appointed
Mr. Nandu Ram Ahuja	January 27, 2009	N.A.	Appointed
Ms. Vaishali Malhotra	September 28, 2008	N.A.	Appointed
Mr. Girish Kumar V.	August 27, 2007	N.A.	Appointed
Mr. Rajesh Bhatia	July 4, 2007	N.A.	Appointed
Ms. Amita Naidu	July 1, 2007	N.A.	Appointed
Mr. Sudam Patil	July 1, 2007	N.A.	Appointed
Mr. Raj Malik	May 7, 2007	December 31, 2008	Resigned
Mr. Sabapathy	November 26, 2007	July 30, 2009	Resigned
Mr. Chintoo Mohapatra	January 19, 2009	May 15, 2009	Resigned
Mr. Rajesh Das	July 17, 2000	March 3, 2007	Resigned
Mr. Hanif Khatri	February 14, 2007	December 31, 2007	Resigned

None of our Key Management Personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

Employees Stock Option Plan

For details of ESOP 2009, see "***Capital Structure – Notes to Capital Structure***" on page 29.

Bonus or profit sharing plans

Except Mr. A.P. Parigi, we do not have any bonus or profit sharing plan for our Directors. For details, see "***- Terms and Conditions of appointment of our Executive Directors- Mr. A.P. Parigi***" on page 114.

We pay our key managerial employees annual performance incentives based on achievement of certain targets/tasks. For details see " ***- Key Management Personnel***" on page 118.

Payment or benefit to employees of our Company

We pay our employees annual performance incentives under various incentive policies, as approved by our management from time to time. The aggregate amounts paid to our employees (including Key Managerial Personnel) as bonus in fiscal 2009, was Rs. 2.05 million.

Interest of Key Managerial Personnel

As on the date of the Draft Red Herring Prospectus, our Key Managerial Personnel do not hold any Equity Shares. All of our Key Managerial Personnel may be deemed to be interested to the extent of any Equity Shares that may be allotted to them under ESOP 2009 and any dividend or other distributions payable to them in respect of such Equity Shares. Our Key Managerial Personnel do not have any other interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, and under ESOP 2009 and reimbursement of expenses incurred by them during the ordinary course of business.

OUR PROMOTERS AND GROUP ENTITIES

Our Promoters

Our Promoters are Eros plc and Eros Worldwide. Eros plc does not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. Eros Worldwide currently holds 49,700,000 Equity Shares and will continue to hold a majority of our post-Issue paid-up share capital.

1. Eros International plc

Eros plc which is engaged in the business of producing, commissioning, distributing and exploiting films in all formats globally, was incorporated as a limited company in the Isle of Man on March 31, 2006, under the Isle of Man Companies Act, 1931. The registration number of Eros plc is 116107C. Its registered office is at 15-19 Athol Street, Douglas, Isle of Man IM1 1LB British Isles.

Mr. Arjan Lulla is the founder of the Eros Group and honorary life president of Eros plc. The promoter of Eros plc is Beech Investments Limited (England and Wales), ("**Beech**"), which holds 69.96% of the issued share capital of Eros plc. The board of directors of Beech comprises Mr. Arjan Lulla, Mr. Charlie Hambro, Mr. Andrew Henry Irving, Mr. James McKinlay Mitchall Gray, Mr. Jonathan David Needham, Ms. Raydene Lillian Stacey and Mr. Anthony Paul Ray.

Eros plc was listed on AIM on July 4, 2006. The ordinary shares of Eros plc are presently listed on AIM.

Shareholding

The shareholding pattern of Eros plc as at November 30, 2009 is provided below.

S. No.	Name of the Shareholders	Total number of ordinary shares of face value £0.10 per share	% of Issued Capital
1.	Ordinary shares not in public hands	82,035,508	70.24
2.	Ordinary shares in public hands	34,098,250	29.76
	Total	116,133,758	100.00

Board of Directors

The board of directors of Eros plc comprises Mr. Kishore Lulla, Mr. Vijay Ahuja, Mr. Sunil Lulla, Ms. Jyoti Deshpande, Mr. Dilip Thakkar and Mr. Naresh Chandra.

Financial Performance

The consolidated audited financial results of Eros plc for fiscal 2009, 2008 and 2007 are provided below.

(In US$, million unless otherwise stated)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital (face value £ 0.10 per share)	21.21	20.86	20.18
Reserves and Surplus (excluding revaluation reserves)	234.09	192.34	120.69
Sales / Turnover	156.69	112.98	66.44
Profit (Loss) after Tax	40.82	39.48	28.32
Earnings per share (in US cents)	35.1	33.5	35.86
Diluted Earnings per share (in US cents)	34.9	33.3	35.86
Net Asset Value per share (in US$)	2.21	1.88	1.28

Details of listing and highest and lowest market price during the preceding six months

The monthly high and low prices of the ordinary shares of Eros plc on AIM in the preceding six months are provided below.

(in sterling pence)

Month	High	Low
June 2009	132.00	94.50
July 2009	142.00	125.00
August 2009	191.00	141.80
September 2009	210.50	176.50
October 2009	196.00	188.50
November 2009	167.00	144.00

(Source: AIM)

Eros plc's closing share price and market capitalisation on AIM as at December 29, 2009 were pence sterling 158 and £ 185.81 million respectively. *(Source: AIM)*

Public or Rights Issue in the last three years, Promise v/s Performance

Eros plc applied for the placing of 15,625,000 ordinary shares of 176 pence per share and admission to trading on AIM, through an admission document dated June 27, 2006. The objects of the placing were to acquire content, to repay part of the Eros Group's borrowings, which were principally short-term working capital facilities, to buy rights in new releases and to finance co-productions. No projections were made in this connection. The proceeds of the placing were applied towards the objects stated in the admission document. There has been no shortfall in performance vis-a-vis objects as stated in the placing.

Changes in Capital Structure

The changes in capital structure of Eros plc for the six months, preceding the date of the Draft Red Herring Prospectus are provided below. The issue price of each allotment is mentioned for each share of which the par value is £0.10 per ordinary share.

Date of Allotment	Reason	No. of shares allotted	Price of Issue
June 29, 2009	Allotment of ordinary shares to employees	117,303	£1.30 per share
August 13, 2009	Allotment of ordinary shares to employees	738,458	£1.30 per share
	Total	**116,133,758**	

Mechanism for redressal of investor grievance / shareholder communication

Eros plc is not currently subject to the rules and regulations of the national securities exchanges or national securities associations such as the NYSE, the American Stock Exchange, NASDAQ or the London Stock Exchange. Eros plc is not required to comply with the corporate governance requirements imposed by these organisations pursuant to any applicable regulations issued by the US Securities and Exchange Commission under the Sarbanes-Oxley Act of 2002, or the London Stock Exchange.

Eros plc does not believe that there have been any material investor grievances which remain unaddressed, it seeks to clearly communicate the plans it is pursuing.

Rate of Dividend

Eros plc has not declared any dividend since its incorporation, and all profits have been retained and utilised for business.

2. Eros Worldwide

Eros Worldwide, which is engaged in the business of media and entertainment, was incorporated as a free zone limited liability company under the laws of the United Arab Emirates, on October 31, 2001. Its corporate identity number is 143, its PAN is AABCE8755A and its license number is 30295. Its registered address is at Office No. 529, Building No. 8, Fifth Floor, Dubai Media City, P.O. Box 502121, Dubai, United Arab Emirates.

The promoter of Eros Worldwide is Eros plc, which holds 100% of its issued share capital.

Board of Directors

The board of directors of Eros Worldwide comprises Mr. Arjan Lulla and Mr. Surender Sadhwani.

Financial Performance

The audited financial results of Eros Worldwide for fiscal 2009, 2008 and 2007 are provided below.

(In US$, million unless otherwise stated)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital (face value $272.26 per share)	0.13	0.13	0.13
Reserves and Surplus (excluding revaluation reserves)	65.59	59.59	47.42
Sales / Turnover	60.50	44.95	41.45
Profit (Loss) after Tax	11.77	17.74	33.04
Earnings per share (in US cents)	23,550.88	35,481.86	66,089.90
Diluted Earnings per share (in US cents)	23,550.88	35,481.86	66,089.90
Net Asset Value per share (US$)	131,466.71	119,467.55	95,127.79

The bank account numbers and company registration numbers of Eros plc and Eros Worldwide, the address of the Isle of Man Administrator and Registrar of Eros plc and the Dubai Technology and Media Free Trade Zone Authority (Government of Dubai – UAE) of Eros Worldwide, and the PAN of Eros Worldwide will be submitted to the Stock Exchanges at the time of the filing of this Draft Red Herring Prospectus with them.

Natural person behind the Promoters - Mr. Arjan Lulla

Mr. Arjan Lulla, 75 years, is the founder of the Eros Group and honorary life president of Eros plc, which is our Promoter and the holding company of the Eros Group. Having completing his matriculation and having established the Eros Group in 1977, he has over thirty years of experience in the media industry. He is a member of the Indian Film Exporter Association, in which capacity he has contributed to the development of the export market of the Indian cinema. He received the Dadasaheb Phalke award in May 2009 for his contribution to the globalisation of Indian cinema.

Mr. Arjan Lulla is a resident of India, currently residing at Aumkar Bungalow, 172, Dr Rajendra Jain Marg, off Gandhi Gram Road, Juhu, Mumbai 400 049, Maharashtra, India. He currently does not have a driving license. His voter identity number is MT/08/038/246173 and his passport number is Z1515642.

Mr. Arjan Lulla is also a director of Beech, which is the promoter of Eros plc. Mr. Arjan Lulla is the father of two of our Directors, Mr. Kishore Lulla and Mr. Sunil Lulla, and the uncle of Mr. Vijay Ahuja (who is a director of our Promoters, Eros plc and Eros Worldwide, as well as two of our Group Companies, as further disclosed below).

Our Group Entities

In addition to our Subsidiaries, details of which are provided in "***History and Key Corporate Matters - Our Subsidiaries***" on page 95, our Group Entities are listed below.

1. Eros Digital Private Limited;
2. Eros Network Limited;
3. Eros International Limited;
4. Eros International USA Inc;
5. Eros Distribution (Canada) Limited;
6. Eros Australia Pty Limited;
7. Eros Music Publishing Limited;
8. Eros Pacific Limited;
9. Eros Music Publishing GMBH;
10. Eros International PTE Limited;
11. Ganges Entertainment Private Limited;
12. Ganges Enterprises Private Limited;
13. Bhoomipooja Buildwell Properties Private Limited;
14. Shivam Enterprises; and
15. Acacia Investments Holdings Limited.

Apart from our Group Entities stated above, the entities forming part of our Promoter Group, in terms of Regulation 2(zb) of the SEBI Regulations, are Beech, New Media Enterprises Inc. and Headstart Films Private Limited.

1. Eros Digital Private Limited ("Eros Digital")

Eros Digital, which is engaged in the business of media and entertainment, was incorporated as a private limited company on February 24, 1999, under the Companies Act. Its registration number is U92114MH1999PTC118496 and its registered office is at 201 Kailash Plaza, Plot No. A-12, off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra, India.

Shareholding

Eros Worldwide holds 99. 98 % of the issued share capital of Eros Digital as at November 30, 2009.

Board of Directors

The board of directors of Eros Digital comprises Mr. Sunil Lulla and Ms. Sundari Ramamurthy.

Financial Performance

Certain audited financial information for Eros Digital for fiscal 2009, 2008 and 2007 is provided below.

(Rs. million unless otherwise stated)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital (face value Rs. 10 per share)	1.09	1.09	1.09
Reserves and Surplus (excluding revaluation reserves)	16.23	16.24	16.26
Sales / Turnover	Nil	Nil	Nil
Profit (Loss) after Tax	(0.01)	(0.01)	(0.04)
Earnings per share (in Rs.)	(0.08)	(0.13)	(0.37)
Diluted Earnings per share (in Rs.)	(0.08)	(0.13)	(0.37)
Net Asset Value per share (in Rs.)	159.60	159.65	159.76

2. Eros Network Limited ("Eros Network")

Eros Network, which is engaged in the business of holding a group of companies that distributes theatrical and related film rights and films on video and DVD, was incorporated as a limited company on February 22, 2000, under the laws of England and Wales. The company number of Eros Network is 03934248. Its registered office is at Unit 23 Sovereign Park, Coronation Road, Park Royal, London, NW10 7QP, UK.

Shareholding

Eros plc holds 100% of the issued share capital of Eros Network as at November 30, 2009.

Board of Directors

The board of directors of Eros Network comprises Mr. Kishore Lulla, Ms. Jyoti Deshpande, and Mr. Andrew Heffernan.

Financial Performance

Certain audited financial information for Eros Network for fiscal 2009, 2008 and 2007 is provided below.

(In US$, million unless otherwise stated)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital (in US$) (face value US$1.89 each)	1,890	1,890	1,890
Reserves and Surplus (excluding revaluation reserves)	1.78	1.42	1.04
Sales / Turnover	0.35	0.40	0.60
Profit (Loss) after Tax	0.35	0.39	0.60
Earnings per share (in US$)	352.69	391.08	598.60

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Diluted Earnings per share (in US$)	352.69	391.08	598.60
Net Asset Value per share (in US$)	1,784.21	1,431.52	1,040.44

3. Eros International Limited ("Eros UK")

Eros UK, which is engaged in the business of distribution of theatrical and related film rights and the distribution of film home entertainment, was incorporated as a limited company on May 11, 1989 under the laws of England and Wales. The registration number of Eros UK is 02382637. Its registered office is at Unit 23, Sovereign Park, Coronation Road, London NW 10 7QP, UK.

Shareholding

Eros Network holds 100% of the issued share capital of Eros UK as at November 30, 2009.

Board of Directors

The board of directors of Eros UK comprises Mr. Kishore Lulla, Ms. Jyoti Deshpande, Mr. Andrew Heffernan and Mr. Charlie Hambro.

Financial Performance

Certain audited financial information for Eros UK for the financial years ended March 31, 2009, March 31, 2008 and March 31, 2007 is provided below.

(In US$, million unless otherwise stated)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital (face value $1.74 per shares)	6.63	6.63	6.63
Reserves and Surplus (excluding revaluation reserves)	1.09	0.83	0.88
Sales / Turnover	55.81	43.38	36.55
Profit (Loss) after Tax	0.61	0.35	0.19
Earnings per share (in cents)	16.10	9.27	4.97
Diluted Earnings per share (in cents)	16.10	9.27	4.97
Net Asset Value per share (in)	2.03	1.96	1.97

4. Eros International USA Inc. ("Eros USA")

Eros USA (formerly known as Eros Entertainment Inc.), which is engaged in the business of media and entertainment, was incorporated as a limited company on March 18, 1997 under the laws of the state of Delaware, United States of America. Its registered office is at 550, County Avenue, Secaucus, New Jersey 07094, USA.

Shareholding

Eros UK holds 100% of the issued share capital of Eros USA as at November 30, 2009.

Board of Directors

The board of directors of Eros USA comprises Mr. Kishore Lulla, Mr. Vijay Ahuja, Mr. Ken Naz and Mr. Sunil Lulla.

Financial Performance

Certain audited financial information for Eros USA for fiscal 2009, 2008 and 2007 is provided below.

(In US$, million unless otherwise stated)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital (in US$) (face value US$0.01)	10	10	10
Additional paid in capital	12.5	1.25	1.25
Reserves and Surplus (excluding revaluation reserves)	0.14	0.34	0.30
Sales / Turnover	5.09	6.39	5.73

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Profit (Loss) after Tax	0,10	0.04	0.10
Earnings per share (in $)	97.60	43.72	98.23
Diluted Earnings per share (in $)	97.60	43.72	98.23
Net Asset Value per share (in $)	1390.39	1592.79	1549.07

5. Eros Distribution (Canada) Limited ("Eros Canada")

Eros Canada, which is engaged in the business of media and entertainment, was incorporated as a limited company on October 22, 2007 under the Business Corporation Act, province of British Columbia, Canada. Its corporate identity number is BC0806176 and its registered office is at 1600 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2.

Shareholding

Eros UK holds 100% of the issued share capital of Eros Canada as at November 30, 2009.

Board of Directors

The board of directors of Eros Canada comprises Mr. Ken Naz and Mrs. Jyoti Deshpande.

Financial Performance

Certain audited financial information for Eros Canada for fiscal 2009 and 2008 is provided below.

(In US$, unless otherwise stated)

	Fiscal 2009	Fiscal 2008
Equity Capital (face value per share US$0.97)	974	974
Reserves and Surplus (excluding revaluation reserves)*	(10,547)	10,452
Sales / Turnover	167,656	51,047
Profit (Loss) after Tax	(22,359)	24,053
Earnings per share (in cents)	(2,238.13)	2,407.71
Diluted Earnings per share (in cents)	(2,238.13)	2,407.71
Net Asset Value per share (in $)	(9.58)	11.44

Excluding deferred incorporation expenses

As Eros Canada was incorporated On October 22, 2007 there is no financial information available for fiscal 2007.

6. Eros Australia Pty Limited ("Eros Australia")

Eros Australia, which is engaged in the business of media and entertainment, was incorporated and governed by the replaceable rules set out in the Australia Corporations Act 2001 on October 21, 2004 under the laws of the Australia. Its corporate identity number is ACN 111-476905 and its registered office is at 4, Rosewood Way, Werrington, New South Wales 2747, Australia.

Shareholding

Eros Network holds 100% of the issued share capital of Eros Australia as at November 30, 2009.

Board of Directors

The board of directors of Eros Australia comprises Mr. Aman Raniga, Mr. Kishore Lulla and Mr. Vijay Ahuja.

Financial Performance

Eros Australia is not required to prepare audited financial results under its laws of incorporation.

7. Eros Music Publishing Limited ("Eros Music UK")

Eros Music UK, which is engaged in the business of music publishing, was incorporated as a limited company on November 1, 2006 under the laws of England and Wales. The registration number of Eros Music UK is 05985133. Its registered office is at Unit 23, Sovereign Park, Park Royal, Coronation Road, London NW 10 7QP, UK.

Shareholding

Eros International Limited holds 100% of the issued share capital of Eros Music UK as at November 30, 2009.

Board of Directors

The board of directors of Eros Music UK comprises Mr. Andrew Heffernan and Ms. Jyoti Deshpande.

Financial Performance

Certain audited financial information for Eros Music UK for fiscal 2009, 2008 and 2007 is provided below.

(In US$ unless otherwise stated)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital (face value US$1.91 per share)	191	191	191
Reserves and Surplus (excluding revaluation reserves)	37,853	5,166	-
Sales / Turnover	149,912	34,915	-
Profit (Loss) after Tax	32,687	5,166	-
Earnings per share (in US$)	326.87	51.66	-
Diluted Earnings per share (in US$)	326.87	51.66	-
Net Asset Value per share (in US$)	380.44	53.57	1.91

8. Eros Pacific Limited ("Eros Pacific")

Eros Pacific, which is engaged in the business of media and entertainment, was incorporated as a limited company on March 5, 2004, under the laws of Fiji. Its corporate identity number is 16377 and its registered office is at 27, Lodhia Street, P.O. Box 1802, Nadi, Fiji.

Shareholding

Mr. Jayantilal Raniga and Ms. Sunita Raniga each own 50 shares. None of the companies under the Eros Group are the registered holders of any equity shares of Eros Pacific. In separate declarations of trust dated March 15, 2005, each of Mr. Jayantilal Raniga and Ms. Sunita Raniga declared that they had no beneficial interest whatsoever in the equity shares of Eros Pacific held by them. The equity shares of Eros Pacific Limited and all dividends on such equity shares accrued or accruing upon the same, together with all rights and privileges arising from such equity shares or any other equity shares, are beneficially owned by Eros International Limited.

Board of Directors

The board of directors of Eros Pacific comprises Mr. Jayantilal Raniga and Ms. Sunita Raniga.

Financial Performance

Eros Pacific is not required to prepare audited financial results under its laws of incorporation.

9. Eros Music Publishing GMBH ("Eros Music Germany")

Eros Music Germany, which is engaged in the business of music publishing, conception, production and exploitation of music in all media, was incorporated on April 24, 2009 under the German laws. Its registered office is located in Uhlandstrabe, Berlin, Germany.

Shareholding

Eros Music UK holds 100% of the issued share capital of Eros Music Germany as at November 30, 2009.

Board of Directors

The director of Eros Music Germany is Mr. Andrew Heffernan.

Financial Performance

Audited financial results are not available for Eros Music Germany as it was incorporated on April 24, 2009.

10. Eros International PTE Limited ("Eros Singapore")

Eros Singapore, which is engaged in the business of media and entertainment, was incorporated as a limited company on August 21, 2007, under the laws of Singapore. Its corporate identity number is 200715378B and its registered office is at 3 Philip Street, # 18 Commerce Point, Singapore 048693.

Shareholding

Eros plc holds 100% of the issued share capital of Eros Singapore as at November 30, 2009.

Board of Directors

The board of directors of Eros Singapore comprises Mr. Vijay Ahuja, Mr. Andrew Heffernan and Mr. Arangannal.

Financial Performance

Certain audited financial information for Eros Singapore for the financial years ended March 31, 2009 and March 31, 2008, is provided below.

(In Singapore$ unless otherwise stated)

	Fiscal 2009	**Fiscal 2008**
Equity Capital (Sing. $1 per share)	1	1
Reserves and Surplus (excluding revaluation reserves)	(76,327)	(135,459)
Sales / Turnover	1,755,262	425,018
Profit (Loss) after Tax	59,132	(135,459)
Earnings per share (in Sing $)	59,132	(135,459)
Diluted Earnings per share (in Sing. $)	59,132	(135,459)
Net Asset Value per share (in Sing. $)	(76,326)	(135,458)

As Eros Singapore was incorporated on August 21, 2007, financial information for fiscal 2007 is not available.

11. Ganges Entertainment Private Limited ("Ganges Entertainment")

Ganges Entertainment, which is primarily engaged in the business of production, exhibition, distribution, and marketing of films, audio or video programs through electronic or any other media, was incorporated as a private limited company under the Companies Act, on October 31, 2007. Its registration number is U92190MH2007PTC175550 and its registered office is at 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, Andheri (West), Mumbai 400 053, Maharashtra.

Shareholding

Mr. Arjan Lulla and Mr. Sunil Lulla hold 50 % each of the issued share capital of Ganges Entertainment as at November 30, 2009.

Board of Directors

The board of directors of Ganges Entertainment comprises Mr. Arjan Lulla and Mr. Sunil Lulla.

Financial Performance

Certain audited financial information for Ganges Entertainment for the financial years ended March 31, 2009 and March 31, 2008, is provided below.

(Rs. million, unless otherwise stated)

	Fiscal 2009	Fiscal 2008
Equity Capital (face value Rs. 10 per share)	0.10	0.10
Reserves and Surplus (excluding revaluation reserves)	(1.08)	0.21*
Sales / Turnover	-	-
Profit (Loss) after Tax	(1.05)	(0.03)
Earnings per share (in Rs.)	(104.86)	(3.28)
Diluted Earnings per share (in Rs.)	(104.86)	(3.28)
Net Asset Value per share (in Rs.)	(98.14)	(10.69)

**includes miscellaneous expenditure not written off to the extent of Rs. 0.17 million*

As Ganges Entertainment was incorporated on October 31, 2007, financial information for fiscal 2007 is not available.

Significant Notes

Further, the notes to accounts in its audited financial statements for fiscal 2009 state that although the company is in operation for last two years, no major activities have been undertaken by the company so far. However the company is in the process of achieving its main objectives and goals and to that effect various expenditures have been incurred by the company. Accordingly, the financial statements have been prepared on the going concern basis.

12. Ganges Enterprises Private Limited ("Ganges Enterprises")

Ganges Enterprises, which is primarily engaged in the business of production, exhibition, distribution, , and marketing of films, audio or video programs through electronic or any other media, was incorporated as a private limited company under the Companies Act on October 31, 2007. Its registration number is U92100MH2007PTC175551 and its registered office is at 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, Andheri (West), Mumbai 400 053, Maharashtra.

Shareholding

Mr. Arjan Lulla holds 50 % of the issued share capital of Ganges Enterprises as at November 30, 2009.

Board of Directors

The board of directors of Ganges Enterprises comprises Mr. Arjan Lulla and Mr. Sunil Lulla.

Financial Performance

Certain audited financial information for Ganges Enterprises for the financial years ended March 31, 2009 and March 31, 2008, is provided below.

(Rs. million, unless otherwise stated)

	Fiscal 2009	Fiscal 2008
Equity Capital (face value Rs. 10 per share)	0.10	0.10
Reserves and Surplus (excluding revaluation reserves)	(0.95)	(0.24)*
Sales / Turnover	-	-
Profit (Loss) after Tax	(0.88)	(0.06)
Earnings per share (in Rs.)	(88.60)	(6.15)
Diluted Earnings per share (in Rs.)	(88.60)	(6.15)
Net Asset Value per share (in Rs.)	(84.74)	(13.56)

**includes miscellaneous expenditure not written off to the extent of Rs. 0.17 million*

As Ganges Enterprises was incorporated on October 31, 2007, financial information for fiscal 2007 is not available.

Significant Notes

Further, the notes to accounts in its audited financial statements for fiscal 2009 state that although the company is in operation for last two years, no major activities have been undertaken by the company so far. However the company is in the process of achieving its main objectives and goals and to that effect various expenditures have been incurred by the company. Accordingly, the financial statements have been prepared on the going concern basis.

13. Bhoomipooja Buildwell Properties Private Limited ("Bhoomipooja Buildwell")

Bhoomipooja Buildwell, which is primarily engaged in the business of purchase, sale, lease, rent of land, residential buildings, bungalows, industrial estates, commercial premises, investment in properties of all types, construction, contractors, builders, developers, to act as broker of real estate, etc., was incorporated as a private limited company under the Companies Act, on October 31, 2007. Its registration number is U45400MH2007PTC174405 and its registered office is at 201, Kailash Plaza, Plot No. A-12, opposite Laxmi Industrial Estate, Andheri (West), Mumbai 400 053, Maharashtra.

Shareholding

None of our Promoters holds any shares of Bhoomipooja Buildwell as at November 30, 2009.

Board of Directors

The board of directors of Bhoomipooja Buildwell comprises Mr. Sunil Lulla and Mr. Bipinchandra Talati.

Financial Performance

Certain audited financial information for Bhoomipooja Buildwell for the financial years ended March 31, 2009 and March 31, 2008, is provided below.

(Rs. million, unless otherwise stated)

	Fiscal 2009	**Fiscal 2008**
Equity Capital (face value Rs. 10 per share)	0.10	0.10
Reserves and Surplus (excluding revaluation reserves)	(0.03)	(0.04)
Sales / Turnover	-	-
Profit (Loss) after Tax	(0.03)	(0.00)
Earnings per share (in Rs.)	(2.62)	(0.24)
Diluted Earnings per share (in Rs.)	(2.62)	(0.24)
Net Asset Value per share (in Rs.)	7.14	6.45

As Bhoomipooja Buildwell was incorporated on October 31, 2007, financial information for fiscal 2007 is not available.

14. Shivam Enterprises

Shivam Enterprises was formed on January 1, 1993 under the Indian Partnerships Act, 1932. It is primarily engaged in the business of cinematographic films, textiles, chemicals, metals, engineering goods, etc. It is a 50:50 partnership between Ms. Meena Lulla and Mr. Sunil Lulla.

Our Promoters do not have any direct share in the profits of Shivam Enterprises.

Financial Information

Shivam Enterprises is not required to prepare audited financial results under applicable laws.

15. Acacia Investments Holdings Limited ("Acacia Investments")

Acacia Investments, which is primarily engaged in the business of an investment holding company, was incorporated as a private limited company under the Isle of Man Companies Act, 1931, on August 20, 1999. Its registration number is 096860C and its registered office is at 12-14, Finch Road, Douglas, IM99 1TT, Isle of Man.

Shareholding

Eros plc holds 100% of the share capital of Acacia Investments.

Board of Directors

The board of directors of Acacia Investments comprises Mr. J.M.M. Gray, Mr. A. Irving, Mr. J.D. Needham, Mr. A.P. Ray, and Mr. R.L. Stracy.

Financial Performance

Acacia Investments is not required to prepare audited financial results under its laws of incorporation.

Listed Group Entities

None of our Group Entities or companies under the same management under Section 370(1B) of the Companies Act, other than Eros plc, as disclosed above, has their shares listed on any stock exchange in India or overseas.

Group Entities with Negative Net Worth

Except Eros Singapore, Ganges Entertainment, and Ganges Enterprises none of our Group Entities has had negative net worth in the preceding three years. See "***Risk Factors***" on page xi.

Loss making Group Entities

Eros Digital, Eros Singapore, Ganges Entertainment, Ganges Enterprises and Bhoomipuja Buildwell have incurred losses during the three years immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI. See "***Risk Factors***" on page xi.

Change in Control or Management

There has been no change in the control or management of any of our Promoters or Group Entities, as described above, during the three years immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.

Disassociation by the Promoters in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any company or firm during the three years immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.

Name of the company	Date of Disassociation	Reasons for Disassociation
B on Demand EU Limited	April 1, 2008	Acquired by Eros UK and dissolved

Payment of benefits to the Promoters during the last two years

Except as stated in "***Financial Statements***" on page F1, there has been no payment of benefits to our Promoters during the two years preceding the date of filing of this Draft Red Herring Prospectus.

Interests of our Promoters and Group Entities

Except Eros Worldwide, which is interested in our Company to the extent of its shareholding in our Company and the dividends received on such shareholding, none of our Promoters or Group Entities has any shareholding in our Company.

Except as disclosed in "***Financial Statements***" on page F1, our Promoters and Group Entities have no interest in any property acquired by our Company during the last two years from the date of filing of this Draft Red Herring Prospectus, or proposed to be acquired by our Company.

Also see "***Financial Statements***" and "***History and Key Corporate Matters – Material Agreements-Relationship Agreement***" and "***Risk Factors***" on pages F1, 104 and xi respectively.

Common Pursuits

Certain of our Group Entities, as disclosed in this chapter, engage in or are authorised under their articles of association to engage in common pursuits. Further, certain of our Subsidiaries engage in, or are authorised under their articles of association to engage in, common pursuits. For further information, see "***History and Key Corporate Matters – Our Subsidiaries***" on page 95.

In this connection, our Company has entered into the Relationship Agreement (with respect to Indian film and music publishing rights), and the Ayngaran SHA (with respect to Tamil language content), as further described under "***History and Key Corporate Matters – Other Material Agreements***" on page 104.

Further, our Subsidiary Eros Music has, pursuant to a resolution of its board of directors dated August 14, 2008, taken over the business of Ganges Entertainment, a Group Entity, with respect to agreements entered into with various artists for Hindi pop, Hindi folk, regional and other music albums, and has agreed that all advances and payments due to actors under such contracts entered into with Ganges Entertainment would be borne by Eros Music. The board of directors of Ganges Entertainment has also confirmed this assignment of its rights and liabilities under, and business in respect of, the said music publishing agreements, in favour of Eros Music, by its resolution dated August 14, 2008.

Except as disclosed above and in "***Financial Statements***" on page F1, none of our Group Entities, Subsidiaries or associate companies has business or commercial interests in our Company.

For further information, also see "***Our Business***" and "***Risk Factors***" on pages 73 and xi, respectively.

Litigation involving our Promoters and the Group Entities

For details of legal and regulatory proceedings involving our Promoters and Group Entities, see "***Outstanding Litigation and Material Developments***" on page 164.

Other Confirmations

None of our Group Entities has become a sick company within the meaning of the Sick Industrial Companies Act, 1985, and except as disclosed in "***Outstanding Litigation and Material Developments***" no winding up proceedings have been initiated against them, and no application has been made in respect of any of them, to the Registrar of Companies for striking off their names. For other confirmations of our Promoters and Group Entities see, "***Other Regulatory and Statutory Disclosures***" on page 180.

Additionally, none of our Group Entities has become defunct in the five years preceding the filing of this Draft Red Herring Prospectus.

Our Company does not have any business interests with our Group Companies, Subsidiaries or associate companies except in the ordinary course of business which are held on arms length basis.

There have been no sales and purchases between Group Entities, Subsidiaries and associate companies, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company except as disclosed in "***Financial Statements***" on page F1.

DIVIDEND POLICY

As of the date of the Draft Red Herring Prospectus, our Company has not paid any cash dividends on its Equity Shares. The declaration and payment of any dividends in the future will be recommended by the Board of Directors and approved by the shareholders of our Company at their discretion and would depend on a number of factors, including our financial condition, results of operations, capital requirements and surplus, contractual obligations, applicable Indian legal restrictions, the provisions of our Articles of Association, the terms of our credit facilities and other financing arrangements at the time dividend is considered, and other factors considered relevant by the Board. Our Company may also from time to time pay interim dividends.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Index

RESTATED UNCONSOLIDATED FINANCIAL INFORMATION

AUDITORS' REPORT ON RESTATED UNCONSOLIDATED FINANCIAL INFORMATION

(As required by Part II of Schedule II of the Companies Act, 1956)

To
The Board of Directors
Eros International Media Limited
201, Kailash Plaza
Andheri Link Road
Andheri West,
Mumbai – 400 053
India

Dear Sirs,

1 We have examined the attached unconsolidated restated financial information of Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited) ("the Company"), as attached to this report, stamped and initialed by us for identification and as approved by the Board of Directors, which has been prepared in accordance with Paragraph B, Part-II of Schedule II of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations"), issued by the Securities and Exchange Board of India (SEBI).

2 The preparation and presentation of this financial information is the responsibility of Company's management. Our work has been carried out in accordance with the auditing standards generally accepted in India and in accordance with the Guidance Note on Reports in Company Prospectuses (Revised), issued by the Institute of Chartered Accountants of India ('ICAI'). Our examination was conducted in accordance with the terms of our letter of engagement with the Company, requesting us to carry out work in relation to the Offer Document being issued by the Company in connection with its proposed Initial Public Offer.

3 We have examined the attached Unconsolidated Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2005, 2006, 2007, 2008, 2009 and as at September 30, 2009 (six months), the attached Unconsolidated Restated Summary Statement of Profits and Losses and the attached Unconsolidated Restated Summary Statement of Cash Flows for each of the years / period ended on those dates (Annexure 1, 2 and 3) as prepared by the management and approved by the Board of Directors. Such unconsolidated restated financial information has been arrived at after making such adjustments and regroupings, as in our opinion, are appropriate and more fully described in the Unconsolidated Statement of Significant Accounting Policies and Notes to the Restated Statements appearing in Annexure 4 to this report. The unconsolidated summary statements have been prepared from the audited financial statements of the Company for the years ended March 31, 2005, 2006, 2007, 2008 and 2009 and adopted by the members of the Company in their respective Shareholders' Meetings and also for the six month period ended September 30, 2009 as approved by the Board of Directors.

4 The financial statements of the Company for the financial years ended March 31, 2007, 2006 and 2005, were audited and reported upon by Mr. Vilas Y. Rane and Mr. Vijay N. Bhatt having membership number F-33220 and F-36647 respectively, representing the then statutory auditors of the Company, M/s. RSM & Co., as partners. (ICAI Firm Registration number 118443W). We have relied on these audited financial statements and have not carried out any audit tests or review procedures on such financial statements of the Company for the years ended on these respective dates. Since we did not perform the audit for the above years, the financial information included for such years is solely based on the audit report submitted by M/s. RSM & Co. for the relevant years.

5 Based on our examination of the above, we further report that the Unconsolidated Restated Summary Statement of Assets and Liabilities, the related Unconsolidated Restated Summary Statement of Profits and Losses, the related Unconsolidated Restated Summary Statement of Cash Flows and the notes

thereon of the Company, do not require any restatement, except as stated in Annexure 1A of this Report since:

(i) There are no changes in accounting policies, the impact of which needs adjustment retrospectively in the respective financial years;

(ii) There are no amounts relating to previous years that need adjustments in the respective financial years to which they relate (except as stated in Annexure 1A);

(iii) There are no extra-ordinary items that need to be disclosed separately in the financial nformation.

(iv) There are no qualifications in the Auditors' Reports that require adjustments.

Based on the above we are of the opinion that the unconsolidated restated financial statements have been made in accordance with the SEBI Regulations, after incorporating all the adjustments suggested in the said regulations.

6 Other Financial Information

We have also examined the following unconsolidated financial information of the Company as at and for the year/period ended March 31, 2005, 2006, 2007, 2008, 2009 and as at / for the six months ended 30 September 2009, which are proposed to be included in the Offer Document, prepared by the management and approved by the Board of Directors and annexed to this report:

(i) Unconsolidated Statement of Accounting Ratios, as Restated, included in Annexure 5

(ii) Unconsolidated Capitalization Statement included in Annexure 6

(iii) Statement of Share Capital included in Annexure 7

(iv) Unconsolidated Statement of Tax Shelters included in Annexure 8

(v) Details of Other Income, as Restated included in Annexure 9

(vi) Statement of Dividend Paid included in Annexure 10

(vii) Unconsolidated Age-wise analysis of Debtors, as Restated, included in Annexure 11

(viii) Unconsolidated Statement on Investments included in Annexure 12

(ix) Unconsolidated Statement of Loans and Advances, as Restated included in Annexure 13

(x) Unconsolidated Statement of Secured Loans, as Restated included in Annexure 14

(xi) Unconsolidated Statement of Unsecured Loans, as Restated included in Annexure 15

(xii) Unconsolidated Statement of Contingent Liabilities included in Annexure 16

(xiii) Unconsolidated Statement of Operating Expenses, as Restated included in Annexure 17

7 This report should not be in any way construed as a reissuance or a re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

8 We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.

9 We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10 Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the proposed initial public offering of equity shares of the Company. Our report and

the enclosed Annexures should not be used, distributed, referred to, published or relied upon by any person for any other purpose, except with our prior written consent.

For **Walker, Chandiok & Co**
Chartered Accountants
(ICAI Registration No. 001076N)

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

Mumbai
Dated: December 16, 2009

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 1
Unconsolidated Restated Summary Statement of Profits and Losses

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	**2009**	**2008**	**2007**	**2006**	**2005**
A	**Income**						
	Sales and Service Income	2,801.93	4,787.79	4,234.98	1,786.85	935.89	1,062.38
	Other Income	85.03	8.29	152.83	56.34	13.85	1.73
	Total Income	**2,886.96**	**4,796.08**	**4,387.81**	**1,843.19**	**949.74**	**1,064.11**
B	**Expenditure**						
	Operating Expenses	2,159.03	3,384.88	3,348.73	1,521.18	766.60	957.61
	Employee Remuneration and Other Benefits	32.91	72.59	62.46	36.80	17.26	19.52
	Administrative and Other Expenses	230.29	582.39	398.68	174.48	92.87	38.42
	Finance Costs (Net)	34.41	3.19	23.95	47.69	38.92	26.22
	Depreciation	9.88	22.32	14.81	9.10	9.39	13.83
	Total Expenditure	**2,466.52**	**4,065.37**	**3,848.63**	**1,789.25**	**925.04**	**1,055.60**
C	**Net Profit Before Tax and Extra Ordinary Items (A-B)**	**420.44**	**730.71**	**539.18**	**53.94**	**24.70**	**8.51**
	Extra Ordinary Items	-	-	-	-	-	-
	Net Profit Before Tax	**420.44**	**730.71**	**539.18**	**53.94**	**24.70**	**8.51**
	Taxation						
	Current tax	120.00	75.00	92.00	32.50	15.84	7.00
	Deferred tax	24.39	173.99	99.85	(12.15)	(4.66)	(2.10)
	Fringe benefits tax	-	2.70	2.60	1.20	0.76	-
	Total Taxation	**144.39**	**251.69**	**194.45**	**21.55**	**11.94**	**4.90**
	Net Profit after Tax	**276.05**	**479.02**	**344.73**	**32.39**	**12.76**	**3.61**

Annexure 1A

Impact of changes due to restatement of Prior Period items and Tax Expenses

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	2009	2008	2007	2006	2005
1	**Net Profit after tax as per audited statement of accounts**	**276.05**	**479.02**	**344.73**	**41.97**	**11.06**	**2.18**
2	Adjustment on account of:						
	Prior Period Expenses	-	-	-	5.26	(1.70)	(1.43)
	Short Provision for Taxes	-	-	-	4.32	-	-
	Total impact of Adjustments	**-**	**-**	**-**	**9.58**	**(1.70)**	**(1.43)**
3	**Adjusted Net Profit after Tax as per Annexure 1**	**276.05**	**479.02**	**344.73**	**32.39**	**12.76**	**3.61**

Annexure 2

Unconsolidated Restated Summary Statement of Assets and Liabilities

(Rupees in millions)

		As at	As at March 31,				
		September 30, 2009	**2009**	**2008**	**2007**	**2006**	**2005**
A	**Fixed Assets**						
	Gross Block	6,148.94	5,379.16	3,372.05	988.32	243.85	229.19
	Less : Depreciation / Amortization	4,519.15	3,887.72	2,447.32	684.72	137.16	121.18
	Net Block	**1,629.79**	**1,491.44**	**924.73**	**303.60**	**106.69**	**108.01**
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	**1,629.79**	**1,491.44**	**924.73**	**303.60**	**106.69**	**108.01**
B	**Investments**	**204.06**	**204.06**	**9.46**	**9.37**	**9.30**	**9.30**
C	**Deferred Tax Asset (Net)**	**-**	**-**	**-**	**14.28**	**2.13**	**-**
D	**Current Assets, Loans and Advances**						
	Inventories	409.12	617.57	397.48	13.51	16.41	21.93
	Sundry Debtors	901.13	781.46	775.17	592.84	619.72	481.29
	Cash and Bank Balances	482.02	324.57	1,100.48	234.91	117.33	93.42
	Loans and Advances	3,622.63	4,360.10	3,333.86	1,667.19	343.70	266.00
		5,414.90	**6,083.70**	**5,606.99**	**2,508.45**	**1,097.16**	**862.64**
E	**Total Assets (A+B+C+D)**	**7,248.75**	**7,779.20**	**6,541.18**	**2,835.70**	**1,215.28**	**979.95**
F	**Loan Funds**						
	Secured Loans	1,835.05	1,220.29	1,183.16	655.60	790.36	484.87
	Unsecured Loans	0.38	0.38	1.18	0.43	2.12	30.24
	Total Loan Funds	**1,835.43**	**1,220.67**	**1184.34**	**656.03**	**792.48**	**515.11**
G	**Deferred Tax Liability (Net)**	**283.95**	**259.56**	**85.57**	**-**	**-**	**2.53**
H	**Current Liabilities and Provisions**						
	Liabilities	3,651.41	5,194.63	4,634.15	1,870.90	153.58	203.73
	Provisions	100.52	9.57	8.54	24.91	17.75	19.87
	Total Current Liabilities and Provisions	**3,751.93**	**5,204.20**	**4,642.69**	**1,895.81**	**171.33**	**223.6**
I	**Total Liabilities (F+G+H)**	**5,871.31**	**6,684.43**	**5,912.60**	**2,551.84**	**963.81**	**741.24**
	Net worth (E-I)	**1,377.44**	**1,094.77**	**628.58**	**283.86**	**251.47**	**238.71**
	Represented By:						

Shareholders' Funds						
Share Capital	51.00	51.00	51.00	51.00	51.00	51.00
Reserves and Surplus	1,326.44	1,043.77	577.58	232.86	200.47	187.71
Net Worth	**1,377.44**	**1,094.77**	**628.58**	**283.86**	**251.47**	**238.71**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 3

Unconsolidated Restated Summary Statement of Cash Flows

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	**2009**	**2008**	**2007**	**2006**	**2005**
A	**Cash Flow From Operating Activities**						
	Net Profit Before Tax	**420.44**	**730.71**	**539.18**	**53.94**	**24.70**	**8.51**
	Adjustments for :						
	Depreciation / Amortization *	633.82	1,440.42	1,763.03	547.57	41.66	33.14
	Sundry Balances written off	0.22	1.15	0.34	2.84	2.22	-
	Sundry Balances written back	(1.30)	(3.00)	(0.88)	(5.35)	(5.48)	(0.72)
	Interest and Bank Charges	46.26	84.91	43.13	51.99	44.88	28.72
	Interest Income	(11.85)	(81.72)	(19.18)	(4.30)	(5.96)	(2.50)
	(Profit) / Loss on Sale of Fixed Assets	0.78	(0.02)	(0.04)	-	(2.78)	-
	Operating Profit Before Working Capital Changes	**1,088.37**	**2,172.45**	**2,325.58**	**646.69**	**99.24**	**67.15**
	Adjustments for -						
	(Increase) / Decrease in Inventories	208.45	(220.09)	(383.97)	2.90	5.52	41.28
	(Increase) / Decrease in Sundry Debtors	(119.67)	(6.29)	(182.33)	26.88	(138.43)	(124.99)
	(Increase) / Decrease in Loans and Advances	730.08	(978.64)	(1,612.08)	(1,322.97)	(81.42)	(5.80)
	Increase/(Decrease) in Liabilities	(1,541.92)	563.48	2,764.13	1,722.67	(44.67)	91.05
	Increase/(Decrease) in Provisions	(0.51)	2.09	(0.06)	4.43	0.35	0.37
	Cash Generated from / (used in) Operations	**364.80**	**1,533.00**	**2,911.27**	**1,080.60**	**(159.41)**	**69.06**
	Income Taxes	(19.80)	(123.79)	(164.45)	(30.98)	(19.07)	(2.69)
	Net Cash from / (used in) Operating Activities	**345.00**	**1,409.21**	**2,746.82**	**1,049.62**	**(178.48)**	**66.37**

Unconsolidated Restated Summary Statement of Cash Flows (Continued…)

(Rupees in millions)

		For the six month period ended September 30, 2009	For the year ended March 31, 2009	2008	2007	2006	2005
B	**Cash Flow from Investing Activities**						
	Purchase of Tangible Fixed Assets	(1.61)	(26.41)	(55.16)	(9.25)	(5.67)	(3.46)
	Purchase of Intangible Assets	(772.80)	(1,980.73)	(2,329.11)	(735.21)	(46.72)	(43.89)
	Proceeds from Sale of Fixed Assets	1.46	0.03	0.14	-	14.82	-
	Investments in Subsidiaries	-	(194.60)	(0.09)	(0.07)	-	-
	Net Cash used in Investing Activities	**(772.95)**	**(2,201.71)**	**(2,384.22)**	**(744.53)**	**(37.57)**	**(47.35)**
C	**Cash Flow from Financing Activities**						
	Proceeds from / (Repayments of) Long Term Borrowings (Net)	157.25	(50.50)	469.06	(125.67)	146.39	(17.76)
	Proceeds from / (Repayments of) Short Term Borrowings (Net)	464.13	74.00	59.25	(10.79)	130.98	66.33
	Interest Income received	10.28	78.00	17.79	0.94	7.47	0.99
	Interest and Bank Charges paid	(46.26)	(84.91)	(43.13)	(51.99)	(44.88)	(28.72)
	Net Cash from / (used in) Financing Activities	**585.40**	**16.59**	**502.97**	**(187.51)**	**239.96**	**20.84**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**157.45**	**(775.91)**	**865.57**	**117.58**	**23.91**	**39.86**
	Cash and Cash Equivalents at beginning of the period / year	**324.57**	**1,100.48**	**234.91**	**117.33**	**93.42**	**53.56**
	Cash and Cash Equivalents at the end of the period / year	**482.02**	**324.57**	**1,100.48**	**234.91**	**117.33**	**93.42**
	Components of Cash and Cash Equivalents						
	Cash on hand	1.22	0.17	2.19	0.02	0.61	0.20
	Cheques on hand	124.01	-	-	-	-	-
	Balances with the banks	40.67	16.80	417.31	14.71	4.22	1.41
	Deposit and margin money **	316.12	307.60	680.98	220.18	112.50	91.81
	Total	**482.02**	**324.57**	**1,100.48**	**234.91**	**117.33**	**93.42**
	** Pledged as collateral security	316.12	307.60	308.47	204.61	112.44	91.76

*** includes amortization of film rights grouped under Operating Expenses**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 4

Unconsolidated Statement of Significant Accounting Policies and Notes to the Restated Statements

I. (a) Basis of preparation

Eros International Media Limited (formerly known as Eros International Media Private Limited / Eros Multimedia Private 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 under the Companies Act, 1956 to the extent applicable.

(b) Use of estimates

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

II. Significant Accounting Policies

(a) Revenue recognition (AS-9)

1. Sale of rights

   Sale of rights is recognized on effective delivery of materials to customers as per terms of the sale agreements.
   .
2. Sale of physical home entertainment products

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

3. Revenue from theatrical distribution of films

   Revenue from theatrical distribution is recognized on exhibition of films. In case of distribution through theatres, revenue comprises 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.

(b) Fixed assets and depreciation (AS-6, AS-10)

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

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

(c) Intangible assets and amortization (AS-26)

Investment in Film and associated rights are recorded at their acquisition costs or capitalized cost less accumulated amortizations. Cost includes acquisition and production cost, any direct overhead cost and 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 capital advances as the amounts are refundable in the event of non release of the film.

(d) Investments (AS-13)

Long-term investments are carried at cost. However, provision for diminution in the value of investments, if any, is made to recognize a decline, other than temporary in nature.

(e) Inventories (AS-2)

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

a) Raw prints and tapes on weighted average basis.

b) Home entertainment products, at cost or net realizable value.

c) New film/serial rights where principle rights, generally theatrical, satellite and video rights, have been sold, stock of residual rights are valued at values estimated by the management which would not exceed the relevant cost. Stock of rights in respect of old films are valued at full cost for a period of twelve months from the date of purchase and, thereafter at appropriate realizable values as estimated by the management not exceeding the cost. All kinds of film, serial rights are reviewed by the management at the end of each reporting period to determine fall in values, if any, based on expected future realizability of such rights.

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

(f) Impairment of assets (AS-28)

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

(g) Provisions and contingencies (AS-29)

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

(h) Advances for purchase of film and associated rights

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

(i) Employee benefits (AS-15)

Defined contribution plan

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

Defined benefit plan

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

(j) Taxes on income (AS-22)

Income tax expense comprises current income tax, deferred tax and fringe benefits 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.

Fringe Benefits tax
Provision for fringe benefits tax has been recognized on the basis of interpretations of the relevant provisions of the Income Tax Act, 1961.

(k) Leases (AS-19)

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

(l) Foreign currency transactions (AS-11)

Transactions in foreign currencies are accounted at exchange rates prevalent on the date of the transaction. Foreign currency monetary assets and liabilities at the period end are translated using the exchange rates prevailing at the end of the period. All exchange differences are recognized in the Profit and Loss Account except those relating to acquisition of fixed assets acquired from outside of India, which are included in the cost of the fixed assets. 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 expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

III. Notes to accounts

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

2. Deferred tax balances

The components of deferred tax liability and assets arising on account of timing differences between taxable incomes and accounting income are as follows:

(Rupees in millions)

Particulars	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
A) Liability						
Depreciation	320.60	296.36	101.27	-	-	3.06
Total Deferred Tax Liability	**320.60**	**296.36**	**101.27**	**-**	**-**	**3.06**
B) Assets						
Depreciation	-	-	-	5.13	1.11	-
Provision for Gratuity and leave encashment	2.67	2.85	2.14	2.15	0.65	0.53

Disallowances under Income Tax Act, 1961	33.98	33.95	13.56	7.00	0.37	-
Total Deferred Tax Assets	**36.65**	**36.80**	**15.70**	**14.28**	**2.13**	**0.53**
Net Deferred Tax Asset/ (Liability)	**(283.95)**	**(259.56)**	**(85.57)**	**14.28**	**2.13**	**(2.53)**

3. Related party information

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

a. List of related parties

Name of the Related Parties	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Eros Worldwide FZ-LLC, United Arab Emirates	Holding company	Holding company	Holding company	Holding company	Holding company	Holding company
Eros International Films Private Limited (formerly known as Eros Pictures Private Limited and as Shivam Videotech Private Limited)	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Copsale Limited	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Big Screen Entertainment Private Limited	Subsidiary	Subsidiary	Subsidiary	Subsidiary	-	-
Eyeqube Studios Private Limited	Subsidiary	Subsidiary	Subsidiary	-	-	-
Eros Music Publishing Private. Limited (w.e.f. its incorporation on March 28, 2009)	Subsidiary	Subsidiary	-	-	-	-
Eros Animation Private Limited (w.e.f. of its incorporation on September 2, 2008.)	Step Down Subsidiary	Step Down Subsidiary	-	-	-	-
Ayngaran International Limited, Isle of Man	Step Down Subsidiary	Step Down Subsidiary	Step Down Subsidiary	-	-	-
Ayngaran International UK Limited	Step Down Subsidiary	Step Down Subsidiary	Step Down Subsidiary	-	-	-
Ayngaran Mauritius Limited	Step Down Subsidiary	Step Down Subsidiary	Step Down Subsidiary	-	-	-
Ayngaran International Media Private Limited	Step Down Subsidiary	Step Down Subsidiary	Step Down Subsidiary	-	-	-
Ayngaran Anak Media Private Limited	Step Down Subsidiary	Step Down Subsidiary	-	-	-	-
Eros International Limited, United Kingdom	Entity having Common Control	Entity having Common Control	Entity having Common Control	Fellow Subsidiary	-	-

List of Related Parties (Continued…)

Name of the Related Parties	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Ganges Entertainment Private Limited	Entity having Common Control	Entity having Common Control	Entity having Common Control	-	-	-
Ganges Enterprise Private Limited	Entity having Common Control	Entity having Common Control	Entity having Common Control	-	-	-
Eros Television India Private Limited	Entity having Common Control	Entity having Common Control	Entity having Common Control	-	-	-
Bhoomipooja Buildwell Properties Private Limited	Entity having Common Control	Entity having Common Control	Entity having Common Control	-	-	-
Eros Digital Private Limited	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Entity having significant influence	-
Eros International PLC, Isle of Man	Ultimate holding company	Ultimate holding company	Ultimate holding company	Associate	Associate	Associate
Shivam Enterprises	Entity having significant influence	Entity having significant influence	Entity having significant influence	Associate	Associate	Associate
B On Demand (EU) Limited	-	-	Entity having Common Control	Entity having Common Control	-	-
Mr. Naresh Chandra – (appointed as Director w.e.f. September 28, 2009)	Key Managerial Personnel	-	-	-	-	-
Mr. Kishore Lulla – (appointed as Director w.e.f. September 28, 2009)	Key Managerial Personnel	-	-	-	-	-
Ms. Jyoti Deshpande – (appointed as Director w.e.f. September 28, 2009)	Key Managerial Personnel	-	-	-	-	-
Mr. Sunil Lulla	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel

Name of the Related Party	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Mr. Bipinchandra K. Talati (retired w.e.f. September 30, 2009)	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Ms. Sundari Ramamurthy (retired w.e.f. September 30, 2009)	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Ms. Meena A. Lulla	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Individual having significant influence
Ms. Puja V. Rajani			Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel
Mr. Arjan G. Lulla	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel
Ms. Manjula K. Lulla	Relative of Key Managerial Personnel	-	-	-	-	-

b) Details of Related Party Transactions during the year

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

(Rupees in millions)

Particulars	Period / Year Ended	Ultimate Holding Company	Holding Company	Subsidiary including Step Down Subsidiary	Entities having common control/ Associates	Fellow Subsidiary	Entities having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Salary and perquisites	30.09.09	-	-	-	-	-	-	6.87	-	**6.87**
	31.03.09	-	-	-	-	-	-	13.75	-	**13.75**
	31.03.08	-	-	-	-	-	-	14.75	-	**14.75**
	31.03.07	-	-	-	-	-	-	10.85	-	**10.85**
	31.03.06	-	-	-	-	-	-	2.40	-	**2.40**
	31.03.05	-	-	-	-	-	-	2.40	-	**2.40**
Purchases of film rights, raw stock and home entertainment products	30.09.09	-	-	1,487.40	-	-	-	-	-	**1,487.40**
	31.03.09	-	-	384.24	0.25	-	1.00	-	-	**385.49**
	31.03.08	-	8.10	559.85	758.05	-	-	-	-	**1,326.00**
	31.03.07	-	4.45	90.17	0.39	234.23	-	-	-	**329.24**
	31.03.06	-	106.64	0.90	-	-	-	-	-	**107.54**
	31.03.05	-	-	16.53	-	-	-	-	-	**16.53**
Sale of film rights	30.09.09	-	1,830.90	50.25	-	-	-	-	-	**1,881.15**
	31.03.09	-	1,970.49	597.54	500.12	-	-	-	-	**3,068.15**
	31.03.08	-	1,458.40	41.40	-	-	-	-	-	**1,499.80**
	31.03.07	-	782.06	84.50	-	-	-	-	-	**866.56**
	31.03.06	-	-	43.20	-	-	-	-	-	**43.20**
	31.03.05	-	-	25.50	-	-	-	-	-	**25.50**
Sale of Prints/VCD/DVD etc	30.09.09	-	-	-	62.13	-	-	-	-	**62.13**
	31.03.09	-	-	-	162.35	-	-	-	-	**162.35**
	31.03.08	-	-	-	144.48	-	-	-	-	**144.48**
	31.03.07	-	-	-	-	106.33	-	-	-	**106.33**
	31.03.06	-	-	-	-	-	-	-	-	**-**
	31.03.05	-	-	-	-	-	-	-	-	**-**

Particulars	Period / Year Ended	Ultimate Holding Company	Holding Company	Subsidiary including Step Down Subsidiary	Entities having common control/ Associates	Fellow Subsidiary	Entities having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Reimbursement against old outstanding advances for overseas film rights	30.09.09	-	-	-	-	-	-	-	-	**-**
	31.03.09	-	-	-	-	-	-	-	-	**-**
	31.03.08	-	-	-	-	-	-	-	-	**-**
	31.03.07	-	41.69	-	-	-	-	-	-	**41.69**
	31.03.06	-	-	-	-	-	-	-	-	**-**
	31.03.05	-	-	-	-	-	-	-	-	**-**
Professional charges paid	30.09.09	-	-	-	-	-	-	-	-	**-**
	31.03.09	-	-	-	-	-	-	-	-	**-**
	31.03.08	-	-	-	-	-	-	-	-	**-**
	31.03.07	-	-	-	-	-	-	-	-	**-**
	31.03.06	-	-	-	-	-	-	-	0.36	**0.36**
	31.03.05	-	-	-	-	-	-	-	-	**-**
Investment made in Shares of the Company	30.09.09	-	-	-	-	-	-	-	-	**-**
	31.03.09	-	-	194.50	-	-	-	-	-	**194.50**
	31.03.08	-	-	-	-	-	-	-	-	**-**
	31.03.07	-	-	-	-	-	-	-	-	**-**
	31.03.06	-	-	-	-	-	-	-	-	**-**
	31.03.05	-	-	-	-	-	-	-	-	**-**
Studio Hire Charges Paid	30.09.09	-	-	-	-	-	-	-	-	**-**
	31.03.09	-	-	-	-	-	-	-	-	**-**
	31.03.08	-	-	19.73	-	-	-	-	-	**19.73**
	31.03.07	-	-	-	-	-	-	-	-	**-**
	31.03.06	-	-	-	-	-	-	-	-	**-**
	31.03.05	-	-	-	-	-	-	-	-	**-**
Reimbursement of Administrative Expenses / others	30.09.09	-	-	11.19	14.88	-	-	-	-	**26.07**
	31.03.09	-	-	21.58	48.83	-	-	-	-	**70.41**
	31.03.08	-	-	20.93	56.40	-	-	-	-	**77.33**
	31.03.07	-	-	1.35	13.47	20.54	-	-	-	**35.36**
	31.03.06	-	-	-	-	-	-	-	-	**-**
	31.03.05	-	-	-	-	-	-	-	-	**-**

Particulars	Period / Year Ended	Ultimate Holding Company	Holding Company	Subsidiary including Step Down Subsidiary	Entities having common control/ Associates	Fellow Subsidiary	Entities having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Rent paid	30.09.09	-	-	-	-	-	-	1.77	5.59	**7.36**
	31.03.09	-	-	-	-	-	-	3.63	3.97	**7.60**
	31.03.08	-	-	-	-	-	-	3.56	3.90	**7.46**
	31.03.07	-	-	-	-	-	-	3.23	3.54	**6.77**
	31.03.06	-	-	-	-	-	-	0.98	1.13	**2.11**
	31.03.05	-	-	-	-	-	0.36	0.08	-	**0.44**
Re-imbursements paid	30.09.09	-	-	6.55	-	-	-	-	-	**6.55**
	31.03.09	-	-	-	3.58	-	-	-	-	**3.58**
	31.03.08	-	-	-	2.26	-	-	-	-	**2.26**
	31.03.07	-	-	-	-	-	-	-	-	**-**
	31.03.06	-	-	-	-	-	-	-	-	**-**
	31.03.05	-	-	-	-	-	-	-	-	**-**
Interest Received / Receivable	30.09.09	-	-	-	-	-	-	-	-	**-**
	31.03.09	2.93	-	13.51	-	-	-	-	-	**16.44**
	31.03.08	-	-	-	-	-	-	-	-	**-**
	31.03.07	-	-	-	-	-	-	-	-	**-**
	31.03.06	-	-	-	-	-	-	-	-	**-**
	31.03.05	-	-	-	-	-	-	-	-	**-**
Advances/loans given	30.09.09	-	-	1,093.06	-	-	-	1.00		**1,094.06**

									-	
	31.03.09	-	-	2,230.70	-	-	-	-	-	**2,230.70**
	31.03.08	79.50	-	1,041.86	-	0.02	-	0.66	-	**1,122.04**
	31.03.07	-	60.52	173.86	0.21	9.41	-	2.37	-	**246.37**
	31.03.06	-	80.03	-	3.88	1.00	-	68.71	-	**153.62**
	31.03.05	-	-	-	0.11	-	-	14.62	-	**14.73**
Recovery of Advances/loans given	30.09.09	-	-	1,756.21	-	-	-	0.06	-	**1,756.27**
	31.03.09	84.48	-	1,439.14	-	1.12	0.89	-	-	**1,525.63**
	31.03.08	-	-	457.63	-	-	-	0.66	-	**458.29**
	31.03.07	-	140.55	-	-	9.32	-	2.37	-	**152.24**
	31.03.06	-	-	-	-	-	-	88.76	-	**88.76**
	31.03.05	-	-	-	0.15	-	-	1.00	-	**1.15**
Advances/loans taken	30.09.09	-	-	-	-	-	-	0.22	4.51	**4.73**
	31.03.09	-	1,524.95	-	3.61	-	-	2.16	2.15	**1,532.87**
	31.03.08	-	3,022.66	59.09	2.20	-	-	0.80	2.20	**3,086.95**
	31.03.07	-	1,717.14	52.89	-	1.35	-	-	-	**1,771.38**
	31.03.06	-	-	116.41	-	-	-	-	0.63	**117.04**
	31.03.05	-	-	77.01	-	-	-	-	-	**77.01**
Repayment of Advances/loans taken	30.09.09	-	1,596.10	3.71	0.66	-	-	0.55	-	**1,601.02**
	31.03.09	-	204.08	29.09	2.00	-	-	0.80	-	**235.97**
	31.03.08	-	1,205.15	3.00	2.18	-	-	-	0.05	**1,210.38**
	31.03.07	-	357.32	87.34	-		-	1.55	0.13	**447.68**

						1.34				
	31.03.06	-	-	73.41	-	0.19	-	-	0.26	**73.86**
	31.03.05	-	-	39.43	0.08	-	0.11	-	0.06	**39.68**
Deposits given	30.09.09	-	-	-	-	-	-	-	-	**-**
	31.03.09	-	-	-	-	-	-	-	-	**-**
	31.03.08	-	-	-	-	-	-	-	-	**-**
	31.03.07	-	-	-	-	-	-	-	-	**-**
	31.03.06	-	-	-	-	-	-	30.50	30.50	**61.00**
	31.03.05	-	-	-	-	-	-	-	-	**-**
Balances outstanding as at										
Debit	30.09.09	-	-	609.71	112.23	-	3.92	29.61	43.07	**798.54**
	31.03.09	-	-	1,258.62	154.51	-	3.92	28.34	23.15	**1,468.54**
	31.03.08	79.50	-	680.06	-	1.12	4.80	29.71	25.30	**820.49**
	31.03.07	-	278.20	219.01	18.27	77.07	-	29.51	27.98	**650.04**
	31.03.06	-	80.03	-	4.59	1.00	-	28.32	29.87	**143.81**
	31.03.05	-	-	-	0.53	-	-	17.87	-	**18.40**
Credit	30.09.09	-	2,702.17	-	-	-	-	-	-	**2,702.17**
	31.03.09	-	4,459.16	-	-	-	-	-	-	**4,459.16**
	31.03.08	-	2,961.24	-	661.95	-	-	-	-	**3,623.19**
	31.03.07	-	1,364.37	-	-	230.15	-	-	0.43	**1,594.95**
	31.03.06	-	-	34.45	-	-	-	-	0.56	**35.01**
	31.03.05	-	-	33.74	-	-	0.01	-	0.82	**34.57**

Details of Transactions with parties exceeding 10% of total related party Transactions

(Rupees in millions)

Name of the related parties	Relationship	For the six month period ended	For the year ended March 31,				
		September 30, 2009	2,009	2,008	2,007	2,006	2,005
Salary and perquisites							
Mr. Sunil Lulla	Key Managerial Personnel	6.27	12.54	13.59	10.01	2.40	2.40
Purchases of film rights, raw stock and home entertainment products							
Eros International Ltd UK	Entity having common control/Fellow subsidiary			758.05	234.23		
Copsale Limited	Subsidiary		60.00		82.70		
Eros International Films Private Limited.	Subsidiary	1,487.40	59.80				16.53
Big Screen Entertainment Private Limited	Subsidiary		264.44	555.90			
Eros Worldwide FZ LLC Dubai	Holding Company					106.64	
Sale of film rights							
Eros Worldwide FZ LLC Dubai	Holding Company	1,830.90	1,970.49	1,458.40	726.36		
Ayngaran International Media Private Limited.	Subsidiary		597.11				
Eros International Ltd UK	Entity having common control		500.12				
Eros International Films Private Limited	Subsidiary				84.50	43.20	25.50

Sale of Prints/VCD's/DVD's						
Eros International Ltd UK	Entity having common control/ Fellow subsidiary	62.13	162.35	143.60	106.33	
Reimbursement against old outstanding advances for overseas film rights						
Eros Worldwide FZ LLC Dubai	Holding Company				41.69	
Investment made in Shares of the Company						
Eros International Films Private Limited	Subsidiary		194.50			
Professional charges paid						
Puja V Rajani	Relative of a Key Managerial Personnel					0.36
Studio Hire Charges Paid						
Eyeqube Studios Private Limited	Subsidiary			19.73		
Reimbursement of Administrative Expenses /others						
Eros International Ltd UK	Entity having common control/Fellow subsidiary	14.88	48.83	56.40	20.54	
Eyeqube Studios Private Limited	Subsidiary	10.53	20.26			
Big Screen Entertainment Private Limited	Subsidiary			19.58		
B On Demand EU Ltd	Entity having common control				9.87	

Eros International PLS Isle of Man	Ultimate holding company/Associate				3.60		
Rent paid							
Mr. Sunil Lulla	Key Managerial Personnel	1.77	3.63	3.56	3.23	0.98	0.08
Ms. Meena A. Lulla	Relative of a Key Managerial Personnel	1.95	3.97	3.90	3.54	1.13	0.36
Ms. Manjula. K. Lulla	Relative of a key managerial personnel/ Individual having significant influence	3.64					
Reimbursements given							
Eros International Ltd UK	Entity having common control		3.58	2.26			
Eros International Films Private Limited	Subsidiary	6.55					
Interest received / receivable							
EyeQube Studios Private Limited	Subsidiary		13.51				
Eros International PLC Isle of Man	Ultimate Holding Company		2.93				
Advances/loans given							
Eros International Films Private Limited	Subsidiary	975.76	1,590.35	703.78			
Big Screen Entertainment Private Limited	Subsidiary			300.59	173.86		
Ayngaran International Media Private Limited	Subsidiary		264.01				
Eros Worldwide FZ LLC Dubai	Holding Company				60.52	80.03	

Mr. Sunil Lulla	Key Managerial Personnel				2.37	68.71	14.62
Recovery of Advances/loans given							
Eros Worldwide FZ LLC Dubai	Holding Company				140.55		
Mr. Sunil Lulla	Key Managerial Personnel				1.55	88.76	1.00
Eros International Films Private Limited	Subsidiary	1,597.69	937.90	295.88			
Big Screen Entertainment Private Limited	Subsidiary		355.30	135.94			
Advances/loans taken							
Eros Worldwide FZ LLC Dubai	Holding Company		1,524.95	3,022.66	1,717.14		
Eros International Films Private Limited	Subsidiary				52.89	116.41	77.01
Mr. Sunil Lulla	Key Managerial Personnel	0.22					
Ms. Meena A. Lulla	Relative of a Key Managerial Personnel	1.42					
Repayment of Advances/loans taken							
Eros Worldwide FZ LLC Dubai	Holding Company	1,596.10	204.08	1,205.15	357.32		
Big Screen Entertainment Private Limited	Subsidiary		29.09				
Eros International Films Private Limited	Subsidiary				87.34	73.41	39.43
Deposits given							
Mr. Sunil Lulla	Key Managerial Personnel					30.50	
Ms. Meena A. Lulla	Relative of a Key Managerial Personnel					30.50	

4. (i) Sundry Debtors include following amount due from subsidiaries and companies under the same management

(Rupees in millions)

Name of the Party	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Eros International Limited, United Kingdom	112.23	154.51	85.96	75.97	-	135.98
Eros Worldwide FZ LLC- United Arab Emirates	404.17	243.28	420.33	232.18	-	-
Shivam Enterprises	3.92	3.92	4.80	4.80	4.59	0.72
Eros International Films Private Limited (formerly known as Eros Pictures Private Limited and as Shivam Videotech Private Limited)	-	-	-	45.95	-	-
Eros Music Publishing Private Limited	0.43	0.43	-	-	-	-
Ayngaran International Media Private Limited	47.98	124.01	-	-	-	-
Total	**568.73**	**526.15**	**511.09**	**358.90**	**4.59**	**136.70**

(ii) Loans and advances to subsidiaries and companies under same management comprise as follows

(Rupees in millions)

Name of the Party	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
B on Demand EU Limited	-	-	-	9.87	-	-
Eros International PLC, Isle of Man	-	-	79.50	3.60	-	-
Eros Digital Private Limited	-	-	1.12	1.10	1.00	-
Eros Worldwide FZ LLC – United Arab Emirates	-	-	-	46.02	80.03	-
Big Screen Entertainment Private Limited	-	70.63	226.22	173.86	-	-
Eros International Films Private Limited	289.87	911.79	453.85	-	-	-
Eyeqube Studios Private Limited	227.45	206.67	11.68	-	-	-
Eros Music Publishing Private Limited	5.10	5.10	-	-	-	-
Total	**522.42**	**1,194.19**	**772.37**	**234.45**	**81.03**	**-**

5. Segment information

a) Primary segment information

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

b) Secondary segment information

The 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'.

(Rupees in millions)

Description	As at and for the six month period ended September 30, 2009	As at and for the Year ended				
		2009	2008	2007	2006	2005
Revenues by Geographical Market						

Outside India	1,979.36	2,756.60	1,621.60	895.82	699.57	911.47
Within India	907.60	2,039.48	2,766.21	947.37	250.17	152.64
Total	**2,886.96**	**4,796.08**	**4,387.81**	**1,843.19**	**949.74**	**1,064.11**
Carrying Amount of Segment Assets*						
Outside India	526.42	407.81	602.53	529.24	637.18	395.81
Within India	6,722.33	7,371.39	5,938.65	2,292.18	575.97	584.14
Total	**7,248.75**	**7,779.20**	**6,541.18**	**2,821.42**	**1,213.15**	**979.95**

* **excludes Foreign Currency Monetary item Translation difference**

6. The Company has exercised the option granted vide notification F.No.17/33/2008/CL-V dated March 31, 2009 issued by the Ministry of Corporate Affairs and accordingly the exchange differences arising on revaluation of long term foreign currency monetary items for the year ended March 31, 2008 and March 31, 2009 have been recognized over the shorter of the maturity period or March 31, 2011. The unamortized balance of Rupees 5.00 millions as on September 30, 2009 (March 31, 2009 Rupees 11.52 millions) is debited to "Foreign Currency Monetary item Translation Difference Account" which has been grouped under Reserves and Surplus.

7. In terms of the provisions of Section 383A of the Companies Act, 1956, the Company is required to have a whole-time Company Secretary. The Company is in the process of complying with the provisions of the aforesaid section.

8. 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:

Particulars	**For the six month period ended September 30, 2009**	**For the year ended March 31,**				
		2009	**2008**	**2007**	**2006**	**2005**
Net Profit after tax available for equity shareholders (Rupees in millions)	276.05	479.02	344.73	32.39	12.76	3.61
Weighted average number of equity shares outstanding during the period / year (after considering the Bonus shares issued on December 1, 2009 on the equity shares outstanding as on September 30, 2009) (in millions)	71.40	71.40	71.40	71.40	71.40	71.40
Nominal value of shares (in Rupees)	10	10	10	10	10	10
Earnings per Share – Basic and Diluted (in Rupees)	3.87	6.71	4.83	0.45	0.18	0.05

9. Earnings in foreign exchange

(Rupees in millions)

Particulars	**For the six month period ended September 30, 2009**	**For the year ended March 31,**				
		2009	**2008**	**2007**	**2006**	**2005**
FOB value of exports	1,971.37	2,734.49	1,602.62	882.22	687.46	888.01

10. CIF value of imports

(Rupees in millions)

Particulars	For the six month period ended September 30, 2009	For the year ended March 31,				
		2009	2008	2007	2006	2005
Purchase of film/ serial rights	0.88	64.44	986.81	324.88	306.16	412.92
Purchase of beta tapes	0.04	0.30	0.23	0.15	0.26	0.18
Purchase of DVD's	0.25	0.27	0.07	-	-	1.18
Purchase of Studio Equipments	-	-	-	-	-	1.75
Purchase of software	-	0.15	-	-	-	-

11. Expenditure in foreign currency

(Rupees in millions)

Particulars	For the six month period ended September 30, 2009	For the year ended March 31,				
		2009	2008	2007	2006	2005
Traveling expenses	0.44	0.97	1.09	1.31	0.63	0.43
Business Promotion Expenses	0.43	0.13	0.73	0.01	0.01	0.46
Repairs and Maintenance Charges	-	-	0.04	0.07	0.32	-
Film Festival Expenses	0.09	1.13	0.30	0.42	0.09	0.17
Legal and Professional Charges	-	3.41	-	-	-	-
Film Production Costs/Expenditure	6.18	10.29	-	-	-	-
Annual Maintenance Charges	-	-	-	-	0.13	0.55
Website Expenses	-	-	-	-	-	0.02
Subscription Charges/Membership fees	0.03	-	-	-	-	0.02
Advertisement Expenses	-	-	-	-	-	0.11

12. Auditors' Remuneration (including service tax) has been classified as under

(Rupees in millions)

Particulars	For the six month period ended September 30, 2009	For the year ended March 31,				
		2009	2008	2007	2006	2005
Statutory Audit	-					

		1.82	1.85	0.73	0.55	0.55
Tax Audit	-	0.33	0.34	0.17	0.11	0.11
Other Services *	4.25	0.94	0.96	0.92	1.56	0.00
Out of Pocket Expenses	-	0.06	0.04	0.02	0.01	0.01

* Other Services for half year ended September 30, 2009 relates to Initial Public Offering (IPO) Expenses and hence have been grouped under IPO Related expenses pending adjustments against Share Premium Account under Loans & Advances.

13. Operating Leases

The Company has various operating lease agreements for office facilities and residential premises for employees which include leases that are renewable on a yearly basis, cancellable at its option.

Future minimum lease payments for non-cancellable operating leases are:

(Rupees in millions)

Particulars	**For the six month period ended September 30, 2009**	**For the year ended March 31,**				
		2009	**2008**	**2007**	**2006**	**2005**
Not older than one year	17.81	24.57	24.17	11.03	-	-
Later than one year, but not later than five years	1.70	6.54	27.69	-	-	-
Later than five years	-	-	-	-	-	-

15. 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.

16. During the financial year 2007-08, the Company was subject to a search under section 132 of the Income Tax Act, 1961. As a consequence of such search, the Income tax Department imposed block assessments on the Company. As of date, the Company has not received any demand notice for payment of taxes, arising out of such search. The management is of the opinion that no demand may be levied on the Company upon completion of block assessments by the Income tax Department. However, the possibility of a potential tax demand upon completion of block assessments cannot be precluded and it is therefore not possible to currently ascertain tax liability, if any, which could be imposed on the Company upon the conclusion of block assessments.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 5

Unconsolidated Statement of Accounting Ratios, as Restated

	As at and for the six month period ended	**As at and for the Year ended March 31,**				
Particulars	**September 30, 2009**	**2009**	**2008**	**2007**	**2006**	**2005**
Earnings per Share – Basic and Diluted (in Rupees)	3.87	6.71	4.83	0.45	0.18	0.05
Return on net worth	20.04%	43.76%	54.84%	11.41%	5.07%	1.51%
Net Asset Value per Equity Share (in Rupees)	19.29	15.33	8.80	3.98	3.52	3.34
Weighted average number of equity shares outstanding during the period / year (after considering the Bonus shares issued on December 1, 2009 on the equity shares outstanding as on September 30, 2009) (in millions)	71.40	71.40	71.40	71.40	71.40	71.40
Total number of equity shares outstanding during the year / period (in millions)	5.1	5.1	5.1	5.1	5.1	5.1

Notes:

1. The figures for the six month period ended September 30, 2009 have not been annualized.

2 . The Ratios have been computed as below:

Earnings per share – Basic and Diluted (in Rupees) = $\dfrac{\text{Net profit after tax as restated after excluding extraordinary income attributable to equity shareholders}}{\text{Weighted average number of shares outstanding during the year / period}}$

Return on net worth (%) = $\dfrac{\text{Net profit after tax as restated after excluding extraordinary income}}{\text{Net worth excluding revaluation reserve and preference share capital at the end of the year / period}}$

Net Asset Value Per Equity Share (in Rupees) = $\dfrac{\text{Net worth excluding revaluation reserve at the end of the year / period}}{\text{Number of equity shares outstanding at the end of the period / year}}$

Net worth = paid up share capital + share premium account, and reserves and surplus (excluding revaluation reserve) -

miscellaneous expenditure (to the extent not adjusted or written off) (+/-) Surplus/(Deficit) in Profit and Loss Account

3. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as notified under the Companies Act, 1956.

4. Calculation of ratios post issue has not been considered.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 6

Unconsolidated Capitalization Statement

(Rupees in millions)

Particulars	Pre-Issue as at September 30, 2009	Adjusted for the Post-Issue*
Borrowing		
Short term debt	1,224.50	*
Long term debt	610.93	*
Total Borrowing	**1,835.43**	*****
Shareholder's Fund		
Share Capital	51.00	*
Reserves and Surplus	1,326.44	*
Total Shareholders' Fund	**1,377.44**	*****
Long term debt / Equity ratio	**0.44**	*****

* The corresponding Post issue figures will be calculated on conclusion of the book building process.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 7

Statement of Share Capital

(Rupees in millions)

Particulars	As at	As at March 31,				
	September 30, 2009	2009	2008	2007	2006	2005
Share Capital						
Authorized :						
Equity Share Capital *(Rupees in million)*	60.00	60.00	60.00	60.00	60.00	60.00
Issued, Subscribed and Paid-up :						
Equity Share Capital *(Rupees in million)*	51.00	51.00	51.00	51.00	51.00	51.00
Face value per equity share (in Rupees)	10	10	10	10	10	10
Total	**51.00**	**51.00**	**51.00**	**51.00**	**51.00**	**51.00**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 8

Unconsolidated Statement of Tax Shelters

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	2009	2008	2007	2006	2005
	Profit before current and deferred Taxes, As Restated	420.44	730.71	539.18	53.94	24.70	8.51
	Income Tax Rate (in %)						
	Basic Tax Rate	30.00	30.00	30.00	30.00	30.00	35.00
	Surcharge (on Basic Tax Rate)	10.00	10.00	10.00	10.00	10.00	2.50
	Education Cess (On Basic Tax Rate + Surcharge)	3.00	3.00	3.00	2.00	2.00	2.00
	Total Tax Rate (in %)	33.99	33.99	33.99	33.66	33.66	36.59
A	**Tax at notional rate**	**142.91**	**248.37**	**183.27**	**18.15**	**8.31**	**3.11**
	Adjustments:						
	1. Permanent Differences						
	Expenses Disallowed for Tax	2.86	3.84	2.18	4.89	2.35	2.06
	Donations	0.14	4.58	0.52	1.51	0.07	0.07
	Total of Permanent Differences	**3.00**	**8.42**	**2.70**	**6.40**	**2.42**	**2.13**
	2. Timing differences						
	Depreciation	(71.33)	(574.15)	(312.72)	7.82	12.40	4.76
	Disallowance u/s 40a(ia) of the Income Tax Act, 1961	0.08	0.86	(0.43)	(0.05)	1.08	-
	Expenses disallowed u/s 43B of the Income Tax Act, 1961	(0.51)	3.14	(0.09)	4.50	0.38	0.37
	Provision for Input Value Added Tax	-	42.81	38.87	18.18	-	-
	Total of Timing Differences	**(71.76)**	**(527.34)**	**(274.37)**	**30.45**	**13.86**	**5.13**
	Net adjustments	(68.76)	(518.92)	(271.67)	36.85	16.28	7.26
B	**Tax Impact on account of Adjustments (Net)**	**(23.37)**	**(176.38)**	**(92.34)**	**12.41**	**5.48**	**2.65**
C	**Tax under normal provisions of Income Tax Act, 1961 (A+B)**	**119.54**	**71.99**	**90.93**	**30.56**	**13.79**	**5.76**
	MAT Rate	17.00	11.33	11.33	11.22	7.69	7.69
D	**Tax under MAT**	71.48	82.79	61.09	6.05	1.90	0.65
E	**Current Domestic Tax payable for the period / year (Higher of C or D)**	**119.54**	**82.79**	**90.93**	**30.56**	**13.79**	**5.76**
	Provision for Current Domestic Tax as per books of Account						
	(net of MAT Credit)	**120.00**	**85.00**	**92.00**	**32.50**	**15.84**	**7.00**

Note:

The above Statement is in accordance with Accounting Standard 22 – 'Accounting for Taxes on Income" as notified under the Companies Act, 1956 and has been prepared based on the Income Tax Returns filed for the respective years and are not based on the assessed income. The figures for the six months ended September 30, 2009 have been prepared from the provisional computation for the said period.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 9

Details of Other Income, As Restated

(Rupees in millions)

Particulars	For the six month period ended September 30, 2009	For the year ended March 31, 2009	2008	2007	2006	2005
Sundry Balances Written Back	1.30	3.00	0.88	5.35	5.48	0.72
Foreign Exchange Gain (Net)	79.39	-	146.33	46.80	-	-
Miscellaneous Income	4.34	5.29	5.62	4.19	8.37	1.01
Total	**85.03**	**8.29**	**152.83**	**56.34**	**13.85**	**1.73**
% to Net Profit Before Tax	20.22%	1.13%	28.34%	104.45%	56.07%	20.33%

Notes:

1. In view of the management, the components of Other Income mentioned above are related to the business activities of the Company and are recurring in nature.
2. The classification of the Other Income as recurring / non-recurring and related / not related to the business activities is based on the current operations and the business activities of the Company as determined by the management.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 10

Statement of Dividend paid

(Rupees in millions)

	For the six month period ended	For the year ended March 31,				
Particulars	**September 30, 2009**	**2009**	**2008**	**2007**	**2006**	**2005**
Class of Shares						
Equity Share Capital (Face value of Rupees 10 per share)	51.00	51.00	51.00	51.00	51.00	51.00
Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Dividend Tax	Nil	Nil	Nil	Nil	Nil	Nil
Total	**-**	**-**	**-**	**-**	**-**	**-**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 11

Unconsolidated Age-wise analysis of Debtors, As Restated

(Rupees in millions)

Age wise Break-up	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Debt exceeding six months	198.85	249.80	170.68	36.32	182.58	81.71
Other Debts	702.28	531.66	604.49	556.52	437.14	399.58
Total	**901.13**	**781.46**	**775.17**	**592.84**	**619.72**	**481.29**

Sundry Debtors include following amounts due from subsidiaries, companies under the same management, directors and relatives of directors:

(Rupees in millions)

Name of the Party	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Eros International Limited, United Kingdom	112.23	154.51	85.96	75.97	-	135.98
Eros Worldwide FZ LLC- United Arab Emirates	404.17	243.28	420.33	232.18	-	-
Shivam Enterprises	3.92	3.92	4.80	4.80	4.59	0.72
Eros International Films Private Limited (formerly known as Eros Pictures Private Limited and as Shivam Videotech Private Limited)	-	-	-	45.95	-	-
Eros Music Publishing Private Limited	0.43	0.43	-	-	-	-
Ayngaran International Media Private Limited	47.98	124.01	-	-	-	-
Directors / Relatives of Directors	-	-	-	-	-	-
Total	**568.73**	**526.15**	**511.09**	**358.90**	**4.59**	**136.70**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 12

Unconsolidated Statement on Investments

(Rupees in millions)

Types of Investments	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Unquoted						
Subsidiary Companies	204.06	204.06	9.46	9.37	9.30	9.30
Others	-	-	-	-	-	-
Sub Total	**204.06**	**204.06**	**9.46**	**9.37**	**9.30**	**9.30**
Quoted	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-
Total	**204.06**	**204.06**	**9.46**	**9.37**	**9.30**	**9.30**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 13

Unconsolidated Statement of Loans and Advances, as Restated

(Rupees in millions)

	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Advances to Group Companies	617.60	1,194.19	771.25	173.86	-	-
Advances against Productions or Rights	2,461.55	2,658.96	2,236.79	1,246.05	227.66	219.62
Others	543.48	506.95	325.82	247.28	116.04	46.38
Total	**3,622.63**	**4,360.10**	**3,333.86**	**1,667.19**	**343.70**	**266.00**

Loans and advances to subsidiaries and companies under same management comprise as follows:

(Rupees in millions)

Name of the Party	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
B on Demand EU Limited	-	-	-	-	-	-
Eros International PLC, Isle of Man	-	-	79.50	-	-	-
Eros Digital Private Limited	-	-	-	-	-	-
Eros Worldwide FZ LLC – United Arab Emirates	-	-	-	-	-	-
Big Screen Entertainment Private Limited	95.18	70.63	226.22	173.86	-	-
Eros International Films Private Limited	289.87	911.79	453.85	-	-	-
Eyeqube Studios Private Limited	227.45	206.67	11.68	-	-	-
Eros Music Publishing Private Limited	5.10	5.10	-	-	-	-
Total	**617.60**	**1,194.19**	**771.25**	**173.86**	**-**	**-**

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

(Rupees in millions)

Name of the Party	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Director	29.62	28.35	29.71	29.51	28.32	17.87
Relatives of Director	43.07	23.14	25.30	27.98	29.87	-
Total	**72.69**	**51.49**	**55.01**	**57.49**	**58.19**	**17.87**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 14

Unconsolidated Statement of Secured Loans, As Restated

(Rupees in millions)

	As at	As at March 31,				
Particulars	**September 30, 2009**	**2009**	**2008**	**2007**	**2006**	**2005**
Term Loans from Banks	602.87	448.10	485.43	23.72	153.69	6.75
Packing Credit and Export Bill Discounting	1,077.01	759.99	658.99	458.47	458.03	452.45
Cash Credit and Demand Loans	147.11	-	26.20	168.21	177.75	24.22
Others	8.06	12.20	12.54	5.20	0.89	1.45
Total	**1,835.05**	**1,220.29**	**1,183.16**	**655.60**	**790.36**	**484.87**

The Company has placed cash collateral deposits of Rupees 250.00 millions on September 30, 2009 (March 31, 2009 Rupees 250.00 millions), being security for borrowings with the banks. In addition the company has also placed margin deposits of Rupees 76.52 millions (March 31, 2009 Rupees 57.60 millions) as margin for Bill discounting facilities with the banks.

The security given for the above loans as on September 30, 2009 is as follows:

Term Loans *(Rupees in millions)*

Name of the Bank/ Institution	Balance Outstanding as at September 30, 2009	Sanction Limits	Rate of Interest	Repayment Terms	Prepayment Terms	Penalty/Interest	Securities Offered
Industrial Development Bank of India	250.00	250.00	BPLR+2.25%p.a (payable monthly)	To be repaid before the release of the film i.e. October 31, 2009	Prepayment allowed without any prepayment premium	Additional interest @ 2% p.a. payable on default in payment of any installment of principal amount.	Term Loans 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
Union Bank of India	98.00	98.00	BPLR p.a. (payable monthly)	Rs. 2.33 million payable in 42 monthly installments out of the total 60 monthly installment.	Prepayment will be subject to applicable prepayment charges and terms and condition at the discretion of the Bank.	Penal interest at such rate as the Bank in its discretion determine on the amount then outstanding.	
Indian Overseas Bank	200.00	200.00	BPLR+2.00% p.a. (payable monthly) with a minimum of 14.50%	Rs. 3.33 million payable in 60 monthly installments.	Prepayment will be subject to applicable prepayment charges and terms and condition at the discretion of the Bank.	Additional interest @ 2% p.a. payable on default in payment of any installment of principal amount.	
Indian Overseas Bank	54.87	54.87	BPLR+2.75% p.a. (payable monthly) with a minimum of 15.25%, if extended in foreign currency LIBOR+4.00%	Rs. 2 million payable in 28 monthly installments.	Prepayment will be subject to applicable prepayment charges and terms and condition at the discretion of the Bank.	Additional interest @ 2% p.a. payable on default in payment of any installment of principal amount.	
	602.87						

Packing Credit and Export Bill Discounting

(Rupees in millions)

Name of the Bank/ Institution	Balance outstanding as at September 30, 2009	Sanction Limits	Repayment Terms	Securities Offered
Indian Overseas Bank	705.14	710.00	As per the RBI guidelines	a) Packing credit is secured by hypothecation of films and film rights with pari passu charge on current assets and personal guarantee of a director. b)
Oriental Bank of Commerce	245.53	250.00	As per the RBI guidelines	

Union Bank of India	126.34	220.00	As per the RBI guidelines	Bill Discounting (Foreign bills/ Supplier bills) is secured by document of title to goods and accepted hundies with first pari passu charge on current assets and personal guarantee of a director
Total	**1,077.01**			

Cash Credit and Demand Loans *(Rupees in millions)*

Name of the Bank/ Institution	Balance outstanding as at September 30, 2009	Rate of Interest	Repayment Terms	Securities Offered
Indian Overseas Bank*	147.11	30.00	BPLR +1.5% p.a. with a minimum of 14% p.a.	Cash credit is secured by way of hypothecation of stock of DVD's / VCD's and receivables relating to domestic rights operations along with first pari passu charge on current assets.
*	Balance outstanding as on September 30, 2009 is overdrawn as per books of accounts.			

Others (Car Loans) *(Rupees in millions)*

Name of the Bank/ Institution	Balance outstanding as at September 30, 2009	Rate of Interest	Repayment Terms	Securities Offered
HDFC Bank	0.19	15% p.a.	Balance in 7 monthly installment.	Car loans are secured by hypothecation of vehicles acquired there against.
ICICI Bank	7.87	10% to 14% p.a.	Balance payable in 6 to 15 monthly installments.	
	8.06			

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 15

Unconsolidated Statement of Unsecured Loans, as Restated

	As at	As at March 31,				
Particulars	**September 30, 2009**	**2009**	**2008**	**2007**	**2006**	**2005**
From Relatives of Directors	0.38	0.38	1.18	0.43	2.12	0.83
(Interest free, repayable on demand)						
From Others	-	-	-	-	-	29.41
(Interest free, repayable on demand)						
Total	**0.38**	**0.38**	**1.18**	**0.43**	**2.12**	**30.24**

Rupees in millions)

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 16

Unconsolidated Statement of Contingent Liabilities

(Rupees in millions)

Particulars	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Guarantees issued by the Company's Bankers on behalf of the Director	-	-	-	-	-	76.70
Bank Guarantees in favour of various Government Authorities	0.03	0.03	0.03	1.06	1.06	-
Corporate guarantee to a bank for loans availed by a subsidiary company	50.00	50.00	50.00	50.00	50.00	-
Sales tax/cess claims disputed by the Company	159.93	74.67	74.67	74.67	-	-
Claims against the company not acknowledged as debts	56.98	56.98	56.98	56.98	-	-
Income tax and interest demands raised by authorities and disputed by the company	22.93	22.93	22.93	22.93	-	-
VAT and CST Liability on the sale / lease of Copy Rights under the MVAT Act and disputed by the Company and the Industry.	20.94	-	-	-	-	-

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 17

Unconsolidated Statement of Operating Expenses, as Restated

(Rupees in millions)

Particulars	For the six month period ended September 30, 2009	For the year ended March 31, 2009	2008	2007	2006	2005
Amortization of Film Rights	623.94	1,418.11	1,748.22	538.47	32.27	19.31
Purchase of Film / Serial Rights	1,324.60	1,564.59	1,206.63	746.70	601.00	695.38
(Increase) / Decrease in Inventories	1.75	(220.08)	(383.97)	2.90	4.38	38.83
Others	208.74	622.26	777.85	233.11	128.95	204.09
Total	**2,159.03**	**3,384.88**	**3,348.73**	**1,521.18**	**766.60**	**957.61**

RESTATED CONSOLIDATED FINANCIAL INFORMATION

AUDITORS' REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

(As required by Part II of Schedule II of the Companies Act, 1956)

To
The Board of Directors
Eros International Media Limited
201, Kailash Plaza
Andheri Link Road
Andheri West
Mumbai – 400 053
India

Dear Sirs,

1 We have examined the attached consolidated restated financial information of Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited) ("the Company") and its subsidiaries (together termed as "the Group"), as attached to this report, stamped and initialed by us for identification and as approved by the Board of Directors, which has been prepared in accordance with Paragraph B, Part-II of Schedule II of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations"), issued by the Securities and Exchange Board of India (SEBI).

3 The preparation and presentation of this financial information is the responsibility of Company's management. Our work has been carried out in accordance with the auditing standards generally accepted in India and in accordance with the Guidance Note on Reports in Company Prospectuses (Revised), issued by the Institute of Chartered Accountants of India. Our examination was conducted in accordance with the terms of our letter of engagement with the Company requesting us to carry out work in relation to the Offer Document being issued by the Company in connection with its proposed Initial Public Offer.

3 We have examined the attached Consolidated Restated Summary Statement of Assets and Liabilities of the Group as at March 31, 2005, 2006, 2007, 2008, 2009 and as at September 30, 2009 (six months), the attached Consolidated Restated Summary Statement of Profits and Losses and the attached Consolidated Restated Summary Statement of Cash Flows for each of the years / period ended on those dates (Annexure 1, 2 and 3) as prepared by the management and approved by the Board of Directors. Such consolidated restated financial information has been arrived at after making such adjustments and regroupings, as in our opinion, are appropriate and more fully described in the Statement of Significant Accounting Policies and Notes to the Consolidated Restated Statements appearing in Annexure 4 to this report. These consolidated restated summary statements have been prepared from the audited financial statements of the Company and its subsidiaries for the years ended March 31, 2005, 2006, 2007, 2008 and 2009 and adopted by the members of the respective companies in the respective years in their respective Shareholders' Meetings and also for the six month period ended September 30, 2009, as approved by the Board of Directors.

4 We have not audited the financial statements of the Company for the years ended March 31, 005, 2006 and 2007 as also of certain subsidiaries for the years ended March 31, 2005, 2006, 2007, 2008 and 2009 and for the six months ended September 30, 2009. The total assets and total revenues as reflected by these financial statements not audited by us are as below:

(Rupees in millions)

Financial Year / Period	Total Assets	Total Revenues
2004-2005	1,312.14	1,150.61
2005-2006	1,515.30	1,079.67
2006-2007	3,917.35	2,442.74
2007-2008	2,219.57	1,218.05

2008-2009	4,454.75	2,783.96
2009-2010 (six months ended September 30, 2009)	3,658.44	679.36

These financial statements were audited by other auditors and we have relied on these audited financial statements and have not carried out any audit tests or review procedures on the same. Since we did not perform the audit for these financial statements, the financial information included for such years is solely based on the audit reports submitted by the respective statutory auditors for the relevant years, whose reports were furnished to us and our opinion in so far as it relates to the amounts included in respect of such subsidiaries is based solely on the reports of such other auditors.

5 Based on our examination of the above, we further report that the Consolidated Restated Summary Statement of Assets and Liabilities, the related Consolidated Restated Summary Statement of Profits and Losses, the related Consolidated Restated Summary Statement of Cash Flows and the notes thereon, of the Group, do not require any restatement, except as stated in Annexure 1A of this Report since:

(ii) There are no changes in accounting policies, the impact of which needs adjustment retrospectively in respective financial years;

(ii) There are no amounts relating to previous years that need adjustments in the respective financial years to which they relate (except as stated in Annexure 1A);

(iii) There are no extra-ordinary items that need to be disclosed separately in the accounts;

(iv) There are no qualifications in the Auditors' Reports that require adjustments.

Based on the above we are of the opinion that the consolidated restated financial statements have been made in accordance with the SEBI Regulations after incorporating all the adjustments suggested in the said regulations.

6 Other Financial Information

We have also examined the following consolidated financial information of the Group as at and for the years ended March 31, 2005, 2006, 2007, 2008 and 2009 and as at / for the six months ended September 30, 2009, which are proposed to be included in the Offer Document, prepared by the management and approved by the Board of Directors and annexed to this report:

(i) Consolidated Statement of Accounting Ratios, as Restated included in Annexure 5

(ii) Consolidated Capitalization Statement, as Restated included in Annexure 6

(iii) Details of Other Income, as Restated included in Annexure 7

(iv) Consolidated Age-wise analysis of Debtors, as Restated included in Annexure 8

(v) Consolidated Statement on Investments, as Restated included in Annexure 9

(vi) Consolidated Statement of Loans and Advances, as Restated included in Annexure 10

(vii) Consolidated Statement of Secured Loans, as Restated included in Annexure 11

(viii) Consolidated Statement of Unsecured Loans, as Restated included in Annexure 12

(ix) Consolidated Statement of Contingent Liabilities, as Restated included in Annexure 13

(x) Consolidated Statement of Operating Expenses, as Restated included in Annexure 14

7 This report should not be in any way construed as a reissuance or a re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

8 We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.

9 We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10 Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the proposed initial public offering of equity shares of the Company. Our report and the enclosed Annexures should not be used, distributed, referred to, published or relied upon by any person for any other purpose, except with our prior written consent.

For **Walker, Chandiok & Co**
Chartered Accountants
(ICAI Registration No. 001076N)

per **Khushroo B. Panthaky**
Partner
Membership No. F-42423
Mumbai
Dated: December 16, 2009

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 1

Consolidated Restated Summary Statement of Profits and Losses

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	2009	2008	2007	2006	2005
A	**Income**						
	Sales and Service Income	3,282.54	6,265.28	4,747.12	2,179.41	1,020.94	1,106.03
	Other Income	106.89	12.57	154.73	68.35	14.63	2.55
	Total Income	**3,389.43**	**6,277.85**	**4,901.85**	**2,247.76**	**1,035.57**	**1,108.58**
B	**Expenditure**						
	Operating Expenses	2,316.48	4,220.12	3,661.55	1,799.86	837.09	1,014.71
	Employee Remuneration and Other Benefits	79.31	154.93	84.97	36.80	17.50	19.77
	Administrative and Other Expenses	293.93	752.27	449.45	180.44	94.91	42.23
	Finance Costs (Net)	49.59	61.05	28.18	52.12	44.57	28.71
	Depreciation	21.87	49.69	17.87	9.41	9.75	14.30
	Amortisation of Goodwill on Consolidation	-	1.10	-	0.02	-	-
	Total Expenditure	**2,761.18**	**5,239.16**	**4,242.02**	**2,078.65**	**1,003.82**	**1,119.72**
C	**Net Profit / (Loss) Before Tax and Extra Ordinary Items (A-B)**	**628.25**	**1,038.69**	**659.83**	**169.11**	**31.75**	**(11.14)**
	Extra Ordinary Items	-	-	-	-	-	-
	Net Profit / (Loss) Before Tax	**628.25**	**1,038.69**	**659.83**	**169.11**	**31.75**	**(11.14)**
	Taxation						
	Current tax	129.37	94.79	122.39	45.00	16.44	9.20
	Deferred tax	23.90	192.49	102.62	(12.78)	(4.72)	(2.15)
	Fringe benefits tax	-	4.21	7.63	1.89	0.77	-
	Total Taxation	**153.27**	**291.49**	**232.64**	**34.11**	**12.49**	**7.05**
	Net Profit / (Loss) after Tax and before Minority Interest	**474.98**	**747.20**	**427.19**	**135.00**	**19.26**	**(18.19)**
	Share of Minority Interest in Profit / (Loss)	**3.91**	**14.19**	**15.93**	**2.68**	**(0.20)**	**0.19**
	Net Profit / (Loss) after Minority Interest	**471.07**	**733.01**	**411.26**	**132.32**	**19.46**	**(18.38)**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 1A

Impact of changes due to restatement of Prior Period items and Tax Expenses

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	**2009**	**2008**	**2007**	**2006**	**2005**
1	**Net Profit / (Loss) after tax and before minority interest as per audited statement of accounts**	**476.05**	**746.95**	**426.37**	**147.65**	**15.17**	**(19.62)**
2	Adjustment on account of:						
	Prior Period Expenses	-	-	-	7.66	(4.09)	(1.43)
	Short Provision for Taxes	1.07	(0.25)	(0.82)	4.99	-	-
	Total impact of Adjustments	**1.07**	**(0.25)**	**(0.82)**	**12.65**	**(4.09)**	**(1.43)**
3	**Adjusted Net Profit / (Loss) after Tax and before Minority Interest as per Annexure 1**	**474.98**	**747.20**	**427.19**	**135.00**	**19.26**	**(18.19)**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 2

Consolidated Restated Summary Statement of Assets and Liabilities

(Rupees in millions)

		As at September 30,	As at March 31,				
		2009	**2009**	**2008**	**2007**	**2006**	**2005**
A	**Fixed Assets**						
	Gross Block	8,550.82	7,723.34	4,663.31	1,886.48	569.44	549.59
	Less : Depreciation / Amortisation	6,219.89	5,528.67	3,244.61	1,168.96	440.02	404.88
	Net Block	**2,330.93**	**2,194.67**	**1,418.70**	**717.52**	**129.42**	**144.71**
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	**2,330.93**	**2,194.67**	**1,418.70**	**717.52**	**129.42**	**144.71**
B	**Investments**	**80.00**	**80.00**	**60.00**	**40.00**	**-**	**-**
C	**Deferred Tax Asset (Net)**	**0.95**	**0.80**	**0.44**	**14.85**	**2.13**	**-**
D	**Current Assets, Loans and Advances**						
	Inventories	772.43	978.34	695.11	169.85	43.25	73.96
	Sundry Debtors	1,347.79	1,588.10	1,046.17	772.19	748.57	600.93
	Cash and Bank Balances	541.02	361.10	1,182.19	331.00	127.74	103.40
	Loans and Advances	4,898.45	6,005.01	3,647.47	1,629.25	420.39	346.00
		7,559.69	**8,932.55**	**6,570.94**	**2,902.29**	**1,339.95**	**1,124.29**
E	**Total Assets (A+B+C+D)**	**9,971.57**	**11,208.02**	**8,050.08**	**3,674.66**	**1,471.50**	**1,269.00**
F	**Loan Funds**						
	Secured Loans	2,103.61	2,114.12	1,233.99	685.86	883.24	536.44
	Unsecured Loans	0.43	4.03	4.78	0.50	2.12	30.24
	Total Loan Funds	**2,104.04**	**2,118.15**	**1,238.77**	**686.36**	**885.36**	**566.68**
G	**Deferred Tax Liability (Net)**	**305.11**	**281.06**	**88.27**	**0.06**	**0.12**	**2.71**
H	**Minority Interest**	**41.98**	**39.71**	**22.30**	**6.36**	**3.66**	**3.88**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Consolidated Restated Summary Statement of Assets and Liabilities (Continued….)

(Rupees in millions)

		As at September 30,	As at March 31,				
		2009	**2009**	**2008**	**2007**	**2006**	**2005**
I	**Current Liabilities and Provisions**						
	Liabilities	5,365.69	7,148.91	5,863.64	2,530.22	279.96	406.10
	Provisions	124.48	39.34	21.90	37.47	18.76	25.69
	Total Current Liabilities and Provisions	**5,490.17**	**7,188.25**	**5,885.54**	**2,567.69**	**298.72**	**431.79**
J	**Total Liabilities (F+G+H+I)**	**7,941.30**	**9,627.17**	**7,234.88**	**3,260.47**	**1,187.86**	**1,005.06**
	Net worth (E-J)	**2,030.27**	**1,580.85**	**815.20**	**414.19**	**283.64**	**263.94**
	Represented By:						
	Shareholders' Funds						
	Share Capital	51.00	51.00	51.00	51.00	51.00	51.00
	Reserves and Surplus	1,979.27	1,529.85	764.20	363.19	232.64	212.94
	Net worth	**2,030.27**	**1,580.85**	**815.20**	**414.19**	**283.64**	**263.94**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 3

Consolidated Restated Summary Statement of Cash Flows

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	2009	2008	2007	2006	2005
A	**Cash Flow From Operating Activities**						
	Net Profit / (Loss) Before Tax	**628.25**	**1,038.69**	**659.83**	**169.11**	**31.75**	**(11.14)**
	Adjustments for :						
	Depreciation / Amortization *	755.79	2,100.97	2,116.60	740.47	56.08	56.73
	Amortisation of Goodwill on Consolidation	-	1.10	-	0.02	-	-
	Preliminary / Miscellaneous Expenditure written off	-	0.31	0.07	0.04	-	-
	Sundry Balances written off	0.22	1.15	0.38	6.17	2.32	2.00
	Sundry Balances written back	(1.70)	(3.12)	(1.16)	(16.75)	(6.12)	(0.76)
	Interest and Bank Charges	61.78	130.45	48.69	57.01	50.87	31.56
	Interest Income	(12.19)	(69.40)	(20.51)	(4.89)	(6.30)	(2.85)
	(Profit) / Loss on Sale of Fixed Assets	0.91	(0.02)	-	-	(2.77)	-
	Operating Profit Before Working Capital Changes	**1,433.06**	**3,200.13**	**2,803.90**	**951.18**	**125.83**	**75.54**
	Adjustments for -						
	(Increase) / Decrease in Inventories	205.91	(283.23)	(525.26)	(126.60)	30.71	38.23
	(Increase) / Decrease in Sundry Debtors	240.31	(541.93)	(273.98)	(23.62)	(147.64)	(119.94)
	(Increase) / Decrease in Loans and Advances	1,099.22	(2,307.13)	(1,955.87)	(1,211.48)	(78.21)	54.68
	Increase/(Decrease) in Liabilities	(1,781.52)	1,288.39	3,334.58	2,267.01	(120.02)	69.76
	Increase/(Decrease) in Provisions	(1.64)	9.01	(0.02)	4.42	0.35	0.37
	Cash Generated from / (used in) Operations	**1,195.34**	**1,365.24**	**3,383.35**	**1,860.91**	**(188.98)**	**118.64**
	Income Taxes	(34.22)	(138.10)	(206.86)	(32.62)	(24.50)	(3.37)
	Net Cash from / (used in) Operating Activities	**1,161.12**	**1,227.14**	**3,176.49**	**1,828.29**	**(213.48)**	**115.27**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Consolidated Restated Summary Statement of Cash Flows (Continued…)

(Rupees in millions)

		For the six month period ended	For the year ended March 31,				
		September 30, 2009	**2009**	**2008**	**2007**	**2006**	**2005**
B	**Cash Flow from Investing Activities**						
	Purchase of Tangible Fixed Assets	(6.91)	(84.07)	(114.27)	(10.01)	(5.67)	(3.46)
	Purchase of Intangible Assets	(907.68)	(2,701.61)	(2,735.60)	(1,325.30)	(46.72)	(87.38)
	Proceeds from Sale of Fixed Assets	1.98	0.46	0.23	-	14.91	-
	Purchase of Investments	-	(20.00)	(20.00)	(40.00)	-	-
	Preliminary Expenses incurred	-	(0.08)	(0.16)	(0.18)	-	0.01
	Net Cash used in Investing Activities	**(912.61)**	**(2,805.30)**	**(2,869.80)**	**(1,375.49)**	**(37.48)**	**(90.83)**
C	**Cash Flow from Financing Activities**						
	Proceeds from / (Repayments of) Long Term Borrowings (Net)	(457.66)	781.75	470.45	(125.66)	146.29	(17.89)
	Proceeds from/ (Repayments of) Short Term Borrowings (Net)	450.17	84.80	81.96	(73.34)	172.39	68.91
	Interest Income received	10.95	65.28	19.09	1.34	7.81	1.35
	Interest and Bank Charges paid	(61.78)	(130.45)	(48.69)	(57.01)	(50.87)	(31.56)
	Net Cash from / (used in) Financing Activities	**(58.32)**	**801.38**	**522.81**	**(254.67)**	**275.62**	**20.81**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**190.19**	**(776.78)**	**829.50**	**198.13**	**24.66**	**45.25**
	Cash and Cash Equivalents at beginning of the period / year	**361.10**	**1,182.19**	**331.00**	**127.74**	**103.40**	**58.21**
	Effect of Exchange Rate on Consolidation of Foreign Subsidiaries	(10.27)	(44.31)	21.69	5.13	(0.32)	(0.06)
	Cash and Cash Equivalents at the end of the period / year	**541.02**	**361.10**	**1,182.19**	**331.00**	**127.74**	**103.40**
	Components of Cash and Cash Equivalents						
	Cash on hand	2.38	2.98	4.87	0.51	0.66	0.21
	Cheques on hand	124.01	-	-	-	-	-

Balances with the banks	87.83	41.46	487.00	102.04	4.41	5.04
Deposit and margin money**	326.80	316.66	690.32	228.45	122.67	98.15
Total	**541.02**	**361.10**	**1,182.19**	**331.00**	**127.74**	**103.40**
** Pledged as collateral security	326.52	316.38	317.17	212.88	122.62	98.10

*** includes amortization of film rights grouped under Operating Expenses**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 4

Statement of Significant Accounting Policies and Notes to the Consolidated Restated Statements

I. Nature of Operations

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

II. (a) Basis of preparation

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

(b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles ('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 (AS-21)

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 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 net worth is recognised as goodwill/capital reserve.

iv. The CFS are prepared after fully eliminating intra group balances, intra group transactions and unrealised profits from the intra group transactions.

v. Minorities' interest in net profit/loss of consolidated subsidiary for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by the Holding Company.

vi. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.

vii. There are no differences in reporting dates within the group entities.

(b) Revenue recognition (AS-9)

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

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

3. Revenue from theatrical distribution of films
   Revenue from theatrical distribution is recognized on exhibition of films. In case of distribution through theatres, revenue comprises 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.

(c) Fixed assets and depreciation (AS-6, AS-10)

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

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

(d) Intangible assets and amortization (AS-26)

Investment in Film and associated rights are recorded at their acquisition costs or capitalized cost less accumulated amortizations. Cost includes acquisition and production cost, any direct overhead cost and 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 capital advances as the amounts are refundable in the event of non release of the film.

(e) Investments (AS-13)

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 (AS-2)

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

e) Raw prints and tapes on weighted average basis.

f) Home entertainment products, at cost or net realizable value.

g) 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.

h) 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 (AS-28)

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

(h) Provisions and contingencies (AS-29)

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

(i) Advances for purchase of film and associated rights

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

(j) Taxes on income (AS-22)

Income tax expense comprises current income tax, deferred tax and fringe benefits 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.

Fringe Benefits tax
Provision for fringe benefits tax has been recognized on the basis of interpretations of the relevant provisions of the Income Tax Act, 1961.

(k) Leases (AS-19)

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

(l) Foreign currency transactions (AS-11)

Transactions in foreign currencies are accounted at exchange rates prevalent on the date of the transaction. Foreign currency monetary assets and liabilities at the period end are translated using the exchange rates prevailing at the end of the period. All exchange differences are recognized in the Profit and Loss Account except those relating to acquisition of fixed assets acquired from outside of India, which are included in the cost of the fixed assets.

IV. Notes to accounts

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

Sr. No.	Name of the Company	Country of Incorporation	Subsidiary with effect from date	% Holding as of September 30, 2009
1	Eros International Films Private Limited (formerly known as Eros Pictures Private Limited and as Shivam Videotech Private Limited)	India	March 31, 1997	99.65
2	Copsale Limited	British Virgin Island	February 11, 1999	100.00
3	Big Screen Entertainment Private Limited	India	January 17, 2007	64.00
4	Eyeqube Studios Private Limited	India	October 31, 2007	99.00
5	Eros Music Publishing Private. Limited	India	March 25, 2009	99.00
6	Eros Animation Private Limited	India	January 2, 2009	99.99
7	Ayngaran International Limited (Isle of Man)	Isle of Man	October 1, 2007	51.00
8	Ayngaran International UK Limited [wholly owned subsidiary of Ayngaran International Limited (Isle of Man)]	United Kingdom	October 1, 2007	100.00
9	Ayngaran Mauritius Limited [wholly owned subsidiary of Ayngaran International Limited (Isle of Man)]	Mauritius	March 7, 2008	100.00
10	Ayngaran International Media Private Limited (wholly owned subsidiary of Mauritius Limited)	India	October 1, 2007	100.00
11	Ayngaran Anak Media Private Limited (subsidiary of Ayngaran International Media Private Limited)	India	October 6, 2008	51.00

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

3. Deferred tax balances

The components of deferred tax liability and assets arising on account of timing differences between taxable income and accounting income are as follows:

(Rupees in millions)

Particulars	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
A) Liability						
Depreciation	365.77	317.93	104.04	0.13	0.12	3.24
B) Assets						

Depreciation	-	-	-	5.13	1.11	-
Provision for Gratuity and leave encashment	2.75	2.90	2.14	2.15	0.65	0.53
Disallowances under Income Tax Act, 1961	34.49	34.45	14.07	7.64	0.37	-
Business loss carried forward	24.37	0.32	-	-	-	-
	61.61	**37.67**	**16.21**	**14.92**	**2.13**	**0.53**
Deferred Tax Liability (Net)	**305.11**	**281.06**	**88.27**	**0.06**	**0.12**	**2.71**
Deferred Tax Asset (Net)	**0.95**	**0.80**	**0.44**	**14.85**	**2.13**	**-**

4. Related party information

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

b. List of related parties:

Particulars	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Eros Worldwide FZ-LLC, United Arab Emirates	Holding company	Holding company	Holding company	Holding company	Holding company	Holding company
Eros International Limited, United Kingdom	Entity having Common Control	Entity having Common Control	Entity having Common Control	Fellow Subsidiary	-	-
Ganges Entertainment Private Limited	Entity having Common Control	Entity having Common Control	Entity having Common Control	-	-	-
Ganges Enterprise Private Limited	Entity having Common Control	Entity having Common Control	Entity having Common Control	-	-	-
Eros Television India Private Limited	Entity having Common Control	Entity having Common Control	Entity having Common Control	-	-	-
Bhoomipooja Buildwell Properties Private Limited	Entity having Common Control	Entity having Common Control	Entity having Common Control	-	-	-
Eros Digital Private Limited	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Entity having significant influence	-
Eros International PLC, Isle of Man	Ultimate holding company	Ultimate holding company	Ultimate holding company	Associate	Associate	Associate

Shivam Enterprises	Entity having significant influence	Entity having significant influence	Entity having significant influence	Associate	Associate	Associate
B On Demand (EU) Limited	-	-	Entity having Common Control	Entity having Common Control	-	-
Mr. Naresh Chandra –(appointed as Director w.e.f. September 28, 2009)	Key Managerial Personnel	-	-	-	-	-
Mr. Kishore Lulla – (appointed as Director w.e.f. September 28, 2009)	Key Managerial Personnel	-	-	-	-	-
Ms. Jyoti Deshpande – (appointed as Director w.e.f. September 28, 2009)	Key Managerial Personnel	-	-	-	-	-
Mr. Sunil Lulla	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Mr. Bipinchandra K. Talati (retired w.e.f. September 30, 2009)	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Ms. Sundari Ramamurthy (retired w.e.f. 30-9-2009)	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Ms. Meena A. Lulla	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Individual having significant influence
Ms. Puja V. Rajani	-	-	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel
Mr. Arjan G. Lulla	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel	Relative of Key Managerial Personnel
Ms. Manjula K. Lulla	Relative of Key Managerial Personnel	-	-	-	-	-

c. Details of Related party transactions

(Rupees in millions)

Particulars	Period ended / Year ended	Ultimate Holding Company	Holding Company	Entities having common control / Associates	Fellow Subsidiary	Entities / Individuals having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Salary and perquisites	30.09.09	-	-	-	-	-	6.87	-	6.87
	31.03.09	-	-	-	-	-	13.75	-	13.75
	31.03.08	-	-	-	-	-	14.75	-	14.75
	31.03.07	-	-	-	-	-	10.85	-	10.85
	31.03.06	-	-	-	-	-	2.40	-	2.40
	31.03.05	-	-	-	-	-	2.40	-	2.40
Purchases of film rights, raw stock and home entertainment products	30.09.09	-	-	-	-	-	-	-	-
	31.03.09	-	-	41.42	-	1.00	-	-	42.42
	31.03.08	-	8.10	758.05	-	-	-	-	766.15
	31.03.07	-	4.45	0.39	234.23	-	-	-	239.07
	31.03.06	-	106.64	-	-	-	-	-	106.64
	31.03.05	-	-	43.57	-	-	-	-	43.57
Sale of film rights	30.09.09	-	2,038.42	-	-	-	-	-	2,038.42
	31.03.09	-	2,249.26	500.12	-	-	-	-	2,749.38
	31.03.08	-	1,580.31	-	-	-	-	-	1,580.31
	31.03.07	-	1,253.85	-	3.57	-	-	-	1,257.42
	31.03.06	-	-	-	-	-	-	-	-
	31.03.05	-	-	-	-	-	-	-	-
Sale of Prints/VCD/DVD	30.09.09	-	-	62.13	-	-	-	-	62.13
	31.03.09	-	-	162.35	-	-	-	-	162.35
	31.03.08	-	-	144.48	-	-	-	-	144.48
	31.03.07	-	-	-	106.33	-	-	-	106.33
	31.03.06	-	-	-	-	-	-	-	-
	31.03.05	-	-	-	-	-	-	-	-
Reimbursement against old outstanding advances for overseas film rights	30.09.09	-	-	-	-	-	-	-	-
	31.03.09	-	-	-	-	-	-	-	-
	31.03.08	-	-	-	-	-	-	-	-
	31.03.07	-	41.69	-	-	-	-	-	41.69
	31.03.06	-	-	-	-	-	-	-	-
	31.03.05	-	-	-	-	-	-	-	-

Details of Related Party Transactions (continued….)

(Rupees in millions)

Particulars	Period ended / Year ended	Ultimate Holding Company	Holding Company	Entities having common control / Associates	Fellow Subsidiary	Entities / Individuals having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Sale of studio services	30.09.09	-	92.62	-	-	-	-	-	92.62
	31.03.09	-	178.43	-	-	-	-	-	178.43
	31.03.08	-	-	-	-	-	-	-	-
	31.03.07	-	-	-	-	-	-	-	-
	31.03.06	-	-	-	-	-	-	-	-
	31.03.05	-	-	-	-	-	-	-	-
Professional & other services charges paid	30.09.09	-	-	-	-	-	-	-	-
	31.03.09	-	-	-	-	-	-	-	-
	31.03.08	-	-	-	-	-	-	-	-
	31.03.07	-	-	-	-	-	-	-	-
	31.03.06	-	-	-	-	-	-	0.60	0.60
	31.03.05	-	-	-	-	-	-	-	-
Reimbursement of expenses received	30.09.09	-	-	14.88	-	-	-	-	14.88
	31.03.09	-	-	48.83	-	-	-	-	48.83
	31.03.08	-	-	56.40	-	-	-	-	56.40
	31.03.07	-	-	13.47	20.54	-	-	-	34.01
	31.03.06	-	-	-	-	-	-	-	-
	31.03.05	-	-	-	-	-	-	-	-
Rent paid	30.09.09	-	-	-	-	-	1.77	5.59	7.36
	31.03.09	-	-	-	-	-	3.63	3.97	7.60
	31.03.08	-	-	-	-	-	3.56	3.90	7.46
	31.03.07	-	-	-	-	-	3.23	3.54	6.77
	31.03.06	-	-	-	-	-	0.98	1.13	2.11
	31.03.05	-	-	-	-	0.36	0.08	-	0.44
Re-imbursements paid	30.09.09	-	-	-	-	-	-	-	-
	31.03.09	-	-	6.16	-	-	-	-	6.16
	31.03.08	1.32	0.29	2.26	-	-	-	-	3.87
	31.03.07	-	-	-	-	-	-	-	-
	31.03.06	-	-	-	-	-	-	-	-
	31.03.05	-	-	0.07	-	-	-	-	0.07

Details of Related Party Transactions (continued….)

(Rupees in millions)

Particulars	Period ended / Year ended	Ultimate Holding Company	Holding Company	Entities having common control / Associates	Fellow Subsidiary	Entities / Individuals having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Interest Received / Receivable	30.09.09	12.35	-	-	-	-	-	-	12.35
	31.03.09	25.09	-	-	-	-	-	-	25.09
	31.03.08	-	-	-	-	-	-	-	-
	31.03.07	-	-	-	-	-	-	-	-
	31.03.06	-	-	-	-	-	-	-	-
	31.03.05	-	-	-	-	-	-	-	-
Advances/loans given	30.09.09	-	-	-	-	-	1.00	-	1.00
	31.03.09	-	-	-	-	-	-	-	-
	31.03.08	119.30	62.40	37.44	0.02	-	0.66	-	219.82
	31.03.07	-	60.52	0.41	9.41	-	2.37	-	72.71
	31.03.06	-	80.03	3.88	1.00	-	68.72	-	153.63
	31.03.05	-	-	0.11	-	-	15.02	0.03	15.16
Recovery of Advances/loans given	30.09.09	-	-	-	-	-	0.06	0.88	0.94
	31.03.09	84.48	-	-	1.12	0.89	-	-	86.49
	31.03.08	39.80	-	-	-	-	0.66	-	40.46
	31.03.07	-	140.55	-	27.92	-	2.37	-	170.84
	31.03.06	-	-	-	-	-	92.75	-	92.75
	31.03.05	-	-	1.70	-	-	1.00	0.11	2.81
Advances/loans taken	30.09.09	-	-	1.50	-	-	0.22	4.51	6.23
	31.03.09	325.28	1,525.03	5.81	-	-	2.16	2.15	1,860.43
	31.03.08	523.25	3,142.54	2.20	-	-	0.80	2.20	3,670.99
	31.03.07	677.41	1,774.91	74.09	1.57	-	-	-	2,527.98
	31.03.06	-	-	-	-	-	-	0.63	0.63
	31.03.05	-	-	-	-	-	-	0.02	0.02
Repayment of Advances/loans taken	30.09.09	633.35	1,601.23	4.81	-	-	0.55	-	2,239.94
	31.03.09	-	241.41	3.34	-	-	0.80	-	245.55
	31.03.08	84.18	1,205.15	2.20	-	-	-	0.05	1,291.58
	31.03.07	197.07	415.09	74.09	1.37	-	1.55	0.13	689.30
	31.03.06	-	-	-	0.19	-	-	0.28	0.47
	31.03.05	-	-	0.08	-	0.11	-	0.06	0.25

Details of Related Party Transactions (continued….)

(Rupees in millions)

Particulars	Period ended / Year ended	Ultimate Holding Company	Holding Company	Entities having common control / Associates	Fellow Subsidiary	Entities / Individuals having significant influence	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Deposits given	30.09.09	-	-	-	-	-	-	-	-
	31.03.09	-	-	-	-	-	-	-	-
	31.03.08	-	-	-	-	-	-	-	-
	31.03.07	-	-	-	-	-	-	-	-
	31.03.06	-	-	-	-	-	30.50	30.50	61.00
	31.03.05	-	-	-	-	-	-	-	-
Balances outstanding									
Debit	30.09.09	-	260.07	112.23	-	5.67	29.61	43.07	450.65
	31.03.09	-	497.34	154.51	-	5.67	28.34	24.02	709.88
	31.03.08	79.51	129.68	35.91	1.12	6.55	29.71	26.17	308.65
	31.03.07	-	481.74	20.02	77.07	-	29.51	28.86	637.20
	31.03.06	-	80.03	6.14	1.00	-	28.32	30.74	146.23
	31.03.05	-	-	2.08	-	-	21.85	0.88	24.81
Credit	30.09.09	810.77	2,779.65	64.93	1.33	-	-	-	3,656.68
	31.03.09	1,504.90	4,480.57	67.61	1.33	-	-	-	6,054.41
	31.03.08	872.74	3,032.46	714.10	2.45	-	-	-	4,621.75
	31.03.07	473.13	1,364.37	-	288.19	-	-	0.43	2,126.12
	31.03.06	-	-	0.07	-	2.45	-	0.56	3.08
	31.03.05	-	-	0.07	-	2.46	-	0.84	3.37

5. **Segment information**

a. **Primary segment information**

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

b. **Secondary segment information**

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

(Rupees in millions)

Particulars	As at and for the six month period ended	As at and for the year ended March 31,				
	September 30, 2009	2009	2008	2007	2006	2005
Revenue by Geographical Market						
Outside India	2,358.48	3,851.69	1,891.25	1,369.15	826.61	981.39
Within India	1,030.95	2,426.16	3,010.61	878.61	208.96	127.19
Total	**3,389.43**	**6,277.85**	**4,901.85**	**2,247.76**	**1,035.57**	**1,108.58**
Carrying Amount of Segment Assets*						
Outside India	1,726.98	2,029.04	1,418.41	1,297.45	828.93	527.55
Within India	8,243.64	9,178.18	6,631.23	2,362.36	640.44	741.45
Total	**9,970.62**	**11,207.22**	**8,049.64**	**3,659.81**	**1,469.37**	**1,269.00**

***** excludes Foreign Currency Monetary item Translation difference

6. **Earnings per share**

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

Particulars	As at	As at March 31,				
	September 30, 2009	2009	2008	2007	2006	2005
Net profit/(loss) after tax available for equity shareholders (Rupees in millions)	471.07	733.01	411.26	132.32	19.46	(18.38)
Weighted average number of equity shares outstanding during the year (in millions)	5.10	5.10	5.10	5.10	5.10	5.10
Weighted average number of equity shares outstanding during the period / year (after considering the Bonus shares issued on December 1, 2009 on the equity shares outstanding as on September 30, 2009) (in millions)	71.40	71.40	71.40	71.40	71.40	71.40
Nominal value of shares (in Rupees)	10	10	10	10	10	10

Earnings per share (in Rupees)	6.60	10.27	5.76	1.85	0.27	(0.26)

7. During the financial year 2007-08, the Company was subject to a search under section 132 of the Income Tax Act, 1961. As a consequence of such search, the Income tax Department imposed block assessments on the Company. As of date, the Company has not received any demand notice for payment of taxes, arising out of such search. The management is of the opinion that no demand may be levied on the Company upon completion of block assessments by the Income tax Department. However, the possibility of a potential tax demand upon completion of block assessments cannot be precluded and it is therefore not possible to currently ascertain tax liability, if any, which could be imposed on the Company upon the conclusion of block assessments.

8. The Company has exercised the option granted vide notification F.No.17/33/2008/CL-V dated March 31, 2009 issued by the Ministry of Corporate Affairs and accordingly the exchange differences arising on revaluation of long term foreign currency monetary items for the year ended March 31, 2008 and March 31, 2009 have been recognized over the shorter of the maturity period or March 31, 2011. The unamortized balance of Rupees 5.00 millions as on September 30, 2009 (March 31, 2009 Rupees 11.52 millions) is debited to "Foreign Currency Monetary item Translation Difference Account" which has been grouped under Reserves and Surplus.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 5

Consolidated Statement of Accounting Ratios, as Restated

	As at and for the six month period ended	As at and for the year ended March 31,				
Particulars	**September 30, 2009**	**2009**	**2008**	**2007**	**2006**	**2005**
Earning per share – Basic and Diluted (in Rupees)	6.60	10.27	5.76	1.85	0.27	(0.26)
Return on net worth	23.20%	46.37%	50.45%	31.95%	6.86%	(6.96)%
Net Asset Value per Equity Share (in Rupees)	28.44	22.14	11.42	5.80	3.97	3.70
Weighted average number of equity shares outstanding during the period / year (after considering the Bonus shares issued on December 1, 2009 on the equity shares outstanding as on September 30, 2009) (in millions)	71.40	71.40	71.40	71.40	71.40	71.40
Total number of equity shares outstanding during the period/ year (in millions)	5.1	5.1	5.1	5.1	5.1	5.1

Notes:

1. The figures for the six month period ended September 30, 2009 have not been annualized.

2 . The Ratios have been computed as below:

$$\text{Earnings per share – Basic and Diluted (in Rupees)} = \frac{\text{Net profit / (loss) after tax and minority interest as restated after excluding extraordinary income attributable to equity shareholders}}{\text{Weighted average number of shares outstanding during the year / period}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit / (loss) after tax and minority interest as restated after excluding extraordinary income attributable to equity shareholders}}{\text{Net worth excluding revaluation reserve and preference share capital at the end of the year / period}}$$

$$\text{Net Asset Value Per Equity Share (in Rupees)} = \frac{\text{Net worth excluding revaluation reserve at the end of the year / period}}{\text{Number of equity shares outstanding at the end of the period / year}}$$

Net worth = paid up share capital + share premium account, and reserves and surplus (excluding revaluation reserve) - miscellaneous expenditure (to the extent not adjusted or written off) (+/-) Surplus/(Deficit) in Profit and Loss Account

3. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as notified under the Companies Act, 1956.

4. Calculation of ratios post issue has not been considered.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 6

Consolidated Capitalization Statement, as Restated

(Rupees in millions)

	Particulars	Pre-Issue as at September 30, 2009		Adjusted for the Post-Issue*
	Borrowing			
	Short term Debt	1,274.37		*
	Long term Debt	829.67		*
	Total Borrowing	**2,104.04**		*****
	Shareholders' Fund			
	Share Capital	51.00		*
	Reserves and Surplus	1,979.27		*
	Total Shareholders' Fund	**2,030.27**		*****
	Long term Debt/ Equity ratio	**0.41**		*****

* The corresponding Post issue figures will be calculated on conclusion of the book building process.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 7

Details of Other Income, as Restated

(Rupees in millions)

	For the six month period ended	**For the year ended March 31,**				
Particulars	**September 30, 2009**	**2009**	**2008**	**2007**	**2006**	**2005**
Sundry Balances Written Back	1.70	3.12	1.16	16.75	6.12	0.76
Foreign Exchange Gain (Net)	101.07	5.36	149.13	47.60	-	0.77
Miscellaneous Income	4.12	4.09	4.44	4.00	8.51	1.02
Total	**106.89**	**12.57**	**154.73**	**68.35**	**14.63**	**2.55**
As a % to Net Profit / (Loss) Before Tax	17.01%	1.21%	23.45%	40.42%	46.08%	(22.89)%

Notes:

3. In view of the management, the components of Other Income mentioned above are related to the business activities of the Company and are recurring in nature.
4. The classification of the Other Income as recurring / non-recurring and related / not related to the business activities is based on the current operations and the business activities of the Company as determined by the management.

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 8

Consolidated Age-wise analysis of Debtors, as Restated

(Rupees in millions)

Age wise Break-up	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Debt exceeding six months	340.43	586.24	230.57	36.36	210.56	171.31
Other Debts	1,007.36	1,001.86	815.60	735.83	538.01	429.62
Total	**1,347.79**	**1,588.10**	**1,046.17**	**772.19**	**748.57**	**600.93**

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

(Rupees in millions)

Name of the Party	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Eros Worldwide FZ-LLC, Dubai	664.58	802.17	598.99	435.72	-	-
Eros International Limited, United Kingdom	112.23	154.51	85.96	76.00	490.42	148.17
Shivam Enterprises	3.92	3.92	4.80	4.80	4.59	0.72
Directors / Relatives of Directors	-	-	-	-	-	-
Total	**780.73**	**960.60**	**689.75**	**516.52**	**495.01**	**148.89**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 9

Consolidated Statement on Investments, as Restated

(Rupees in millions)

Types of Investments	As at September 30, 2009	As at March 31, 2009	2008	2007	2006	2005
Unquoted						
Subsidiary Companies	-	-	-	-	-	-
Others	80.00	80.00	60.00	40.00	-	-
Sub Total	**80.00**	**80.00**	**60.00**	**40.00**	**-**	**-**
Quoted	**-**	**-**	**-**	**-**	**-**	**-**
Sub Total	-	-	-	-	-	-
Total	80.00	80.00	60.00	40.00	-	-

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 10

Consolidated Statement of Loans and Advances, as Restated

(Rupees in millions)

	As at	As at March 31,				
	September 30, 2009	2009	2008	2007	2006	2005
Advances to Group Companies	5.29	-	115.42	-	-	-
Advances against Productions or Rights	4,038.78	5,147.99	3,060.21	1,377.11	302.89	293.55
Others	854.38	857.02	471.84	252.14	117.50	52.45
Total	**4,898.45**	**6,005.01**	**3,647.47**	**1,629.25**	**420.39**	**346.00**

Loans and advances to subsidiaries and companies under same management comprise as follows:

(Rupees in millions)

Name of the Party	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Eros Worldwide FZ-LLC, Dubai	-	-	-	-	-	-
Eros International Limited, United Kingdom	5.29	-	35.91	-	-	-
Eros Digital Private Limited	-	-	-	-	-	-
Eros International PLC, Isle of Man	-	-	79.51	-	-	-
Shivam Enterprises	-	-	-	-	-	-
B On Demand (EU) Limited	-	-	-	-	-	-
Total	**5.29**	**-**	**115.42**	**-**	-	-

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

(Rupees in millions)

Name of the Party	As at September 30, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Director	29.62	28.35	29.71	29.51	28.32	21.85
Relative of a director	43.07	24.02	26.17	28.85	30.75	0.88
Total	**72.69**	**52.37**	**55.88**	**58.36**	**59.07**	**22.73**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 11

Consolidated Statement of Secured loans, as Restated

(Rupees in millions)

	As at	As at March 31,				
Particulars	**September 30, 2009**	**2009**	**2008**	**2007**	**2006**	**2005**
Term Loans from Banks	818.60	1,280.84	485.43	23.72	153.69	6.75
Packing Credit and Export Bill Discounting	1,126.83	820.17	708.42	488.73	464.87	474.04
Cash Credit and Demand Loans	147.11	-	26.20	168.21	263.79	54.11
Others	11.07	13.11	13.94	5.20	0.89	1.54
Total	**2,103.61**	**2,114.12**	**1,233.99**	**685.86**	**883.24**	**536.44**

The Company has placed cash collateral deposits of Rupees 250.00 millions on September 30, 2009 (March 31, 2009 Rupees 250.00 millions), being security for borrowings with the banks. In addition the company has also placed margin deposits of Rupees 76.52 millions (March 31, 2009 Rupees 57.60 millions) as margin for Bill discounting facilities with the banks.

The security given for the above loans as on September 30, 2009 is as follows:

Term Loans (Rupees in millions)

Name of the Bank/ Institution	Balance outstanding as at September 30, 2009	Sanction Limits	Rate of Interest	Repayment Terms	Prepayment Terms	Penalty/Interest	Securities Offered
Industrial Development Bank of India	250.00	250.00	PLR+2.25%p.a (payable monthly)	To be repaid before the release of the film i.e. October 31, 2009	Prepayment allowed without any prepayment premium	Additional interest @ 2% p.a. payable on default in payment of any installment of principal amount.	Term Loans from Banks are secured by pari passu first charge on the DVD / Satellite rights acquired for the domestic market, actionable claims, revenue and

Union Bank of India	98.00	98.00	BPLR p.a. (payable monthly)	Rs. 2.33 million payable in 42 monthly installments out of the total 60 monthly installment.	Prepayment will be subject to applicable prepayment charges and terms and condition at the discretion of the Bank.	Penal interest at such rate as the Bank in its discretion determine on the amount then outstanding.	receivables arising on sales of the rights and negatives of films
Indian Overseas Bank	200.00	200.00	BPLR+2.00% p.a. (payable monthly) with a minimum of 14.50%	Rs. 3.33 million payable in 60 monthly installments.	Prepayment will be subject to applicable prepayment charges and terms and condition at the discretion of the Bank.	Additional interest @ 2% p.a. payable on default in payment of any installment of principal amount.	
Indian Overseas Bank	54.87	54.87	BPLR+2.75% p.a. (payable monthly) with a minimum of 15.25%, if extended in foreign currency LIBOR+4.00%	Rs. 2 million payable in 28 monthly installments.	Prepayment will be subject to applicable prepayment charges and terms and condition at the discretion of the Bank.	Additional interest @ 2% p.a. payable on default in payment of any installment of principal amount.	
Industrial Development Bank of India	30.00	730.00	BPLR+50 bps (fully floating) p.a. (payable monthly)	To be repaid before the release of the film.	Prepayment allowed without any prepayment premium	Additional interest @ 2% p.a. payable on default in payment of any installment of principal amount.	
Industrial Development Bank of India	185.73	185.72	PLR+350 bps payable monthly	Before release of the film	Not applicable	Additional interest @ 2% p.a. payable on default in payment of any installment of principal amount.	
Total	**818.60**						

Packing Credit and Export Bill Discounting (Rupees in millions)

Name of the Bank/ Institution	Balance outstanding as at September 30, 2009	Sanction Limits	Rate of Interest	Securities Offered
Indian Overseas Bank	705.14	710.00	As per the RBI guidelines	a) Packing credit is secured by hypothecation of films and film rights with pari passu charge on current assets and personal guarantee of a director. b) Bill Discounting (Foreign bills/ Supplier bills) is secured by document of title to goods and accepted hundies with first pari passu charge on current assets and personal guarantee of a director
Oriental Bank of Commerce	245.53	250.00	As per the RBI guidelines	
Union Bank of India	126.34	220.00	As per the RBI guidelines	
Union Bank of India	49.82	50.00	As per the RBI guidelines	
Total	**1,126.83**			

Cash Credit and Demand Loans (Rupees in millions)

Name of the Bank/ Institution	Balance outstanding as at September 30, 2009	Sanction Limits	Rate of Interest	Securities Offered
Indian Overseas Bank*	147.11	30.00	BPLR +1.5% p.a. with a minimum of 14% p.a.	Cash credit is secured by way of hypothecation of stock of DVD's / VCD's and receivables relating to domestic rights operations along with first pari passu charge on current assets.

* Balance outstanding as on September 30, 2009 is overdrawn as per books of accounts.

Others (Car Loan) (Rupees in millions)

Name of the Bank/ Institution	Balance outstanding as at September 30, 2009	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
HDFC Bank	0.19	15	Balance in 7 monthly installment	Car loans are secured by hypothecation of vehicles acquired there against.
ICICI Bank	7.86	10 to 14	Balance payable in 6 to 15 monthly installment	
ICICI Bank	2.48	7.63	Balance in 32 monthly installments	
Kotak Mahindra Prime Limited	0.54	12 to 15	Balance in 10 monthly installments	
Total	**11.07**			

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 12

Consolidated Statement of Unsecured Loans, as Restated

(Rupees in millions)

	As at	As at March 31,				
Particulars	**September 30, 2009**	**2009**	**2008**	**2007**	**2006**	**2005**
From Relatives of Directors	0.43	4.03	4.78	0.50	2.12	0.82
(interest free, repayable on demand)						
From Others	-	-	-	-	-	29.42
(Interest free, repayable on demand)						
Total	**0.43**	**4.03**	**4.78**	**0.50**	**2.12**	**30.24**

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 13

Consolidated Statement of Contingent Liabilities, As Restated

(Rupees in millions)

Particulars	As at	As at March 31,				
	September 30, 2009	2009	2008	2007	2006	2005
Guarantees issued by the Company's Bankers on behalf of the Director	-	-	-	-	-	76.70
Bank Guarantees in favour of various Government Authorities	0.30	0.30	0.18	1.06	1.06	-
Corporate guarantee to a bank for loans availed by a subsidiary company	50.00	50.00	50.00	50.00	50.00	-
Sales tax/cess claims disputed by the Company	159.93	74.67	74.67	74.67	-	-
Claims against the company not acknowledged as debts	56.98	56.98	56.98	56.98	-	-
Income tax and interest demands raised by authorities and disputed by the company	22.93	22.93	22.93	22.93	-	-
Vat and CST Liability on the sale / lease of Copy Rights under the MVAT Act and disputed by the Company and the Industry.	20.94	-	-	-	-	-

Eros International Media Limited (formerly Eros International Media Private Limited / Eros Multimedia Private Limited)

Annexure 14

Consolidated Statement of Operating Expenses, as Restated

(Rupees in millions)

Particulars	For the six month period ended September 30, 2009	Year ended March 31, 2009	2008	2007	2006	2005
Amortization of Film Rights	733.92	2,051.28	2,098.73	731.06	46.33	42.43
Purchase of Film / Serial Rights	1,319.43	1,591.81	1,135.05	821.88	622.95	733.15
(Increase) / Decrease in Inventories	4.53	(221.18)	(404.24)	8.22	29.57	34.28
Others	258.60	798.21	832.01	238.70	138.24	204.85
Total	**2,316.48**	**4,220.12**	**3,661.55**	**1,799.86**	**837.09**	**1,014.71**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis should be read in conjunction with the financial statements, together with the notes thereto, see "**Financial Statements**" on page F1. Also see, "**Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation**" on page i.*

The Company's fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. This section discusses the historical financial information of the Company for the three years ended March 31, 2007, 2008 and 2009 and the six month period ended September 30, 2009.

*In addition, the following discussion contains certain forward-looking statements that reflect our current views with regard to our plans, estimates and beliefs. Our actual results may differ materially from those discussed in these forward-looking statements see "**Forward-Looking Statements**" on page x. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below as well as in "**Risk Factors**" on page xi.*

OVERVIEW

We are part of the Eros Group, which is a global player within the Indian media and entertainment sector that has been in the business close to three decades. We exclusively source all Indian film content for the Eros Group and exploit such content across all formats ('end-to-end') within India, Nepal and Bhutan. In the six months ended September 30, 2009 and the year ended March 31, 2009, we generated a net profit after tax and minority interest of Rs. 471.07 million and Rs. 733.01 million, respectively, on income of Rs. 3,389.43 million and Rs.6,277.85 million, respectively.

Our Company has various rights to over 1,000 films which include Hindi, Tamil and other regional language films. We also own rights to certain English language films for home entertainment distribution within India. These Hindi, Tamil, other regional and English language films together form the Eros India Library. We source content primarily through acquisitions from third parties, through co-productions and, occasionally, through our own productions. We exploit and distribute end-to-end Indian film content within India, Nepal and Bhutan through several formats such as theatres, home entertainment, principally in the form of DVDs, VCDs and audio CDs, and television syndication, which primarily involves licensing the broadcasting rights to major satellite television broadcasting channels, cable television channels and terrestrial television channels. We also exploit and distribute content via digital new media such as mobile ring tones, wallpapers and downloads, IPTV and DTH and other internet channels and also license films to airlines for in-flight viewing. The International Rights for distribution of Indian film content (in the entire world excluding India, Nepal and Bhutan) are licensed to the Eros International Group in accordance with the terms of the Relationship Agreement with effect from October 1, 2009. Prior to October 1, 2009, in the absence of a formal relationship agreement we operated a flexible approach to the licensing of global television rights, with such rights being licensed to third party television broadcasters either directly by us or by the Eros International Group. Our Tamil language films are distributed globally by our Subsidiary Ayngaran International Limited and arrangements for their distribution are not governed by the Relationship Agreement. In 2007, we set up a visual effects facility, EyeQube, to provide visual effects and production planning services.

The key terms of the Relationship Agreement are summarised in "***History and Key Corporate Matters—Other Material Agreements—Relationship Agreement***" on page 104. For further details on our Subsidiaries, see "***History and Key Corporate Matters***" on page 93.

RECENT TRENDS AND DEVELOPMENTS

In March 2009 we reached an impasse with six national multiplex chains currently operating in India over revenue sharing terms, which lasted until June 2009. The impasse reduced our income from our film, *Aa Dekhen Zara*, as we were not able to release it in the national multiplex chains, and disrupted the scheduled release dates of two of our films, negatively impacting our cashflows to the extent that we held back releases of films that would otherwise have been released in that period.

In June 2009 we entered into the Settlement Agreements to govern revenue sharing with the national multiplex operators on a standardised basis, as compared to the film-by-film negotiated arrangements that applied prior to that time. The multiplex operators provide us a revenue share, based on net box office receipts in respect of each specified film (arrived at by deducting certain mutually agreed expenses, including entertainment tax, publicity and print related costs and expenses and service charge, from the aggregate revenues received by the relevant multiplex operator(s) from their tickets sales for that film), as set out below:

Period	Percentage of net box office receipts
	%
1st week:	50.0
2nd week:	42.5
3rd week:	37.5
4th week onwards until last week:	30.0

While the Settlement Agreements remain in effect we expect our theatrical distribution income to be more predictable.

See "***History and Key Corporate Matters – Settlement Agreements***" on page 105.

We have started to explore a wider release of regional language films, such as was undertaken for *Me Shivaji Raje Bhosale Boltoy*, a Marathi language film, which was released in April 2009. We believe that this is a trend that will continue in future periods.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Macroeconomic Conditions

Our results of operations may be materially affected by conditions in the economy generally in India and in key markets elsewhere around the world into which our film content is distributed. The deterioration of financial markets over the last 15 months has had a major impact on many countries with significant declines in employment, household wealth, consumer demand and lending and has adversely affected economic growth in India and elsewhere, which may in turn affect our business and results of operations.

Weak economic conditions in the markets, or a reduction in consumer spending even if economic conditions improve, could adversely impact the Company's business and results of operations in a number of ways, including in particular in relation to revenue.

Access to content and ability to sustain portfolio approach

We earn revenues by exploiting film content that we buy from third parties, co-produce and occasionally produce on our own. We have had only one own production as at the date of this Draft Red Herring Prospectus. Therefore we need to have sustained access to content and secure a future pipeline of content, which is a key requirement and integral to our business model. Relationships with creative talent, whether they be actors, directors or co-producers and their ongoing willingness to work with us, is critical. The Eros India Library comprises over 1,000 films in part as a result of these relationships with creative talent. A robust content library positions us well to exploit the content over existing and new distribution channels.

The acquisition of content from third parties requires content to become available on commercially acceptable terms from sellers willing to sell rights to us for specific term within which we will have the ability to exploit such content. Since the year ended March 31, 2007, we have released an aggregate of over 250 films (including Tamil and other regional language releases). We have widened our content base by adding Tamil, Marathi and Punjabi film content so that we are able to maintain and expand the number of our releases and to seek a wider target audience. For further details, see, "***Our Business – Sourcing Content***" on page 79.

Access to distribution channels

Our distribution business is dependent on our agreements with commercial theatre operators, retailers for the sales and rental of home entertainment and music, television operators and developers and sellers of new media, including telecommunications companies, in relation to which we have established relationships. An extensive distribution network enhances our ability to monetise our film content without solely relying on sale to third parties. We believe we are one of the few companies within the Indian media and entertainment sector to have an end-to-end distribution capability through a national theatrical distribution network within India, in-house music distribution capability with our own music record label, Eros Music, in-house television syndication, and our own home entertainment distribution division.

Our in-house capability allows us greater control, transparency and flexibility over the distribution process as well as higher revenue margins as a result of direct exploitation instead of using sub-distributors, which requires the payment of additional commission. For theatrical distribution within India we have established our own distribution offices in some of the key markets in India such as Mumbai, Delhi and Punjab. We distribute in West Bengal through an exclusive distribution agent. We distribute Hindi and Tamil films in southern India through Ayngaran's distribution offices.

Theatre box office receipts in India

In India it is typical for a relatively high percentage of a film's overall revenues to be derived from theatrical revenues. In recent years, a key factor in the economic success of our films has been their Indian theatre box office performance. Indian theatre receipts are predominantly generated in the first week of a film's release, with revenues declining sharply for subsequent weeks of any theatrical release as audience levels reduce. We aim to release films as widely as possible to maximise first week revenues. This aim is facilitated by recent increases in the number of multiplex screens in India, which are estimated to increase to 1,045 in 2013 from 747 in 2008 *(source: FICCI-KPMG Report 2009).* We have also benefited from the increased use of digital distribution, particularly its use by single-screen operators. Digital distribution is more cost-effective than the traditional print model, allowing us to benefit from a wide release with lower costs than would otherwise be the case. In 2007 we were able to release *Heyy Babyy* on 340 digital screens while in 2009 we could release *Kambakht Ishq* on 651 digital screens. In March 2009 we reached an impasse with the national multiplex chain operators in India over revenue sharing terms, which prevented the exhibition of our films by those chains until June 2009 and had a knock-on effect to our releases in subsequent periods. See "***Recent Trends and Developments***" above.

Foreign currency fluctuations

Our revenues from outside India are denominated mostly in U.S. dollars. Any fluctuation in the value of the rupee against the U.S. dollar may adversely affect our results of operations. During times of a strengthening rupee our reported sales and earnings from our international sales will be reduced because the U.S. dollars or other currency received will be translated into fewer rupees. The rupee rose from a high of 42.78 to the U.S. dollar in the year ended March 31, 2007 to a low of 51.96 to the U.S. dollar in the year ended March 31, 2009. The depreciation of the rupee against the U.S. dollar in the year ended March 31, 2008 positively affected our results of operations for such period.

Our Tamil Subsidiary, Ayngaran

In the year ended March 31, 2008 we acquired a 51% shareholding in Ayngaran International Limited, a global distributor of Tamil films with a catalogue of over 600 films. Tamil titles in our library include *Alaipayuthey, Kandukondain Kandukondain*, *Boys*, *Sivaji*, *Billa*, *Aegan* and *Aadhavan*. The acquisition of Ayngaran, whose results of operations were consolidated with ours from October 1, 2007, contributed to the increases in our income in the years ended March 31, 2008 and 2009 by, among other things, releasing 41 films in the year ended March 31, 2008 and 74 films in the year ended March 31, 2009. As a result, our results for the years ended March 31, 2007 and 2008, and 2008 and 2009, are not directly comparable.

Advances from the Eros International Group

Historically, we have received significant interest free trade advances from the Eros International Group, against acquisition of future International Rights. To the extent that the Eros International Group chooses to offset the cost of future licenses of International Rights against such advances, it may adversely affect our expected cash flows from sale of those International Rights. Further, since we use these advances to fund in part our acquisition and co-production activities, in the event that such interest free advances are not available to us in future from the Eros International Group, we may need to seek alternative sources of funding which may not be available to us on favourable terms or at all.

Seasonality

Our revenue and operating results are seasonal in nature due to the impact on income of the timing of new releases. A significant portion of the films we distribute are delivered to Indian theatres at times when theatre attendance has traditionally been highest, including school holidays, national holidays and the festivals. This timing of releases also takes account of competitor film releases, sporting activities such as the IPL and the timings dictated by the film production process. As a result quarterly results can vary from one year to the next and the results of one quarter are not necessarily indicative of results for the next or any future quarter.

Licensing of International Rights - Relationship Agreement

Prior to October 1, 2009 we had no formal arrangement with the Eros International Group with regard to the licensing of global television rights and instead operated a flexible approach. Such rights were licensed to third party television broadcasters either directly by us (which income was included in "Income generated within India") or by the Eros International Group (which income was included in "Income generated outside India"). As income from licensing of television rights represents a large proportion of our total income, the variability in the segment in which it has historically been shown means that such historical segment information may not be directly comparable. The percentage of our income generated outside India in the six month period ended September 30, 2009 and the years ended March 31, 2009, 2008 and 2007 was 69.6%, 61.4%, 38.6% and 60.9%, respectively. The proportion of our income generated outside India was lower in the year ended March 31, 2008 primarily as we directly licensed more film content to third parties such as Sony, Colours, Sahara One and 9X in that period, rather than through the Eros International Group, which increased our income generated in India. With effect from October 1, 2009, International Rights have been licensed to the Eros International Group pursuant to the Relationship Agreement. Going forward, therefore, our results of operations will reflect income from our exploitation of Indian Rights in "Income generated within India" and our income from our licensing of International Rights to the Eros International Group in "Income generated outside India".

SUMMARY STATEMENT OF ADJUSTMENTS

Our financial statements have been restated in accordance with the SEBI Regulations. The table below summarises the adjustments that have been made:

		Six months ended September 30,	Year ended March 31,		
		2009	**2009**	**2008**	**2007**
			(Rs. millions)		
1	**Net Profit / (Loss) after tax as per audited statement of accounts**	**476.05**	**746.95**	**426.37**	**147.65**
2	Adjustment on account of:				
	Prior Period Expenses	-	-	-	7.66
	Short Provision for Taxes	1.07	(0.25)	(0.82)	4.99
	Excess Provision for Taxes	-			
	Total (impact of Adjustments)	**1.07**	**(0.25)**	**(0.82)**	**12.65**
3	**Adjusted Net Profit / (Loss) after Tax and before Minority Interest**	**474.98**	**747.20**	**427.19**	**135.00**

DESCRIPTION OF INCOME STATEMENT LINE ITEMS

Income

Our income is primarily comprised of income generated from the exploitation of film content and can be split into income generated within India and income generated outside India.

Prior to October 1, 2009, on which date the Relationship Agreement came into effect, in the absence of a formal relationship agreement we had a flexible approach to the licensing of global television rights. Such rights were licensed to third party television broadcasters either directly by us (which income is included in "Income generated within India") or by the Eros International Group (which income is included in "Income generated outside India"). As income from licensing of television rights represents a significant proportion of our total income, the variability in the segment in which it is shown means that such historical segment information may not be directly comparable.

Income generated within India

Our income generated within India is primarily attributable to the exploitation of our Indian film content which includes our Hindi, Tamil and other regional film content through:

- *Theatrical distribution*: the distribution of Indian film content through theatres, including national multiplex chains and single screen theatres;
- *Television syndication*: the license of television rights of Indian film content for broadcast on television networks, including satellite television broadcasting, cable television and terrestrial television;
- *Home entertainment and Digital New Media*: sales of DVDs and VCDs of our Indian film content, sales of DVDs of English film content and licenses created for the distribution of digital new media rights;
- *Music*: sales of music CDs distributed under our music label (Eros Music) and licensing revenues from ringtones for mobile phones as well as radio and television broadcast of our music content, and
- *Visual effects*: revenue generated by the provision of visual effects and production planning services through EyeQube.

Theatrical distribution

Income from theatrical distribution is based upon the ticket sales achieved by those theatres screening the films for which we have distribution rights. Our share of ticket sales is a negotiated percentage of the net (after expenses, including entertainment tax and service charges) revenues generated from such ticket sales. From June 2009, the terms of the Settlement Agreements that we have entered into with multiplex operators have governed the sharing of revenues from ticket sales. In most instances, we receive an advance based upon either the expected first week share we are due or the overall expected performance of the film.

Income from theatrical distribution is driven by a number of factors, including number of screens showing our films, the negotiated percentage and other terms of trade with theatres, the mix of screen types (i.e., multiplex or single screen), their ticket prices and the number of tickets sold for each film which in turn is based upon its popularity. For further details, see, "***Recent Trends And Developments***" in this section.

Television syndication

Income from television syndication is generated by licensing the television rights of our films to television stations including satellite television broadcasting, cable television and terrestrial television for broadcast on their networks, with the largest revenue stream being the licensing of satellite broadcasting rights. In the past we have licensed satellite broadcasting rights directly to third parties or in other cases through the Eros International Group. Under the Relationship Agreement, we will with effect from October 1, 2009 retain all television rights for exploitation within India, Nepal and Bhutan.

Satellite television broadcasting rights licensing involves us licensing Indian film content (usually a combination of new releases and films in the Eros India Library) for a number of years pursuant to agreements that, generally, allow a certain number of telecasts of a film over a stated period of time in exchange for a specified license fee. We operate either a "licensing model", in which we create a straightforward exclusive license in favour of one particular channel for broadcast on its channels for a specified period of time, or a "syndication model", where a group of channels share the broadcast of a specified set of films between them in a certain order and pay us separate license fees.

Music

Income from music is generated by the sale of music CDs distributed under our music label (Eros Music) and licensing revenues from ringtones for mobile phones, as well as radio and television broadcast of our music content.

Home entertainment and Digital New Media

Our home entertainment distribution consists primarily of DVD and VCD sales to consumers indirectly via retail channels and direct sales to corporate customers. We release new films as well as films from the Eros India Library as part of DVD compilations and have also recently released a few films on Blu-Ray format.

Visual effects

We set up EyeQube in 2007 and it began generating revenues in the year ended March 31, 2008 by providing special effect services and production planning services for movies such as *Drona, Aladin and Madras Patnam*.

Income generated outside India

Our income generated outside India is primarily attributable to the licensing of International Rights of Hindi and other regional language film content to the Eros International Group for exploitation in territories outside of India, Nepal and Bhutan and income received from international sales of Tamil film content by the international subsidiaries of our subsidiary Ayngaran International Limited. Historically, we often licensed television rights in addition to International Rights to the Eros International Group but, with effect from October 1, 2009, International Rights (excluding the sale of Tamil film content by Ayngaran) will be governed by the Relationship Agreement and consequently such television rights will be retained by us for exploitation within India, Nepal and Bhutan. For additional details please refer to "***History and Key Corporate Matters—Other Material Agreements—Relationship Agreement***" on page 104.

Expenditure

Operating expenses

Our operating expenses are primarily attributable to the amortisation of film rights and the purchase of film content. Amortisation of film rights generally relates to the copyrights that we retain in connection with distribution of Indian film content in India, Nepal and Bhutan. Such copyrights are capitalised on our balance sheet and amortised (for more information regarding the amortization of film rights, see "***— Significant Accounting Policies — Intangible assets and amortization***" on page 155). Our operating expenses also include expenses with respect to film prints and laboratory processing relating to the release of a film, which are written-off entirely in the year of release. The entire cost associated with the rights that we license to the Eros International Group is also written-off entirely in the year of release of a relevant film. We amortise the purchase of film rights retained by us for exploitation in India, Nepal and Bhutan in accordance with our accounting policies.

Administrative and other expenses

Our administrative and other expenses are primarily attributable to marketing and publicity expenses incurred towards the promotion of our films including theatre publicity, television, print and radio advertisement, outdoor advertisement, online advertisement and PR expenses. Our administration expense also includes rent, rates and taxes primarily arising from the rent payable on our premises in India; legal and professional fees arising primarily from services rendered in connection with the expansion of our domestic distribution business and proposed financing options; net foreign exchange losses arising from the conversion of non-Rupee denominated expenses into Rupees; VAT and CST charges; electricity charges primarily incurred by management; and travelling and conveyance expenses incurred by management.

Employee remuneration and other benefits

Our employee remuneration and other benefits are primarily attributable to salaries, wages and bonus payments (including directors' remuneration).

Finance costs (net)

Our finance costs (net) are primarily attributable to interest and bank charges associated with our long-term borrowings and interest income received on cash deposits maintained for working capital purposes.

Borrowing costs (including exchange difference) directly attributable to the acquisition and completion of qualifying film content are capitalised as part of the cost of such assets.

Depreciation

Our depreciation expense is primarily attributable to the depreciation of our fixed assets. Such depreciation is calculated in accordance with the written down value method at the rates prescribed under Schedule XIV to the Companies Act.

RESULTS OF OPERATIONS

Six months ended September 30, 2009

The following table sets forth our results of operations for the six months ended September 30, 2009, both in actual terms and as a percentage of total income.

	Six months ended September 30, 2009	
	(Rs. million)	*%*
A. Income		
Sales and service income	3,282.54	96.8
Other income	106.89	3.2
Total income	**3,389.43**	**100.0**
B. Expenditure		
Operating expenses	2,316.48	68.3
Employee remuneration and other benefits	79.31	2.3
Administrative and other expenses	293.93	8.7
Finance costs (net)	49.59	1.5
Depreciation	21.87	0.6
Amortisation of goodwill on consolidation	–	–
Total expenditure	**2,761.18**	**81.5**
C. Net profit before tax and extra ordinary items (A-B)	**628.25**	**18.5**
Extra ordinary items	–	–
Net profit before tax	**628.25**	**18.5**
Taxation		
Current tax	129.37	3.8
Deferred tax	23.90	0.7
Fringe benefits tax	–	–
Total taxation	**153.27**	**4.5**
Net profit after tax and before minority interest	**474.98**	**14.0**
Share of minority interest in profit	**3.91**	**0.1**
Net profit after minority interest	**471.07**	**13.9**

Income

The following table sets forth a breakdown of our income for the six months ended September 30, 2009.

	Six months ended September 30, 2009	
	(Rs. million)	*%*
Within India	1,030.95	30.4
Outside India	2,358.48	69.6
Total income	**3,389.43**	**100**

For the six months ended September 30, 2009, our income was Rs. 3,389.43 million. Although we continue to generate income from our exploitation of the Eros India Library through television syndication, home entertainment and digital new media and music whether or not we have new releases, income in one period is not directly comparable to income in any other period as it is influenced primarily by the number of new films released and the success of those films.

We released a total of 60 Hindi, Tamil and other regional language films during the period, of which 49 were overseas-only releases and 11 were global releases. Income generated within India was driven by exploitation of such films in theatres as well as television syndication, home entertainment, music, digital new media and EyeQube services. Income generated outside India was mainly driven by sale of International Rights to the Eros International Group, the licensing of certain television rights to the Eros International Group and overseas releases of Tamil films by Ayngaran.

Within India

For the six months ended September 30, 2009, our income generated within India was Rs. 1,030.95 million. Although the number of films we could release in the period was impacted by the release delays caused by the dispute with the national multiplex chains, such impact was offset in part by strong performances by the big budget films *Kambakht Ishq* and *Love Aaj Kal* (both of which were co-productions). These two films were part of our four global Hindi releases in the period, in addition to which we had global releases of one Tamil film by Ayngaran and three other regional language films (such as the Marathi film *Me Shivaji Raje Bhosale Boltoy*). Income attributable to our home entertainment distribution came primarily from regular DVD and VCD sales. For the period ended September 30, 2009, we released six audio CD music albums in Hindi and a total of 33 video film releases (of which 23 were in Hindi and 10 in English) through our home entertainment distribution, which also contributed to our income.

Outside India

For the six months ended September 30, 2009, our income generated outside India was Rs. 2,358.48 million. Income generated outside India was primarily from the sale of International Rights to the Eros International Group. In addition to the four Hindi global releases noted above there was one further international release, the big budget film *Wanted*, which we acquired in the period. In addition to the one global Ayngaran release noted above, Ayngaran released a further 26 overseas-only films. The three global releases of other regional language films noted above were all generated revenue outside India, Nepal and Bhutan. We also received income in the period from licensing global television rights of other Indian film content to the Eros International Group, Ayngaran also generated income from home entertainment and new media.

In the future, as a result of the arrangements formalised by the Relationship Agreement, we expect to sell to satellite television channels directly and thereby account for sales of satellite rights as income generated within India.

Expenditure

The following table sets forth a breakdown of our expenditure for the six months ended September 30, 2009.

	Six months ended September 30, 2009
	(Rs. million)
Operating expenses	2,316.48
Administrative and other expenses	293.93
Employee remuneration and other benefits	79.31
Finance costs (net)	49.59
Other expenditure[1]	21.87
Total expenditure	**2,761.18**

[1] "Other expenditure" is composed of depreciation and amortization of goodwill on consolidation.

For the six months ended September 30, 2009, our total expenditure was Rs. 2,761.18 million.

Operating expenses

The following table sets forth a breakdown of our operating expenses for the six months ended September 30, 2009.

	Six months ended September 30
	2009
	(Rs. million)
Amortization of film rights	733.92
Purchase of film	1,319.43
Increase / (decrease) in inventories	4.53
Others	258.60
Total operating expenses	**2,316.48**

(2) "Others" comprises charges for the processing of film prints and home entertainment goods, direct freight costs and other operating expenditure.

For the six months ended September 30, 2009, our operating expenses were Rs. 2,316.48 million, which represented a continuation of the trends seen in the preceding fiscal year ended March 31, 2009. Operating expenses were 68.3% of our total income (67.2% in the year ended March 31, 2009), slightly higher than in the year ended March 31, 2009, reflecting the mix of film releases in each period: we incurred a higher proportion of expenses related to theatrical distribution in the six months ended September 30, 2009 than in the full year ended March 31, 2009 as a result of the big budget film releases in that period. The expense attributable to the purchase of film rights reflects the two high budget films that we purchased in the period. Correspondingly, since high budget films merit a wider release, the print and processing charges (Rs. 116.37 million), including digital distribution costs, relating to the release of these films also contributed to "Others" within operating expenses, representing approximately 45% of such costs.

Administrative and other expenses

For the six months ended September 30, 2009, our administrative and other expenses were Rs. 293.93 million. One of the key components within administrative and other expenses is our publicity expenses relating to the films we released in the period (Rs. 166.92 million),, including two big budget films, *Kambakht Ishq* and *Love Aaj Kal* (both of which were co-productions).

Employee remuneration and other benefits

For the six months ended September 30, 2009, our employee remuneration and other benefits were Rs. 79.31 million, which represented a continuation of the trends seen in the preceding the year ended March 31, year.

Finance costs (net)

For the six months ended September 30, 2009, our finance costs (net) were Rs. 49.59 million.

Other expenditure

For the six months ended September 30, 2009, other expenditure was Rs. 21.87 million.

Net profit before tax

For the six months ended September 30, 2009, our net profit before tax was Rs. 628.25 million. Net profit before tax was 18.5% of our total income (16.5% in the year ended March 31, 2009), slightly higher than in the year ended March 31, 2009 as a result of the success of our film releases.

Taxation

For the six months ended September 30, 2009, our taxation expense was Rs. 153.27 million.

Net profit after tax and before minority interest

For the six months ended September 30, 2009, our net profit after tax and before minority interest (as per audited statement of accounts) was Rs. 476.05 million. Such net profit after tax and before minority interest was 14.0% of our total income (11.9% in the year ended March 31, 2009), slightly higher than in the year ended March 31, 2009 as a result of the success of our film releases.

Year ended March 31, 2009 compared to year ended March 31, 2008

The table below sets forth our results of operations for the years ended March 31, 2009 and 2008, both in actual terms and as a percentage of total income.

		Year ended March 31,			
		2009		2008	
		(Rs. million)	*%*	*(Rs. million)*	*%*
A.	**Income**				
	Sales and service income	6,265.28	99.8	4,747.12	96.8
	Other income	12.57	0.2	154.73	3.2
	Total income	**6,277.85**	**100.0**	**4,901.85**	**100.0**
B.	**Expenditure**				
	Operating expenses	4,220.12	67.2	3,661.55	74.7
	Employee remuneration and other benefits	154.93	2.5	84.97	1.7
	Administrative and other expenses	752.27	12.0	449.45	9.2
	Finance costs (net)	61.05	1.0	28.18	0.6
	Depreciation	49.69	0.8	17.87	0.4
	Amortisation of goodwill on consolidation	1.10	–	–	–
	Total expenditure	**5,239.16**	**83.5**	**4,242.02**	**86.5**
C.	**Net profit before tax and extra ordinary items (A-B)**	**1,038.69**	**16.5**	**659.83**	**13.5**
	Extra ordinary items	–	–	–	–
	Net profit before tax	**1,038.69**	**16.5**	**659.83**	**13.5**
	Taxation				
	Current tax	94.79	1.5	122.39	2.5
	Deferred tax	192.49	3.1	102.62	2.1
	Fringe benefits tax	4.21	0.1	7.63	0.2
	Total taxation	**291.49**	**4.6**	**232.64**	**4.7**
	Net profit after tax and before minority interest	**747.20**	**11.9**	**427.19**	**8.7**
	Share of minority interest in profit	**14.19**	**0.2**	**15.93**	**0.3**
	Net profit after minority interest	**733.01**	**11.7**	**411.26**	**8.4**

Income

The following table sets forth a breakdown of our income for the years ended March 31, 2009 and 2008.

	Year ended March 31,			
	2009		2008	
	(Rs. million)	*%*	*(Rs. million)*	*%*
Within India	2,426.16	38.6	3,010.61	61.4
Outside India	3,851.69	61.4	1,891.25	38.6
Total income	**6,277.85**	**100**	**4,901.85**	**100**

Our income increased by Rs. 1,376.00 million, or 28.1%, from Rs. 4,901.85 million for the year ended March 31, 2008 to Rs. 6,277.85 million for the year ended March 31, 2009. However, the split of revenues within and outside India was not consistent across the periods as television rights were sold directly by our Company in the year ended March 31, 2008 (which income was included in "Income generated within India") and by the Eros International Group in the year ended March 31, 2009 (which income was included in "Income generated outside India").

Within India

Our income generated within India decreased by Rs. 584.45 million, or 19.4%, from Rs. 3,010.61 million for the year ended March 31, 2008 to Rs. 2,426.16 million for the year ended March 31, 2009, primarily due to fewer Hindi film releases and, in particular, fewer high budget film releases, and also because television rights in such period were sold by the Eros International Group and not by our Company.

In the year ended March 31, 2009 we released 15 Hindi and other regional language films in total, only one of which was a high budget successful release (*Yuvvraj*). In the year ended March 31, 2008, we also released 15 Hindi and other regional language films in total, including a number of high budget successful releases (such as *Om Shanti Om*, *Partner* and *Heyy Babyy*, among others). We had global releases of seven Tamil films in the year ended March 31, 2009, as compared to three in the year ended March 31, 2008. Overall the year ended March 31, 2009 had fewer high budget releases as compared to the year ended March 31, 2008, which influenced the theatrical revenues generated within India.

In the year ended March 31, 2009 higher licensing of television rights sales were made through the Eros International Group (shown in income generated outside India) than were made directly. In the year ended March 31, 2008, in contrast, we directly licensed more film content to third parties such as Sony, Colours, Sahara One and 9X, which is reflected in income generated in India.

Income attributable to our home entertainment distribution in the year ended March 31, 2009 came primarily from regular DVD and VCD exploitation, whereas in the year ended March 31, 2008 such regular revenues were enhanced by corporate bundling deals on the back of the successful releases in that year. In the years ended March 31, 2009 and 2008 we released eight and 10 audio CD music albums in Hindi, respectively, and had a total of 54 and 41 video film releases (of which 29 and 22 were in Hindi and 25 and 19 in English), respectively, through our home entertainment distribution, which also contributed to our income.

In the year ended March 31, 2009 digital new media revenues were higher than in the year ended March 31, 2008, primarily as a result of a full year contribution from EyeQube (incorporated October 2007), based on its revenues from four productions, *Drona*, *Aladin*, *Veer* and *Madras Patnam*. During the year ended March 31, 2009, we also concluded a cable licensing deal for broadcast on local cable within India.

Outside India

Our income generated outside India increased by Rs. 1,960.44 million, or 103.7%, from Rs. 1,891.25 million for the year ended March 31, 2008 to Rs. 3,851.69 million for the year ended March 31, 2009, primarily due to a full year contribution from Ayngaran in the year ended March 31, 2009 and the licensing of television rights to the Eros International Group as noted above.

Including the global releases noted above, in the year ended March 31, 2009 we acquired and licensed International Rights of 20 Hindi and other regional films as compared to 24 in the year ended March 31, 2008. However this decrease in the number of releases was offset by the inclusion in the year ended March 31, 2009 of the first full year of consolidated revenues for Ayngaran, which were included for only part of the year ended March 31, 2008. Ayngaran released 74 Tamil films in the year ended March 31, 2009, as compared to only 41 in the year ended March 31, 2008. In addition, more sales of television rights were made through the Eros International Group in the year ended March 31, 2009 than in the year ended March 31, 2008, which again contributed to higher revenues outside India in the year ended March 31, 2009.

Expenditure

The following table sets forth a breakdown of our expenditure for the years ended March 31, 2009 and 2008.

	Year ended March 31,	
	2009	2008
	(Rs. million)	*(Rs. million)*
Operating expenses	4,220.12	3,661.55
Administrative and other expenses	752.27	449.45
Employee remuneration and other benefits	154.93	84.97
Finance costs (net)	61.05	28.18
Other expenditure(1)	50.79	17.87
Total expenditure	**5,239.16**	**4,242.02**

(1) "Other expenditure" is composed of depreciation and amortization of goodwill on consolidation.

Against an increase in our income of 28.1% in the year ended March 31, 2009 as compared to the year ended March 31, 2008, our expenditure increased by Rs. 997.14 million, or 23.5%, from Rs. 4,242.02 million for the year ended March 31, 2008 to Rs. 5,239.16 million for the year ended March 31, 2009.

Operating expenses

The following table sets forth a breakdown of our operating expenses for the years ended March 31, 2009 and 2008.

	Year ended March 31	
	2009	2008
	(Rs. million)	*(Rs. million)*
Amortization of film rights	2,051.28	2,098.73
Purchase of film	1,591.81	1,135.05
Increase / (decrease) in inventories	(221.18)	(404.24)
Others(1)	798.21	832.01
Total operating expenses	**4,220.12**	**3,661.55**

(2) "Others" comprises processing charges of film prints and home entertainment goods, direct freight costs and other operating expenditure.

Our operating expenses increased by Rs. 558.57 million, or 15.3%, from Rs. 3,661.55 million for the year ended March 31, 2008 to Rs. 4,220.12 million for the year ended March 31, 2009 primarily due to an increase in the purchase of film rights, which was largely driven by the inclusion of Ayngaran for the full year. In addition, because there was an increase in the International Rights sold to the Eros International Group in the year ended March 31, 2009, there was an increase in the costs that were expensed as opposed to capitalised and amortized over a number of years. Consequently amortization of film rights also decreased slightly. Inventories decreased because we had more films under production within our subsidiary, Big Screen Entertainment Private Limited in the year ended March 31, 2008, some of which were released in the year ended March 31, 2009.

Print and processing charges within "Others" was Rs. 463.76 million, in the year ended March 31, 2009 as opposed to Rs. 403.25 million, in the year ended March 31, 2008. Although these charges rose year-on-year due to the inclusion of Ayngaran's releases for a full year, the underlying costs continued to decline as we were able to use more digital prints in our distribution and we had fewer big budget releases with wide distribution in the year ended March 31, 2009 as compared to the year ended March 31, 2008.

As a percentage of total income operating expenses decreased from 74.7% in the year ended March 31, 2008 to 67.2% in the year ended March 31, 2009, reflecting a greater proportion of income in the year ended March 31, 2009 from television and digital new media sales, being more cost-effective forms of distribution than traditional print distribution, than in the year ended March 31, 2008.

Administrative and other expenses

Our administrative and other expenses increased by Rs. 302.82 million, or 67.4%, from Rs. 449.45 million for the year ended March 31, 2008 to Rs. 752.27 million for the year ended March 31, 2009, primarily due to selling expenses.

Selling expenses of Rs. 298.75 million increased from Rs. 229.47 million as a result of the inclusion in the year ended March 31, 2009 of the first full year of consolidated revenues for Ayngaran, which were included for part only of the year ended March 31, 2008. However, we had fewer high budget Hindi film releases in the year ended March 31, 2009 as compared to the year ended March 31, 2008, with correspondingly lower selling expenses for our releases outside Ayngaran.

Rent, rates and taxes increased primarily as a result of the full year contribution of the relocation of our corporate office in Mumbai. Legal and professional fees increased primarily as a large number of professionals working in EyeQube were taken in on a contract basis as opposed to on salaried employment. Overall, administrative and other expenses increased as a result of full year operations of EyeQube as well as Ayngaran.

Employee remuneration and other benefits

Our employee remuneration and other benefits increased by Rs. 69.96 million, or 82.3%, from Rs. 84.97 million for the year ended March 31, 2008 to Rs. 154.93 million for the year ended March 31, 2009. This increase was primarily due to the inclusion of the employee costs of EyeQube and Ayngaran for a full year.

Finance costs (net)

Our finance costs (net) increased by Rs. 32.87 million, or 116.6%, from Rs. 28.18 million for the year ended March 31, 2008 to Rs. 61.05 million for the year ended March 31, 2009, primarily due to increased financing costs in relation to the high budget films under production in the year ended March 31, 2009 intended for release in the year ended March 31, 2010. The effect of this increase was partially offset by an increase in interest income.

Other expenditure

Other expenditure increased by Rs. 32.92 million, or 184.2%, from Rs. 17.87 million for the year ended March 31, 2008 to Rs. 50.79 million for the year ended March 31, 2009, primarily due to additional depreciation charges relating to the inclusion of EyeQube for a full year and additional fixed assets acquired in our new offices.

Net profit before tax

As a result of the foregoing, our net profit before tax increased by Rs. 378.86 million, or 57.4%, from Rs. 659.83 million for the year ended March 31, 2008 to Rs. 1,038.69 million for the year ended March 31, 2009.

Taxation

Our taxation expense increased by Rs. 58.85 million, or 25.03%, from Rs. 232.64 million for the year ended March 31, 2008 to Rs. 291.49 million for the year ended March 31, 2009. Our effective tax rate decreased from 35.3% for the year ended March 31, 2008 to 28.1% for the year ended March 31, 2009.

Net profit after tax and before minority interest

As a result of the foregoing, our net profit after tax and before minority interest (as per audited statement of accounts) increased by Rs. 320.58 million, or 75.2%, from Rs. 426.37 million for the year ended March 31, 2008 to Rs. 746.95 million for the year ended March 31, 2009.

Year ended March 31, 2008 compared to year ended March 31, 2007

The table below sets forth our results of operations for the years ended March 31, 2008 and 2007, both in actual terms and as a percentage of total income.

	Year ended March 31,			
	2008		2007	
	(Rs. million)	*%*	*(Rs. million)*	*%*
A. Income				
Sales and service income	4,747.12	96.8	2,179.41	97.0
Other income	154.73	3.2	68.35	3.0
Total income	**4,901.85**	**100.0**	**2,247.76**	**100.0**
B. Expenditure				
Operating expenses	3,661.55	74.7	1,799.86	80.1
Employee remuneration and other benefits	84.97	1.7	36.80	1.6
Administrative and other expenses	449.45	9.2	180.44	8.0
Finance costs (net)	28.18	0.6	52.12	2.3
Depreciation	17.87	0.4	9.41	0.4
Amortisation of goodwill on consolidation	–	–	0.02	–
Total expenditure	**4,242.02**	**86.5**	**2,078.65**	**92.5**
C. Net profit before tax and extra ordinary items (A-B)	**659.83**	**13.5**	**169.11**	**7.5**
Extra ordinary items	–	–	–	–
Net profit before tax	**659.83**	**13.5**	**169.11**	**7.5**
Taxation				
Current tax	122.39	2.5	45.00	2.0
Deferred tax	102.62	2.1	(12.78)	(0.6)
Fringe benefits tax	7.63	0.2	1.89	0.1
Total taxation	**232.64**	**4.7**	**34.11**	**1.5**
Net profit after tax and before minority interest	**427.19**	**8.7**	**135.00**	**6.0**
Share of minority interest in profit	**15.93**	**0.3**	**2.68**	**0.1**
Net profit after minority interest	**411.26**	**8.4**	**132.32**	**5.9**

Income

The following table sets forth a breakdown of our income for the years ended March 31, 2008 and 2007.

	Year ended March 31,			
	2008		2007	
	(Rs. million)	*%*	*(Rs. million)*	*%*
Within India	3,010.61	61.4	878.61	39.1
Outside India	1,891.25	38.6	1,369.15	60.9
Total income	**4,901.85**	**100**	**2,247.76**	**100**

As a result of the factors described below, our income increased by Rs. 2,654.09 million, or 118.1%, from Rs. 2,247.76 million for the year ended March 31, 2007 to Rs. 4,901.85 million for the year ended March 31, 2008.

Within India

Our income generated within India increased by Rs. 2,132.00 million, or 242.7%, from Rs. 878.61 million for the year ended March 31, 2007 to Rs. 3,010.61 million for the year ended March 31, 2008. This increase was primarily due to a higher number of big budget Hindi film releases and part year contributions from Ayngaran and EyeQube.

In the year ended March 31, 2008 we released 15 Hindi and other regional language films in total (including major releases such as *Om Shanti Om*, *Partner* and *Heyy Babyy*, among others) as compared to the year ended March 31, 2007, in which we released four global Hindi and other regional language films. (including *Omkara* and *Namastey London*). In addition in the year ended March 31, 2008 we directly licensed television rights to third parties such as Sony, Colours, Sahara One and 9X, which is reflected in income generated in India.

For the years ended March 31, 2008 and 2007, we released 10 and six audio CD music albums in Hindi, respectively, and had a total of 41 and 29 video releases (of which 22 and 17 were in Hindi and 19 and 12 in English), respectively, through our home entertainment distribution, which also contributed to our income.

In the year ended March 31, 2008 we released three global Tamil films through Ayngaran and also saw early revenues from EyeQube, neither of which generated income in the year ended March 31, 2007 as they were not yet in operation.

Outside India

Our income generated outside India increased by Rs. 522.10 million, or 38.1%, from Rs. 1,369.15 million for the year ended March 31, 2007 to Rs. 1,891.25 million for the year ended March 31, 2008, primarily due to the inclusion of Ayngaran for part of the year ended March 31, 2008.

In the year ended March 31, 2008, including the global releases noted above, Ayngaran had 31 overseas-only releases. No Ayngaran releases were included in our income for the year ended March 31, 2007, since the year ended March 31, 2008 was its first year of operation.

In the year ended March 31, 2008, we sold overseas rights of 15 global releases to the Eros International Group, including big budget releases such as *Om Shanti Om*, *Heyy Babyy* and *Partner*, as well as nine other overseas only releases. In comparison, in the year ended March 31, 2007, we had only four global releases and 25 overseas-only releases.

Expenditure

The following table sets forth a breakdown of our expenditure for the years ended March 31, 2008 and 2007.

	Year ended March 31,	
	2008	**2007**
	(Rs. million)	*(Rs. million)*
Operating expenses	3,661.55	1,799.86
Administrative and other expenses	449.45	180.44
Employee remuneration and other benefits	84.97	36.80
Finance costs (net)	28.18	52.12
Other expenditure(1)	17.87	9.43
Total expenditure	**4,242.02**	**2,078.65**

(1) "Other expenditure" is composed of depreciation and amortization of goodwill on consolidation.

As a result of the factors described below, our expenditure increased by Rs. 2,163.37 million, or 104.1%, from Rs. 2,078.65 million for the year ended March 31, 2007 to Rs. 4,242.02 million for the year ended March 31, 2008.

Operating expenses

The following table sets forth a breakdown of our operating expenses for the years ended March 31, 2008 and 2007.

	Year ended March 31	
	2008	2007
	(Rs. million)	*(Rs. million)*
Amortization of film rights	2,098.73	731.06
Purchase of film	1,135.05	821.88
Increase / (decrease) in inventories	(404.24)	8.22
Others[2]	832.01	238.70
Total operating expenses	**3,661.55**	**1,799.86**

[2] "Others" comprises processing charges of film prints and home entertainment goods, direct freight costs and other operating expenditure.

Our operating expenses increased by Rs. 1,861.69 million, or 103.4%, from Rs. 1,799.86 million for the year ended March 31, 2007 to Rs. 3,661.55 million for the year ended March 31, 2008. This increase was primarily due to increases in the amortization of film rights as well as increases in the purchase of film rights and other operating expenses. We had 15 global releases in the year ended March 31, 2008 as compared to four in the year ended March 31, 2007. Other operating expenses increased primarily as a result of the 15 major theatrical film releases within India in the year ended March 31, 2008 and the print and processing charges related to the distribution of those films within India. Print and processing charges in the year ended March 31, 2008 were Rs. 403.25 million as against Rs. 201.65 million in the year ended March 31, 2007. The increase in inventories in the year ended March 31, 2008 is attributable to films under production in our subsidiary, Big Screen Entertainment Private Limited, which was not included in the year ended March 31, 2007 as it was not then our subsidiary.

Administrative and other expenses

Our administrative and other expenses increased by Rs. 269.01 million, or 149.1%, from Rs. 180.44 million for the year ended March 31, 2007 to Rs. 449.45 million for the year ended March 31, 2008, primarily due to selling expenses. The increase in selling expenses from Rs. 73.76 million for the year ended March 31, 2007 to Rs.229.47 million for the year ended March 31, 2008 was associated with advertising and publicity expenditure relating to the release of 15 films theatrically within India in the year ended March 31, 2008 (including major releases such as *Om Shanti Om*, *Partner* and *Heyy Babyy*, among others) as compared to fewer releases in the year ended March 31, 2007. In addition, the year ended March 31, 2008 included part year contributions from Ayngaran and EyeQube.

Rent, rates and taxes increased primarily as a result of the relocation of our corporate office in Mumbai and the commencement of rent payments for EyeQube's premises and for our production business. Legal and professional fees increased primarily as a result of the expansion of our domestic distribution business within India and setting up Ayngaran and EyeQube.

Employee remuneration and other benefits

Our employee remuneration and other benefits increased by Rs. 48.17 million, or 130.9%, from Rs. 36.80 million for the year ended March 31, 2007 to Rs. 84.97 million for the year ended March 31, 2008. This increase was primarily due to partial year contributions from EyeQube and Ayngaran.

Finance costs (net)

Our finance costs (net) decreased by Rs. 23.94 million, or 45.9%, from Rs. 52.12 million for the year ended March 31, 2007 to Rs. 28.18 million. This decrease was primarily due to an increase in interest income and a decrease in interest and bank charges as a result of decreased interest rates and using cash inflows received from Eros plc to pay down long-term borrowings.

Other expenditure

Other expenditure increased by Rs. 8.44 million, or 89.5%, from Rs. 9.43 million for the year ended March 31, 2007 to Rs. 17.87 million for the year ended March 31, 2008. This increase was primarily due to an increase in our depreciation expense as a result of an increase in our fixed assets as a result of the incorporation of EyeQube in October 2007.

Net profit before tax

As a result of the foregoing, our net profit before tax increased by Rs. 490.72 million, or 290.2%, from Rs. 169.11 million for the year ended March 31, 2007 to Rs. 659.83 million for the year ended March 31, 2008.

Taxation

Our taxation expense increased by Rs. 198.53 million, or 582.0%, from Rs. 34.11 million for the year ended March 31, 2007 to Rs. 232.64 million for the year ended March 31, 2008, due to an increase in the effective tax rate from 20.2% for the year ended March 31, 2007 to 35.3% for the year ended March 31, 2008.

Net profit after tax and before minority interest

As a result of the foregoing, our net profit after tax and before minority interest (as per audited statement of accounts) increased by Rs. 278.72 million, or 188.8%, from Rs. 147.65 million for the year ended March 31, 2007 to Rs. 426.37 million for the year ended March 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

We maintain cash balances, which are primarily held in Indian Rupees, to fund the daily cash requirements of our business. Our funding requirements for our working capital, capital expenditures, production expenses, content acquisition expenses and other requirements have been met through a combination of cash generated from operating activities, long-term borrowings and credit facilities. Additionally we also receive advances against future film content acquisitions from the Eros International Group. Both the long-term borrowings and the credit facility are secured and benefit from a corporate guarantee from Eros plc (see "***Financial Indebtedness***" on page 157). Such credit facility is primarily used to cover production and content acquisition expenses. Draw-downs under the credit facility are subsequently repaid with cash generated from the distribution of film content. As at September 30, 2009 and March 31, 2009, our secured loans totalled Rs. 2,103.61 million and Rs. 2,114.12 million, respectively, and our unsecured loans totalled Rs. 0.43 million and Rs. 4.03 million, respectively.

Cash flows

Due to the nature of the operations of our business significant cash flows are invested in film content and related rights. Within the cash flow statement this is shown within debtors as loans and advances and within fixed assets as intangible assets.

Six months ended September 30, 2009

The following table is based on our consolidated statement of cash flows for the six months ended September 30, 2009.

	Six months ended September 30 2009
	(Rs. million)
Net cash flows from operating and investing activities[(1)]	248.51
Net cash flows used in financing activities	(58.32)
Net increase in cash and cash equivalents	190.19

(1) Since line items in both "net cash flows from operating activities" and "net cash flows used in investing activities" are relevant to a discussion of cash flows relating to the procurement of film content (through acquisition, co-production or production), we have elected to combine the discussion of the abovementioned cash flow categories.

Net cash flows from operating and investing activities

For the six months ended September 30, 2009, net cash flows from operating and investing activities were Rs. 248.51 million after taking account of a net working capital reduction of Rs. 237.72 million, which reflected a repayment of inter-group indebtedness by us to the Eros International Group. This repayment was more than offset by a reduction of loans and advances as we continued to sell International Rights of films to the Eros International Group, the price of which was set against the advance received from the Eros International Group.

Net cash flows used in financing activities

For the six months ended September 30, 2009, our net cash flows used in financing activities remained neutral with the cash outflow mainly due to interest payments.

Year ended March 31, 2009 compared to year ended March 31, 2008

The following table is based on our consolidated statement of cash flows for years ended March 31, 2009 and 2008.

	Year ended March 31	
	2009	**2008**
	(Rs. million)	*(Rs. million)*
Net cash flows from / (used in) operating and investing activities[(1)]	(1,578.16)	306.69
Net cash flows from financing activities	801.38	522.81
Net increase/(decrease) in cash and cash equivalents	(776.78)	829.50

(1) Since line items in both "net cash flows from operating activities" and "net cash flows used in investing activities" are relevant to a discussion of cash flows relating to the procurement of film content (through acquisition, co-production or production), we have elected to combine the discussion of the abovementioned cash flow categories.

Net cash flows from / (used in) operating and investing activities

Net cash flows from / (used in) operating and investing activities changed by Rs. 1,884.85 million, from a net inflow of Rs. 306.69 million for the year ended March 31, 2008 to a net outflow of Rs. 1,578.16 million for the year ended March 31, 2009. This change was primarily due to cash outflows attributable to sundry debtors increasing by Rs. 541.93 million for the year ended March 31, 2009, as compared to Rs. 273.98 million for the year ended March 31, 2008. As well as ongoing Hindi content investments this increase also reflected a major investment in Tamil content following the acquisition of Ayngaran in October 2007.

Partially offsetting the abovementioned increases were a Rs. 396.23 million increase in operating profit before working capital changes as a result of increased profitability; cash outflows attributable to inventories increasing by Rs. 283.23 million for the year ended March 31, 2009, as compared to Rs. 525.26 million for the year ended March 31, 2008; a Rs. 68.76 million decrease in income taxes and a Rs. 30.20 million decrease in purchase of tangible fixed assets.

Net cash flows from financing activities

Net cash flows from financing activities increased by Rs. 278.57 million, or 53.3%, from Rs. 522.81 million for the year ended March 31, 2008 to Rs. 801.38 million for the year ended March 31, 2009. This increase was primarily due to a Rs. 311.30 million increase in net proceeds from long term borrowings (including repayment of long term borrowings) and a Rs. 46.19 million increase in interest income. Partially offsetting these effects was a Rs. 81.76 million increase in interest and bank charges as a result of increased indebtedness and marginally higher borrowing costs.

Year ended March 31, 2008 compared to year ended March 31, 2007

The following table is based on our consolidated statement of cash flows for years ended March 31, 2008 and 2007.

	Year ended March 31	
	2008	2007
	(Rs. million)	*(Rs. million)*
Net cash flows from operating and investing activities[(1)]	306.69	452.80
Net cash flows from / (used in) financing activities	522.81	(254.67)
Net increase/(decrease) in cash and cash equivalents	829.50	198.13

(1) Since line items in both "net cash flows from operating activities" and "net cash flows used in investing activities" are relevant to a discussion of cash flows relating to the procurement of film content (through acquisition, co-production or production), we have elected to combine the discussion of the abovementioned cash flow categories.

Net cash flows from operating and investing activities

Net cash flows from operating and investing activities decreased by Rs. 146.11 million, or 32.3%, from Rs. 452.80 million for the year ended March 31, 2007 to Rs. 306.69 million for the year ended March 31, 2008. This decrease was primarily due to cash outflows attributable to inventories increasing by Rs. 525.26 million for the year ended March 31, 2009, as compared to Rs. 126.60 million for the year ended March 31, 2008; cash outflows attributable to sundry debtors increasing by Rs. 273.98 million for the year ended March 31, 2009, as compared to Rs. 23.62 million for the year ended March 31, 2008, and a Rs. 104.26 million increase in purchases of tangible fixed assets.

Partially offsetting the abovementioned effects was a Rs. 1,852.72 million increase in working capital before working capital changes as a result of increased profitability.

Net cash flows from / (used in) financing activities

Net cash flows from / (used in) financing activities changed by Rs. 777.48 million, from a Rs. 254.67 million cash outflow for the year ended March 31, 2007 to a Rs. 522.81 million cash inflow for the year ended March 31, 2008. This change was primarily due to a net proceeds from long term borrowings of Rs. 470.45 million for the year ended March 31, 2008, as compared to net repayments of Rs. 125.66 million for the year ended March 31, 2008, as well as net proceeds from short term borrowings of Rs. 81.96 million for the year ended March 31, 2009, as compared to net repayments of Rs. 73.34 million for the year ended March 31, 2008.

Capital Expenditures

The following table sets forth our capital expenditures, including additions of tangible fixed assets and intangible fixed assets, for the years ended March 31, 2009, 2008 and 2007 and for the six months ended September 30, 2009.

	Six months ended September 30	Year ended March 31		
	2009	2009	2008	2007
	(Rs. million)	*(Rs. million)*	*(Rs. million)*	*(Rs. million)*
Purchase of tangible fixed assets	6.91	84.07	114.27	10.01
Purchase of intangible assets	907.68	2,701.61	2,735.60	1,325.30
Total capital expenditures	**914.59**	**2,785.68**	**2,849.87**	**1,335.31**

During the for the six months ended September 30, 2009 and for the years ended March 31, 2009, 2008 and 2007, our capital expenditures were primarily related to the sourcing of film content through co-production ventures and acquisitions of such content from third parties, which is shown as purchase of intangible fixed assets. Capital expenditures for tangible fixed assets in the year ended March 31, 2008 were related to the incorporation of EyeQube and the resulting need for computers and other equipment necessary for its business, while capital expenditures for fixed assets in the year ended March 31, 2009 were related to the continued scaling-up of EyeQube and the relocation of our Mumbai corporate office. In the future, we expect our capital expenditures related to the co-production and acquisition of film content to remain relatively consistent with recent years.

Capital expenditures for intangible assets increased year-on-year from the year ended March 31, 2007 as we had four global releases in the year ended March 31, 2007 as against 15 global releases in the year ended March 31, 2008 and 15 global releases in the year ended March 31, 2009. Capital expenditure for intangible assets, the year ended March 31, 2008 onwards, included the Tamil films released by Ayngaran. For the six month period ended September 30, 2009, we had lower capital expenditures for intangible assets as we had fewer releases of films, primarily as a result of the dispute with the national multiplex operators.

Borrowings

The following table sets forth our borrowings as at September 30, 2009 and March 31, 2009, 2008 and 2007.

	As at September 30	As at March 31		
	2009	**2009**	**2008**	**2007**
	(Rs. million)	*(Rs. million)*	*(Rs. million)*	*(Rs. million)*
Secured loans				
Terms loans from banks	818.60	1,280.84	485.43	23.72
Packing credit and export bill discounting	1,126.83	820.17	708.42	488.73
Cash credit and demand loans	147.11	–	26.20	168.21
Others	11.07	13.11	13.94	5.20
Total secured loans	**2,103.61**	**2,114.12**	**1,233.99**	**685.86**
Unsecured loans				
From relatives of directors	0.43	4.03	4.78	0.50
Total unsecured loans	**0.43**	**4.03**	**4.78**	**0.50**
Total loans funds	**2,104.04**	**2,118.15**	**1,238.77**	**686.36**

For the six months ended September 30, 2009 and for the years ended March 31, 2009, 2008 and 2007, our borrowings were primarily related to the financing of film content through co-production ventures and the acquisitions of such content from third parties and its export to the Eros International Group. The major changes in the overall loans in the years ended March 31, 2008 and 2009 related to increased ongoing investment in Indian film content which, combined with internal working capital and amounts advanced by the Eros International Group, were used to secure ongoing film rights and fund their production.

Material Developments after the Balance Sheet Date

Since September 30, 2009, our Company has made a bonus issue out of capitalisation of the surplus balance in the profit and loss account of our Company in a 13:1 ratio to existing shareholders of our Company, on December 1, 2009 and issued 66,306,500 Equity Shares. For details of our share capital see "***Capital Structure***" on page 29.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Transactions with Related Parties

We have entered into certain transactions with our Promoters and Group Entities. For further information, see ***Restated Consolidated Financial Information — Details of Related Party Transactions"*** and "***Restated Unconsolidated Financial Information— Details of Related Party Transactions***" on pages F62 and F17 respectively..

Contingent Liabilities

We had contingent liabilities in the following amounts, as disclosed in our restated consolidated financial statements:

Particulars	As at September 30 2009
	(Rs. million)
Guarantees issued by the Company's Bankers on behalf of the Director	-
Bank Guarantees in favour of various Government Authorities	0.30
Corporate guarantee to a bank for loans availed by a subsidiary company	50.00
Sales tax/cess claims disputed by the Company	159.93
Claims against the company not acknowledged as debts	56.98
Income tax and interest demands raised by authorities and disputed by the company	22.93
Vat and CST Liability on the sale / lease of Copy Rights under the MVAT Act and disputed by the Company and the Industry.	20.94

Quantitative and Qualitative Disclosure on Market Risks

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk, foreign exchange risk, inflation and commodity risk. We are exposed to different degrees of these risks in the normal course of our business.

Interest rate risk

As at September 30, 2009, all our indebtedness was subject to floating rates of interest linked to the benchmark prime lending rate ("**BPLR**") and are thereby exposed to changes in interest rates. In addition, the interest rates for our indebtedness are subject to periodic resets. See "***Financial Indebtedness***" on page 157. Upward fluctuations in interest rates increase the cost of our borrowings.

We do not currently use any instruments such as interest rate swaps, options and other derivative instruments for the purposes of mitigating our exposure to interest rate risk. However, this is kept under review, and we may enter into such instruments in the future.

Foreign exchange risk

We have incurred and expect to incur expenditure and indebtedness denominated US Dollars for our operations when acquiring certain film content and in respect of overseas trading. Any depreciation of the Indian Rupee against the currency in which we have an exposure will increase the Indian Rupee costs to us of servicing and repaying our expenditure and indebtedness.

We currently do not use foreign currency hedging instruments to manage the volatility associated with foreign currency payments and risks. However, this is kept under review, and the Company may enter into such instruments in the future.

Unusual or infrequent events or transactions

Other than as described in this Draft Red Herring Prospectus, there have been no events or transactions which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in the "***Risk Factors***" on page xi, and this section, to the best of our knowledge, there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

New product or business segment

Other than as described in "***Our Business***" on page 73, we do not have new products or business segments.

Dependence on a single or few suppliers or customers

With the exception of our relationship with related parties in the context of our business outside India, we view our business as not being dependent on any particular suppliers or customers. For further information, see "***Risk Factors***", "***Our Business***" and "***History and Key Corporate Matters***" on pages xi, 73 and 93, respectively.

Competitive Conditions

We expect competition in the Indian film content industry from existing and potential competitors to continue. Potential competitors may be new entrants to India but have existing film content businesses overseas. For further information, see "***Risk Factors***", "***Our Business***" and "***Industry Overview***" on pages xi, 73 and 57, respectively.

Future Relationship between Costs and Income

Other than as described in the sections "***Risk Factors***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages xi and 134, respectively, of this Red Herring Prospectus, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

Significant Accounting Policies

Our financial statements have been prepared in accordance with Indian GAAP. Our 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 and Accounting Rules as notified under the Companies Act and have been restated in accordance with the SEBI Regulations.

Our significant accounting policies are set forth in Note III to our consolidated financial statements included on page F56. Indian GAAP requires that we adopt accounting policies and make estimates that our Directors believe are most appropriate in the circumstances for the purposes of giving true and fair view of our results of operations and the understanding of our financial condition and results of operations. The preparation of our financial statements requires us to make difficult and subjective judgement in selecting the appropriate estimates and assumptions that affect the amounts reported in our financial statements.

Estimates and judgements are evaluated on a regular basis and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the present circumstances. We make estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. We believe that the following critical accounting policies summarised below warrant further attention:

Intangible assets and amortization

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

We directly exploit our Hindi and other regional film content within India, Nepal and Bhutan (Indian or domestic rights) and, with effect from October 1, 2009 pursuant to the Relationship Agreement, will hold the license for distribution of such film content for the entire world excluding India, Nepal and Bhutan to the Eros International Group (overseas-only or International Rights). Ayngaran exploits our Tamil language film content internationally including in India, Nepal and Bhutan (global rights), which sales are not governed by the Relationship Agreement.

Revenue recognition

Revenue is recognised based on the nature of the activity when the substantial risks and rewards of ownership are transferred, the consideration can reasonably be measured and there exists reasonable certainty of recovery.

Taxes on income

We are subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. During the normal course of business there are many transactions and calculations for which the ultimate tax determination is uncertain.

Where the ultimate outcome is different than that which was initially recorded there will be an impact on the income tax and deferred tax provisions.

Impairment of assets

We review the carrying amounts of assets at each balance sheet date in accordance with Accounting Standard 28 “Impairment of Assets”. These calculations require estimates to be made which are based on management assumptions however in the event that there is an unforeseen event which materially affects these assumptions it could lead to a write down of assets.

FINANCIAL INDEBTEDNESS

As at September 30, 2009, our total outstanding indebtedness, on a consolidated basis, is Rs. 2,104.04 million. A summary of the key terms of our significant outstanding financing arrangements is provided below.

A. Secured Loans of our Company

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009 (Rs. million)
1.	Union Bank of India - sanction letter dated July 31, 2009	Fund based credit of Rs. 235 million, including: • Packing credit- Rs.110 million • Foreign discount bill purchase and foreign usance discount bill purchase- Rs. 110 million • Cash credit - Rs. 15 million Term loans of Rs. 319 million: • Term loan 1: Rs. 119 million • Term loan 2: Rs. 200 million	For fund based credit: • For packing credit- As per guidelines of Union Bank of India • For foreign discount bill purchase and foreign usance discount bill purchase - As per guidelines of Union Bank of India • For cash credit- Benchmark Prime Lending Rate ("**BPLR**") plus 0.75% payable monthly Term loans: • For term loan 1: At BPLR	• Deposits of Rs. 250 million pledged on *pari passu* basis to be replaced by immoveable property worth Rs. 300 million; • *Pari passu* charge on equipment/vehicles of a residual value of Rs. 62.70 million; • Hypothecation of film rights/agreements of realisable market value of Rs. 200 million on a *pari passu* basis along with first charge on such digital video disc, satellite rights acquired for domestic markets, actionable claims/receivables arising out of sale of such rights; • Equitable mortgage of corporate office premises valuing Rs. 4 crores; • Corporate guarantee of	Our Company shall not, without the lender's prior consent: • Make any further investment in any subsidiary/associate concern by loans and advances or investment in shares. • Make any major change in the management of our Company involving transfer of ownership. • Transfer the shares of promoters/ directors • Repay the unsecured loan from the holding company during the currency of the term loan/working capital facility with the bank. • Extend corporate guarantee to other banks, financial institutions on behalf of their group companies etc.	224.34

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009 (Rs. million)
			payable monthly • For term loan 2: At BPLR plus 1.25% payable monthly	Eros plc		
2.	Punjab National Bank - sanction letter dated July 20, 2009	Fund based credit of Rs. 250 million, including the following: • Cash credit for a term of one year- Rs. 150 million • Packing credit for a term of 270 days - Rs. 100 million • Guarantee including freight on board- Rs. 100 million	• For cash credit- BPLR / BPLR plus 1.50% • For packing credit: BPLR minus 2.50% • 3. For guarantee: BPLR minus 2.50% up to 180 days and beyond 180 days as per the guidelines of Punjab National Bank	• Hypothecation of film /film rights agreements on a *pari passu* basis with other consortium banks • Corporate guarantee of Eros plc • First charge on all assets present and future • Charge on equipment and vehicles • Mortgage of corporate office • Third party deposit of Rs. 250 million to be held on *pari passu* basis with other lenders	Our Company shall not, without the lender's prior consent: • Undertake expansion/ diversification/modernisation (except those investments accepted in CMA data) without proper tie up of funds. • Declare dividends for any year, if the accounts with the lender are irregular or any conditions of the sanction remain not complied with. • Permit any transfer of controlling interest or make any drastic change in the management set-up. • Divert/utilize loan funds to any associate/group concerns or for purposes other than sanctioned. • Issue bonus shares and dispose off promoter shareholding wherever specifically stipulated. • Make investment in associate, allied or group companies • Monies brought in by principal shareholders or directors shall not be withdrawn without the lender's prior consent Separately, • Eros Worldwide is to provide an undertaking that the advance of Rs. 1,500 million received	Not availed of

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009 (Rs. million)
					from Eros Worldwide shown as a long term liability to be retained in the business during the currency of the credit facilities extended by the banks.	
3.	Oriental Bank of Commerce - sanction letter dated March 31, 2009	Fund based credit for a term of one year: • Packing credit- Rs. 150 million • Guarantee including freight on board- Rs. 100 million	As per directives of RBI or guidelines of Oriental Bank of Commerce	• Hypothecation of film / film rights agreements having realisable market value of Rs. 250 million, on a *pari passu* basis with Indian Overseas Bank and other lenders; • Pledge of third party foreign currency deposits amounting to Rs. 250 million, in the form of a guarantee by Eros plc for this amount; and • Charge on equipment etc., of a value of Rs. 451 million on *pari passu* basis with other lenders • Corporate guarantee of Eros plc and account of Eros plc to be rated through an external credit rating agency pursuant to Basel-II requirements	Our Company shall not, without the lender's prior consent: • Effect any mergers, acquisitions, amalgamations, reconstruction. • Change the capital structure of our Company. • Take up any new projects, modernisation, expansion, acquire fixed assets or change the constitution/promoters, directors, core management team or management set up. • Make any other borrowing arrangements with other lenders, or give guarantees on behalf of third parties, or declare dividend (except out of current year's profits after making due provisions) or invest (by way of shares or debentures)/lend funds or otherwise extend finance to other /associate concerns (except normal trade credit/security deposit/ advance to employees) or premature repayments of loans and discharge of other liabilities. Separately, our Company shall keep the lender informed of the happening of any event likely to have substantial effect on its business / profit.	245.53
4.	Indian Overseas Bank - sanction letter	• Cash credit- Rs. 30 million • Unsecured packing	• For cash credit: BPLR plus	• Hypothecation of film / film rights agreements and DVD or	The Company shall not, without the lender's prior consent: • Extend corporate guarantees to other	1,107.12

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009 (Rs. million)
	dated February 18, 2009	credit- Rs. 330 million • Foreign discount bill purchase - Rs. 380 million • Letter of guarantee- Rs. 10 million Term loans: • Term loan 1- Rs. 84 million • Term loan - Rs. 200 million	1.40% • For unsecured packing credit: As per RBI directions • For foreign discount bill purchase - As per RBI directions • For letter of guarantee: As per RBI directions For the term loans: • For term loan 1: BPLR plus 2.75% • For term loan 2: BPLR plus 2.00%	satellite rights acquired for the domestic market of realisable market value of Rs. 200-250 million, documents of title to goods, and stock of stocks and actionable claims and receivables relating to domestic rights operations with first *pari passu* charge on current assets; • Domestic deposits of Rs. 250 million; • Charge on equipment etc of residual value of 84.40 million; • *Pari passu* equitable mortgage of corporate office premises of value of Rs. 40 million; and • Corporate guarantee of Eros plc equivalent to Rs. 10,446.80 million	lenders on behalf of group/ associate companies; and • Change the constitution of our Company, including conversion of private limited company to a public limited company or change the constitution/Directors, proposals for merger/ takeover, etc.	
5.	IDBI Bank Limited, line of credit agreement dated July 31, 2007	Line of credit on revolving basis not exceeding Rs. 250 million	As stipulated	First charge on negatives of films and assignment of all rights, title and interest present and future, and general intangibles and bank accounts	To be used for the purpose of meeting part cost of production of films over a period of two years, subject to a maximum of two films at a time.	250

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009 (Rs. million)
				pertaining to films whose production is financed from this facility.		

B. Secured Loans of our Subsidiaries

1. Eros International Films

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009 (Rs. million)
1.	IDBI Bank- sanction letters dated September 12, 2009, December 1, 2008 and September 12, 2008	Line of credit of Rs. 730 million	BPLR plus 50 basis points (fully floating)	• A first charge on negatives of all films covered under the line of credit. • A first charge on all revenues/ receivable of all films under the line of credit. • A first charge on any letter of credit, guarantee or performance bond that may be provided by any party to any project agreement or contract in favour of the company for all the films covered under the line of credit. • Assignment of all contracts, all documents, insurance policies relating to all the films covered under the line of credit • Establishment of a dedicated current account with an IDBI Bank branch into which all cash inflows of all films covered under the line of credit are to be deposited and which will be utilised in a manner and priority to be decided by IDBI Bank. • A first charge on all the accounts, bank	• Eros International Films to furnish no objection certificate from the co-producer regarding Eros International Films availing of credit facility from IDBI Bank. • Eros International Films to furnish contract / confirmation from lead artists, director and cinematographer in respect of each film. • Eros International Films to undertake that funds raised for the films shall not be utilised for subscription or purchase of shares / debentures, repayment of dues of banks or institutions, for any other project and for extending loans to subsidiaries or associate companies or making any inter corporate deposits. • Eros International Films to obtain censor clearance in respect of each film to the satisfaction of IDBI Bank. • Eros International Films to agree to maintain the following for each individual film project covered under the LoC- A debt equity ratio of 1:1, promoter's contribution of 30% and aggregate promoters contribution of 50% • Eros International Films to undertake that the	30

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009 (Rs. million)
				accounts. • Power of attorney in favour of IDBI Bank authorising it to receive the monies from the distributors/ music rights/ T.V./ DVD/ any other rights purchaser of the project in event of default. • Unconditional and irrevocable corporate guarantee in favour of IDBI Bank from Eros plc and our Company. • A separate laboratory agreement from the film processing laboratory for each film covered under the LoC, no print of the film to be released to any person or company until authorised by IDBI in writing obtained for the project.	funds raised for the films under the LoC for extending loans to subsidiaries or associate companies or making *inter corporate* deposits • Eros International Films to agree not to terminate/end any of the contracts/agreements relating to the said films without the prior approval of IDBI	
2.	Union Bank of India- sanction letter dated April 13, 2009	Credit facilities of Rs. 50 million • Unsecured packing credit of Rs. 50 million • Foreign discount bill purchase (included in the limit of 50 million) up to Rs. 50 million	For unsecured packing credit- margin at 25%	For unsecured packing credit: • security against firm order / letter of credit / agreement of sale of rights; For foreign discount bill purchase- • full set of export document/ bill of exchange / sale of right agreement covering sales of rights of the film exported drawn in conformity with the terms of the exporter. • Equitable mortgage of residential flat at Juhu in the name of Sunil Lulla • Personal guarantee of Mr. Arjan Lulla and Mr. Sunil Lulla, of Rs. 24.10 million and Rs. 36.20 million as at March 31, 2007 • Corporate	Eros International Films shall not, without the lender's prior consent: • Transfer shares of the promoter directors. • Pay commission / exchange to guarantors. • Invest in any subsidiary / associate concerns by way of loans and advances or investment in shares. • Change the management of Eros International Films involving transfer of ownership. • All conditions stipulated by other lenders also apply	49.82

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009 (Rs. million)
				guarantee of our Company		

2. Big Screen Entertainment

S. No	Lender	Facility	Interest	Security	Significant Covenants	Outstanding as at September 30, 2009
1.	IDBI Bank-sanction letter dated March 14, 2008 and sanction letter dated June 20, 2009	Foreign currency loan of Rs. 149 million	London interbank offered rate (three months) plus 400 basis points	• First charge on negatives of proposed film. • First charge on all revenues / receivables of proposed film. • First charge on any letter of credit, guarantee or performance bond provided by any party to any project agreement or contract in favour of the borrower for the project. • Assignment of all contracts, all documents, insurance policies relating to the project. • Establishment of a dedicated current account with an IDBI Bank branch into which all cash inflows of the project are to be deposited and which will be utilised in a manner and priority to be decided by IDBI Bank. • First charge on all the accounts, bank accounts. • Power of attorney in favour of IDBI Bank authorising it to receive the monies from the distributors/ music rights/ T.V./ DVD/ any other rights purchaser of the project in event of default. • Corporate guarantee in favour of IDBI Bank from our Company. • Personal guarantee of Mr. Kumar Mangat Pathak.	• Big Screen Entertainment to furnish no objection certificate from co-producer regarding Big Screen Entertainment availing of credit facility from IDBI Bank. • Big Screen Entertainment to furnish contract / confirmation from lead artists, director and cinematographer in respect of each film. • Big Screen Entertainment to undertake that funds raised for the films shall not be utilised for subscription or purchase of shares / debentures, repayment of dues of banks or institutions, for any other project and for extending loans to subsidiaries or associate companies or making any inter corporate deposits. • Big Screen Entertainment to obtain censor clearance in respect of each film to the satisfaction of IDBI Bank. • Big Screen Entertainment to furnish a certificate from its statutory auditor with regard to expenditure incurred on the film and means of finance thereof. • Big Screen Entertainment to bring in the up-front promoters' contribution of 50% of the cost of the project.	185.72*

* Formally, this loan was denominated in US$, excess of total drawn amount over amount in present sanctioned amount is due to devaluation in currency upon rollover.

SECTION VI- LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries, our Directors and our Promoters and Group Entities, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in or dues payable to holders of any debentures, bonds and fixed deposits or arrears of preference shares issued by the Company and its Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and its Subsidiaries and no disciplinary action has been taken by the SEBI or any stock exchanges against the Company, its Subsidiaries, its Promoters, Group Entities and Directors.

None of our Company, our Promoters or Group Entities or Directors has been debarred or prohibited from accessing the capital markets by SEBI or any governmental authority. Our Company, our Directors, Subsidiaries, Promoters and Group Entities are not on the list of wilful defaulters of the RBI or any other governmental authority. Further, there is no small scale undertaking to whom our Company owes a sum exceeding Rs. 0.10 million which is outstanding for more than 30 days.

I. Litigation involving our Company

A. Contingent liabilities as at September 30, 2009

As at September 30, 2009, the contingent liabilities appearing in our restated consolidated financial information are provided below.

(Rs. million)

Particulars	Amount
Guarantees issued by our Company's bankers on behalf of the Director	Nil
Bank Guarantees in favour of various Government authorities	0.30
Corporate guarantee to a bank for loans availed by a subsidiary company	50
Sales tax/cess claims disputed by our Company	159.93
Claims against our Company not acknowledged as debts	56.98
Income tax and interest demands raised by authorities and disputed by our Company	22.93
VAT and CST liability on the sale/lease of copy rights under the MVAT Act and disputed by our Company and the industry	20.94

B. Pending litigation against our Company

Criminal proceedings

Mr. Ramakant Prasad, proprietor of Ishwar International, has filed a criminal complaint (Complaint No. 1924(C)/2008) against our Company, and our Director, Mr. Sunil Lulla and an employee of our Company, Ms. Sundari Ramamurthy, and certain others in the Court of the Chief Judicial Magistrate, First Class, Patna, alleging intentional and deliberate misrepresentation regarding the number of songs in the films *Dus Kahaniyan* and *Mr. White and Mr. Black* and cheating Mr. Prasad of a sum of Rs. 2.7 million along with refund demanded in respect of certain expenses incurred by the complainant. The Chief Judicial Magistrate issued an order dated September 18, 2008 taking cognizance of the complaint (Complaint No. 1924(C)/2008). Subsequently, our Company, Mr. Sunil Lulla and Ms. Ramamurthy have filed an application (Criminal Miscellaneous No. 14967/2009) in the High Court at Patna for quashing this complaint. The High Court at Patna, by its order dated April 18, 2009, stayed the proceedings in the criminal complaint pending in the Court of the Chief Judicial Magistrate, First Class, Patna.

Civil suits

There are three civil suits filed against our Company, pending before various courts in India. The aggregate claim against our Company, in such cases where the claims have been quantified is Rs. 98.50 million along with interests and costs as applicable. The details are provided below.

1. Fairdeal International Private Limited ("**Fairdeal**") filed a suit (No. 3717/2004) against our Company, Glamour Films, Sahara India Mass Communication Limited and our Subsidiary Eros International

Films in the High Court at Bombay for recovery of Rs. 2.50 million and seeking an injunction against the telecast and exhibition of the film *One Two Ka Four*. The High Court at Bombay by order dated April 20, 2005 declined to grant any injunction against the telecast of the said film. Fairdeal filed an appeal (No. 622/2005) in the High Court at Bombay (Division Bench). The High Court at Bombay (Division Bench) by an order dated September 5, 2005 disposed of the appeal. Subsequently, the High Court at Bombay, by order dated March 17, 2006 in suit (No. 3717/2004) passed a decree for Rs. 2.50 million against Glamour Films. In the order dated March 17, 2006, the High Court at Bombay clarified that for the purpose of making the decree it had not considered the rights of the other parties to the suit namely our Company, Sahara India Mass Communication and Eros International Films. The next date of hearing has not been fixed.

2. Mr. Ajay Monga filed a suit (No. 2414/2008) against Red Chillies Entertainment Private Limited and our Company as *pro forma* respondent in the High Court at Bombay praying for restraining exhibition and exploitation in any form of the film *Om Shanti Om*, alleging infringement of copyrights. The High Court at Bombay, by order dated August 6, 2008, declined the notice for motion for interim relief for exhibition of the film. The next date of hearing had not been fixed.

3. K Sera Sera Productions Limited filed a suit (No. 2536/2009) against our Company in the High Court at Bombay on account of an agreement dated May 14, 2008 in respect of the film *Chal Chala Chal* between K Sera Sera Productions and our Company. K Sera Sera Productions Limited has claimed Rs. 96 million along with interest at the rate of 18% per annum from the date of the suit until payment and/or realisation, alleging that our Company had committed a breach of this agreement. The next date of hearing has not been fixed.

Claims and notices from statutory authorities

Taxation related proceedings:

There are certain pending income tax proceedings, where the aggregate claim against our Company is Rs. 22.93 million. The details are provided below.

(A) Income tax proceedings

1. The Assistant Commissioner of Income Tax ("**CIT**"), Mumbai issued a demand notice and order dated September 20, 2005 to our Company for assessment year 2001-2002 under Section 143(3) read with Section 147 of the I.T. Act, demanding Rs. 6.09 million as income tax payable by our Company on account of disallowance of the claim of deduction of non-receipt of export proceeds from our Company's income under Section 80HHF of the I.T. Act. The Assistant CIT, Mumbai, relied upon Section 80HHF (2) of the I.T. Act and held that export proceeds should have been brought into India in convertible foreign exchange within six months from the end of the previous year, as provided under the I.T. Act, or within the period a competent authority may allow in this respect. He further held that since our Company failed to bring in the proceeds in a convertible foreign exchange currency within the "due date" and further since our Company did not furnish an approval letter of a competent authority, i.e., the RBI or the Chief CIT, the deduction under Section 80HHF of the I.T. Act would not be allowed, thereby reducing our Company's export turnover by approximately Rs. 31.19 million. Further, penalty proceedings under Section 271(1) (c) of the I.T. Act were initiated against our Company for furnishing inaccurate particulars of income and concealing taxable income. Our Company has filed an appeal (No. AA(Appeal)-VIII/I.T. 311/S.A.A- C(1)/ 05-06) against the said assessment order before the CIT (Appeals)-VIII, Mumbai on November 9, 2005. The appeal came up for hearing on January 18, 2006 and the case was remanded to the Assistant CIT to verify the *post facto* RBI or the Chief CIT approval sought by our Company. The Assistant CIT has also from time to time requested certain information from our Company, which our Company is in the process of providing.

2. The Assistant CIT, Mumbai issued a demand notice and order dated September 27, 2005 to our Company for assessment year 2002-2003 under Section 143(3) of the I.T. Act, demanding a total of Rs. 1.57 million as income tax payable by our Company including on account of treatment of bank interest as income from other sources, inclusion of sales tax in total turnover for calculation of deduction under Section 80 HHF of the I.T. Act, disallowance of expenses on account of delayed payment of pension fund and employee state insurance compensation amounting to Rs. 1.52 million, reduction of export turnover amounting to Rs. 6.23 million, and reduction of 90% of miscellaneous income of Rs. 1.23

million from our Company's profits. Our Company has filed an appeal (No. AA(Appeal)-VIII/I.T. 311/S.A.A- C(1)/05-06) against the said assessment order before the CIT (Appeals)-VIII, Mumbai on November 3, 2005. The appeal came up for hearing on January 18, 2006 and the case was remanded to the Assistant CIT to verify the post facto RBI or the Chief CIT approval sought by our Company. The Assistant CIT has also from time to time requested certain information from our Company, which our Company is in process of providing.

3. The Assistant CIT, Mumbai issued an assessment order and a demand notice dated March 17, 2006 to our Company for assessment year 2003-2004 under Section 143(3) of the I.T. Act, demanding a total of approximately Rs. 4.32 million including on account of disallowing certain debts which had been written off by our Company as bad debts amounting to approximately Rs. 1.88 million, reducing 90 % of receipts of approximately Rs. 2.34 million on account of duty draw back, sundry balance written off and miscellaneous income from the profits of the business of our Company eligible for deduction under Section 80HHF of the I.T. Act, increasing our Company's total turnover by inclusion of sales tax by an amount of approximately Rs. 0.86 million for the purpose of calculation of deduction under Section 80HHF of the I.T. Act, adding approximately Rs. 0.87 million to our Company's total income on account of non-deposit of provident fund and employee state insurance contribution within the due date and disallowing approximately Rs.0.55 million on account of capitalisation of website development expenses. Our Company has filed an appeal (No. AA (Appeal)-VIII/I.T- 77/SAA 8(1)/06-07) against the said assessment order before the CIT (Appeals)-VIII, Mumbai on April 17, 2006. Subsequently, the Deputy CIT, 8(1), Mumbai on October 20, 2006 rectified his order and issued a notice of demand under Section 156 of the I.T. Act, demanding a total of Rs. 2.29 million from our Company.

4. The Deputy CIT, Mumbai issued an assessment order and a demand notice dated December 26, 2006 to our Company for assessment year 2004-2005, demanding an aggregate of Rs. 10.95 million, on account of, among other things, (a) disallowance of certain deductions made by our Company of approximately (i) Rs. 0.03 million, written off by our Company as bad debts, (ii) Rs. 0.55 million on account of capitalisation of website development expenses, (iii) Rs. 0.02 million on account of computer expenses, and (iv) Rs. 1.18 million deducted by our Company as penal interest; and (b) adding to our Company's total income, approximately (i) Rs. 0.63 million on account of non-deposit of provident fund and employee state insurance contribution within the due date, (ii) Rs. 0.93 million by reason of inclusion of sales tax, and (iii) Rs. 5.86 million based on the order dated December 15, 2006 of the Transfer Pricing Officer-IV, West Zone, India; (c) reduction of 90 % of receipts of approximately Rs. 9.38 million on account of duty draw back, and (d) treating interest on bank deposits of Rs. 1.75 million as income received from other sources and allowable deduction under Section 80HHF of the I.T. Act. Our Company filed an appeal (No. CIT (A) XIX/IT/ROT-10/06-07) dated January 25, 2007 before the CIT (Appeals), XIX, Mumbai challenging the order of the Deputy CIT, Mumbai dated December 26, 2006. Our Company has also filed a written submission before the CIT (Appeals), XIX, Mumbai on February 16, 2008 on account of among other things the disallowances of deductions and the order of the Transfer Pricing Officer-IV, West Zone, India under Section 92CA(3) of the I.T. Act. Subsequently the CIT (Appeals), XIX, Mumbai remanded the proceedings relating to transfer pricing to the Additional CIT, Transfer Pricing- I(3), Mumbai. The Additional CIT, Transfer Pricing I(3), Mumbai issued notices dated April 17, 2009 and July 13, 2009 to our Company, requesting certain information in relation to remand proceedings for assessment year 2004-2005, including details on the functions and activities of certain overseas entities, Copsale, Intercoast Investment Holdings Limited, Mauritius and Stanning Corporation, Isle of Man, and comprehensive filmwise details of sale and purchase of film rights to and from overseas associated enterprises. Our Company furnished the requested information, subsequent to which, the Transfer Pricing Officer, -IV, West Zone, India issued a remand report dated August 24, 2009. Our Company has, through its chartered accountants engaged for this purpose, filed a rejoinder dated November 16, 2009 to this remand report clarifying that the adjustment of Rs. 5.86 million on account of allegedly tainted international purchases of films rights by our Company from associated entities, made in the earlier order dated December 15, 2006 of the Transfer Pricing Officer-IV, West Zone, and consequently, the addition of Rs. 5.86 million in the assessment order dated December 26, 2006, be deleted in light of the findings of the Transfer Pricing Officer-IV, West Zone in the remand report dated August 24, 2009, that the film rights purchases from Copsale, Intercoast Investment Holdings Limited, Mauritius and Stanning Corporation, Isle of Man were at arms length. The Commissioner of Income Tax (Appeals)-15, Mumbai by an order dated November 30, 2009 partly allowed our appeal. The Commissioner of Income Tax (Appeals)-15, Mumbai, allowed *inter alia* the deletion of Rs. 5.86 million from the income of our Company thereby rejecting the adjustment made by the order dated December 15, 2006 of the

Transfer Pricing Officer-IV, West Zone, India, and treating interest on bank deposits of Rs. 1.75 million as income received from other sources and allowable deduction under Section 80HHF of the I.T. Act. However, the said order disallowed our Company's appeal on reduction of 90 % of receipts of approximately Rs. 9.38 million on account of duty draw back and partly allowed our Company's appeal on *inter alia* the ground of Rs. 0.63 million on account of non-deposit of provident fund but confirmed the order of the assessing officer on disallowance of Rs. 9,452 as employee state insurance contribution as there is no grace period prescribed under law. As of the date of this Draft Red Herring Prospectus, our Company has not gone on appeal and has also not received any notice of appeal by the Income Tax Department. However, the period of limitation for the appeal has not yet lapsed

5. The Assistant Director of Income Tax (Investigation), Unit VII(1), Mumbai, issued a notice dated October 8, 2007 accompanied by a summons under the I.T. Act pursuant to a search and survey conducted on our Company under Section 132(1) of the I.T. Act on September 12, 2007, requiring our Company to furnish certain information on the film-wise production budget for (i) all films produced and co-produced by the Eros Group, (ii) list of all films distributed by the Eros Group, and (iii) the names and complete addresses of the distributors engaged film wise by the Eros Group, in the preceding two years. Subsequently, the Assistant CIT, Central Circle 47, Mumbai issued notice and demand dated February 29, 2008 under Section 142(1) read with Section 153A of the I.T. Act, pursuant to the search and survey conducted on our Company under Section 132(1) of the I.T. Act on September 12, 2007, requesting our Company to furnish certain specified information for assessment years 2002-2003 to 2007-2008, including submission of a reconciliation statement after reconciling the return of income with the accompanying financial statements, the names and contact information of and confirmation on filing of income tax returns by our Directors, details of additions to share capital and share application money of our Company and sources of the same, details of subscribers, details of sales or purchases of shares and securities and acquisition of immovable property by our Company, sales or purchases of shares of companies in the Eros Group, details of litigation pending against our Company and its sister concerns, details of all indirect tax-related show cause notices or orders issued against our Company, details of sundry creditors and debtors, details of deductions and exemptions claimed by our Company under the I.T. Act, and other related information. Our Company is in the process of furnishing the requested information..

(B) Sales tax proceedings

There are certain pending sales tax proceedings, where the aggregate claim against our Company, excluding payments already made, is Rs. 159.93 million. The details are provided below.

1. The Assistant Commissioner of Sales Tax, Enforcement Branch, Mumbai, issued an assessment order and notice of demand dated March 29, 2006 to our Company, for assessment year 2000-2001, under Section 38 of the Bombay Sales Tax Act, 1959 (the "**BST Act**") demanding an aggregate of approximately Rs. 34.05 million, including Rs. 14.15 million on account of levy of purchase tax on local purchases from unregistered dealers with penalty and interest of approximately Rs. 19.90 million. Our Company filed an appeal (DC (App)/P-9/Worli/B-81/06-07/B-131) and stay application dated June 2006 before the Deputy Commissioner of Sales Tax (Appeals), Mumbai against the order dated March 29, 2006. The Deputy Commissioner of Sales Tax (Appeals), Mumbai, passed an order dated July 20, 2006 fixing payment of approximately Rs. 1.42 million as a condition precedent for the grant of the stay. Our Company filed an appeal (Second Appeal No. 1036 of 2006) before the Maharashtra Sales Tax Tribunal, challenging the order dated July 20, 2006 of the Deputy Commissioner of Sales Tax (Appeals), Mumbai. The Maharashtra Sales Tax Tribunal passed an order on January 21, 2008 partly allowing this appeal and directing our Company to make a reduced part payment of Rs. 0.20 million for stay of recovery of the demand of Rs. 34.05 million until the disposal of the appeal by the Deputy Commissioner of Sales Tax (Appeals), Mumbai. Our Company has on September 20, 2006 made the part payment.

2. The Assistant Commissioner of Sales Tax, Enforcement Branch, Mumbai, issued assessment orders and notices of demand dated March 30, 2007 to our Company, for assessment year 2001-2002, demanding approximately Rs. 0.34 million under the Central Sales Tax Act, 1956 (the "**CST Act**") on account of taxation of turnover of sales at a higher rate of tax due to non production of a specified form and levy of interest under the CST Act, and approximately Rs. 40.62 million on account of taxation of consideration for sales of copyrights under Section 38 of the BST Act. Our Company filed appeals (AC (App)/P-I/N.P.Dn./CA-48A/07-08/B-692) and (No. AC (App)/P-I/N.P.Dn./BA.48/07-08/B-711) before

the Deputy Commissioner of Sales Tax (Appeals), Mumbai. The Deputy Commissioner of Sales Tax (Appeals), Mumbai has by orders dated July 17, 2009 and July 20, 2009 directed our Company to make part payments of Rs. 0.10 million and Rs. 0.30 million for the appeals for grant of stay of the recovery proceedings. Our Company has on July 26, 2007 made the part payments of Rs. 0.10 million and Rs. 0.30 million.

3. The Assistant Commissioner of Sales Tax, Investigation Branch, Mumbai, issued assessment orders and notices of demand dated March 31, 2009 to our Company for assessment year 2002-2003, demanding approximately Rs. 0.77 million as tax payable under the CST Act on account of taxation of turnover of sales not supported by a prescribed form at a higher rate and levy of penalty under the CST Act and approximately Rs. 42.74 million as tax payable under the BST Act on account of levy of purchase tax on acquisition of certain rights in films and music by our Company and levy of sales tax on local assignment of rights. Our Company filed appeals (DC/App/P-I/BA 70& CA 72/09-10/B-256) before the Deputy Commissioner of Sales Tax (Appeals), Mumbai. The Deputy Commissioner of Sales Tax (Appeals), Mumbai, by order dated June 29, 2009 directed our Company to make part payment of approximately Rs. 0.21 million and Rs. 7,750 for grant of stay of recovery proceedings before the Assistant Commissioner of Sales Tax, Investigation Branch, Mumbai. Our Company has on July 7, 2009 and July 10, 2009, respectively made the part payment. The Deputy Commissioner of Sales Tax (Appeals) Mumbai on October 9, 2009 granted admission of the appeal and stayed the recovery proceedings pursuant to the part payments made by our Company.

4. The Assistant Commissioner of Sales Tax (I-10) Investigation Branch A, Mumbai issued assessment orders and notices of demand dated March 31, 2009 to our Company for assessment year 2003-2004, demanding approximately Rs. 1.66 million as tax payable under the CST Act on account of taxation of turnover of sales not supported by a prescribed form at a higher rate and levy of penalty under the CST Act and approximately Rs. 40.81 million as tax payable under the BST Act on account of levy of purchase tax and sales tax on local assignment of rights. Our Company filed appeals (No. DC/APP/PI/BA72 & CA 73/09-10/B-256) before the Deputy Commissioner of Sales Tax (Appeals), Mumbai, who, by order dated June 29, 2009 directed our Company to make part payment of Rs. 0.23 million and approximately Rs. 16,620 for grant of stay of recovery proceedings before the Assistant Commissioner of Sales Tax (I-10) Investigation Branch A, Mumbai. Our Company has on July 7, 2009 and July 10, 2009 made the part payments. The Deputy Commissioner of Sales Tax (Appeals) Mumbai on October 9, 2009 granted admission of the appeal and stayed the recovery proceedings pursuant to the part payments made by our Company.

Separately, the Maharashtra Government had issued a notification on August 30,2005, as per which entities leasing copyrights of cinematographic films are required to pay value added tax ("**VAT**") at the rate of 4% retrospectively w.e.f. May 1, 2000. Subsequently, upon the representation of industry associations including the Film and Television Producers Guild of India and the Cinematograph Exhibitor's Association of India, the levy of this tax was waived for the period May 1, 2000 to March 31, 2005. Industry associations are currently seeking a notification extending similar relief from retrospective application for the period commencing from April 1, 2005 until date.

However, as of the date of the Draft Red Herring Prospectus, the amendment has not yet been notified. As at September 30, 2009 our Company provides for a total of Rs. 20.94 million as contingent liability in its books of accounts in respect of the VAT and CST liability on the sale/lease of copy rights under the Maharashtra Value Added Tax Act, 2002.

Notices from the Competition Commission

Certain officers of our Company and Group Entities have received notices from the Additional Director General of the Competition Commission. No claims have been quantified against us. The details are provided below.

1. The Additional Director General of the Competition Commission, by letter dated August 17, 2009 addressed to our Director Mr. Sunil Lulla, on account of his participation at a media meet at Club Andheri, Mumbai on March 16, 2009 during the deadlock between film producers / distributors and multiplex owners over revenue sharing, requested Mr. Lulla to furnish certain information including (i) existence of a forum named “United Producers / Distributors Forum”, (ii) any membership details of Mr. Lulla in the said forum, (iii) existing members, including, the chairperson, convenor and other office bearers of the said forum, and (iv) issue of any notice by the said forum to film producers /

distributors requesting them not to release any film to owners of multiplexes. Mr. Lulla replied by letter dated August 21, 2009, requesting the Additional Director General of the Competition Commission to furnish Mr. Lulla with a copy of the information / reference / complaint along with the supporting documents filed with the Competition Commission on the basis of which the inquiry was initiated. The Additional Director General of the Competition Commission replied by letter dated August 24, 2009, requesting Mr. Lulla to arrive in person on August 28, 2009 to inspect the evidence present with the Competition Commission of India. Mr. Lulla replied by a letter dated August 27, 2009 pleading his inability to appear in person on August 28, 2009 and reiterating his request to the Competition Commission to furnish him with a copy of the information / reference / complaint along with supporting documents filed with the Competition Commission on the basis of which the inquiry was initiated.

2. The Additional Director General of the Competition Commission, by letter dated August 13, 2009 to our Director and chief operating officer of our Promoter, Eros plc, Ms. Jyoti Deshpande, addressed to her at our Corporate Office, on account of her participation in certain press conferences dated April 7, 2009 and March 13, 2009 in Mumbai, requested Ms. Deshpande to furnish certain information including (i) existence of a forum named "United Producers / Distributors Forum", (ii) any membership details of Ms. Deshpande in the said forum, (iii) existing members of the said forum, (iv) any issue of notice by the said forum to film producers / distributors requesting them not to release any film to owners of multiplexes, (v) participation of Ms. Deshpande in a press conference in Mumbai and the capacity in which she participated in the press conference, and (vi) copy of any agenda circulated for the said press conference. Ms. Deshpande replied by letter dated August 19, 2009, stating that she was not an employee of our Company, denying the existence of a forum named "United Producers / Distributors Forum" and her membership of the same, and stating that she merely attended the press conference and there was no agenda circulated to her knowledge. The Additional Director, Competition Commission, replied by a letter dated August 20, 2009 requesting Ms. Deshpande to clarify the non-existence of the said forum, as the Competition Commission was in possession of evidence suggesting the contrary. Ms. Deshpande replied by letter dated August 27, 2009 stating that she was not an employee of our Company, as the reply and original notice were both sent to the address of the corporate office of our Company. Further, Ms. Deshpande requested the Additional Director General of the Competition Commission to furnish her with a copy of the information / reference / complaint along with supporting documents filed with the Competition Commission on the basis of which the inquiry was initiated. The Additional Director General of the Competition Commission replied by a letter dated September 9, 2009, stating that the Competition Commission had reason to believe that the press conferences dated March 16, 2009 and April 7, 2009 were held under the banner of "United Producers and Distributors Forum" and that a letter dated March 17, 2009 was issued by the United Producers and Distributors Forum to all producers and distributors not to release films to multiplex owners until the issues between them were resolved. Further, the Additional Director General of the Competition Commission requested Ms. Deshpande to submit correct and true facts failing which she may be penalized under Section 45 of the Competition Act, 2002. Ms. Jyoti Deshpande through her advocate responded by letter dated September 14, 2009 to the Additional Director General of the Competition Commission requesting the Additional Director General of the Competition Commission, to furnish her with a copy of the information / reference / complaint along with supporting documents filed with the Competition Commission on the basis of which the inquiry was initiated and also communicating her inability to respond to the letter dated September 9, 2009 unless the documents requested were not provided to her.

3. The Additional Director General of the Competition Commission of India, by letter dated August 27, 2009 addressed to Mr. Nandu Ahuja (an employee of our Company), on account of his membership in a core committee which had negotiated with multiplex owners during the period April-June 2009, requested Mr. Ahuja to furnish certain information including (i) existence of a forum named "United Producers / Distributors Forum", (ii) any membership details of Mr. Ahuja in the said forum, (iii) Mr. Ahuja's role in mediation of the impasse between United Producers / Distributors Forum, Film and TV Producers Guild of India Limited, Association of Motion Pictures and TV Programme Producers of India and multiplex owners, (iv) copy / details of the revenue sharing arrangement, between the producers / distributors and multiplex owners which was arrived at after resolution of the deadlock, and (v) details and copies of all correspondence between the association of producers / distributors and multiplex associations along with any correspondence between Mr. Ahuja and any association in this relation. Mr. Ahuja replied by letter dated September 4, 2009, requesting the Additional Director General of the Competition Commission to furnish Mr. Ahuja with a copy of the information /

reference / complaint along with the supporting documents filed with the Competition Commission on the basis of which the inquiry was initiated. The Additional Director General of the Competition Commission replied by letter dated September 8, 2009, requesting Mr. Ahuja to appear in person on September 15, 2009, to inspect the evidence present with the Competition Commission. Mr. Ahuja responded to the letter through his advocates by a letter dated September 15, 2009 to the Additional Director General of the Competition Commission requesting the Additional Director General of the Competition Commission, to furnish him with a copy of the information / reference / complaint along with supporting documents filed with the Competition Commission on the basis of which the inquiry was initiated and also communicating his inability to respond to the letter dated September 8, 2009 unless the documents requested were not provided to him.

Further to its investigation, the Competition Commission has issued a notice dated December 21, 2009, enclosing its reports dated Septmber 24, 2009 and November 11, 2009 with copies to Mr. Sunil Lulla, Ms. Jyoti Deshpande and Mr. Nandu Ahuja, alleging formation of a cartel in contravention of section 3(3) of the Competition Act. Mr. Sunil Lulla, Ms. Jyoti Deshpande and Mr. Nandu Ahuja are in process of furnishing replies and objections to this report.

C. Litigation by our Company

Criminal Cases

There are two criminal cases filed by our Company pending before various courts in India. The aggregate amount in dispute in such cases is Rs. 5.15 million. The details are provided below.

1. Our Company has filed a criminal complaint (No. 2791/SS/07) against Vishwajyoti Films, Mr. Narayandas D. Kabra and Mr. Bhagwandas N Kabra in the Court of the Metropolitan Magistrate at Mumbai, under Sections 138 and 141 of the Negotiable Instruments Act, 1881, as amended, on account of dishonour of a cheque of the value of Rs. 4.05 million, issued towards payment of the outstanding balance amount in connection with payment of non-refundable minimum guarantee fee against delivery of prints of the film *Eklavya* pursuant to a distribution agreement dated February 6, 2007. The Metropolitan Magistrate at Andheri, Mumbai has issued summons against all the parties against whom the complaint was filed.

2. Our Company has filed a criminal complaint (No.4949/2008) against Mr. Upendra Patel the sole proprietor of Vijay Enterprises in the Court of the Metropolitan Magistrate at Mumbai, under Sections 138 and 141 of the Negotiable Instruments Act, 1881, as amended, on account of dishonour of a cheque of the value of Rs. 1.10 million, issued in lieu of the license of theatrical rights in the film *Mehbooba* pursuant to a distribution agreement dated May 30, 2008. The Metropolitan Magistrate at Mumbai has issued summons to Mr. Upendra Patel.

Civil Suits

There are three civil suits filed by our Company which are pending before various courts in India. The aggregate claim in such cases, where the claims have been quantified is Rs. 10 million and the counterclaim is of Rs. 56.98 million. The details are provided below.

1. Our Company has filed a suit (Suit No. 1822/2004) against Cinevistaas Limited and Adlabs Films Limited in the High Court at Bombay, for termination of an agreement dated July 16, 2003 on account of failure to deliver prints on time and regarding the return of an advance of Rs. 10 million along with interest which was paid to Cinevistaas Limited for the movie *Garv - Pride & Honour* pursuant to an agreement dated July 16, 2003. Cinevistaas Limited has filed a written statement cum counterclaim in respect of the said suit before the High Court of Bombay for approximately Rs. 56.98 million along with interest, on account of certain alleged breaches by our Company.

2. Vijay Laxmi Movies Private Limited had filed an application with the Bihar and Jharkhand Motions Pictures Private Association ("**BJM Pictures**") for refund of approximately Rs. 3.35 million for breach of a contract by our Company and for restraining our Company from releasing the film *Billu Barber*. BJM Pictures by a notice of caution dated January 5, 2009 cautioned the members of BJM Pictures from the release of all forthcoming movies of our Company including the movie *Billu* Barber in the territory of Bihar and Jharkhand. Further, the notice of caution also intimated the members of BJM

Pictures from dealing with our Company till further orders of the Executive Committee of BJM Pictures. Our Company has filed a suit (Suit No. 341/2009) against BJM Pictures and Vijay Laxmi Movies Private Limited and one other along with a notice of motion (No. Exh.2/2009) in the Bombay City Civil Court at Dindoshi, Mumbai praying for restraining BJM Pictures and others from obstructing release of the film *Billu Barber* and all other forthcoming films in Bihar and Jharkhand and for quashing of a complaint dated January 2, 2009 filed by Vijay Laxmi Movies Private Limited with BJM Pictures. The Bombay City Civil Court at Dindoshi, Mumbai, by an order dated February 7, 2009 refused to grant an ad-interim injunction in terms of the notice of motion in the said suit (Suit No. 341/2009). Our Company filed an appeal (A.O. No. 175 of 2009 with Civil Application No. 213 of 2009) in the High Court at Bombay. The High Court at Bombay by an order dated February 9, 2009 directed our Company to deposit a sum of approximately Rs. 3.35 million as a condition precedent for entitlement for certain interim reliefs including the ad-interim injunction against BJM Pictures from obstructing the release of the film *Billu Barber*. Our Company has on February 11, 2009 deposited the said amount with the Bombay City Civil Court at Dindoshi, Mumbai. Subsequently, the Bombay City Civil Court at Dindoshi, Mumbai by an order dated May 16, 2009, restrained BJM Pictures from obstructing release of the said film and any other film in these territories along with a refund of a sum of approximately Rs. 3.35 million paid by our Company. Our Company has also filed a caveat (No. 2250/ 2009) against BJM Pictures and Vijay Laxmi Private Limited in the High Court at Bombay.

3. Our Company has filed six arbitration applications (Nos. 82/2009, 83/2009, 84/2009, 85/2009, 86/2009, 87/2009) against Vijay Laxmi Movies Private Limited in the High Court at Bombay, praying for appointment of a sole arbitrator to adjudicate disputes between the parties regarding licensing of theatrical rights for the films *Bombay to Bangkok, Black and White, Dhoom Dhadaka, Hijack, Haal-E-Dil,* and *Money Hai Toh Honey Hai* in terms of the distribution agreements dated January 12, 2008, February 28, 2008, April 4, 2008, July 18, 2008, June 11, 2008 and July 18, 2008.

II. Litigation involving our Directors

Except as disclosed below and under "*-**Pending litigation against our Company-Criminal proceedings***" and "***Notices from the Competition Commission***", there are no legal or regulatory proceedings or investigations pending against any of our Directors. However, certain of our Directors may be impleaded in legal proceedings from time to time, in their official capacities and in the ordinary course of our business.

Criminal Proceedings

Dr. Shankar Nath Acharya

Mr. Sunil Pandurang Mantri has filed a criminal complaint (No. 2441 of 2009) against Dr. Shankar Acharya (in his capacity as a director of Kotak Mahindra Bank Limited) and others, in the court of the Chief Judicial Magistrate at Solapur, alleging wilful defamation of Mr. Mantri on account of Dr. Shankar Nath Acharya having illegally imputing Mr. Mantri's name as a wilful defaulter on the CIBIL website under the RBI's guidelines. A writ petition has been filed in the High Court of Bombay, challenging the issue of process against Dr. Shankar Acharya, Mr. Uday Kotak and Mr. Dipak Gupta and seeking quashing of criminal complaint No. 2441 of 2009. The High Court has stayed proceedings and the matter is now listed for arguments on April 16, 2010.

Claims and notices from statutory authorities

Mr. Kishore Lulla

The Deputy CIT, Central Circle-47, Mumbai, issued a notice dated June 12, 2008 to Mr. Kishore Lulla under Section 142(1) read with Section 153A of the I.T. Act, pursuant to a search and survey under Section 132(1) of the I.T. Act. Mr. Kishore Lulla was requested by the Deputy CIT to furnish certain information for assessment years 2002-2003 to 2007-2008, including with respect to: (i) valuables found at the premises, identification of those which belong to him and the source of income for purchase of such valuables, (ii) documents seized and impounded and identification of those relating to him and to explain each document and entry made therein, which must be reconciled with the books of accounts and returns filed by him, (iii) the sundry creditors, amount outstanding, PAN, subsequent payment details along with the date of the last transaction, (iv) the detailed list of taxable wealth along with the computation of net wealth as per the Wealth Tax Act, 1957, if filed, (v) the reconciliation statement for tax deducted at source along with reconciliation of bank accounts found during the search, (vi) the show cause notices issued/orders passed in the years under assessment by other law enforcement agencies against him, (vii) any sale or purchase of shares of Eros Group, (viii) details of any acquisition of immovable property, and (ix) any criminal/civil cases pending against the Directors or the Company or its sister concerns. Mr. Kishore Lulla is in the process of replying to the said notice.

Mr. Sunil Lulla

The Assistant CIT, Central Circle-47, Mumbai, issued a notice dated February 29, 2008 to Mr. Sunil Lulla under Section 142(1) read with Section 153A of the I.T. Act, pursuant to a search and survey under Section 132(1) of the I.T. Act. Mr. Sunil Lulla was requested by the Assistant CIT to furnish certain information for assessment years 2002-2003 to 2007-2008, including with respect to: (i) valuables found and identification of those which belong to him and the source of income for purchase of such valuables, (ii) documents seized and impounded and identification of those relating to him and to explain each document and entry made therein which must be reconciled with the books of accounts and returns filed by him, (iii) the sundry creditors, amount outstanding, PAN, subsequent payment details along with the date of the last transaction, (iv) the detailed list of taxable wealth along with the computation of net wealth, as per the Wealth Tax Act, 1957, if filed, (v) the reconciliation statement for tax deducted at source along with reconciliation of bank accounts found during the search, (vi) the show cause notices issued/orders passed in the years under assessment by other law enforcement agencies against him, (vii) any sale or purchase of shares of Eros Group, (viii) details of any acquisition of immovable property, and (ix) any criminal/civil cases pending against the Directors or the Company or its sister concerns. Mr. Sunil Lulla replied to the notice by letters dated November 6, 2009 and July 20, 2009, providing certain information sought.

III. Litigation involving our Subsidiaries

Eros International Films

Claims and notices from statutory authorities

The Deputy CIT, Central Circle-47, Mumbai, issued a notice dated June 12, 2008 to Eros International Films under Section 142(1) read with Section 153A of the I.T. Act, pursuant to a search and survey under Section 132(1) of the I.T. Act. Eros International Films was requested by the Deputy CIT, Central Circle-47, Mumbai to furnish certain information for assessment years 2002-2003 to 2007-2008, including with respect to: (i) valuables found and identification of those which belong to Eros International Films, (ii) documents seized and impounded and identification of those relating to Eros International Films and to explain each document and entry made therein which must be reconciled with the books of accounts and returns filed by it, (iii) the sundry creditors, amount outstanding, PAN, subsequent payment details along with the date of the last transaction, (iv) the detailed list of taxable wealth along with the computation of net wealth, as per the Wealth Tax Act, 1957, if filed, (v) the reconciliation statement for tax deducted at source along with reconciliation of bank accounts found during the search, (vi) the show cause notices issued/orders passed in the years under assessment by other law enforcement agencies against it, (vii) details of addition to share capital / share application money and sources of the same, and (viii) the comparative chart of figures of gross profit ratio, net profit ratio, profit and loss account and balance sheet for the period under assessment along with reasons for variations, if any. Eros International Films replied to the notice on September 29, 2008, providing certain information sought.

Cases filed against Eros International Films

Except as disclosed below and in suit (No. 3717/2004) filed by Fairdeal against our Company, Glamour Films, Sahara India Mass Communication Limited and our Subsidiary, Eros International Films, as disclosed under "***- Pending litigation against our Company- Civil suits***", there are three civil suits filed against Eros International Films which are pending before various courts in India. The aggregate claim in such cases where the claims have been quantified is Rs. 0.70 million. The details are provided below:

1. Saraswati Agency and another filed a company suit (Petition No. 864/2004) in the High Court at Bombay, for the winding up of Eros International Films on account of non-payment of Rs. 0.30 million, which was dismissed by the High Court at Bombay, by order dated April 19, 2005, upon withdrawal of the petition. Saraswati Agency had entered into a financial arrangement with K.B. Pictures under which K.B. Pictures was liable to pay Saraswati Agency a sum of Rs. 0.30 million. K.B. Pictures had requested Eros International Films to pay Saraswati Agency the sum of Rs. 0.30 million, on account of a due of Rs. 7.60 million payable by Eros International Films to K.B. Pictures and Adlabs Limited in the suit (No.1730 of 2004) pending in the High Court at Bombay. Saraswati Agency

then filed a summary suit (No. 1193/2005) in the High Court at Bombay for recovery of Rs. 0.30 million with interest at the rate of 12 % per annum from the date of the suit until the date of payment. The High Court at Bombay pursuant to order dated December 14, 2005 granted unconditional leave to Eros International Films to defend the suit.

2. Mr. Suraj Chandana, proprietor of Internet Technologies, has filed a summary suit (Suit No. 1155/2006) in the High Court at Bombay against Eros International Films and K.B. Pictures for an order and decree that they pay Rs. 0.40 million with interest at 18% per annum from the date of payment until realization. Eros International Films and K.B. Pictures had entered into an agreement dated March 6, 2003 and an arrangement letter dated July 15, 2003 in respect of a film *Police Force- An Inside Story*. Mr. Chandana alleges that by way of the above Eros International Films was liable to pay him a sum of Rs. 0.40 million towards repayment of a certain loan advanced by Mr. Chandana to K.B. Pictures.

3. Mr. Maganlal Savani and another have filed a suit (No. 2921/2005) in the High Court at Bombay against Eros International Films, Indian Film Exporters Association and Sippy Films Private Limited on account of claims including declaration of ownership of copyrights in respect of five films such as *Bewaqoof* and *Mr. India* assigned to Mr. Savani under various agreements, to restrain Eros International Films and others to distribute, exhibit or exploit the said films, and rejection along with restraining grant of registration of the said films in favour of Eros International Films and Sippy Films Private Limited. The High Court at Bombay by an ex-parte ad-interim order dated October 24, 2005 and an ex-parte order dated June 13, 2007, granted Mr. Savani reliefs prayed for in the suit (No. 2921/2005). Subsequently, Eros International Films filed a written statement dated April 1, 2009 in respect of the said suit in the High Court at Bombay denying the claims made in the plaint filed by Mr. Savani and another.

Cases filed by Eros International Films

Eros International Films filed a suit (No. 1730 of 2004) at the High Court of Bombay against K.B. Pictures and Adlabs Films Limited including for declaration of ownership of copyright in respect of a film *Police Force- An Inside Story*, specific performance by K.B. Pictures of its obligations under an agreement dated March 6, 2000 and for appointment of a receiver in respect of the negatives of the film or in the alternative for an order and injunction directing K.B. Pictures and Adlabs Limited to deliver to Eros International Films negatives of the said film. The High Court at Bombay by an order dated June 2, 2004 directed Eros International Films to deposit a sum of Rs. 7.60 million with the High Court payable by the High Court against the delivery of prints of the said film by Adlabs Limited, who had claimed a lien in respect of this film. Eros International Films deposited a sum of Rs. 7.60 million with the High Court on June 3, 2004.

Big Screen Entertainment

Claims and notices from statutory authorities

The Deputy CIT, Central Circle-47, Mumbai, issued notices dated September 1, 2009 to Big Screen Entertainment under Section 153C of the I.T. Act, requesting it to provide a true and correct return of the total income for assessment years 2002-2003, 2003-2004,2004-2005,2005-2006,2006-2007 and 2007-2008, which must be verified and signed in accordance with Section 140 of the I.T. Act. Big Screen Entertainment is in process of replying to the said notice.

IV. Litigation involving our Promoters

Our Promoters are not involved in any litigation.

V. Litigation involving the natural person behind our Promoters

There are certain claims and notices from statutory authorities against Mr. Arjan Lulla, the details of which are provided below:

The Deputy CIT, Central Circle-47, Mumbai, issued a notice dated June 12, 2008, to Mr. Arjan Lulla under Section 142(1) read with Section 153A of the I.T. Act, pursuant to a search and survey conducted under Section 132(1) of the I.T. Act. Mr. Arjan Lulla was requested by the Deputy CIT, Central Circle-47, Mumbai, to furnish certain information and details for assessment years 2002-2003 to 2007-2008, including with respect to: (i) valuables found and identification of those which belong to him, (ii) documents seized and impounded and identification of those relating to him and to explain each document and entry made therein which must be reconciled with the books of accounts and returns filed by him, (iii) the sundry creditors, amount outstanding, PAN, subsequent payment details along with the date of the last transaction, (iv) the detailed list of taxable wealth along with the computation of net wealth, as per the Wealth Tax Act, 1957, if filed, (v) the reconciliation statement for tax deducted at source along with reconciliation of bank accounts found during the search, (vi) the show cause notices issued/orders passed in the years under assessment by other law enforcement agencies against him, (vii) any sale or purchase of shares of Eros Group, (viii) details of any acquisition of immovable property, and (ix) any criminal/civil cases pending against the Directors or our Company or sister concerns. Mr. Arjan Lulla replied to the notice on October 28, 2009, providing certain information sought.

VI. Litigation involving Group Entities

Claims and notices from statutory authorities

Eros Digital

The Assistant CIT, Central Circle-47, Mumbai, issued a notice dated February 29, 2008 to Eros Digital, under Section 142(1) read with Section 153A of the I.T. Act, pursuant to a search and survey conducted under Section 132(1) of the I.T Act. Eros Digital was requested by the Assistant CIT, Central Circle-47, Mumbai, to furnish certain information for assessment years 2002-2003 to 2007-2008, including with respect to: (i) the valuables found and identification of those which belong to it, (ii) documents seized and impounded and identification of those relating to it, and to explain each document and entry therein which must be reconciled with the books of accounts and returns filed by it, (iii) the sundry creditors, amount outstanding, PAN, subsequent payment details along with the date of the last transaction, (iv) the detailed list of taxable wealth along with the computation of net wealth, as per the Wealth Tax Act, 1957, if filed, (v) the reconciliation statement for tax deducted at source along with reconciliation of bank accounts found during the search, (vi) the show cause notices issued/orders passed in the years under assessment by other law enforcement agencies, (vii) details of addition to share capital/ share application money and sources of the same, (viii) the comparative chart of figures of gross profit ratio, net profit ratio, profit and loss account and balance sheet for the period under assessment and (ix) any criminal/civil cases pending against the directors or the company or its sister concerns. Eros Digital has replied to the notice, providing certain information sought.

Shivam Enterprises

The Deputy CIT, Central Circle-47, Mumbai, issued a notice dated June 12, 2008 to Shivam Enterprises under Section 142(1) read with Section 153A of the I.T. Act, pursuant to a search and survey conducted under Section 132(1) of the I.T. Act. Shivam Enterprises was requested by the Deputy CIT, Central Circle-47, Mumbai, to furnish certain information for assessment years 2002-2003 to 2007-2008, including with respect to: (i) reconciliation of the cash and valuables found and identification of those belonging to Shivam Enterprises and the source, (ii) documents seized and impounded and identification of those relating to Shivam Enterprises and to explain each document and entry made therein which must reconcile with the books of accounts and returns filed by Shivam Enterprises, (iii) the sundry creditors, amount outstanding, PAN, subsequent payment details along with the date of the last transaction, (iv) the reconciliation statement for tax deducted at source along with reconciliation of bank accounts found during the search in a certain specified format, (v) the show cause notices issued/orders passed against Shivam Enterprises in the years under assessment by other law enforcement agencies, (vi) the comparative chart of figures of gross profit ratio, net profit ratio, profit and loss account and balance sheet for the period under assessment, (vii) details of addition to share capital/ share application money and sources of the same, and (viii) any criminal/civil cases pending against the directors or the company or its sister concerns. Shivam Enterprises is in the process of replying to this notice.

VII. Material Developments

Except as stated in "***Management's Discussions and Analysis of Financial Condition and Results of Operations***" on page 134, in the opinion of the Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake the Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of the Draft Red Herring Prospectus. It must be distinctly understood that, in granting these approvals, the GoI or any regulatory authority does not take any responsibility for the correctness of any of the statements made or opinions expressed in this behalf in this Draft Red Herring Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

A. Incorporation details of our Company

- Certificate of incorporation from the RoC, dated August 19, 1994 for Rishima International Private Limited.

- Fresh certificate of incorporation consequent to change of name from the RoC, dated July 25, 2000 for change of name from Rishima International Private Limited to Eros Multimedia Private Limited.

- Fresh certificate of incorporation consequent to change of name from the RoC, dated December 17, 2008 from Eros Multimedia Private Limited to Eros International Media Private Limited.

- Fresh certificate of incorporation, consequent to conversion from a private limited company under the name Eros International Media Private Limited to a public limited company under the name Eros International Media Limited, from the RoC, dated November 18, 2009.

B. Approvals in relation to the Issue

Corporate approvals

- The Board has, by a resolution passed at its meeting held on November 26, 2009, authorized the Issue, subject to the approval by our shareholders under section 81(1A) of the Companies Act.

- Our shareholders have, by a resolution passed at its meeting held on December 4, 2009, authorized the Issue, under section 81(1A) of Companies Act.

In-principle approvals from BSE and NSE

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange for the purpose of the Issue.

Approvals from Lenders

Pursuant to letters dated December 2, 2009, December 2, 2009, December 7, 2009 and December 8, 2009, Punjab National Bank, Oriental Bank of Commerce, Union Bank of India and Indian Overseas Bank respectively, have given their consent to our Company to undertake the IPO.

C. Approvals for the Business

In the ordinary course of our business, we obtain film certifications under the Cinematograph Act. For further information, see "***Regulations and Policies***" on page 88.

In addition, certain distributors' and producers' associations require us to obtain registration with them in certain states, for carrying on our business. The details of such registrations, where applicable, have been provided below.

S. No.	Description	Reference Number	Date of issue	Date of Expiry
1.	Registration with the Indian Motion Picture Distributors Association, Mumbai	6/31006/0/ERMPL/206-819/ R3	October 10, 2006 with effect from October 1, 2006	Not applicable
2.	Registration with the Motion Pictures Association, Delhi and Uttar Pradesh	1250	October 6, 2007	Not applicable
3.	Registration with the Northern India Motion Pictures Association of Punjab, Haryana, Himachal, Jammu and Kashmir and Union Territory of Chandigarh	3402	July 4, 2008	Not applicable
4.	Registration with the Central Circuit Cine Association, Bhusawal	10221	June 23, 2009	Not applicable
5.	Registration with the Hyderabad State Film Chambers of Commerce, Andhra Pradesh	263/ODR/2008-2009	March 10, 2009	Not applicable
6.	Registration with the Eastern India Motion Pictures Association, Kolkata, for West Bengal and Assam	D-5841/930R	February 6, 2009	Not applicable
7.	Registration with the Indian Motion Picture Producers' Association, Mumbai	8444	December 15, 2009	Not applicable
8.	Registration with Motion Pictures & T.V. Programme Producers, Mumbai	9386	August 17, 2009	March 31, 2010
9.	Registration with The Films and Television Producers Guild of India Limited, Mumbai	440	December 15, 2009	Not applicable

Pending Applications

In addition, our Company has applied to the Ministry of Commerce and Industry, Government of India, for renewal of registration (IEC Number 0394068084) as an Export House, on July 9, 2009.

D. MISCELLANEOUS LICENSES

Importer Exporter Code

Description	Reference Number	Date of issue	Date of Expiry
Importer Exporter Code issued by Ministry of Commerce, GoI	0394068084	February 9, 1995	Not Applicable

Shops and Establishment Registrations

S. No.	Description	Reference Number	Date of issue	Date of Expiry
1.	Renewal of registration under the Bombay Shops and Establishment Act, 1948 (the "**Bombay Shops and Establishments Act**") for our Registered Office	KW007703/Commercial II	December 3, 2008	December 16, 2009
2.	Renewal of registration under the Bombay Shops and Establishment Act, for our Corporate Office	760053925 / Commercial II	December 29, 2008	December 31, 2009
3.	Registration under the Delhi Shops and Establishment Act, 1954 for our office at D-48-49, Prem Nagar, Dal Mill Road, Uttam Nagar, New Delhi 110 059, India	2009000415	November 26, 2009	November 25, 2010
4.	Renewal of registration under the Bombay Shops and Establishments Act, for our office at 6-A/10, 6-A/11, Juhu Sangeeta Apartments, Near Lido Cinema, Santa Cruz West, Mumbai 400 049, Maharashtra, India	760074806/Commercial II	December 29, 2008	December 31, 2009

Pending Applications

Our Company has, on December 15, 2009, applied for renewal of registrations under the Bombay Shops and Establishments Act, for our Registered and Corporate offices as well as our office at 6-A/10, 6-A/11, Juhu Sangeeta Apartments, Near Lido Cinema, Santa Cruz West, Mumbai 400 049.

Tax Registrations

S. No.	Description	Reference Number	Date of issue	Date of Expiry
1.	PAN allotted to our Company by the Director of Income Tax	AAACR2148H	February 29, 1996	Valid until cancelled
2.	Registration under the Bombay Sales Tax Act, 1959 for sale of audio and video cassettes	400053-S-2330	April 26, 1999 w.e.f. April 30, 1999	Valid until cancelled
3.	Registration under the Uttar Pradesh Value Added Tax, 2007, for office located B-38, Nirala Nagar, Lucknow	09550008848	February 4, 2009	Valid until cancelled
4.	Registration under the Punjab Value Added Tax Rules, 2005	03292047806	June 10, 2008 w.e.f. June 5, 2008	Valid until cancelled
5.	Registration for photography service and business support services under the Finance Act, 1994 (the "**Finance Act**"), issued by the Assistant Commissioner, Central Excise, Mumbai, for our Registered Office	S.T./MUM/Dn.IV/PGH/ 14544/2002BSS/14545/2009 Service Tax Code: AAACR2148HST001	July 23, 2009	Valid until cancelled
6.	Profession Tax Registration Number under the Maharashtra State Tax on Profession Trade, Callings and Employment Act, 1975	PT/R/1/1/29/17771	October 1, 2009	October 31, 2010
7.	Registration under the Employee State Insurance Act, 1948, for our Registered Office	35-206-90	February 20, 2001 w.e.f. August 1, 2000	Valid until cancelled
8.	Registration under the Employee Provident Fund and Miscellaneous Provisions Act, 1952 for our Registered Office	MH/KND/45157	March 14, 2001 w.e.f. August 1, 2000	Valid until cancelled
9.	VAT TIN issued by the Department of Sales Tax, Government of Maharashtra for our Registered Office	27200503171V	February 6,2006	Valid until cancelled
10.	CST TIN, issued by the Department of Sales Tax, Government of Maharashtra for our Registered Office	27200503171C	February 6, 2006	Valid until cancelled
11.	Registration under the Central Sales Tax (Registration and Turnover) Rules, 1957 for office located at 3E/6, 1st floor Jhandawala Extension, New Delhi- 110 005*	LC/043/07330284452/0205	February 28, 2005	Valid until cancelled

**the address has changed to D-48-49, Prem Nagar, Dal Mill Road, Uttam Nagar, New Delhi 110 059*

Intellectual Property Related Approvals

Approvals under the Trademarks Act

S No.	Description	Holder of Registration	Ref./Registration No.	Date of grant	Expiry date
1.	"Eros International" as a mark under the Trademarks Act 1944 of Great Britain and Northern Ireland, under Classes 9 and 41	Eros UK	2024894	June 23, 1995	June 23, 2015
2.	"B on Demand" as a word under Class 16 of the Trademark Rules	Shivam Videotech Private Limited(1)	1357090	July 30, 2008	May 12, 2015
3.	"B on Demand" as a word under Class 25 of the Trademark Rules	Shivam Videotech Private Limited (1)	1357092	August 5, 2008	May 13, 2015
4.	"Eros Music" as a word under Class 35 of the Trademark Rules	Our Company	1505665	March 27, 2008	November 19, 2016
5.	"Eros Music" as a word under Class 36 of the Trademark Rules	Our Company	1505666	March 28, 2008	November 19, 2016

S No.	Description	Holder of Registration	Ref./Registration No.	Date of grant	Expiry date
6.	“Eros Music” as a logo under Class 36 of the Trademark Rules	Our Company	1505659	March 28, 2008	November 19, 2016
7.	“Eros Music” as a word under Class 38 of the Trademark Rules	Our Company	1505667	March 28, 2008	November 19, 2016
8.	“Eros International” as a logo under Class 38 of the Trademark Rules	Our Company	1600686	March 31, 2009	September 10, 2017
9.	“Eros International” as a word under Class 38 of the Trademark Rules	Our Company	1600691	September 18, 2009	September 10, 2017
10.	“Eros Music” as a word under Class 41 of the Trademark Rules	Our Company	1505668	March 27, 2008	November 19, 2016
11.	“B on Demand” as a word under Class 41 of the Trademark Rules	Shivam Videotech Private Limited (1)	1357089	July 29, 2008	May 13, 2015

*(1) The name of Shivam Videotech Private Limited has changed to Eros International Films on February 4, 2009, however as of the date of this Draft Red Herring Prospectus there has been no change in the name of the registered holder of these trademarks. See “**History and Key Corporate Matters**” on page 93*

Pending applications under the Trademarks Act

S No.	Description	Applicant	Application No.	Date of application
1.	“Eros Music” as a logo under Class 9 of the Trademark Rules	Our Company	1505655	November 20, 2006
2.	“Eros Music” as a word under Class 9 of the Trademark Rules	Our Company	1505662	November 20, 2006
3.	“Eros” as a word under Class 9 of the Trademark Rules	Our Company	1522668	January 19, 2007
4.	“Eros International” as a logo under Class 9 of the Trademark Rules	Our Company	1600683	September 11, 2007
5.	“Eros International” as a word under Class 9 of the Trademark Rules	Our Company	01600687	September 1, 2007
6.	“Eros Music” as a word under Class 16 of the Trademark Rules	Our Company	1505663	November 20, 2006
7.	“Eros Music” as a logo under Class 16 of the Trademark Rules	Our Company	1505656	November 20, 2006
8.	“Eros” as a word under Class 16 of the Trademark Rules	Our Company	1522669	January 19, 2007
9.	“Eros International” as a word under Class 16 of the Trademark Rules	Our Company	1600688	September 11, 2007
10.	“Eros International” as a logo under Class 16 of the Trademark Rules	Our Company	1600684	September 11, 2007
11.	“Eros Music” as a word under Class 25 of the Trademark Rules	Our Company	1505664	November 20, 2006
12.	“Eros Music” as a logo under Class 25 of the Trademark Rules	Our Company	1505667	November 14, 2006
13.	“Eros” as a word under Class 25 of the Trademark Rules	Our Company	1522670	January 19, 2007
14.	“Eros International” as a word under Class 25 of the Trademark Rules	Our Company	1600689	September 11, 2007
15.	“Eros International” as a logo under Class 25 of the Trademark Rules	Our Company	1600685	September 11, 2007
16.	“Eros Music” as a logo under Class 35 of the Trademark Rules	Our Company	1505658	November 20, 2006
17.	“Eros” as a word under Class 35 of the Trademark Rules	Our Company	1522671	January 19, 2007
18.	“Eros International” as a logo under Class 35 of the Trademark Rules	Our Company	1600682	September 11, 2007
19.	“Eros International” as a word under Class 35 of the Trademark Rules	Our Company	1600690	September 11, 2007
20.	“Eros” as a word under Class 36 of the Trademark Rules	Our Company	1522672	January 19, 2007
21.	“Eros” as a word under Class 38 of the Trademark Rules	Our	1522673	January 19, 2007

S No.	Description	Applicant	Application No.	Date of application
		Company		
22.	"Eros Music" as a logo under Class 41 of the Trademark Rules	Our Company	1505661	November 20, 2006
23.	"Eros" as a word under Class 41 of the Trademark Rules	Our Company	1522674	January 19, 2007
24.	"Eros International" as a logo under Class 41 of the Trademark Rules	Our Company	1600953	September 12, 2007
25.	"Eros International" as a word under Class 41 of the Trademark Rules	Our Company	1600955	September 12, 2007
26.	"Eros International" as a logo under Class 42 of the Trademark Rules	Our Company	1600952	September 12, 2007
27.	"Eros International" as a word under Class 42 of the Trademark Rules	Our Company	1600954	September 12, 2007

OTHER REGULATORY AND STATUTORY DISCLOSUR*E*S

Authority for the Issue

- The Board of Directors has, pursuant to a resolution passed at its meeting held on November 26, 2009, authorised the Issue, subject to the approval of the shareholders of our Company under section 81(1A) of the Companies Act.
- The shareholders of our Company have, pursuant to a resolution dated December 4, 2009, under section 81(1A) of the Companies Act, authorised the Issue.
- Our Company has received in-principle approvals from the BSE and NSE for the listing of the Equity Shares, pursuant to letters dated [●] and [●] respectively. [●] is the Designated Stock Exchange.

Prohibition by the SEBI, the RBI or governmental authorities

We confirm that neither (i) our Company, its Subsidiaries, the Promoters, Promoter Group, persons in control of our Company or the Group Entities; nor (ii) companies with which any of the Promoter, the Directors, persons in control of our Company or any natural person behind the Promoters are or were associated as a promoter, director or person in control, are debarred or have been prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

Except our Director Mr. Shankar Acharya who is a director on the board of Kotak Mahindra Bank Limited, which is registered with SEBI to act as a banker to an issue, our Directors are not in any manner associated with the securities market. There has been no action taken by the SEBI against the Directors or any other entity with which our Directors are associated as promoters or directors.

Neither our Company, nor our Promoters, Promoter Group, Group Entities, or Directors have been declared as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations, as explained under the eligibility criteria calculated in accordance with financial statements under Indian GAAP.

- Our Company has net tangible assets of at least Rs. three crores in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

- Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three of the immediately preceding five years;

- Our Company has a net worth of at least Rs. one crore in each of the three preceding full years (of 12 months each);

- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of the Company; and

- Our Company was converted into a public limited company pursuant to a special resolution of our shareholders, dated September 16, 2009, following which our name was changed to Eros International Media Limited, and a fresh certificate of incorporation was issued consequent to the conversion into a public limited company, on November 18, 2009. There was no change in our Company's activities nor any change in the objects clause of our Memorandum of Association pursuant to this change in name.

Our Company's distributable profits, net worth, net tangible assets and monetary assets derived from the Restated Unconsolidated Report included in the Draft Red Herring Prospectus as at, and for the last five years are set forth below.

(*Rs. million*)

Particulars	Year ended March 31				
	2009	2008	2007	2006	2005
Net Tangible Assets	6,376.29	5,700.89	2,576.30	1,152.62	931.73
Monetary Assets	324.57	1,100.48	234.91	117.33	93.42

Distributable Profits	479.02	344.73	32.39	12.76	3.61
Net worth	1,094.77	628.58	283.86	251.47	238.71
Monetary assets as a percentage of the net tangible assets	5.09%	19.30%	9.12%	10.18%	10.03%

Notes:

a. Net tangible assets are defined as the sum of net assets of the Issuer excluding intangible assets as defined in Accounting Standard 26- Intangible Assets as notified under the Companies Act, 1956.
b. Monetary assets constitute cash and bank balances.
c. Distributable profits are as defined under Section 205 of the Companies Act, 1956, and have been calculated from the Unconsolidated Restated Financial Statements of the Company.
d. Net worth is defined as the aggregate of paid up Share Capital, Share Premium Account and Reserves and Surplus (excluding revaluation reserve) as reduced by the aggregate of Miscellaneous Expenditure (to the extent not adjusted or written off) and the debit balance of the Profit and Loss Account, after making adjustments for restatement as per SEBI Regulations.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company will ensure that the number of Allottees will be not less than 1,000, otherwise the entire application money will be returned forthwith. If such application money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the Bid Closing Date, whichever is earlier), our Company will, on and from the expiry of eight days, be liable to repay such application money with interest thereon at the rate of 15% per annum, as prescribed under Section 73 of the Companies Act.

Further, the Issue is subject to the fulfilment of the following conditions as required by Rule 19(2) (b) of the SCRR:

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;

- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and

- The Issue is made through the Book Building Process with allocation of 60% of the Issue size to QIBs as specified by the SEBI.

Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING ENAM SECURITIES PRIVATE LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, AND RBS EQUITIES (INDIA) LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIME BEING AS THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ENAM SECURITIES PRIVATE LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED AND RBS EQUITIES (INDIA) LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 31, 2009, WHICH READS AS PROVIDED BELOW.

"*(1)* *WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;*

(2) *ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:*

- *(A)* *THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;*
- *(B)* *ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND*
- *(C)* *THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.*

(3) *WE CONFIRM THAT BESIDES OURSELVES*, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT UNTIL THE DATE SUCH REGISTRATION IS VALID.*

(4) *WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.* **NOTED FOR COMPLIANCE.**

(5) *WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.*

(6) *WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.*

(7) *WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE.* **NOT APPLICABLE.**

(8) *WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.*

(9) *WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956*

AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION.

(10) *WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.* **NOT APPLICABLE. ALLOTMENT SHALL BE MADE IN DEMAT FORM ONLY, PURSUANT TO SECTION 68B OF THE COMPANIES ACT.**

(11) *WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.*

(12) *WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:*

(A) *AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND*

(B) *AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.*

(13) *WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.*

(14) *WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.*

(15) *WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.*"

* RBS's Certificate of Registration as a Category 1 Merchant Banker obtained from the SEBI in the name of ABN AMRO Asia Equities (India) Limited was valid up to December 4, 2008. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, an application dated 4, September 2008 for renewal of the said Certificate of Registration, in the prescribed manner, was made on September 5, 2008 to the SEBI, three months before the expiry of the said Certificate of Registration.

Additionally, the said Certificate of Registration in the name of ABN AMRO Asia Equities (India) Limited is in the process of being changed to the name of RBS Equities (India) Limited. Pursuant to a letter dated March 4, 2009, RBS has informed the SEBI of its new Certificate of Incorporation consequent on change in name dated January 30, 2009 issued by the Registrar of Companies, changing its name from ABN AMRO Asia Equities (India) Limited to RBS Equities (India) Limited. RBS is awaiting the renewal certificate in the name of RBS Equities (India) Limited from the SEBI.

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under sections 63 and 68 of the Companies Act, or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up at any point of time with the BRLMs, any irregularities or lapses in the Prospectus.

Caution-Disclaimer from our Company and the BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website www.erosintl.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Agreement entered into among the BRLMs and our Company dated December 30, 2009 and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Our Company, the BRLMs and the Underwriters shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software / hardware system or otherwise.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Entities, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, Group Entities, and our affiliates or associates, for which they have received and may in future receive compensation. Our Promoter Eros Worldwide has entered into various financing arrangements for a syndicated bank facility of $100 million, of which $50 million has been subsequently syndicated by the lead arranger, in the normal course of business, to The Royal Bank of Scotland Plc, which is an associate of RBS.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, FVCIs, multilateral and bilateral institutions and Eligible NRIs. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with the SEBI for observations. Accordingly, our Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "**Securities Act**") or any state securities laws in the United States, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) to 'qualified institutional buyers' (as defined under Rule 144A of the Securities Act) in the United States in transactions exempt from registration under the Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. In addition, until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by any dealer (whether or not participating in the Issue) may violate the registration requirements of the Securities Act.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus will be submitted to the BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus will be submitted to the NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of the Draft Red Herring Prospectus will be filed with the SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Mumbai, Maharashtra situated at Everest 5th floor, 100, Marine Drive, Mumbai 400 002, Maharashtra, India

Listing

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalised for the Issue.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by either of the Stock Exchanges mentioned above we will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it, i.e. from the date of refusal or within 15 days from the Bid Closing Date, whichever is earlier, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven Working Days of finalisation of the basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below.

"*Any person who:*

(a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*

(b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) BRLMs and Syndicate Member, Escrow Collection Bankers, Registrar to the Issue and the legal advisors, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents will not have been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

The Auditors, Walker Chandiok & Co., Chartered Accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in "***Financial Statements***" on page F1 and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in "***Statement of Tax Benefits***" on page 47 and such consent and report will not have been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[●], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not have been withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC and Designated Stock Exchange.

Expert Opinion

Except the report of [●] in respect of the IPO grading of this Issue annexed herewith, and the report of our Auditor, Walker Chandiok & Co. dated December 16, 2009 in respect of the information in the section "***Financial Information***" and "***Statement of Tax Benefits***", our Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] million. The expenses of this Issue include, among others, lead management fees, underwriting, brokerage and selling commission, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are provided below. All expenses with respect to the Issue shall be borne by our Company. The estimated Issue expenses are provided below.

(Rs. million)

Activity	Expenses	% of Issue size	% of Issue expense
Lead management fees*	[●]	[●]	[●]
Underwriting, brokerage and selling commission (including commission to SCSBs for ASBA Applications)*	[●]	[●]	[●]
Registrar's fees*	[●]	[●]	[●]
Advertising and marketing*	[●]	[●]	[●]
Printing and distribution*	[●]	[●]	[●]
IPO Grading*	[●]	[●]	[●]
Bankers to the Issue*	[●]	[●]	[●]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.)*	[●]	[●]	[●]
Total estimated Issue expenses*	[●]	[●]	[●]

** Will be completed after finalisation of the Issue Price*

Fees Payable to the BRLMs and the Syndicate Member(s)

The total fees payable to the BRLMs and the Syndicate Member(s) (including underwriting commission and selling commission) will be as per their respective engagement letters issued by our Company, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of applications, data entry, printing of CAN / refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated December 28, 2009 between us and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds or send Allotment advice by registered post / speed post / under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

Since this is the initial public issue of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares since our Company's incorporation.

Particulars Regarding Public or Rights Issues during the Last Five Years

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of the Draft Red Herring Prospectus.

Capital Issues in the Last Three Years

Our Company and our Subsidiaries have not made any public or rights issues during the last three years. For details of public, rights or other capital issues by one of our Promoters, see "***Our Promoter and Group Entities***" on page 121.

Previous Issues of Shares Otherwise than for Cash

Except as stated in the "***Capital Structure***" on page 29, our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Companies under the Same Management

Except as disclosed under "***Our Promoter and Group Entities***" on page 121, we do not have any companies under the same management within the meaning of section 370(1B) of the Companies Act, which has made any public or rights issue during the last three years.

Promise v/s Performance

Our Company and our Subsidiaries have not made any public or rights issues during the last three years. For details of promise versus performance in respect of the public issue by one of our Promoters, see "***Our Promoter and Group Entities***" on page 121.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bonds or preference shares, as of the date of the Draft Red Herring Prospectus.

Stock Market Data of our Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares of our Company are not listed on any stock exchange and hence no stock market data is available.

Mechanism for Redressal of Investor Grievances

The Agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have also appointed Mr. Rajesh Bhatia as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post Issue related problems, at the following address:

Mr. Rajesh Bhatia
Eros International Media Limited
(Corporate Office)
Satya Dev Building, 2nd Floor
Opposite Q Lab, off New Link Road
Andheri (West)
Mumbai 400 053
Maharashtra, India
Tel: + (91 22) 4053 8500
Fax: + (91 22) 4053 854
Email: compliance.officer@erosintl.com

For details of mechanism for redressal of investor grievances of our Promoter, see "***Our Promoter and Group Entities***" on page 121.

Change in Auditors

The following are the changes in our auditors in the last three fiscals:

Name of Auditor	Date of Appointment	Date of Cessation	Reasons for change
RSM & Company	March 28, 2002	September 30, 2006	Resignation

Capitalisation of Reserves or Profits

Except as mentioned in the "***Capital Structure***" on page 29 we have not capitalised our reserves or profits since our Company's incorporation.

Revaluation of Assets

There has been no revaluation of assets of our Company since its incorporation.

SECTION VII – OFFER RELATED INFORMATION
ISSUE STRUCTURE

The present Issue of [●] Equity Shares of Rs. 10 each, at a price of Rs. [●] for cash aggregating upto Rs. 3,500 million is being made through the 100% Book Building Process. The Issue will constitute [●] % of the fully diluted post-Issue Equity Share capital of our Company. If at least 60% of the Issue cannot be allocated to QIBs, the entire application money will be refunded forthwith.

Our Company is considering a Pre-IPO Placement of up to Rs. 200 million with certain investors. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue paid-up equity capital.

	QIBs[1]	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares, subject to valid Bids being received at or above the Issue Price[1]	At least [●] Equity Shares	Not less than [●] Equity Shares, or Issue Size less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Issue Size less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue Size available for Allotment / allocation[2]	At least 60% of the Issue shall be allocated to QIBs. However, 5% of the QIB Portion, excluding the Anchor Investor Portion, shall be available for allocation proportionately to Mutual Funds only. The unsubscribed portion in the Mutual Funds portion will be available to QIBs[3]	Not less than 10% of the Issue or Issue Size less allocation to QIB Bidders and Retail Individual Bidders	Not less than 30% of the Issue available for allocation or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment / Allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares available for allocation on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits	Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares	[●] Equity Shares	[●] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply[4]	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with the SEBI, including their sub-accounts but other than FIIs sub-accounts who are foreign companies or foreign individuals, scheduled commercial banks, mutual funds registered with the SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with the SEBI, foreign venture capital investors registered with the SEBI,	Eligible NRIs, FIIs' sub-accounts who are foreign companies or individuals, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value

	QIBs[1]	Non-Institutional Bidders	Retail Individual Bidders
	state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India, and insurance funds set up and managed by the army, navy, or air force of the Union of India		
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the BRLMs	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member[5]	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member[5]
Margin Amount	At least 10% of Bid Amount[6]	Full Bid Amount on bidding	Full Bid Amount on bidding

[1] *Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price in accordance with the SEBI Regulations. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds. Allocation to Anchor Investors shall be on a discretionary basis subject to a minimum of (i) two Anchor Investors, where the allocation under the Anchor Investor Portion is up to Rs. 2,500 million and (ii) five Anchor Investors, where the allocation under the Anchor Investor Portion is more than Rs. 2,500 million. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Further, Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of the Bid cum Application Forms to the BRLMs and the balance on the Pay-in Date which shall be a date no less than two days from the Bid Closing Date.*

[2] *In terms of Rule 19 (2) (b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of our Company, therefore, the Issue is being made though the 100% Book Building Process, wherein at least 60% of the Issue shall be allocated to QIBs on a proportionate basis. If at least 60% of the Issue cannot be allocated to QIBs, the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Issue will be available for Allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.*

[3] *Mutual Funds participating in the 5% reservation will also be eligible for participation in the remaining QIB Portion.*

[4] *In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

[5] *In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidders that are specified in the ASBA Bid cum Application Forms.*

[6] *After the Bid Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders.*

Also see "**Issue Procedure**" on page 196.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid Opening Date, but before the Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two days of the Bid Closing Date. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company will also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it will file a fresh draft red herring prospectus with the SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment and within seven Working Days of finalisation of the Basis of Allotment and (ii) the final RoC approval of the Prospectus. In terms of the SEBI Regulations, QIB Bidders shall not be permitted to withdraw their Bids after the Bid Closing Date.

Letters of Allotment or Refund Orders or Instructions to SCSBs

Our Company shall facilitate and shall give credit to the beneficiary account with the Depository Participants within two Working Days of finalisation of the basis of Allotment of the Equity Shares. Bidders residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 15 days of the Bid Closing Date. Our Company shall dispatch refund orders, if any, of value up to Rs. 1,500 under certificate of posting, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBAs within 15 days of the Bid Closing Date.

Interest in case of delay in dispatch of Allotment Letters / Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid Closing Date;

- Dispatch of refund orders will be done within 15 days from the Bid Closing Date or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions will be given to the clearing system; and

- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period mentioned above), if Allotment is not made, refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and / or demat credits are not made to investors within the 15 day period prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes as described in the Red Herring Prospectus and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bidding Programme

BID OPENS ON	[●]*
BID CLOSES ON	[●]

**The Anchor Investor Bidding Date shall be one Working Day prior to the Bid Opening Date.*

The Company is considering participation by Anchor Investors in terms of the SEBI Regulations. For details, see "***Issue Procedure- Bids by Anchor Investors***" on page 210.

Bids and any revision in Bids will be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid Closing Date, Bids excluding ASBA Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m. or such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLMs, and the Syndicate Member(s) shall not be responsible. Bids will be accepted only on Working Days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCBSs in the electronic system to be provided by the Stock Exchanges. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two days prior to the Bid Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs, and at the terminals of the members of the Syndicate.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the Equity Listing Agreements, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form (including the ASBA Bid cum Application form), the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice and other documents / certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act and our Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. See "***Main Provisions of the Articles of Association***" on page 238.

Mode of Payment of Dividends

We shall pay dividends to our shareholders as per the provisions of the Companies Act and our Memorandum of Association and Articles of Association.

Face Value and Issue Price

The face value of each Equity Share is Rs. 10 and the Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares. The Price Band and the minimum Bid lot for the Issue will be decided by our Company in consultation with the BRLMs and advertised in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date.

Compliance with SEBI Regulations

We shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability, subject to applicable foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreement, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidation/splitting, see "***Main Provisions of Our Articles of Association***" on page 238.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [•] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same benefits to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during minority. A nomination shall stand rescinded upon a sale / transfer / alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office or with the Registrar.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective Depository Participant.

Application by Eligible NRIs / FIIs registered with the SEBI and FVCIs registered with the SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with the SEBI or FVCIs registered with the SEBI. Such Eligible NRIs, FIIs registered with the SEBI or FVCIs registered with the SEBI will be treated on the same basis as other categories for the purpose of allocation. As per regulations issued by the RBI, OCBs cannot participate in the Issue.

Bidding Period

Bidders may submit their Bids only during the Bidding Period. The Bid Opening Date is [●] and the Bid Closing Date is [●], provided that the Anchor Investors may submit their Bid only on the Anchor Investor Bidding Date.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including through the devolvement to the Underwriters, as applicable, within 60 days from the Bid Closing Date, our Company shall refund the entire subscription amount received within 70 days from the Bid Closing Date. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Rule 19(2) (b) of the SCRR, if at least 60% of the Issue cannot be allocated to QIBs, then all the application money shall be refunded forthwith.

Further in terms of Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of Allottees to whom Equity Shares will be allotted will not be less than 1,000.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, India.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold only (i) to 'qualified institutional buyers' (as defined under Rule 144A of the Securities Act) in the United States in transactions exempt from registration under the Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. In addition, until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by any dealer (whether or not participating in the Issue) may violate the registration requirements of the Securities Act.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in *"**Capital Structure**"* on page 29 and as provided in our Articles as detailed in "***Main Provisions of our Articles of Association***" on page 238, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

Option to receive Equity Shares in Dematerialised Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of Allotment of the Equity Shares in this Issue in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19 (2) (b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of our Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated to QIBs on a proportionate basis. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation to Mutual Funds only, on a proportionate basis. Further, not less than 10% and 30% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Forms provided that the reasons for rejecting the same shall be provided to such QIB Bidder in writing. Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from Anchor Investors without assigning any reason therefor. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate. The Bid cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidder wishes to Bid. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is provided below.

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non repatriation basis, excluding Anchor Investors	White
Non Residents, Eligible NRIs, FVCIs, FIIs and registered multilateral and bilateral development financial institutions, on a repatriation basis, excluding Anchor Investors	Blue
Anchor Investors	Yellow
ASBA Bidders bidding in physical form	White

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the

Red Herring Prospectus and the ASBA Bid cum Application Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

In respect of Anchor Investors and ASBA Bidders, the issue procedure set out below should be read with, and is qualified by, the relevant portions of this section relating to the Anchor Investor Portion and "***-Issue procedure for ASBA Bidders***" on page 226.

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural / legal guardians in single or joint names (not more than three, and in the same order in which they appear in the beneficiary account held with the Depository Participant);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Mutual Funds registered with the SEBI;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject applicable laws);
- Venture Capital Funds registered with the SEBI;
- Foreign Venture Capital Investors registered with the SEBI;
- State Industrial Development Corporations;
- Trusts / societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts / societies and who are authorised under their constitution to hold and invest in equity shares;
- FIIs and sub-accounts registered with the SEBI other than a sub-account which is a foreign corporate or a foreign individual, only under the QIB Portion;
- Sub-accounts of FIIs registered with the SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
- Scientific and / or industrial research organisations authorised to invest in equity shares;
- Insurance companies registered with the Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Multilateral and Bilateral Development Financial Institutions; and
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold only (i) to 'qualified institutional buyers' (as defined under Rule 144A of the Securities Act) in the United States in transactions exempt from registration under the Securities Act; and (ii) outside the United States in offshore transactions in

compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. In addition, until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by any dealer (whether or not participating in the Issue) may violate the registration requirements of the Securities Act.

Participation by associates of the BRLMs and the Syndicate Member(s)

The BRLMs and the Syndicate Member(s) shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Member(s) are entitled to subscribe for Equity Shares in the Issue, including in the QIB Portion (excluding the Anchor Investor Portion) and Non-Institutional Portion where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Mutual Funds

Under the SEBI Regulations, one-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only on a discretionary basis, and 5% of the QIB Portion (excluding the Anchor Investor Portion), i.e. [●] Equity Shares has been specifically reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

Bids by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which such Bids are made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No Mutual Fund scheme shall invest over 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own over 10% of any company's paid-up share capital carrying voting rights.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of over one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made

Bids by Eligible NRIs

Eligible NRIs are required to comply with the following:

1. Bid cum application forms (blue in colour) have been made available for Eligible NRIs at our Registered Office, members of the Syndicate and the Registrar to the Issue.

2. Only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts or by debits to their NRE or FCNR accounts shall use the application form meant for Resident Indians (white in colour).

3. In accordance with the SEBI Regulations, NRIs cannot subscribe to this Issue under the ASBA process.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The offer of Equity Shares to a single FII should not exceed 10% of our post-Issue share capital (i.e. 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued and paid-up capital or 5% of our total issued and paid-up capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008 (the "**FII Regulations**"), an FII, as defined in the FII Regulations, or its sub-account may issue, deal or hold, off shore derivative instruments (defined under the FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, against underlying securities) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Member(s) that are FIIs or their sub-accounts may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Bids by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on venture capital funds and foreign venture capital investors respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or foreign venture capital investor registered with the SEBI should not exceed 25% of the corpus of the venture capital fund or foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not over 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Pursuant to the SEBI Regulations, the shareholding of SEBI-registered venture capital funds and foreign venture capital investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft red herring prospectus with the SEBI.

The above information is given for the benefit of the Bidders. Bidders are advised to make their own inquiries about the limits applicable to them. Our Company and the BRLMs are not liable for, and are not liable for informing the investors of, any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the applicable investment limits under laws or regulations or the maximum number of Equity Shares that can be held by them under applicable laws. Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to Retail Individual Bidders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs bidding in the QIB Portion):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for over the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the SEBI Regulations, a QIB Bidder bidding in the QIB Portion cannot withdraw its Bid after the Bid Closing Date and is required to pay the QIB Margin Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are otherwise eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-off Price. Payments made upon any revision of Bids will be adjusted against the payment made at the time of the original Bid or the previously revised Bid, as applicable.

(c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs. 100 million and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for over 30% of the QIB Portion.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Information for the Bidders:

(a) The Red Herring Prospectus will be filed by our Company with the RoC at least three days before the Bid Opening Date.

(b) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

(c) Our Company and the BRLMs shall declare the Bid Opening Date and Bid Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation at least two Working Days before the Bid Opening Date.

(d) The members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement, provided that the BRLMs shall accept the Bids from the Anchor Investors only on the Anchor Investor Bidding Date.

(e) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or the Syndicate Member(s) or their authorised agent(s) to register their Bids.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of Bidding

(a) Our Company and the BRLMs shall declare the Bid Opening Date and Bid Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI Regulations.

(b) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLMs, and advertised in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation, at least two Working Days prior to the Bid Opening Date. The BRLMs and the Syndicate Members shall accept Bids from Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.

(c) The BRLMs shall accept Bids from the Anchor Investors on the Anchor Investor Bidding Date, i.e. one day prior to the Bid Opening Date. Investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate or their authorised agents to register their Bids, during the Bidding Period. The members of the Syndicate shall accept Bids from the all the other Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus.

(d) In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding a total of 10 Working Days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation, together with an indication of such change on the websites of the BRLMs and at the terminals of the Syndicate Member(s).

(e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see "***Bids at Different Price Levels***" below, within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation / Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(f) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic Bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the "***Build up of the Book and Revision of Bids***" on page 204, provided that Bids submitted by a QIB in the Anchor Investor Portion and in the QIB Portion (excluding the Anchor Investor Portion) will not be considered as Multiple Bids.

(g) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "***Terms of Payment and Payment into the Escrow Account(s)***" on page 202.

(i) The identity of QIB Bidders shall not be made public.

Bids at Different Price Levels

(a) The Price Band and the minimum Bid lot will be decided by our Company in consultation with the BRLMs and advertised at least two Working Days prior to the Bid Opening Date, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation. The Bidders can Bid at any price with in the Price Band, in multiples of Rs. [●].

(b) Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares.

Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

(c) In case of revision in the Price Band, the Bidding Period will be extended for at least three additional days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Member.

(d) Our Company in consultation with the BRLMs can finalise the Issue Price and Anchor Investor Issue Price within the Price Band, without the prior approval of or intimation to the Bidders.

(e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the Bidding options not exceeding Rs. 100,000 may Bid at Cut-off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders Bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s).

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders Bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Member(s) to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders Bidding at the Cut-off Price, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s).

(i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(j) When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and shall, upon request, get a revised TRS from the members of the Syndicate. It is the Bidder's responsibility to request and obtain the revised TRS, which will constitute proof of revision of any such previous Bid.

Terms of Payment and Payment into the Escrow Account(s)

Each Bidder, other than Anchor Investors, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account(s) of the Escrow Collection Bank(s) (for details see the "***Issue Procedure-Payment Instructions***" on page 213), and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash / stockinvest / money order shall not be accepted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its Margin Amount only to the Syndicate. The Margin Amount based on the Bid Amount has to be paid at the time of the submission of the Bid cum Application Form. The Margin Amount shall be entered and printed on the TRS which shall be furnished upon request.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account(s), as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders i.e., Anchor Investors, QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the "***Issue Structure***" on page 189. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares transferred at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date. If the payment is not made favouring the Escrow Account(s) within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for allocation / transfer, will be refunded to such Bidder within 15 days from the Bid Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids received, except Bids received from Anchor Investors, using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted.

(b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The Syndicate Member(s) can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis.

(c) On the Bid Closing Date, the members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not uploaded will not be considered for allocation. Bids will only be accepted on Working Days, i.e., Monday to Friday (excluding any public holiday).

(d) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a regular basis, consolidated and displayed on-line at all Bidding centres and the website of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at the Bidding centres and at the websites of each of the Stock Exchanges during the Bidding Period.

(e) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor- Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository

Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

- Investor Category – Individual, Corporate, Eligible NRI, FII, or Mutual Fund, QIBs, etc.
- Numbers of Equity Shares Bid for.
- Bid Amount.
- Bid cum Application Form number.
- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identity ("**DP ID**") and Client Identification Number of the beneficiary account of the Bidder.

(f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated / Allotted**.**

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) In the case of QIB Bidders in the QIB Portion, members of the Syndicate also have the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the "***Issue Procedure-Grounds for Technical Rejections***" on page 217.

(i) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and / or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(j) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

(k) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation / Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders, except Anchor Investors, through the members of the Syndicate shall be electronically transmitted to the Stock Exchanges mainframe on a regular basis. The Bidding process shall be only through an electronically linked transparent Bidding facility provided by the Stock Exchanges. Pursuant to Item 12(g) of Part A of Schedule IX, the SEBI Regulations require that the Bidding terminals shall contain an online graphical display of demand and Bid prices, updated at period intervals not exceeding 30 minutes.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft or the electronic transfer of funds through RTGS for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. In case of QIB Bidders in the QIB Portion, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy for the Equity Shares with our Company.

(b) Our Company, in consultation with the BRLMs, shall finalise the Anchor Investor Issue Price and Issue Price.

(c) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLMs, subject to compliance with the SEBI Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion.

(d) Under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be met with spill over from any other category at the sole discretion of our Company and in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. If at least 60% of the Issue is not allocated to QIBs, the entire subscription monies shall be refunded.

(e) Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with the SEBI applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the FIPB and RBI.

(f) The BRLMs, in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and Anchor Investor Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(g) If the Issue Price is higher than the Anchor Investor Issue Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Issue Price, the difference shall not be payable to the Anchor Investors.

(h) Our Company reserves the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment. QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the Bid Closing Date. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI. Further Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding Date.

(i) Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids by QIBs Bidding in the QIB Portion, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. Our Company, in consultation with BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reason therefor.

(j) The Allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLMs and the Syndicate Member(s) intend to enter into an Underwriting Agreement on finalisation of the Issue Price and allocation to the Bidders.

(b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed by our Company with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.

(c) We will file a copy of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Prospectus with the RoC, publish an advertisement, in the form prescribed by the SEBI Regulations in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders in the QIB Portion may be done simultaneously with or prior to the approval of the basis of

Allotment for the Retail and Non-Institutional Bidders. However, investors should note that our Company shall ensure that instructions for the demat credit of the Equity Shares to all investors in this Issue shall be delivered on the date of Allotment. For Anchor Investors, see "***Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs"***

(b) The BRLMs or the Syndicate Member(s) would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price or Anchor Investor Issue Price, as may be applicable, for all the Equity Shares allocated to such Bidder. QIB Bidders (including Anchor Investors) who have not paid the entire Bid Amount into the Escrow Account(s) at the time of Bidding shall pay in full the amount payable into the Escrow Account(s) by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of Bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is subject to "***Notice to Anchor Investors: Allotment Reconciliation and Revised CANs***" and "***Notice to QIBs: Allotment Reconciliation and Revised CANs***" as provided below

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company and the BRLMs, select Anchor Investors may be sent a CAN, within two Working Days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to (a) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, (b) the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price, and (c) allotment by the Board of Directors. Subject to the SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, among other things, and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. In such instances or in the event the Issue Price is fixed higher that the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors and the price of the Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation or price of Equity Shares, which shall in no event be later than two Working Days after the Bid Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs Bidding in the QIB Portion: Allotment/Transfer Reconciliation and Revised CAN

After the Bid Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE / NSE systems. This shall be followed by a physical book prepared by the Registrar on the basis of the Bid cum Application Forms received. Based on the electronic book or the physical book as the case may be, QIBs Bidding in the QIB Portion may be sent a CAN, within two Working Days of the Bid Closing Date, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to (a) the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar, (b) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, and (c) allotment by the Board of Directors. Subject to the SEBI Regulations, certain Bids may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date. After the funds are transferred from the Escrow Account(s) to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidders depository account within two Working Days of the date of Allotment.

(b) In accordance with the SEBI Regulations, Equity Shares will be issued, transferred and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

General Instructions

Dos:

(a) Check if you are eligible to apply;

(b) Ensure that you have Bid within the Price Band;

(c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), or the Anchor Investor Bid cum Application Form (Yellow in colour) as the case may be;

(d) Ensure that the details about Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialised form only;

(e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate;

(f) Ensure that you have been given a TRS for all your Bid options;

(g) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(h) Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not mentioned will be rejected;

(i) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;

(j) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not submit a Bid without payment of the applicable Margin Amount;

(c) Do not Bid / revise Bid Amount to less than the Floor Price or higher than the Cap Price;

(d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

(f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(g) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

(h) In case of Retail Bidders, do not submit a Bid with a Bid Amount exceeding Rs. 100,000;

(i) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue Size and / or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations or the terms of the Red Herring Prospectus;

(j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate, our Registered Office, or the Registrar to the Issue.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white for Resident Indians and Eligible NRIs applying on a non-repatriation basis, blue colour for Eligible NRIs, FVCIs and FIIs applying on a repatriation basis, white for ASBA Bidders and Yellow for Anchor Investors).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders (including Eligible NRIs) the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option of Bidding at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(d) For Non-Institutional Bidders and QIB Bidders Bidding in the QIB Portion (including Eligible NRIs), Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or is equal to Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Anchor Investors must ensure that their Bids must make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 1,000 million. Bids cannot be made for over the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date and QIBs Bidding in the QIB Portion cannot withdraw their Bid after the Bid Closing Date.

(e) Bids by Non Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with the SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(f) In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-off Price.

(g) In a single name or in joint names (not more than three, and in the same order in which they appear in the beneficiary account held with the Depository Participant).

(h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Anchor Investors

The Company may consider participation by Anchor Investors in the QIB Portion for up to [●] Equity Shares in accordance with the SEBI Regulations. Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid Opening Date. Only QIBs as defined in Regulation 2(1) (zd) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

(a) Anchor Investors Bid cum Application Forms have been made available for Anchor Investor Portion at our Registered Office, members of the Syndicate and the Registrar to the Issue.

(b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with the SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 100 million.

(c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.

(d) The Bidding for Anchor Investors shall open one day before the Bid Opening Date and shall be completed on the same day.

(e) The Company, in consultation with the BRLMs, shall finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees.

(f) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid Opening Date.

(g) Anchor Investors shall pay Anchor Investor Margin Amount representing 25% on the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid Closing Date. Anchor Investors cannot withdraw their bids after the Anchor Investor Date.

(h) In case the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price.

(i) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.

(j) None of the BRLMs or any person related to the BRLMs, Promoters, or Group Entities shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLMs and shall be made available as part of the records of the BRLMs for inspection by the SEBI.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

(l) The payment instruments for payment into the Escrow Account should be drawn in favour of:

- In case of QIB Bidders: **"**Escrow Account–EML Public Issue – QIB – R"
- In case of non-resident QIB Bidders: **"**Escrow Account– EML Public Issue – QIB– NR"
- In case of Resident Bidders: **"**Escrow Account– EML Public Issue"
- In case of Non Resident Bidders: "Escrow Account – EML Public Issue – NR"
- In case of Resident Anchor Investors: "Escrow Account – EML Public Issue -Anchor Investor"
- In case of Non Resident Anchor Investors: "EML – Escrow Account – EML Public Issue Anchor Investor - NR"

The minimum number of Allottees in the Anchor Investor Portion shall not be less than:

(a) two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
(b) five, where the allocation under Anchor Investor Portion is over Rs. 2,500 million.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, DP ID and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, Magnetic Ink Character Recognition ("**MICR**") code and occupation (the "**Demographic Details**"). These Demographic Details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders, and it is mandatory to provide the bank account details in the space provided in the Bid cum Application Form. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch / credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER IN THEIR BID CUM APPLICATION FORMS. BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THEIR BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order or making refunds electronically and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. Hence the Bidders are advised to update their Demographic Details as provided to the Depository Participant and ensure they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically) / Allocation Advice / CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders / allocation advice / CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, nor the Escrow Collection Bank(s) nor the BRLMs, shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary’s identity, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that, for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the Depositories.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with the SEBI on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three, and in the same order in which they appear in the beneficiary account held with the Depository Participant).

3. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of over Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

For further details, see “***Issue Procedure - Maximum and Minimum Bid Size***” on page 199.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, at the prevailing exchange rate and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Our Company has received all relevant approvals for the Issue of Equity Shares to Eligible NRIs, FIIs, foreign venture capital investors registered with the SEBI and multilateral and bilateral development financial institutions and other Eligible NRIs. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies or registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs and FVCIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, in consultation with the BRLMs, may deem fit.

Payment Instructions

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation / Allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s), for and on behalf of the Bidders, shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account(s)

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account(s) and submit the same to the members of the Syndicate.

2. In case of QIBs (including Anchor Investors) Bidding in the QIB Portion, where the margin is less than 100% of the Bid Amount, the balance amount shall be paid by the Bidders into the Escrow Account(s) within the period specified in the CAN. If the payment is not made in favour of the Escrow Account within the stipulated time, the Bid is liable to be rejected. For Anchor Investors, see also "***Payment Instructions for Anchor Investors***" below.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    - In case of QIB Bidders: **"**Escrow Account – EML Public Issue – QIB – R"
    - In case of non-resident QIB Bidders: **"**Escrow Account– EML Public Issue – QIB– NR"
    - In case of Resident Bidders: **"**Escrow Account– EML Public Issue"
    - In case of Non Resident Bidders: "Escrow Account – EML Public Issue – NR"
    - In case of Resident Anchor Investors: "Escrow Account – EML Public Issue -Anchor Investor"
    - In case of Non Resident Anchor Investors: "EML – Escrow Account – EML Public Issue Anchor Investor - NR"

4. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non Resident External ("**NRE**") Accounts or Foreign Currency Non-Resident ("**FCNR**") Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary ("**NRO**") Account of Non Resident Bidders Bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account maintained with banks authorised to deal in foreign exchange in India.

5. In case of Bids by FIIs or FVCIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.

6. Where a Bidder has been allocated / Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on Bidding, after adjustment towards the balance amount payable on the Equity Shares allocated will be refunded to the Bidder from the Refund Account.

7. The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

9. On the Designated Date and no later than 15 days from the Bid Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation / Allotment to the Bidders.

10. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member, or sub-member, of the bankers' clearing house at the centre where the Bid cum Application Form is submitted. Outstation cheques / bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques

or bank drafts are liable to be rejected. Cash / stockinvest / money orders / postal orders will not be accepted.

11. Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment Instructions for Anchor Investors

1. Anchor Investors shall provide the Anchor Investor Margin Amount, i.e. at least 25% of the Bid Amount along with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the Bid Amount in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid cum Application Form is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted.

2. Our Company, in consultation with the BRLMs, in their absolute discretion, shall decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Anchor Investors.

3. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated / Allotted and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Bidder within two days of the Bid Closing Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Anchor Investor is liable to be cancelled.

4. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   - In case of Resident Anchor Investors: “Escrow Account – EML Public Issue- Anchor Investor”
   - In case of Non Resident Anchor Investor: “Escrow Account – EML Public Issue- Anchor Investor – NR”

Payment by Stockinvest

In terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid Cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three, and in the same order in which they appear in the beneficiary account held with the Depository Participant). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of over one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Anchor Investors can Bid under the Anchor Investor Portion and also in the QIB Portion and such Bids shall not be treated as multiple Bids.

Our Company, in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are provided below.

1. All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

3. The Registrar will obtain from the Depositories details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.

4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.

5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's / husband's names. On completion of this verification, the applications will be identified as multiple applications.

'PAN' or 'GIR' Number

Pursuant to SEBI circular dated August 24, 2004 and all supplementary circulars issued thereto, including circulars dated July 20, 2006, September 26, 2006 and April 3, 2008, each Bidder should mention his / her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected except bids on behalf of Central Government, State Government and the official liquidator / person appointed by the court. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Unique Identification Number ("UIN")

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by the SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Right to Reject Bids

In case of QIB Bidders Bidding in the QIB Portion, our Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. Provided further that, our Company in consultation with the BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons therefor. In case of Non-Institutional Bidders and Retail

Individual Bidders, our Company has a right to reject Bids based on technical grounds only. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;

2. Age of First Bidder not given;

3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

5. PAN not stated or GIR number stated instead (except for Bids on behalf of the Central or State Government and the officials appointed by the courts);

6. Bids for lower number of Equity Shares than specified for that category of investors;

7. Bids at a price less than the Floor Price;

8. Bids at a price over the Cap Price;

9. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;

10. Bids for number of Equity Shares which are not in multiples of [•];

11. Category not ticked;

12. Multiple Bids as described in the Draft Red Herring Prospectus;

13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

14. Bids accompanied by stockinvest / money order / postal order / cash;

15. Signature of sole and / or joint Bidders missing;

16. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Member;

17. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete;

18. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

19. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary's account number;

20. Bids by persons located in the United States who are not 'qualified institutional buyers' as defined in Rule 144A of the Securities Act;

21. Bids for amounts greater than the maximum permissible amounts prescribed by applicable regulations;

22. Bids by QIBs not submitted through the Syndicate;

23. Bids by OCBs;

24. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;

25. Bids not uploaded in the book would be rejected;

26. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 uploaded after 5.00 P.M. on the Bid Closing Date;

27. Bank account details for the refund not given;

28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

29. Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals;

30. Bids that do not comply with the securities laws of their respective jurisdictions; and

31. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated [●] with NSDL, our Company and the Registrar to the Issue;

b) Agreement dated [●] with CDSL, our Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and DP ID) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of transferred shares in the respective beneficiary accounts, refunds, etc.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, provided below.

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allotment

A. For Retail Individual Bidders

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price. The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment, see below.

B. For Non-Institutional Bidders

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price. The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand. In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of

Allotment see below.

C. For QIBs in the QIB Portion (excluding the anchor investor portion)

Bids received from the QIB Bidders Bidding in the QIB Portion, at or above the Issue Price, shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as provided below.

  (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.

  (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

  (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as provided below.

  (i) In the event of oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

  (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

  (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allocation to QIB Bidders shall be at least [●] Equity Shares. The method of proportionate basis of Allotment is stated below.

D. For Anchor Investors

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLMs, subject to compliance with the following requirements:

(i) not more than 30% of the QIB Portion will be allocated to Anchor Investors.
(ii) at least one-third of the Anchor Investor Portion shall be available for allocation to Mutual Funds only.
(iii) Allocation to a minimum number of two Anchor Investors.

The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid Opening Date

Illustration of Allotment to QIBs and Mutual Funds ("MF") in the QIB Portion (excluding the Anchor Investor Portion)

Issue Details

S. No.	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIBs (60%) (excluding Anchor Investor Portion)	120 million Equity Shares
	Of which:	

S. No.	Particulars	Issue details
	a. Reservation to MFs (5%)	6 million Equity Shares
	b. Balance for all QIBs including MFs	114 million Equity Shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million Equity Shares

B. Details of QIB Bids

S. No	Type of QIB bidders#	No. of Equity Shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of Equity Shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.5	0
A3	130	0	29.6	0
A4	50	0	11.4	0
A5	50	0	11.4	0
MF1	40	1.2	9.1	10.3
MF2	40	1.2	9.1	10.3
MF3	80	2.4	18.2	20.6
MF4	20	0.6	4.5	5.2
MF5	20	0.6	4.5	5.2
	500	**6**	**114**	**51.6**

Please note:

1. The illustration presumes compliance with the requirements specified in the Draft Red Herring Prospectus in "***Issue Structure***" on page 189.

2. Out of 114 million equity shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 shares in QIB category.

3. The balance 95 million equity shares (i.e. 100 - 5 (available for mutual funds)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 equity shares (including 5 mutual fund applicants who applied for 200 equity shares).

4. The figures in the fourth column titled "Allocation of balance 114 million equity shares to QIBs proportionately" in the above illustration are arrived as provided below.

   - For QIBs other than mutual funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494

   - For mutual funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted (i.e., column III of the table above)] X 114/494

   - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to mutual funds in the manner specified in column III of the table above.

Basis of Allotment

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment shall be made in marketable lots, on a proportionate basis as explained below.

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as provided below.

   (a) Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and

   (b) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate Allotment to a Bidder is a number that is over [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are over the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

g) Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of our Company, in consultation with the BRLMs.

Payment of Refund

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' address, bank account details, including the nine digit MICR code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, the Bankers to the Issue, nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned centres, except where the applicant, being eligible, opts to receive refund through Direct Credit, NEFT or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [•] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

3. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

4. RTGS – Applicants having a bank account at any centre where such facility has been made available and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Bidder.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

Our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with the Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days of the date of finalisation of the Basis of Allotment of the Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven Working Days of the date of finalisation of the Basis of Allotment of the Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid Closing Date would be ensured; and

- Our Company shall pay interest at 15% per annum for any delay beyond the period mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the time prescribed above as per the SEBI Regulations.

Letters of Allotment or Refund Orders

Our Company shall give credit to the beneficiary account with the Depository Participants within two Working Days of the finalisation of the basis of Allotment of the Equity Shares, and shall dispatch refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid Closing Date. Applicants residing at the 68 centres where clearing houses are managed by the RBI will get refunds through ECS subject to adequate details being available in the Demographic Details received from the Depositories, except where a Bidder is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid Closing Date;

- Dispatch of refunds will be done within 15 days from the Bid Closing Date; and

- it will pay interest at 15% per annum (for any delay beyond the period as mentioned above), if allotment is not made, refund instruction are not given and/or demat credits are not made to investors within the time prescribed above.

Our Company will provide adequate funds required for dispatch of refunds orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes described above and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest in case of delay in dispatch of Allotment letters / refund orders

Allotment of securities offered to the public shall be made not later than 15 days from the Bid Closing Date. We shall pay interest at 15% per annum if the Allotment letters / refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid Closing Date.

In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors declares that:

- All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- that no further issue of Equity Shares shall be made until the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc;

- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven Working Days of the finalisation of the basis of Allotment;

- that the complaints received in respect of this Issue shall be attended to expeditiously. Our Company has authorised our Company Secretary as the Compliance Officer to redress all complaints, if any, of the investors participating in this Issue;

- that the funds required for making refunds or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue;

- that the certificates of the securities/ refund orders to the Eligible NRIs or FIIs shall be dispatched within specified time;

- that the refund instruction shall be given or Allotment advice to the successful Bidders shall be dispatched within specified time;

- that where the refunds are effected through the electronic transfer of funds, suitable communication shall be sent to the applicants within 15 days of the Bid Closing Date, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund;

- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalising the Basis of Allotment; and

- that our Company shall pay interest of 15% per annum (for any delay beyond the period mentioned above) if allotment has not been made and refund orders have not been dispatched within aforesaid dates.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company, the BRLMs and the Syndicate Member(s) are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled, as described in this section.

The list of banks that have been notified by the SEBI to act as SCSB for the ASBA process is available at http://www.sebi.gov.in. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please see the above mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor and Non-Institutional Bidder who is an Indian resident shall submit his / its Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("**ASBA Account**") is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue. Upon finalization of the Basis of Allotment, pursuant to instructions from the Registrar to the Issue, the SCSBs shall unblock the ASBA account of each successful ASBA Bidder for an amount which is required to be transferred to the Public Issue Account. The aggregate amount to be transferred by the Controlling Branch of each SCSB to the Public Issue Account (the "**ASBA Public Issue Amount**") shall be deemed to constitute a part of the Public Issue Account.

The Controlling Branch of each SCSB shall then transfer the ASBA Public Issue Amount to the Public Issue Account of the Company. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Member(s) and / or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet-enabled Bidding and banking facility available with the SCSB, or such other secured electronically enabled mechanism for Bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white.

Who can Bid?

In accordance with the SEBI Regulations, only Resident Retail Individual Investors and Non-Institutional Bidders who is an Indian resident can submit their application through the ASBA process to Bid for the Equity Shares of our Company.

A QIB and / or a Non Resident Bidder is not permitted to submit an application through the ASBA Process to Bid for the Equity Shares of our Company.

Maximum and Minimum Bid Size for ASBA Bidders

ASBA Bidders who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue, will be categorised as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who are Indian resident who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non-Institutional Bidders.

Information for ASBA Bidders:

a. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form. SCSBs shall make the same are made available on their websites of the SCSBs.

b. ASBA Bidders, who would like to obtain the Red Herring Prospectus and / or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.

c. The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Accounts of the respective Bidders.

d. ASBA Bid cum Application Forms should bear the stamp / code of the Syndicate Member(s) and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp will be rejected.

e. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.

f. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

g. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the Demographic Details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.

Method and Process of Bidding

a. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled Bidding and banking facility of the SCSBs or such other secured electronically enabled mechanism for Bidding and blocking funds in the ASBA Accounts of the respective Bidders, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.

b. The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders.

c. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

d. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

e. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic Bidding system of the Stock Exchanges and generate a TRS. The TRS shall be furnished to the ASBA Bidder on request.

f. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after Bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic Bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

Bidding

a. The Price Band and the minimum Bid lot will be decided by our Company in consultation with the BRLMs and advertised at least two Working Days prior to the Bid Opening Date, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation.

b. Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two days prior to the Bid Opening Date and the Cap Price will be revised accordingly.

c. In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the members of the Syndicate.

d. Our Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.

e. ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

f. In case of an upward revision in the Price Band, announced as above, the number of Equity Shares Bid for shall be adjusted downwards (to the previous multiple lot) for the purpose of allotment, such that no additional amount is required to be blocked in the bank account of the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in terms of the SEBI Regulations, into the Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

Also see **"*- Unblocking of ASBA Account and Transfer of Funds from SCSBs to Public Issue Account*".**

Electronic registration of Bids by SCSBs

a. In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. The BRLMs, our Company and the Registrar are not responsible for any act, mistakes or errors or omission and commission in relation to Bids accepted by the SCSBs, Bids uploaded by the SCSBs, Bids accepted but not uploaded by the SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account. The SCSBs shall not upload any ASBA Application Form in the electronic Bidding system of the Stock Exchange(s) unless:

    (i) they have received the ASBA Bid cum Application Form in a physical or electronic form; and

    (ii) they have blocked the application money in the bank account specified in the ASBA or have systems to ensure that Electronic ASBA Bid cum Application Forms are accepted in the system only after blocking of application money in the relevant bank accounts opened with them.

b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bidding Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid Closing Date, the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of Bids typically received on the Bid Closing Date may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that are not uploaded may not be considered for allocation.

c. The Bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online at all the Designated Branches of the SCSBs and on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at all the Designated Branches of the SCSBs during the Bidding Period.

d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the Bidder into the online system, including the following details:

- Name of the Bidder(s);
- Application Number;
- PAN;
- Number of Equity Shares Bid for;
- DP ID; and
- Client identification number of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic Bidding system provided by the Stock Exchange(s).

e. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.

f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

g. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

h. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

i. The SCSB may reject the ASBA Bid upon receipt of ASBA Bid cum Application Form, if the bank account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

j. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation /Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLMs, our Company and the Designated Stock Exchange, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

b. The book gets built up at various price levels. This information will be available with the BRLMs, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.

c. ASBA Bidders are permitted to revise their Bids.

d. The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Forms and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMs, our Company and the Designated Stock Exchange, in this regard shall be final and binding.

e. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation / Allotment.

Price Discovery and Allocation

After the Bid Closing Date, the demand generated under the ASBA process shall be aggregated with the demand generated under the non ASBA process, to determine the demand generated at different price levels. For further details, see "***Issue Procedure -Price Discovery and Allocation***" on page 205.

Also see **"*- Unblocking of ASBA Account and Transfer of Funds from SCSBs to Public Issue Account*".**

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLMs and the Syndicate Member(s) shall enter into an Underwriting Agreement upon finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, we shall update and file the updated Red Herring Prospectus with the RoC, which then would be termed the 'Prospectus'. The Prospectus would contain details of the Issue Price, Anchor Investor Issue Price and Issue size.

(c) We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and Anchor Investor Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account and Transfer of Funds from SCSBs to Public Issue Account

Upon finalization of the Basis of Allotment, pursuant to instructions from the Registrar to the Issue, the SCSBs shall unblock the ASBA account of each successful ASBA Bidder for an amount which is required to be transferred to the Public Issue Account. The aggregate amount to be transferred by the Controlling Branch of each SCSB to the Public Issue Amount.

The Controlling Branch of each SCSB shall then transfer the ASBA Public Issue Amount to the Public Issue Account of the Company. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two Working Days from the date of Allotment.

(b) As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Dos:

a. Check if you are eligible to Bid under the ASBA process.

b. Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.

c. Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is white in colour).

d. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

e. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilised by the ASBA Bidder for Bidding has a bank account and not to the Bankers to the Issue (assuming that such bank is not an SCSB), to our Company, the BRLMs, the Registrar or the Syndicate Member(s).

f. Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.

g. Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.

h. Ensure that you have funds equal to the number of Equity Shares Bid for available in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the concerned Designated Branch of the SCSB.

i. Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with the concerned Designated Branch of the concerned SCSB.

j. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.

k. Ensure that you have mentioned your PAN.

l. Ensure that the name(s) and PAN(s) given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.

o. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

a. Do not submit an ASBA Bid if you are a QIB and / or a Non Resident Bidder.

b. Do not submit an ASBA Bid if you are applying under any reserved category.

c. Do not Bid for lower than the minimum Bid size.

d. Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.

e. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs shall not be accepted under the ASBA process.

f. Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB.

g. Do not fill up the ASBA Bid cum Application Form such that the Bid Amount against the number of Equity Shares Bid for exceeds Rs. 100,000.

h. Do not submit the GIR number instead of the PAN.

i. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

a. Made only in the prescribed ASBA Bid cum Application Form, which is white in colour if submitted in physical mode, or electronic mode.

b. In single name or in joint names (not more than three, and in the same order in which they appear in the beneficiary account held with the Depository Participant).

c. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form.

d. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares such that the Bid Amount does not exceed Rs. 100,000.

e. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PAN IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WITH THE DEPOSITORY ACCOUNT. IN CASE THE ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and DP ID and Beneficiary Account Number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the ASBA Bidders including address. Therefore, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN / Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither the Designated Branches of the SCSBs, the members of the Syndicate, or our Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the Beneficiary Account Number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject such ASBA Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the BRLMs, may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA Bid cum application Form from the electronic Bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalisation of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three, and in the same order in which they appear in the beneficiary account held with the Depository Participant). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described in "***Issue Procedure- Multiple Bids***" on page 216.

Permanent Account Number

For details, see "***Permanent Account Number or PAN***" on page 216.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

GROUNDS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under "***Grounds for Technical Rejection***" on page 217, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Application on plain paper or on split form;
2. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Age of first Bidder not given in Joint ASBA Bids;
4. Bid made by categories of investors other than Resident Retail Individual Investors and Non-Institutional Bidders who are Indian residents;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
6. PAN not stated, or GIR number furnished instead of PAN. See "***Issue Procedure - Permanent Account Number or PAN***" on page 216;
7. Bids for number of Equity Shares, which are not in multiples of [•];
8. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
9. Multiple Bids as defined in the Draft Red Herring Prospectus;
10. In case of Bid under power of attorney, relevant documents are not submitted;
11. ASBA Bids accompanied by stockinvest/money order/postal order/cash;
12. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
13. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
14. ASBA Bid cum Application Form does not have the Bidder's depository account details;
15. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;
16. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account;

17. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the Beneficiary Account Number.

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLMs, the Syndicate Member(s) and the Registrar accept no responsibility for errors, omissions, commissions or any acts of SCSB's including any defaults in complying with its obligations under the SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see "***Issue Procedure- Impersonation***" on page 219.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. For details, see "***Issue Procedure- Basis of Allotment***" on page 219.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue, will be categorised as Retail

Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who are Indian resident who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non-Institutional Bidders.

No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under "***Issue Procedure- Undertaking by our Company***", with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider ASBA Bidders similar to other Bidders while finalising the basis of allocation.

Utilisation of Issue Proceeds

The Board has provided certain certifications with respect to the utilisation of Issue Proceeds. For details, see ***"Issue Procedure- Utilisation of Issue Proceeds"*** on page 225.

SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act, and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures, their consolidation or splitting are as provided below. Each provision below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Applicability of Table 'A'

1. The Regulations contained in Table 'A' in the first Schedule to the Companies Act, 1956, shall apply to this Company, in so far as they are applicable to a public company, which are not expressly excluded or modified by the following Articles.

SHARE CAPITAL

4. *Shares at the disposal of the Directors*

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any Person or Persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any Person or Persons without the sanction of the Company in the general meeting.

5. *Further issue of shares*

(i) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then:

(a) Such further shares shall be offered to the Persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;

(b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than 30 days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(c) The offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person and the notice referred to in sub-clause (b) shall contain a statement of this right;

(d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

(ii) Notwithstanding anything contained in sub-clause (i), the further shares aforesaid may be offered to any Persons (whether or not those Persons include the Persons referred to in clause (a) of sub-clause (i) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in the general meeting, or

(b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(iii) Nothing in sub-clause (c) of (i) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorize any Person to exercise the right of renunciation for a second time, on the ground that the Person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(iv) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:

(a) To convert such debentures or loans into shares in the Company; or

(b) To subscribe for shares in the Company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with rules, if any, made by that Government in this behalf ; and

(b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in the general meeting before the issue of the loans.

6. *Redeemable preference shares*

Subject to the provisions of Sections 80 of the Act, the Company shall have the power to issue shares which are at the option of the Company to be redeemed and the resolution authorizing such issue shall prescribe the manner, term and conditions of redemption.

7. *Term of issue of debentures*

Any debentures, debenture-stocks or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the general meeting, appointment of Directors and otherwise debentures with the right of conversion into or allotment of shares shall be issued only with the consent of the Company in the general meeting by a special resolution.

8. *Sub-division, consolidation and cancellation of shares*

Subject to the provisions of Section 94 of the Act, the Company in the general meeting may, from time to time subdivide or consolidate its shares, or any of them and the resolution whereby any share is subdivided, may determine that, as between holders of the shares resulting from sub-division, one or more of such shares shall have some preference or special advantage as regards dividends, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in the general meeting may also cancel shares which have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the shares so cancelled.

9. *Modification of rights*

Whenever the capital, by reasons of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to the share of any class may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected or abrogated or dealt with by the agreement between the Company and any Person purporting to contract on behalf of that class, provided such agreement is ratified in writing by the holders of at least three-fourths in nominal value of the issued shares of that class or is confirmed by a special resolution passed at a separate general meeting of the holders of shares of that class.

10. *Power to reduce share capital*

The Company may subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) of the Act from time to time by special resolution, reduce its capital and any 'Capital Redemption Reserve Account' or 'Share Premium Account' in any manner for the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

SHARES AND SHARE CERTIFICATES

11. *Limitation of time for issue of certificates*

Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

12. *Issue of new certificate in place of one defaced, lost or destroyed*

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then, upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall *mutatis mutandis* apply to debentures of the Company.

13. *Dematerialization of securities*

The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.

(1) The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

(2) Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates for the securities. If a person opts to hold his securities with the Depository, the Company shall intimate such Depository the details of allotment of the securities, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the securities.

(3) All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by on behalf of the Beneficial Owner.

(4)

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the Beneficial Owner.

(ii) Save as required by applicable law, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(iii) Every person holding securities of the Company and whose name is entered as the Beneficial Owner of securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a Depository and shall be deemed to be a member of the Company.

(5) Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a Depository, the records of the Beneficiary Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(6) Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of who are entered as Beneficial Owners in the records of a Depository.

(7) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

(8) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

(9) The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the register and index of members and security holders for the purposes of these Articles.

14. *The first named of joint-holders deemed sole holder*

If any share stands in the names of two or more Persons, the Person first named in the register shall as regards receipts of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for incidents thereof according to the Company's regulations.

15. *Company not bound to recognize any interest in share other than that of registered holder*

Except as ordered by a court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share, other than an absolute right thereto, in accordance with these Articles, in the Person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more Persons or the survivor or survivors of them.

16. *Declaration by person not holding beneficial interest in any shares*

(i) Notwithstanding anything herein contained, a Person whose name is at any time entered in the register of members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share, shall, if so required by the Act, within such time and in such form(s) as may be prescribed; make a declaration to the Company specifying the name and other particulars of the Person or Persons who hold the beneficial interest in such share in the manner provided in Section 187-C of the Act.

(ii) A Person who holds a beneficial interest in a share or a class of shares of the Company, shall, if so required by the Act, within the time prescribed, after his becoming such beneficial owner make a declaration to the Company specifying the nature of his interest, particulars of the Person in whose name the shares stand in the Register of members of the Company and such other particulars as may be prescribed as provided in the Act.

(iii) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

(iv) Notwithstanding anything contained in the Act and these Articles, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of members and file within the time prescribed from the date of receipt of the declaration, a Return in the prescribed form with the Registrar with regard to such declaration.

UNDERWRITING AND BROKERAGE

17. *Commission may be paid*

Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any Person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures of the Company, or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares or Debentures of the Company but so that the commission shall not exceed in the case of shares, five percent of the price at which the shares are issued and in case of Debentures two and a half percent of the price at which the Debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way or partly in the other.

18. *Brokerage*

The Company may subject to the provisions of Section 76 of the Act pay a reasonable sum for brokerage.

LIEN

19. *Company's lien on shares/debentures*

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

Provided that fully paid shares shall be free from all liens and that in the case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

20. *Enforcing lien by sale*

For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as the Board shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their number to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have expired, and until notice in writing of the intention to sell shall have been served on such member by his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagement for thirty days after such notice.

CALLS

21. *Directors may make calls*

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the members, in respect of all moneys unpaid on the shares held by them and each member shall pay the amount of every call so made on him to the Person and at the times and places appointed by the Board. A call may be made payable by installments, provided that an option or right to call of shares shall not be given to any Person except with the sanction of the Company in the general meeting.

22. *Notice of calls*

Thirty days notice in writing of any call shall be given by the Company specifying the time and place of payment and the Person to whom such call shall be paid.

23. *Calls to date from resolution*

A call shall be deemed to have been made at time when resolution authorizing such call was passed at the meeting of the Board.

24. *Calls may be revoked or postponed*

A call may be revoked or postponed at the discretion of the Board.

25. *Liability of joint holders*
The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

26. *Directors may extend time*

The Board may from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members whom due to residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace or favour.

27. *Calls to carry interest*

If any member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same, from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time, be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

28. *Payment in anticipation of call may carry interest*

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

29. *Sums deemed to be calls*

Any sum which by the terms of issue of a share become payable on allotment or at any fixed rate, whether on account of the nominal value of the share or by way of premium shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

30. *Proof on trial of suit for money due on shares*

On the trial or hearing of any action or suit brought by the Company against any member or his representative for the recovery of money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member or his representatives issued in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that a meeting at which any call was made duly convened or constituted nor any other matter whatsoever but the proof of the matter aforesaid shall be conclusive evidence of the debt.

31. *Partial payment not to preclude forfeiture*

Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

TRANSFER AND TRANSMISSION OF SHARES

32. *Transfer form to be completed and presented to the company*

The instrument of transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of the transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

33. Instrument of transfer

The instrument of transfer shall be in writing in a common form and all provisions of Section 108 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

34. *No fee on transfer or transmission*

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

35. *Directors may refuse to register transfer*

Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the Person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

36. *Death of one or more joint holders of shares*

Subject to these Articles in the case of death of any one or more of the Persons named in the Register of members as the joint-holders of any shares, the survivor or survivors shall be the only Persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.

37. *Title to shares of deceased etc members*

The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only Persons recognised by the Company as having any title to shares registered in the name of such member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or Letters of Administration or Succession Certificate, as the case may be, from a competent Court; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

38. *No transfer to minor etc.*

No transfer shall be made to a person of unsound mind or undischarged insolvent and transfer of partly paid shares shall not be made to a minor.

39. *Registration of Persons entitled to shares otherwise than by transfer*

Subject to the provisions of the Act and these Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful mean other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained and until he does so, he shall not be, freed from any liability in respect of the shares.

40. *Persons entitled on transmission may receive dividend without being registered as members*

A Person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for any dividends or other moneys payable in respect of the share.

40A. Liability of directors etc for registering transfer

Neither the Company nor any of its Directors or other officers shall incur any liability or responsibility whatsoever in consequence of it registering or giving effect to any transfer of a share made or purporting to be made by any apparent or legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in such share, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered any such notice or referred thereto in any book or record of the Company, and the Company shall not be bound or required to regard or attend or give effect to any such notice nor be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book or record of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.

40B. Transfer or transmission of debentures etc.

The provisions of Articles 32 to 40A shall apply mutatis mutandis to the transfer or transmission of debentures or other securities of the Company.

40C. Joint Holders

(1) Where two or more persons are registered as the holder of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship but that:
  (a) the Company shall be entitled to decline to register more than three persons as joint holder of any share, and
  (b) the joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

(2) Any one of the joint-holders of a share may give effectual receipts for any dividends or other moneys payable in respect of such share or bonus share.

(3) Only the person first named in the Register of Members as one of the joint-holders of any shares shall, unless otherwise directed in writing by all joint holders and confirmed in writing by the Company, be entitled (save and except as otherwise expressly provided in these Articles) to delivery of the certificate relating to such share or to receive notices (which expression shall be deemed to include all documents) from the Company and any notice given to or served on such persons shall be deemed as a notice or service or service to all the joint-holders.

(4) Subject to the provisions of these Articles, the person first named in the Register of Members as one of the joint-holders shall be deemed as a sole holder thereof for all the matters connected with the Company.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

41. *Shares may be converted into stock*

The Company in the general meeting may convert any of its paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations, to which shares from which the stock arose might have been transferred, as if no such conversion had taken place, or as near thereto as circumstances will admit. The Company in the general meeting may at any time reconvert any stock into paid-up shares of any denomination.

42. *Right of stock-holders*

The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters as if they held the shares for which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets at winding-up) shall be conferred by any amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

MEETINGS OF MEMBERS

43. *Annual General Meeting*

The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year. All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than 15 months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Sections 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the registered office of the Company or at some other place within the city in which the Registered office of the Company is situated, as the Board may determine and the notices calling the meeting shall specify as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and Audited Statement of Accounts, the Proxy Register with proxies and the Register of Directors' shareholding of which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual list of members, Summary of Share Capital, the Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

44. *Extraordinary General Meeting*

The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.

45. *Requisition of members to state object of meeting*

Any valid requisition so made by a member must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each, signed by one or more requisitionists.

46. *On receipt of requisition directors to call meeting and in default requisitionists may do so*

Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within 21 days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than 45 days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the meeting but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid. Provided that unless the Board shall refuse in writing to permit the requisitionists to hold the said meeting at the office, it shall be held at the office.

47. *Meeting called by requisitionists*

Any meeting called under foregoing Articles by the requisitionists shall be called in the same manner as nearly as possible, as that in which meetings are to be called by the Board.

48. *General Meetings*

(i) A general meeting of the Company shall be called by giving not less than 21 days notice in writing;

(ii) A general meeting may be called after giving shorter notice than that specified in sub-clause (i) hereof, if consent is accorded thereto:

(a) in the case of an Annual General Meeting, by all the members entitled to vote thereat; and

(b) in the case of any other meeting, by members of the Company holding not less than 95% of such part of the paid-up share capital of the Company as gives a right to vote at the meeting. Provided that where any members of the Company are entitled to vote on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purposes of this sub-clause in respect of the former resolution or resolutions and not in respect of the later.

(iii) Every notice of a general meeting of the Company shall specify the place, date and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(iv) In every notice there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a member of the Company.

(v) The notice shall be given to such Persons as are entitled to receive notice from the Company under the provisions of Section 172(2) of the Act.

(vi) In the case of an Annual General Meeting of the Company all business to be transacted at the meeting shall be deemed special, with the exception of business relating to:

(a) the consideration of the Accounts, the Balance Sheet and Reports of the Board of Directors and Auditors,

(b) the declaration of dividend,

(c) the appointment of Directors in the place of those retiring; and

(d) the appointment of, and the fixing remuneration of the auditors.

(vii) In the case of any other meeting, all business shall be deemed special.

(viii) The Company shall send to all members an Explanatory Statement under and in accordance with the provisions of Section 173 of the Act, setting out all material facts concerning each such item of business, including in particular the nature of concern or interest if any, therein, of every Director.

(ix) Where, by any provision contained in the Act or in these Articles, special notice is required for any resolution, notice of intention to move the resolution shall be given to the Company not less than 14 days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to have been served and the day of the meeting.

(x) The Company shall immediately after the notice of the intention to move any such resolution has been received by it gives its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having appropriate circulation or in any other mode allowed by the Articles not less than seven days before the meeting.

49. *Omission to give notice not to invalidate a resolution passed*

The accidental omission to give any such notice as aforesaid to any of the members or the non-receipt thereof shall not invalidate the proceedings of the meeting.

50. *Meeting not to transact business not mentioned in notice*

No general meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in notice or the notices upon which it was convened.

51. *Quorum of general meetings*

(i) Five members present in person shall be a quorum for any general meeting. No business shall be transacted at any general meeting unless the requisite quorum shall be present.

(ii) Notwithstanding anything to the contrary contained in these presents no general meeting shall be competent to pass any special resolution unless members representing at least 51% of the Company's issued and paid up equity share capital are present in person or by proxy or any combination thereof.

52. *If quorum not present meeting to be dissolved or adjourned*

If at the expiration of half an hour from the time appointed for holding a meeting of the Company a quorum shall not be present, the meeting, if convened by or upon the requisition of members, shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place within the city, town or village in which the Registered Office of the Company is situated as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present in person or by proxy shall be a quorum and may transact the business for which the meeting was called.

53. *Body corporate deemed to be personally present*

A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

54. *Chairman of the general meetings*

The Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman or if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to take the chair, the Vice Chairman of the Board shall be entitled to take the chair at such meeting and failing him, the Directors present shall choose one of their members as Chairman of that meeting and if no Director be present or if all the Directors present decline to take the chair then the members present shall on a show of hands or on a poll, if properly demanded, elect one of their number, being a member entitled to vote, to be Chairman of the meeting.

55. *Business confined to election of chairman whilst chair is vacant*

No business shall be discussed at any general meeting except the election of Chairman of the meeting whilst the chair is vacant.

56. *Chairman with consent may adjourn meeting*

(1) The Chairman of the meeting may with the consent of the majority of the members adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which adjournment took place.

(2) Notwithstanding the provisions of clause (1) above, the Chairman of a validly convened general meeting may adjourn the meeting in the event of disorder provided that such an adjournment shall not be for a period longer than the Chairman considers necessary to bring order at the meeting and the Chairman communicates his decision to those present in so far as it is possible.

(3) When meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting and save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

57. *Questions at general meeting how decided*

At any general meeting a resolution put to the vote of the meeting shall, unless a poll is demanded in accordance with Article 59 hereof, be decided on a show of hands. In the case of an equality of votes, whether on a show of hands or a poll, the Chairman shall not have a seconding or casting vote.

58. *Chairman's declaration of result of voting on show of hands shall be conclusive*

A declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously, or by a particular majority or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

59. *Demand for poll*

Before or on the declaration of the results of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company, which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than Rs. 50,000/-has been paid up.

60. *Passing of ordinary and special resolutions*

Any act or resolution which, under the provisions of the Act or these Articles, is required or permitted to be done or passed by the Company in a general meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act or resolution to be done or passed by a special resolution as defined in Section 189(2) of the Act.

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61. *Poll how taken*

A poll demanded on any matter, other than the election of the Chairman, or on a question of adjournment, shall be taken not later than 48 hours from the time when the demand was made, as the Chairman may direct. Subject to the provisions of the Act, the Chairman of the meeting shall have the power to regulate the manner in which a poll shall be taken. The result of the poll shall be deemed to be the decision of the meeting on which the poll was taken. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.

62. *Scrutineers at a poll*

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an Officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman of the meeting shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

63. *In what case poll taken without adjournment*

Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

64. *Demand for poll not to prevent transaction of other business*

The demand for a poll except on the question of the election of the Chairman of the meeting and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

65. *Members in arrears not to vote*

No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, or has exercised, any right of lien.

66. *Every member entitled to attend, speak and vote*

Subject to the provisions of these Articles and provisions of Section 176 of the Act, every member shall be entitled to be present and to speak and vote at every meeting.

67. *Voting rights*

Subject to the provisions of the Act and of these Articles, the voting rights of the members shall be as provided below.

(a) Upon show of hands, every member present in person and holding any equity share capital therein shall have one vote, in respect of such capital, on every resolution placed before the Company.

(b) Upon a poll every member present in person or by proxy shall have one vote for each equity share held by him. Provided, however, that in the event of the Company issuing preference shares, if any preference shareholder be present at any meeting of the Company save as provided in Clause (b) of Sub-Section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

68. *Casting of votes by a member entitled to more than one vote*

On a poll taken at a meeting of the Company a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

69. *How members non-compose mentis may vote*

A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by a legal committee or other legal guardian; and any such committee or guardian may, on poll vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians if more than one, to be selected in case of dispute by the Chairman of the meeting.

70. *Vote of joint-members*

If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

71. *Voting in person or by proxy*

Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a member may vote either by proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.

72. *Votes in respect of shares of deceased and insolvent member*

Any Person entitled under Article 39 to transfer any share may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that 48 hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

73. *Appointment of proxy*

Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporate body under the Common Seal of such corporation or be signed by an Officer or any attorney duly authorised by it, and any committee or guardian referred to these Articles may appoint such proxy. The proxy shall not have the right to speak at the meeting.

74. *Proxy either for specified meeting or for a period*

An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company, or every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

75. *Proxy to vote only on a poll*

A member present by proxy shall be entitled to vote only on a poll.

76. *Deposit of instrument of appointments*

(i) The instrument appointing a proxy and the Power of Attorney or other authority (if any), under which it is signed or a notarially certified copy of the power or authority shall be deposited at the registered office not later than 48 hours before the time for holding the meeting at which the Person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution unless deposited with the Company within the said period.

(ii) Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat shall be entitled during the period beginning 24 hours before the time fixed for commencement of the meeting to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days notice in writing of the intention of such member to so inspect is given to the Company.

77. *Form of proxy*

Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit, be in any of the form set out in Schedule IX of the Act.

78. *Validity of votes given by proxy notwithstanding death of member*

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

79. *Time for objection of votes*

No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be so tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

80. *Chairman of the meeting to be the sole judge of the validity of any vote*

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman of the meeting present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman as to the validity of vote tendered at a meeting, whether on a show of hands or on a poll shall be final and conclusive.

MINUTES

81. *Minutes of general meeting and inspection thereof by member*

(i) The Company shall cause minutes of all proceedings of every general meeting to be kept by making within 30 days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.

(ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(iii) In no case the minutes of proceedings of a meeting shall be attached to any such books as aforesaid by pasting or otherwise.

(iv) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(v) All appointments of Officers if made at any meeting aforesaid shall be included in the minutes of the meeting.

(vi) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes any matter whatsoever and in particular a matter which, in the opinion of the Chairman of the meeting:

(a) is or could reasonably be regarded as defamatory of any Person,

(b) is irrelevant or immaterial to the proceedings, or

(c) is detrimental to the interests of the Company.

The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes of the aforesaid grounds or otherwise.

(vii) Any such minutes shall be evidence of the proceedings recorded therein.

(viii) The book containing minutes of proceedings of the general meeting shall be kept at the office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge. Any member shall be entitled to be furnished with copies of the minutes.

DIRECTORS

82. *Number of Directors*

Subject to the provisions of Section 252 of the Act the number of Directors shall not be less than three and not more than twelve. Two thirds (any fraction to be rounded off to the next number) of the total number of Directors of the company shall be persons whose period of office shall be liable to determination by rotation and save as otherwise expressly provided by the Act be appointed by the Company in general meeting in accordance with these Articles.

83. *First Directors*

The first Directors of the Company shall be:

1. Mr. Arjan G. Lulla
2. Mr. Sunil A. Lulla

84. *Additional Directors*

Any person appointed as Additional Director of the Company shall hold office for such period and upon such conditions as may be specified subject nevertheless to the provisions of Section 260 of the Act.

85. *Appointment of Directors of casual vacancy*

Subject to the provisions of the Act, specifically Section 262, the Directors shall have power at any time to appoint any person as a Director to fill a casual vacancy. Any Director appointed to fill a casual vacancy shall hold office only up to the date which the Director in whose place he is appointed would have held office if it had not be vacated.

86. *Alternate Directors*

The Board of Directors may appoint any Alternate Director in accordance with Section 313 of the Act.

87. *Share qualification*

A Director need not hold any shares in the capital of the Company to qualify him to be a Director of the Company.

88. *Nominee Directors*

(i) The Company shall, subject to the provisions of the Act and these Articles, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. Such corporation, firm or person shall be entitled, from time to time, to remove any such Director or Directors and appoint another or others in his or their places.

(ii) The nominee Directors appointed under this Article shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company, including the entitlement to receive all notices of and attend all general meetings, board meetings and of the meetings of the committee of which the nominee Directors is/are member/s and also the minutes of such meetings. The nominating corporation / institution shall also be entitled to receive all such notices and minutes.

89. *Term and Removal of Nominee Directors*

(i) A nominee Director of the Company shall hold the said office only so long as any moneys remain owing by the Company to the nominating institution / corporation or as a result of underwriting or direct subscription and the nominee Director is so appointed in exercise of the said power shall *ipso facto* vacate such office immediately after the moneys owing by the company to the nominating institution / corporation are paid off or such nominating institution / corporation ceasing to hold shares in the Company.

(ii) Subject as aforesaid and at the option of the nominating corporation / institution, a nominee Director of the Company shall not be liable to retirement by rotation as are the other Directors. Subject as aforesaid, the nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

90. Subject to the provisions of the Act, the Company may by an ordinary resolution in a general meeting remove any Director before the expiration of his period of office and may, by an ordinary resolution in a general meeting, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

91. *Rotation and retirement of Directors*

(i) At each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest of one-third shall retire from office. An Additional Director appointed by the Board shall not be liable to retire by rotation within the meaning of this Article.

(ii) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day those to retire shall in default or subject to any agreement among themselves, be determined by lot.

92. *Managing Director and Joint Managing Director*

(i) Subject to the provisions of Sections 269, 309 and other applicable provisions of the Act, the Board shall have power to appoint from time to time one or more of their body as Managing Director(s) or Joint Managing Director(s) of the Company, for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit and, subject to the provisions of these Articles, the Board may by resolution vest in such Managing Director(s) or Joint Managing Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of the Managing Director(s) or Joint Managing Director(s) may be by way of monthly payment, fee for each meeting, participation in profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

(ii) The Managing Director(s) or Joint Managing Director(s) appointed, under Sub-Article (1) above shall have such powers, functions and duties as may be delegated to them by the Board and shall be subject to the superintendence, direction and control of the Board.

(iii) The Board may remove any such person from office on a vacancy being caused in such office for any cause whether by resignation, death, removal or otherwise of the person so appointed, the next incumbent shall be appointed through the same process as set forth above.

Subject to the provisions of Section 255 of the Act the Managing Director(s) or Joint Managing Director(s) of the Company shall not be liable to retire by rotation.

93. *Other Whole-Time Directors*

Subject to the provisions of Sections 269 and 309 and other applicable provisions of the Act and these Articles the Board of Directors may appoint, in addition to the Managing Director(s) or Joint Managing Director(s), one or more Wholetime Directors, to whom the Board may, from time to time, delegate such powers as may be considered necessary. The Wholetime Directors shall be subject to retirement by rotation in accordance with Article 94 hereof.

94. *Remuneration of Directors*

(1) Subject to the provisions of section 198, 309 and other applicable provisions, if any, the Act, a Director who is neither in the whole time employment nor a Managing or wholetime Director may be paid remuneration either;
  (a) by way of monthly, quarterly or annual payment with the approval of the Central Government;
  (b) by way of commission if the Company by a Special Resolution authorises such payment;
  (c) by way of sitting fee for each meeting of the Board or any Committee thereof; or
  (d) by any combination of the aforesaid.

(2) The sitting fee payable to a Director (not being a Managing Director, Joint Managing Director or a whole-time Director, if any) for attending a meeting of the Board or any Committee thereof shall be such maximum sum as may be prescribed by the Central Government from time to time, as the Board may from time to time determine.

95. *Special remuneration of Director performing extra services*

If any Director, being willing, be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as member of any Committee formed by a Director), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

96. *Travelling expenses incurred by Director going out of station on Company's business*

The Board of Directors may allow and pay to any Director who is not a bona fide resident of Bombay and who shall come to Bombay for the purpose of attending a meeting, such sum as the Board may consider fair compensation or for travelling, boarding, lodging and other expenses in addition to his fees for attending such meeting as above specified, and if any Director be called upon to go or reside out of Bombay on the Company's business, he shall be entitled to be paid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.

97. *Board may appoint attorneys*

The Board of Directors may at any time and from time to time by power of attorney, appoint any person or persons to be the Attorneys or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) be made in favour of any company or the members, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Directors had any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit, and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities discretion for the time being vesting in them.

98. *Disclosure of interest*

A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 of the Act. Provided that it shall not be necessary for a Director to disclose his concern or interest or arrangement entered into or to be entered into with any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in any such other company.

99. *Interested Directors not to participate or vote in Board's proceedings*

No Director shall as a Director take part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly concerned or interested in such contract arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion of vote, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:

(a) any contract of indemnity against any loss which the Directors, or any one or more of the Directors, may suffer by reason of becoming or being sureties or a surety for the Company;

(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:

(i) in his being:

(a) a Director of such company; and

(b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; or

(ii) in his being a member holding not more than two percent of its paid-up share capital.

100. *Register of contracts in which the Directors are interested*

The Company shall keep a Register in accordance with Section 301(1) of the Act and shall within the specified time, specified in Section 301(2) of the Act enter therein such particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 137. The Register shall be kept at the office of the Company and shall be open to inspection at such Office and extracts may be taken and copies thereof may be required by any member of the Company to the same extent, the same manner and on payment of the same fee as in the case of the Register of members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

PROCEEDINGS OF THE BOARD

101. *Meeting of Directors*

The Directors may meet together as a Board for the dispatch of business, from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

102. *Notice of meetings*

At least seven days notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India, to every other Director for the time being in India and at his usual address in India, provided however that notice of every meeting of the Board shall also be given to Directors resident outside India at their addresses outside India and to their alternates, if any, in India at their usual address in India. Such notice shall invariably be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board provided that a meeting can be convened by a shorter notice in the case of urgency or in an emergency or if special circumstances so warrant.

103. *Quorum*

Subject to the Section 287 of the Act, the quorum for any meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in one-third to be rounded up as one) or two Directors whichever is higher.

104. *Adjournment of meeting for want of quorum*

If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place unless the Chairman of the Board fixes some other day, time and place for the said adjourned meeting not being later than 15 days from the day on which the meeting is adjourned for want of quorum.

105. *When meeting to be convened*

The Secretary shall, as and when directed by the Chairman or Managing Director or Joint Managing Director or Directors to do so, convene a meeting of the Board by giving a notice in writing to every Director.

106. *Directors may appoint committee*

(1) Subject to the provisions of the Act and the restrictions contained in Section 292 of the Act and these Articles, the Board may delegate, any of its powers to a committee or committees of the Board consisting of such members of its body as it thinks fit.

The Board may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee(s) of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise shall have the like force and effect as if done by the Board. The decision or minutes of such Committee shall be placed before the Board for information at the next meeting.

(2) The Company shall have a three member operations Committee comprising of the Chairman, The Managing Director and the Joint Managing Director and if there be no Managing Director or Joint Managing Director, such other Directors as the Board may appoint in their place Chairman of the Board shall be the chairman of the Operations Committee. The Operations Committee will have adequate authority and power with the right to delegate, subject to the supervision, direction and control of the Board to review, finalise and submit to the Board for its consideration the annual Budget and business plans and to review the performance of the Company and to approve appointments of direct reports of the Managing Director and Joint Managing Directors and to prescribe terms and conditions of their employment. The Operations Committee shall in addition have such others duties, functions and power as the Board may, subject to the provisions of the Act delegate to it. The Operations Committee shall conform in its functioning to such regulations as may be prescribed by the Board from time to time. All the decisions of the Operations Committee shall be by majority vote. In the event of a tie, the Chairman of the Operations Committee shall have a casting vote.

107. *Meetings of committee*

The meetings and proceedings of any committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors in so far as the same are applicable thereto and are not superseded by any regulations made by the Board under these Articles.

108. *Powers of the Board*

The Board shall have and may exercise all such powers of the Company and do all such acts, deeds and things as are not, by the Act or by the Memorandum or by the Articles of Association of the Company, required to be exercised by the Company in the general meeting subject nevertheless to these Articles, to the provisions of the Act or any other law for the time being in force and effect and subject to such regulations not being inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in the general meeting, but no regulation made shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

109. *Resolution by circulation*

Subject to the provisions of Section 289 of the Act, no resolution shall be deemed to have been duly passed by the Board or committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or their alternates or to all members of any committee of the Board, then in India (not being less in number than the quorum fixed for a meeting of the Board or its committee, as the case may be) and to all other Directors or members of such committee at their usual address then in India, and has been approved by such of the Directors or members of such Committee as are then in India, or by a majority of such of them as are entitled to vote on the resolution.

110. *Act of committee/ Board not invalid notwithstanding infirmity in appointment*

Subject to the provisions of these Articles, all acts done by any meeting of the Board or by a committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there is some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

111. *Minutes of proceedings of meetings of Board*

(i) The Company shall cause minutes of all proceedings of every meeting of the Board and committees thereof to be kept by making within 30 days of every such meeting entries thereof in books kept for the purpose with their pages consecutively numbered.

(ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of every meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the succeeding meeting.

(iii) In no case will the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.

(iv) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(v) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(vi) The minutes shall also contain:

(a) The names of the Directors present at the meeting, and

(b) In the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution.

(vii) Nothing contained in sub-Articles (i) to (vi) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:

(a) is or could reasonably be regarded as defamatory of any person,

(b) is irrelevant or immaterial to the proceedings, or

(c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion with regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the sub-clause.

(viii) Minutes of meetings kept in accordance with aforesaid provision shall be evidence of proceedings recorded therein.

112. **SEAL**

(i) The Board shall provide for the safe custody of the Seal.

(ii) The Seal of the Company, shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf and except in the presence of at least one Director or any other person authorised by such Director for the purpose or any other person as the Board may appoint for the purpose in whose presence the Seal of the Company is affixed in accordance with this Article shall sign every instrument to which the Seal is so affixed.

DIVIDENDS

113. *Division of profits*

The profits of the Company, subject to any special rights, relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be divisible among the members in the proportion to the amount of capital paid or credited as paid-up on the shares held by them respectively.

114. *The Company in the general meeting may declare a dividend*

The Company in the general meeting may declare dividends to be paid to members according to their respective rights. Dividend shall not exceed the amount recommended by the Board, but the Company in the general meeting may declare a smaller dividend.

114A. Interim Dividend

The Board may from time to time pay to the Members such interim dividend as in their judgement the financial position of the Company justifies.

115. *Dividends only to be paid out of profits*

No dividend shall be declared or paid otherwise than in accordance with the provisions of Section 205 of the Act.

116. *Unpaid or unclaimed dividend*

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Eros Multimedia Limited- Unpaid Dividend Account".

Any money transferred to the unpaid dividend account of a Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under Section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board before such claim becomes barred by law.

117. *Retention of dividends until completion of transfer*

Subject to the provisions of the Act, the Board may retain the dividends payable upon shares in respect of which any Person is, under Article 39 is entitled to become a member, or which any Person under the Article is entitled to transfer, until such Person shall become a member in respect of such shares or shall duly transfer the same.

118. *Dividends etc., to joint holders*

Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonuses or other moneys payable in respect of such share.

119. *No member to receive dividend whilst indebted to the Company and Company's right of reimbursement therefrom*

No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise however, either alone or jointly with any other Person or Persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

120. *Transfer of shares must be registered*

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

121. *Dividends how remitted*

Subject to Section 205 of the Act, unless otherwise directed any dividend may be paid by Electronic Clearing System (ECS) or cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant, credited/ sent through the post to the registered address of the member or Persons entitled or in case of joint-holders to one of them first named in the register in respect of the joint-holdings. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the member or Person entitled thereto by the forged endorsement of a cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividends by any other means.

121. *Interest on unpaid dividend*

No unpaid dividend shall bear interest as against the Company, except as otherwise required by the Act.

CAPITALIZATION

122. *Capitalization*

Subject to the provisions of the Act:

(i) any general meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company (including profits or surplus moneys arising from realisation of any capital assets of the Company) standing to the credit of the Reserve Fund or any other Fund of the Company or in the funds of the Company and available for dividend or representing the premiums received on the issue of share, and standing to the credit of the Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend or representing the premiums received on the issue of share, and standing to the credit of the share premium account be capitalised:

(a) by the distribution among the holders of the shares of the Company or any of them on the footing that they become entitled thereto as capital in accordance with the respective rights and interest and in proportion to the amount paid or credited as paid thereon, of paid up shares, debentures or debenture-stock, bonds or other obligations of the Company; or

(b) by crediting shares of the Company which may have been issued and are not fully paid up in proportion to the amount paid or credited as paid thereon, respectively, with the whole or any part of the sums remaining unpaid thereon, and the Directors shall give effect to such resolution and apply such portion of the profits or reserve Fund or any other Fund as may be required for the purpose of making payment in full or part for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed or (as the case may be) for the purpose of paying in whole or in the part, the amount remaining unpaid on the share which may have been issued and are not fully paid up, provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended such distribution and payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

(ii) for the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and, fractional certificates or otherwise as they may think fit and may make cash payments to any holders of shares on the footing of the value so fixed in order to adjust rights and may vest any shares, debentures, debenture stock, bonds or other obligations in trustees upon such trusts for adjusting such rights as may seem expedient to the Directors. In cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalization may be affected by the distribution of further shares in respect of the fully paid shares, by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of fully paid shares and partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amounts then already paid or credited as paid on the existing fully paid and partly paid shares respectively. When deemed requisite a proper contract shall be filled in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company which have been issued prior to such capitalization and such appointment shall be effective.

ACCOUNTS

123**.** *Accounts*

(i) The Company shall keep at the registered office or at such other place in India as the Board thinks fit proper books of account in accordance with Section 209 of the Act.

(ii) Where the Board decides to keep all or any of the books of account at any place other than the registered office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

(iii) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such books of account.

(iv) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office and proper summarised returns, made up to date at intervals of not more than three months are sent by the branch office to the Company at its office or other place in India, at which the Company's books of account are kept as aforesaid.

(v) The books of account shall give a true and fair view of the state of affairs of the Company or branch office as the case may be, and explain its transactions. The books of account and other books and papers shall be open to inspection by any Director during business hours.

124. *As to inspection of accounts or books by members*

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board generally or expressly.

125. *Statement of accounts to be furnished in the general meeting*

The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act cause to be prepared and to be laid before the Company in the general meeting such Balance Sheet, Profit & Loss Accounts and Reports as are required by these sections.

126. *Copies shall be sent to each member*

Copies of the Balance Sheet, Profit & Loss Account, the Auditors Report and every other document required by law to be annexed or attached to the Balance Sheet, shall be sent to members, a trustee for the holders of any debentures and persons so entitled in accordance with the provisions of Section 219 of the Act.

127. *Audited and approved balance sheet and profit and loss account to be conclusive evidence*

Every Balance Sheet and Profit & Loss Account of the Company when audited and approved by the Company at the Annual General Meeting shall be conclusive except as regards any error discovered therein; whenever any such error is discovered the Balance Sheet and Profit and Loss Account shall forthwith be corrected by the Board and thenceforth shall be conclusive.

AUDIT

128. *Accounts to be audited*

Auditors shall be appointed with their rights and duties regulated in accordance with Sections 224 to 233B of the Act.

129. *First auditor or auditors*

The First Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the First Annual General Meeting provided that the Company may, at a general meeting, remove any such Auditor or all such Auditors and appoint in his or their place any other Person or Persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the Company not less than fourteen days before the date of the meeting, provided further that if the Board fails to exercise its powers under this Article, the Company in the general meeting may appoint the first Auditor.

INDEMNITY

130. *Directors and others right to indemnify*

Subject to Section 201 of the Act every officer or agent for the time being of the Company shall be indemnified out of the funds of the Company against any liability incurred by him in defending any proceedings whether Civil or Criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECRECY CLAUSE

131. *Secrecy clause*

No member shall be entitled to visit or inspect any work of the Company without the permission of the Directors or any other Person authorised on that behalf by the Director to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery or trade secret process or any other matter which relate to the conduct of the business of the Company which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose,

132. *General authority*

Wherever in the Act it has been provided that any company shall have any right, privilege or authority or that any company cannot carry out any transaction unless it is so authorised by its Articles, then and in that case this Article hereby authorities and empowers this Company to have such right, privilege or authority and to carry out such transactions as have been permitted by the Act without there being any other specific Article in that behalf herein provided.

We, the several Persons whose names, addresses and descriptions are hereunder subscribed are desirous of being formed into a Company in pursuance of these Articles and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names:

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SECTION IX: OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered into or will be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 pm (IST) on Working Days, from the Bid Opening Date until the Bid Closing Date.

Material Contracts to the Issue

1. Issue Agreement dated December 30, 2009 by and among our Company and the BRLMs.
2. Agreement dated December 28, 2009 by and between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [•], by and among our Company, the BRLMs, Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [•], by and among our Company, the BRLMs and the Syndicate Member.
5. Underwriting Agreement dated [•], by and among our Company and the Underwriters.
6. Agreement dated [●], by and among NSDL, our Company and the Registrar to the Issue.
7. Agreement dated [●], by and among CDSL, our Company and the Registrar to the Issue.

Material Documents

1. Memorandum and Articles of Association of our Company, as amended.
2. Certificate of incorporation dated August 19, 1994 for incorporation as Rishima International Private Limited and certificates of incorporation for subsequent name changes up to the latest certificate of incorporation consequent to change of name to Eros International Media Limited on July 25, 2000, December 17, 2008 and November 18, 2009.
3. Resolution of the Board of Directors dated November 26, 2009 authorising the Issue.
4. Shareholders' resolutions dated December 4, 2009 in relation to the Issue and other related matters.
5. Auditor's report dated December 16, 2009, on the restated consolidated and unconsolidated financial statements of the Company by the Statutory Auditors, Walker Chandiok & Co., Chartered Accountants.
6. Report of the Statutory Auditors, Walker Chandiok & Co., Chartered Accountants, on the statement of tax benefits, dated December 16, 2009 as contained in the Draft Red Herring Prospectus.
7. Annual reports of our Company for the last five fiscals.
8. Consents of the Statutory Auditors, Walker Chandiok & Co., Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in the Draft Red Herring Prospectus.
9. Consents of Bankers to the Company, the BRLMs, Syndicate Member(s), Registrar to the Issue, Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
10. Applications dated December 31, 2009 and December 31, 2009 for in-principle listing approval to the BSE and NSE, respectively.
11. In-principle listing approval dated [•] and [•] from the BSE and NSE respectively.

12. Due diligence certificate dated December 31, 2009 to SEBI from the BRLMs.

13. IPO Grading report dated [●] by [●].

Material Contracts

1. Shareholders' agreement dated January 13, 2007 among our Company, Mr. Kumar Mangat Pathak, Ms. Neelam Pathak, Mr. Abhishek Pathak, Ms. Amita Pathak, Mr. Sanjeev Joshi, and Big Screen Entertainment Private Limited.

2. Shareholders agreement among Eros plc, Denkal Finance Inc., Film Bond Limited, Ayngaran International Limited, Mr. Kumaraswamy Karunamoorthy and Dr. Jayabalan Murali Manohar dated July 11, 2007, along with the deed of transfer between Eros plc and Copsale dated March 28, 2008, for transfer of Eros plc's entire shareholding in Ayngaran International Limited to Copsale, and the agreement between Eros plc and Copsale dated December 5, 2009, for assignment of all rights and liabilities of Eros plc as a lender in respect of the loan to be extended in this regard to Ayngaran International Limited.

3. Settlement agreements among our Company and (i) Fun Multiplex Private Limited (dated June 9, 2009), (ii) Adlabs Films Limited (dated June 9, 2009), (iii) Chaphalkar Brothers, Pune (dated June 9, 2009), (iv) A.B. Movies Private Limited (dated June 10, 2009), (v) Cinemax India Limited (dated June 9, 2009), (vi) Movietime Cineplex Private Limited (dated June 9, 2009), (vii) DT Cinemas Limited (dated June 2009), (viii) Fame India Limited (dated June 9, 2009), (ix) HDIL Entertainment Private Limited (dated June 9, 2009), (x) Inox Leisure Limited (dated June 9, 2009), (xi) PVR Limited (dated June 9, 2009), (xii) Satyam Cineplexes Limited (dated June 9, 2009), (xiii) SRS Entertainment and Retail Limited (dated June 10, 2009), and (xiv) Velocity Limited (dated June 9, 2009).

4. Relationship Agreement dated December 16, 2009, by and amongst our Company, Eros plc and Eros Worldwide, effective from October 1, 2009.

5. Agreement between our Company and Mr. A.P. Parigi w.e.f. October 1, 2009 and agreement dated September 29, 2009 between our Company and Mr. Sunil Lulla, relating to their respective terms of employment with our Company.

6. Joint Venture Agreement dated November 18, 2008 between our Company and Universal Music India.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All relevant provisions of the Companies Act, and the guidelines issued by the Government of India or the guidelines and regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations or guidelines issued, as the case may be. We further certify that all the statements in the Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

1. Mr. Naresh Chandra

2. Mr. Sunil Lulla

3. Mr. A.P. Parigi

4. Mr. Kishore Lulla

5. Dr. Shankar Nath Acharya

6. Ms. Jyoti Deshpande

Date: December 31, 2009

Place: Mumbai

Anand K. Shankar

Group Financial Controller (India)

Mr. Rajesh Bhatia

Company Secretary and Compliance Officer