Eros International Plc

6.50 PER CENT. STERLING BONDS DUE 2021

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS. YOU SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN SECTION 2 (RISK FACTORS) OF THIS PROSPECTUS. YOU SHOULD ALSO READ CAREFULLY SECTION 10 (IMPORTANT LEGAL INFORMATION)

Lead Manager

INVESTEC

PROSPECTUS DATED 25 SEPTEMBER 2014

IMPORTANT NOTICES

About this document

This document (the "**Prospectus**") has been prepared in accordance with the Prospectus Rules of the United Kingdom Financial Conduct Authority (the "**FCA**") and relates to the offer by Eros International Plc (the "**Issuer**") of its sterling denominated 6.50 per cent. bonds due 2021 (the "**Bonds**") at a price of 100 per cent. of their nominal amount.

The Bonds are freely transferable unsecured debt instruments and are due to be issued by the Issuer on 15 October 2014. The nominal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100; however the minimum subscription amount per investor is for a nominal amount of £2,000 of the Bonds in the initial distribution. The aggregate nominal amount of the Bonds to be issued will be specified in the Sizing Announcement published by the Issuer *via* the Regulatory News Service of London Stock Exchange plc ("**RNS**") on or around 10 October 2014.

This Prospectus contains important information about the Issuer and the Bonds, and details of how to apply for the Bonds. This Prospectus also describes certain risks relevant to the Issuer and also risks relating to an investment in the Bonds generally. You should read and understand fully the contents of this Prospectus before making any investment decisions relating to the Bonds.

Responsibility for the information contained in this Prospectus

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Use of defined terms in this Prospectus

Certain terms or phrases in this Prospectus are defined in bold and in "double quotation" marks and subsequent references to that term are designated with initial capital letters.

In this Prospectus, references to the "**Issuer**" are to Eros International Plc, which is the issuer of the Bonds. All references to the "**Group**" are to Eros International Plc and its subsidiaries taken as a whole. All references to "**Group members**" or "**member of the Group**" are to Eros International Plc and/or any of its subsidiaries. See Section 6 (*Information on the Group*) for further details.

All references in this document to "**sterling**" and "**£**" refer to the currency of the United Kingdom, all references to "**INR**" and "**Rupee**" refer to the currency of India and all references to "**$**", "**U.S.$**" and "**U.S. dollars**" refer to the currency of the United States of America. References to the singular in this document shall include the plural and vice versa, where the context requires.

The Bonds are not protected by the Financial Services Compensation Scheme

Unlike a bank deposit, the Bonds are not protected by the Financial Services Compensation Scheme (the "**FSCS**"). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer or any other party. Therefore (unlike in the case of a bank deposit), if the Issuer were to become insolvent or go out of business, the Bondholders could lose all or part of their investment in the Bonds and no governmental body would be required to compensate them for such loss.

How to apply

Applications to purchase Bonds cannot be made directly to the Issuer. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.

After the close of the Offer Period, which is expected to be 12 noon (London time) on 9 October 2014, or such earlier time as may be communicated by the Issuer *via* RNS announcement, no Bonds will be offered for sale by or on behalf of the Issuer or by or on behalf of any of the authorised financial intermediaries.

See Section 4 (*Timetable of the Offer and Key Dates*) and Section 5 (*How to Apply for the Bonds*) for more information.

Questions relating to this Prospectus and the Bonds

If you have any questions regarding the content of this Prospectus and/or the Bonds or the actions you should take, you should seek advice from your independent financial adviser or other professional adviser before making any investment decisions. See also the section starting on the following page, entitled "*How do I use this Prospectus?*"

HOW DO I USE THIS PROSPECTUS?

You should read and understand fully the contents of this Prospectus before making any investment decisions relating to any Bonds. An overview of the various sections comprising this Prospectus is set out below:

The "***SUMMARY***" section sets out in tabular format standard information which is arranged under standard headings and which the Issuer is required, for regulatory reasons, to include in a prospectus summary for a prospectus of this type.

The "***RISK FACTORS***" section describes the principal risks and uncertainties that may affect the Issuer's ability to fulfil its obligations in relation to the Bonds.

The "***INFORMATION ABOUT THE BONDS***" section provides an overview of certain key features of the Bonds in order to assist the reader.

The "***TIMETABLE OF THE OFFER AND KEY DATES***" section illustrates the key dates relating to the offer for the Bonds, the issue of the Bonds and payments to be made under the Bonds.

The "***HOW TO APPLY FOR THE BONDS***" section sets out important information relating to the application process for the Bonds.

The "***INFORMATION ON THE GROUP***" section describes the Group's business.

The "***SUBSCRIPTION AND SALE***" section contains a description of the material provisions of the subscription agreement, which includes the selling restrictions applicable to the Bonds.

The "***TAXATION***" section provides a brief outline of certain taxation matters that may be applicable in relation to the Bonds.

The "***ADDITIONAL INFORMATION***" section sets out further information which the Issuer is required to include under applicable rules. These include the availability of certain relevant documents for inspection, confirmations from the Issuer and details relating to application for listing and application for admission to trading on London Stock Exchange plc.

The "***IMPORTANT LEGAL INFORMATION***" section contains some important legal information regarding the basis on which this Prospectus may be used for the purposes of making offers of the Bonds, forward-looking-statements and other important matters.

The "***TERMS AND CONDITIONS OF THE BONDS***" section sets out the terms and conditions which apply to the Bonds.

The "***SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM***" section is a summary of certain parts of those provisions which apply to the Bonds while they are held in global form by the clearing systems, some of which include minor and/or technical modifications to the terms and conditions of the Bonds as set out in the preceding section in this Prospectus.

The "***GLOSSARY OF TERMS***" section provides an explanation of technical terms used in this Prospectus.

The "***INDEX TO THE FINANCIAL STATEMENTS***" section sets out important historical financial information relating to the Group.

A "***TABLE OF CONTENTS***" section, with corresponding page references, appears on the following page.

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SECTION 1 – SUMMARY

Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'Not applicable'.

<table>
<tr><td colspan="2">Section A - Introduction and warnings</td></tr>
<tr><td>A.1</td><td>This summary must be read as an introduction to this Prospectus. Any decision to invest in the sterling denominated 6.50 per cent. bonds due 2021 (the "Bonds") of Eros International Plc (the "Issuer") should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EU Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such Bonds.</td></tr>
<tr><td>A.2</td><td>The Issuer consents to the use of this Prospectus in connection with any Public Offer (as defined below) of the Bonds, including any subsequent resale or final placement of Bonds by financial intermediaries, in the United Kingdom during the period commencing from the date of this Prospectus until 12 noon on 9 October 2014 (the "Offer Period"), or such earlier time and date as may be agreed between the Issuer and Investec Bank plc (the "Lead Manager"), by:
(i) the Lead Manager;
(ii) Barclays Stockbrokers, Interactive Investor Trading Limited, NCL Investments Limited (trading as Smith & Williamson), Redmayne-Bentley LLP and Talos Securities Limited (trading as Selftrade);
(iii) any other financial intermediary appointed after the date of this Prospectus whose name is published on the website of the Issuer at www.erosplc.com/bonds and identified as an Authorised Offeror (as described below) in respect of the Public Offer; and
(iv) any other financial intermediary which satisfies the conditions attaching to the consent, including that it (a) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction ("MiFID") and (b) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "Acceptance Statement"):
"We, [specify name of financial intermediary], refer to the offer of sterling denominated 6.50 per cent. bonds due 2021 (the "Bonds") described in the Prospectus dated 25 September 2014 (the "Prospectus") published by Eros International Plc (the "Issuer"). In consideration of the Issuer</td></tr>
</table>

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	offering to grant its consent to our use of the Prospectus in connection with the offer of the Bonds in the United Kingdom during the Offer Period in accordance with the Authorised Offeror Terms (as specified in the Prospectus), we hereby accept the offer by the Issuer. We confirm that we are authorised under MiFID to make, and are using the Prospectus in connection with, the Public Offer accordingly. Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Prospectus." The financial intermediaries referred to in items (ii), (iii) and (iv) above are together referred to herein as, the "**Authorised Offerors**". **Any Authorised Offeror falling within item (iv) above who wishes to use this Prospectus in connection with any Public Offer as set out above is required, for the duration of the Offer Period, to publish on its website the Acceptance Statement set out above, confirming that it uses the Prospectus in accordance with the consent and the conditions attached thereto.** A Public Offer may only be made, subject to the conditions set out above, during the Offer Period by the Issuer, the Lead Manager or the Authorised Offerors. A "**Public Offer**" in this context means any offer of Bonds that does not fall within an exemption from the requirement to publish a Prospectus under Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Other than as set out above, the Issuer has not authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with any offer of Bonds. Any such offers are not made on behalf of the Issuer, the Lead Manager or any Authorised Offeror and none of the Issuer, the Lead Manager or any Authorised Offeror has any responsibility or liability for the actions of any person making such offers. **The information relating to the procedure for making applications and the terms and conditions of the offer by the Lead Manager or by any financial intermediary will be provided by the Lead Manager or the relevant financial intermediary (as applicable) to you at the time of such offer.**

Section B – The Issuer		
B.1	**Legal and commercial names**	The Issuer's legal and commercial name is Eros International Plc.
B.2	**Domicile and legal form**	The Issuer is a public limited company incorporated and registered in the Isle of Man under the Companies Act 2006 (Isle of Man) with company number 007466V.
B.4b	**A description of any known trends affecting the Issuer and the industry in which it operates**	The Issuer operates in the Indian film entertainment industry. Demand for the products and services of the Issuer and its subsidiaries (taken as a whole, the "**Group**") is influenced by general economic conditions and consumer trends which it is difficult for the Group to predict. However, there are no specific and known trends currently affecting the Issuer and the industry in which it operates.
B.5	**Description of the Group**	The Issuer is the holding company of a group of companies engaged in the production and distribution of Indian language entertainment films.
B.9	**Profit forecasts or estimates**	Not applicable; the Issuer has not made any profit forecasts or estimates.

B.10	**Qualifications in the audit report**	Not applicable; neither of the audit reports on the Issuer's consolidated financial statements for the financial years ended 31 March 2013 or 31 March 2014 included any qualifications.
B.12	**Selected historical key financial information of the Issuer**	The following summary financial data as of, and for each of the financial years ended, 31 March 2013 and 31 March 2014 and as of, and for the three month periods ended, 30 June 2013 and 30 June 2014 has been derived from the Issuer's consolidated financial statements in respect of those dates and/or relevant periods, as applicable. The Issuer's financial data for the financial years ended 31 March 2013 and 31 March 2014 have been audited. The financial data for the three month interim periods ended 30 June 2013 and 30 June 2014 have not been audited. There has been no material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements (i.e. since 31 March 2014), and there has been no significant change in the financial or trading position of the Issuer since the end of the last period covered by the financial information (i.e. since 30 June 2014).

Group consolidated financial information

	Three months to 30 June		Year to 31 March	
	2014	**2013**	**2014**	**2013**
	(U.S.$ in thousands, except net income per share)			
	(unaudited)		*(audited)*	
INCOME STATEMENT DATA				
Revenue	45,362	40,963	235,470	215,346
Cost of sales	(33,224)	(28,368)	(132,933)	(134,002)
Gross profit	12,138	12,595	102,537	81,344
Administrative costs	(9,966)	(4,425)	(42,680)	(26,308)
Operating profit	2,172	8,170	59,857	55,036
Net finance costs	(1,620)	(1,702)	(7,517)	(1,469)
Other gains / (losses)	(1,599)	5,500	(2,353)	(7,989)
Profit before tax	(1,047)	11,698	49,987	45,578
Income tax expense	(1,541)	(3,123)	(12,843)	(11,913)
Net income[1]	(2,588)	8,845	37,144	33,665
Net income per share:				
Basic	$0.08	$0.19	$0.66	$0.69
Diluted	$0.08	$0.19	$0.65	$0.69
Weighted average number of ordinary shares:				
Basic	49,084	39,439	45,590	39,439
Diluted	49,084	39,426	46,607	39,456

OTHER DATA

EBITDA[(2)]	881	13,982	58,871	48,765
Adjusted EBITDA[(2)]	8,068	8,459	80,285	56,320

(1) References to "net income" in this table correspond to "profit for the period" or "profit for the year" line items in the Issuer's consolidated financial statement appearing elsewhere in this prospectus.

(2) The Issuer uses EBITDA and Adjusted EBITDA as supplemental financial measures. EBITDA is defined by the Issuer as net income before interest expense, income tax expense and depreciation and amortisation (excluding amortisation of capitalised film content and debt issuance costs). Adjusted EBITDA is defined as EBITDA adjusted for impairments of available-for-sale financial assets, profit/loss on held for trading liabilities (including profit/loss on derivatives), transaction costs related to equity transactions, and share based payments. EBITDA, as used and defined by the Issuer, may not be comparable to similarly-titled measures employed by other companies and is not a measure of performance calculated in accordance with IFRS. EBITDA should not be considered in isolation or as a substitute for operating income, net income, cash flows from operating investing and financing activities, or other income or cash flow statement data prepared in accordance with IFRS. EBITDA and Adjusted EBITDA provide no information regarding a company's capital structure, borrowings, interest costs, capital expenditures and working capital movement or tax position.

However, the Issuer's management team believes that EBITDA and Adjusted EBITDA are useful to an investor in evaluating the Group's results of operations because these measures:

- are widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;
- help investors to evaluate and compare the results of the Group's operations from period to period by removing the effect of the Group's capital structure from the Group's operating structure; and
- are used by the Issuer's management team for various other purposes as a basis for strategic planning and forecasting.

There are significant limitations to using EBITDA and Adjusted EBITDA as a measure of performance, including the inability to analyse the effect of certain recurring and non-recurring items which could materially affect a company's net income, the lack of comparability of results of operations of different companies and the different methods of calculating EBITDA and Adjusted EBITDA.

	Three months to 30 June		**Year to 31 March**	
	2014	**2013**	**2014**	**2013**
	(unaudited)		***(audited)***	
STATEMENT OF FINANCIAL POSITION DATA				
Intangible assets – content	584,010	537,251	577,704	535,304
Cash and cash equivalents	135,810	103,759	145,449	107,642
Trade and other receivables	128,856	123,705	123,705	93,327
Total assets	907,178	906,011	906,011	798,657
Trade and other payables	23,804	31,611	31,611	28,979
Short-term borrowings	97,246	92,879	92,879	79,902
Current liabilities	125,563	128,580	128,580	110,727

Long-term borrowings	164,699	165,254	165,254	165,898
Non-current liabilities	202,094	199,390	199,390	201,754
Total liabilities	327,657	327,970	327,970	312,481
Total equity	579,521	578,041	578,041	486,176

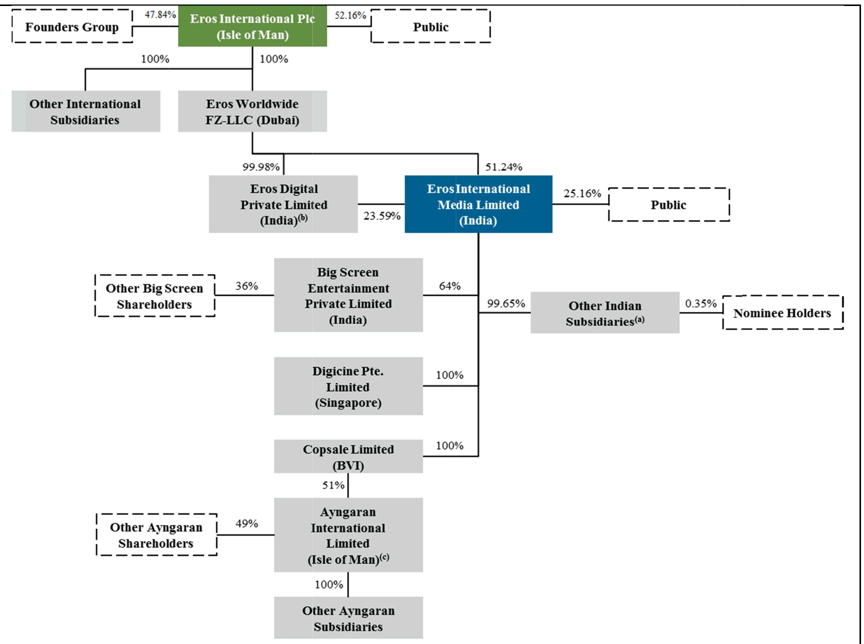
The following table sets forth the reconciliation of our net income to EBITDA and Adjusted EBITDA:

	Three months to 30 June		**Year to 31 March**	
	2014	**2013**	**2014**	**2013**
	(unaudited)		***(audited)***	
Net income	(2,588)	8,845	37,144	33,665
Income tax expense	1,541	3,123	12,843	11,913
Net finance costs	1,620	1,702	7,517	1,469
Depreciation	242	184	789	1,003
Amortization[(a)]	66	128	578	715
EBITDA	881	13,982	58,871	48,765
Transaction costs relating to equity transactions	-	-	8,169	-
Profit / (loss) on derivatives	2,405	(5,989)	(5,176)	5,667
Share based payments[(b)]	4,782	466	18,421	1,888
Adjusted EBITDA	8,068	8,459	80,285	56,320

(a) Includes only amortisation of intangible assets other than intangible content assets.

(b) Consists of compensation costs recognised with respect to all outstanding plans and all other equity settled instruments.

B.13	**A description of any recent events relevant to the evaluation of the Issuer's solvency**	Not applicable; there have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.
B.14	**If the Issuer is part of a group, a description of the group and the Issuer's position within**	The following diagram summarises the corporate structure of the Group as at the date of this Prospectus:

<table>
<tr>
<td></td>
<td>the group</td>
<td>


(a) Eros India holds at least 99 per cent. of each of its Indian subsidiaries other than Big Screen Entertainment Private Limited (India).

(b) Eros Digital Private Limited (India) holds the remaining 0.35 per cent. of Eros India's Indian subsidiary Eros International Films Private Limited.

(c) Ayngaran International Limited (Isle of Man) holds 51 per cent. of Ayngaran Anak Media Private Limited and 100 per cent. of each of its other subsidiaries.

The "Founders Group" shown in the above diagram refers to Beech Investments Limited, Eros Ventures Limited, Olympus Foundation, the Lulla Foundation, Arjan Lulla, Kishore Lulla, Vijay Ahuja and Sunil Lulla.

The Issuer is a holding company and all of its operations are conducted through its subsidiaries. The Issuer's only material assets will be the obligations of the various subsidiaries of the Issuer to repay funds that it on-lends to them back to it. The Issuer may also be funded by the advance of loans to it by other members of the Group or the payment of dividends or other distributions. The ability of the Issuer's subsidiaries to distribute funds to it by way of dividends, distributions, interest, return on investments or other payments (including loans) is subject to restrictions, including payment out of profits available for distribution. Therefore, the Issuer is dependent on those subsidiary companies to satisfy its obligations in full and on a timely basis.
</td>
</tr>
<tr>
<td>B.15</td>
<td>A description of the Issuer's principal activities</td>
<td>The principal activity of the Issuer is to act as the ultimate holding company of the Group. The Group is engaged in the Indian film entertainment sector.</td>
</tr>
<tr>
<td>B.16</td>
<td>Whether the Issuer is directly or indirectly</td>
<td>The Issuer was floated on the New York Stock Exchange in 2013 and it continues to be registered under the Securities Exchange Act 1934 and admitted to listing and trading on the New York Stock Exchange.</td>
</tr>
</table>

	owned or controlled	
B.17	**Credit ratings**	Not applicable; neither the Issuer nor any of its debt securities have been assigned a credit rating.

Section C – Securities		
C.1	**Type and the class of the Bonds**	The Bonds will be issued in bearer form on 15 October 2014 (the "**Issue Date**"). The nominal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100. The International Securities Identification Number for the Bonds is XS1112834608 and the Common Code is 111283460.
C.2	**Currency of the Bonds**	Pounds sterling.
C.5	**Restrictions on the free transferability of the Bonds**	The Bonds will be freely transferable. However, the primary offering of the Bonds will be subject to offer restrictions in the United States, the European Economic Area (including the United Kingdom), Dubai, Jersey, Guernsey and the Isle of Man; and to any applicable offer restrictions in any other jurisdiction in which the Bonds are offered or sold.
C.8	**Rights attached to the Bonds**	***Status of the Bonds*** The Bonds constitute (subject to the negative pledge described below) unsecured debt obligations of the Issuer. The Bonds will rank *pari passu* (i.e. equally) and without any preference between themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, and subject to as described below, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations. Pursuant to the terms and conditions of the Bonds (the "**Conditions**"), the Issuer may be required to procure that other members of the Group provide guarantees in respect of the Bonds after the Issue Date of the Bonds and thereby become "**Subsidiary Guarantors**" if those other Group members intend to borrow money or give any guarantee or indemnity in respect of any other bonds issued by, or credit facilities entered into by, the Issuer or any other members of the Group outside India (as further described in the following paragraph). The purpose of this provision is to restrict the ability of the Issuer and its Group (outside India) from issuing other bonds, or entering into credit facilities, which would rank in priority to the Bonds by virtue of being issued, raised or guaranteed by other members of the Group (i.e. to prevent structural subordination of the Bonds to other significant debt of the Group (if any)). 'Structural Subordination' in this context means a situation where, on a winding-up/insolvency of any subsidiary of the Issuer, the creditors of any such subsidiary of the Issuer would need to be paid amounts owed to them before those subsidiaries pay any remaining cash available to them to the Issuer in order for the Issuer to pay its own creditors (i.e. including making any payments due to the Bondholders). The Issuer is the holding company of, and therefore shareholder of, its subsidiary companies.

		Upon an insolvency or a winding-up, any subsidiary would be required to repay its senior creditors/debtors before paying over any remainder to its shareholder (i.e. to the Issuer). The requirement described in the previous paragraph, for subsidiaries of the Issuer to provide guarantees in respect of the Bonds at any point in the future if they are to incur significant debt of their own, does not apply to any Indian members of the Group. Therefore, Indian members of the Group are permitted to incur debt at any point in the future and, if so, they will not be required to provide any guarantee in respect of the Bonds at that time – and therefore the Bonds may become structurally subordinated to the relevant creditors of those Indian subsidiaries. In order to mitigate this from a Bondholder perspective, the Conditions of the Bonds also require the Issuer to maintain the total debt of the Group's Indian operations at a level below 3.5 times the consolidated operating profit of the Group (as further described under the heading "*Financial Covenants*" below). The purpose of this restriction on borrowing of the Indian Group is to limit the amount of debt in the Indian Group that the Bonds can be structurally subordinated to. **Investors should note that the Bonds may be structurally subordinated to any debt raised by any of the Group's Indian subsidiaries (subject to the limitations described in the previous paragraph).** **Investors should also note that the Bonds are not guaranteed by any member of the Group on the Issue Date, and therefore the Bonds are at the time of their issue structurally subordinated to any current creditors of any subsidiary company of the Issuer (i.e. any trade creditors of such subsidiary).** ***Negative Pledge*** The Bonds contain a negative pledge provision. In general terms, a negative pledge provision prohibits an issuer and/or certain other members of its group from granting security in respect of certain of its or their other debt (including, but not limited to, any other bank facilities or bond type debt) which diminishes the priority of bondholder claims against any of the issuer's and/or group's other assets. Therefore, under the negative pledge provision set out in the Conditions, subject to important exceptions referred to in the following paragraph, the Issuer shall not (and shall ensure that none of its non-Indian subsidiaries shall) create or at any time have outstanding any security interests over any of its or their present or future revenues or assets to secure debt without securing the Bonds equally. Investors should note that there are certain exceptions to the negative pledge, notably that the negative pledge only applies to the Issuer and other members of the Group that are incorporated outside India. This means that the Group's Indian operations are not restricted from granting security over their assets and revenues in respect of other debt. Although the Group's Indian operations are permitted to grant security in respect of their debt without limitation, the Indian operations are restricted in the amount of debt (which includes both secured and unsecured debt) that they can have outstanding at any time pursuant to the financial covenants outlined below (see the third paragraph under "*Financial Covenants*" below). In addition, the Issuer and any other

		members of the Group are also permitted to create security in respect of other sorts of debt (i.e. not including the Bonds) so long as the total amount of that other secured debt does not exceed U.S.$5 million. ***Financial Covenants*** Under the Conditions, the Issuer and all other members of the Group are restricted from incurring debt unless, at the time of incurring such debt (and with reference to the four previous financial quarters for which financial information on the Group is available), the Group's consolidated adjusted EBITDA is at least twice its consolidated interest expense. In summary, the Group's 'consolidated adjusted EBITDA' is a measure of the Group's profitability for the relevant period before taking into account tax, interest expenses, depreciation, amortisation and certain other customary accounting items; and the Group's 'consolidated interest expense' is a measure of the Group's cost of financing – i.e. how much members of the Group have to pay to borrow money from the Group's various lenders. Under the Conditions, the Issuer is also required to maintain the total debt of the Group's Indian operations at a level below 3.5 times the Group's consolidated operating profit; tested on a quarterly basis with reference to the Group's most recently prepared financial statements. In summary, the 'total debt of the Group's Indian operations' is a measure of overall external debt of Eros International Media Limited (India) and its consolidated subsidiaries as a whole (see the Group's structure diagram in Element B.14 above); and the Group's 'consolidated operating profit' is a measure of the Group's profit earned from normal business operations, calculated in accordance with IFRS, and is found in the income statement of the Group's consolidated financial statements for each relevant quarterly financial period. If at any point in the future the Issuer is assigned an investment grade rating from at least two international credit rating agencies (i.e. a credit rating of BBB- or more from S&P and Fitch, for instance), then the financial covenants described in the preceding paragraphs will for the time being cease to apply to the Bonds. Under the Conditions, the Issuer has also agreed not to merge or consolidate its business and/or to sell its assets unless certain customary criteria are met, including that no event of default (as described in the following paragraph) or potential event of default under the Conditions of the Bonds will result from any such merger, consolidation or asset sale. ***Events of Default*** An event of default generally refers to a breach by the Issuer of certain provisions in the Conditions. Events of default under the Bonds include non-payment of interest when due, breach of other covenants or obligations under the Bonds or the other transaction documents, early repayment of other debt obligations of the Issuer following a default in respect of indebtedness equal to or greater than an amount equal to U.S.$10,000,000 (or its equivalent in other currencies), and certain other events relating to security enforcement, insolvency and winding-up proceedings applicable to the Issuer and/or other relevant members of the Group. Certain grace periods and thresholds apply

		before certain events will be deemed to have become an 'event of default' under the Conditions. ***Meetings of Bondholders*** The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting the interests of the Bondholders. These provisions permit certain majorities to bind all Bondholders including Bondholders who did not vote on the relevant resolution and Bondholders who did not vote in the same way as the majority did on that resolution. ***Governing Law*** English law.
C.9	**Rights attached to the Bonds**	***Interest rate*** The Bonds will accrue interest from and including 15 October 2014 (the "**Issue Date**") at the fixed rate of 6.50 per cent. per annum. Interest is to be paid on 15 April and 15 October in each year, with the first payment being made on 15 April 2015. Therefore, for each £100 nominal amount of the Bonds, for instance, Bondholders will receive £3.25 on 15 April 2015, and then £3.25 on 15 October 2015, and £3.25 on 15 April 2016, and so on every six months until and including 15 October 2021 (the "**Maturity Date**"). ***Maturity Date*** Unless previously redeemed or purchased and cancelled in accordance with the Conditions, the Bonds will mature and be repaid by the Issuer on the Maturity Date. ***Optional early repayment by Issuer for taxation reasons*** In the event of certain tax changes caused by any change in, amendment to, or application or official interpretation of the laws or regulations of, the Isle of Man (and/or the jurisdiction of any relevant Subsidiary Guarantor at the relevant time) on or after the Bonds have been issued, the Bonds may be repaid early at the option of the Issuer. The redemption price in these circumstances will be 100 per cent. of the nominal amount of the Bonds plus accrued interest. ***Optional early repayment for the Bondholders*** If a Change of Control Put Event occurs, a Bondholder may elect for its Bonds to be repaid in full together with any accrued interest. A "**Change of Control Put Event**" might be expected to occur if Mr Kishore Lulla and his family or relevant investment company ceases to exercise control over the Issuer and such action results in a credit rating agency downgrade or similar rating agency action. ***Indication of yield*** On the basis of the issue price of the Bonds being 100 per cent. of their nominal amount, the initial yield of the Bonds on the Issue Date is 6.50 per cent. on an annual basis. This initial yield is not an indication of future yield. ***Trustee*** U.S. Bank Trustees Limited
C.10	**Derivative**	Not applicable; the interest rate on the Bonds is fixed and there is not a

	component in the interest payment	derivative component in the interest payments made in respect of the Bonds. This means that the interest payments are not linked to specific market references, such as inflation, an index, a formula or otherwise.
C.11	**Admission to trading**	Application will be made to the United Kingdom Financial Conduct Authority for the Bonds to be admitted to its Official List and to London Stock Exchange plc for such Bonds to be admitted to trading on its regulated market and through its order book for retail bonds (ORB) market. It is expected that admission will occur on or about 16 October 2014.

Section D – Risks		
D.2	**Key information on the key risks that are specific to the Issuer**	• The Group depends on its relationships with cinema operators and other industry participants to exploit its film content. Any disputes with multiplex operators in India could have a material adverse effect on the Group's ability or willingness to release its films as scheduled. • The Group may fail to source adequate film content on favourable terms or at all through acquisitions or co-productions, which could have a material adverse effect on its business. • Delays, cost overruns, cancellation or abandonment of the completion or release of films may have an adverse effect on the Group's business. • The popularity and commercial success of the Group's films depends on many factors including, but not limited to, the key talent involved, the timing of release, the promotion and marketing of the film, the quality and acceptance of other competing programmes released into the marketplace at or near the same time, the availability of alternative forms of entertainment, general economic conditions, the genre and specific subject matter of the film, its critical acclaim and the breadth, timing and format of its initial release. The Group cannot predict the impact of such factors on any film, and many are factors that are beyond its control. As a result of these factors and many others, the Group's films may not be as successful as it anticipates, and as a result, its results of operations may suffer. • The success of the Group's business depends on its ability to create and distribute filmed entertainment that consistently meets the changing preferences of the broad consumer market both within Indian and internationally.
D.3	**Key information on the key risks that are specific to the Bonds**	• Unlike a bank deposit, the Bonds are not protected by the Financial Services Compensation Scheme ("**FSCS**"). Therefore (unlike in the case of a bank deposit), if the Issuer were to become insolvent or go out of business, the Bondholders may lose all or part of their investment in the Bonds and no governmental body would be required to compensate them for such loss. • Defined majorities may be permitted to bind all the Bondholders

		with respect to modification and waivers of the Conditions of the Bonds, even if they did not attend or vote. Therefore, for instance, if a significant majority of Bondholders were to vote to amend a Condition of the Bonds (for example, if they voted to change the final maturity date of the Bonds) then that amendment would be binding on all Bondholders (even if they voted against the change in the maturity date). • A market for the Bonds may not develop, or may not be very liquid and such illiquidity may have a severely adverse effect on the market value of the Bonds. • Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If interest rates rise, then the rate of income payable on the Bonds may become relatively less attractive to investors. • The Bonds are unsecured obligations, therefore Bondholders do not have a specific claim over any particular assets or revenue streams. Bondholders will instead, at the time of issue of the Bonds, rank equally in priority of payment with all other unsecured creditors of the Issuer following any insolvency and winding-up.

Section E – Offer		
E.2b	**Reasons for the offer and use of proceeds**	The offer of the Bonds is being made in order to increase the number of sources from which the Issuer obtains its funding and to extend its debt maturity profile (i.e. to extend the length of time before it is required to repay its debts). The proceeds of the issue (after deduction of expenses incurred in connection with the issue) will be used by the Group to reduce the Group's bank borrowings and as long term funding for its general corporate purposes.
E.3	**Terms and conditions of the offer**	The offer is expected to open on the date of this Prospectus and close at 12 noon (London time) on 9 October 2014, or such earlier time and date as may be announced by the Issuer by Regulatory News Service ("**RNS**") operated by the London Stock Exchange during the Offer Period. Investors will be notified by the relevant distributor of their allocation of Bonds and instructions for delivery of and payment for the Bonds. You may not be allocated all (or any) of the Bonds for which you apply. The Bonds will be issued at the issue price (which is 100 per cent. of the nominal amount of the Bonds), and the aggregate nominal amount of the Bonds to be issued will be specified in a Sizing Announcement to be published by the Issuer by RNS at the end of the Offer Period. Authorised Offerors may offer the Bonds at the issue price (i.e. 100 per cent. of the nominal amount of the Bonds) or, if such Authorised Offeror charges you any expenses, then it may offer you the Bonds at a corresponding amount more than the issue price in order to reflect its expenses charged to you. For example, if your stock broker or financial adviser charges you total dealing expenses of, for instance, 1 per cent., then he or she would offer the Bonds to you at 101 per cent. of the nominal amount of the Bonds (i.e. a price to you of

		£101 per £100 Bond). You must check with your stock broker or financial adviser what expenses he or she will charge to you, and therefore what the offer price to you will be. Any such expenses charged by an Authorised Offeror are beyond the control of the Issuer, are not knowable by the Issuer, and must be disclosed to any potential investor by the relevant Authorised Offeror at the relevant time. The issue of the Bonds is conditional upon a subscription agreement being signed between the Issuer and the Lead Manager prior to the Issue Date. The subscription agreement will include certain conditions customary for transactions of this type (including the delivery of legal opinions and comfort letters from the independent auditors of the Group satisfactory to the Lead Manager). The minimum subscription amount per investor is for a nominal amount of £2,000 of the Bonds in the initial distribution. Following their issue, the Bonds are tradable in nominal amounts of £100.
E.4	**Interests material to the issue/offer**	Not applicable; so far as the Issuer is aware, no person involved in the issue/offer of the Bonds has an interest material to the offer, including any conflicting interests.
E.7	**Expenses charged to the investor**	Neither the Issuer nor the Lead Manager will charge you any expenses or taxes relating to an application for or purchase of any Bonds. However, expenses may be charged to you by an Authorised Offeror. These expenses are beyond the control of the Issuer, are not knowable by the Issuer, and must be disclosed to any potential investor by the relevant Authorised Offeror at the relevant time.

SECTION 2 – RISK FACTORS

*Eros International Plc (the "**Issuer**") believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Issuer and/or its subsidiaries (taken together, the "**Group**") may face other risks that may not be considered significant risks by the Issuer based upon information available to them at the date of this Prospectus or that they may not be able to anticipate. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are described below. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that the Issuer thinks are immaterial at the date of this Prospectus, actually occur, then these could have a material adverse effect on the Issuer's ability to fulfil its obligations to pay interest, principal or other amounts owing in connection with the Bonds. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Prospective investors should note that, unlike a bank deposit, the Bonds are not protected by the Financial Services Compensation Scheme ("**FSCS**"). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer. Therefore (unlike in the case of a bank deposit) if the Issuer were to become insolvent or go out of business, the Bondholders may lose all or part of their investment in the Bonds and no governmental body would be required to compensate them for that loss.*

RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group depends on its relationships with cinema operators and other industry participants to exploit its film content. Any disputes with multiplex operators in India could have a material adverse effect on the Group's ability or willingness to release its films as scheduled.

The Group generates revenues from the exploitation of Indian film content in various distribution channels through agreements with commercial cinema operators, in particular multiplex operators, and with retailers, television operators, telecommunications companies and others. The Group's failure to maintain these relationships, or to establish and capitalise on new relationships, could harm its business or prevent its business from growing, which could have a material adverse effect on its business, prospects, financial condition and results of operations.

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

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

The Group generates revenues by exploiting Indian film content that it primarily co-produces or acquires from third parties, and then distributes through various channels. The Group's ability to enter into co-productions and to acquire content successfully depends on its ability to maintain existing relationships, and form new ones, with talent and other industry participants.

The pool of quality talent in India is limited and as a result, there is significant competition to secure the services of certain actors, directors, composers and producers, among others. Competition can increase the cost of such talent, and hence the cost of film content. These costs may continue to increase, making it more difficult for the Group to access content cost-effectively and reducing its ability to sustain its margins and maximise revenues from distribution and exploitation. Further, the Group may be unable to maintain its long-standing relationships with certain industry participants successfully and continue to have access to content and/or creative talent and may be unable to establish similar relationships with new leading creative talent. If any such relationship is adversely affected, or the Group is unable to form new relationships or its access to quality Indian film content otherwise deteriorates, or if any party fails to perform under its agreements or arrangements with the Group, its business, prospects, financial condition and results of operations could be materially adversely affected.

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

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

The popularity and commercial success of the Group's films are subject to numerous factors, over which it may have limited or no control.

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

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

Changing consumer tastes affect the Group's ability to predict which films will be popular with audiences in India and internationally. As the Group invests 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 it invests will not appeal to Indian or international audiences. Further, where the Group sell rights prior to release of a film, any failure to accurately predict the likely commercial success of a film may cause it to underestimate the value of such rights. If the Group is unable to co-produce and acquire rights to films that appeal to Indian and international film audiences or to judge audience acceptance of its film content accurately, the costs of such films could exceed revenues generated and anticipated profits may not be realised. The Group's failure to realise anticipated profits could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group's ability to exploit its content is limited to the rights that it acquires from third parties or otherwise own.

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

Based on its agreements in effect as of 31 March 2014, if the Group does not otherwise extend or renew its existing rights, the Group anticipates the rights it currently licenses in Hindi and regional languages, excluding its Kannada digital rights library, will expire as summarised in the table below.

Term Expiration Dates	**Hindi Film Rights**	**Regional Film Rights**[(1)]
	(approximate percentage of films whose licensed rights expire in the period indicated) (%)	
Prior to 1 January 2016	19	2
2016-2020	35	4
2021-2025	25	20
2026-2030	3	—
2031-2045	4	1
Perpetual[(2)]	14	73

Notes:

(1) Excludes the Kannada digital rights library, where rights are held in perpetuity (i.e. do not expire).

(2) Subject to limitations imposed by Indian copyright law, which restricts the term to 60 years from the beginning of the calendar year following the year in which the film is published.

In addition, the Group typically only own certain rights for the exploitation of content, which limits its ability to exploit content in certain media formats. In particular, the Group do not own the audio music rights to the majority of the films in its library and to certain new releases. To the extent the Group does not own the music or other media rights in respect of a particular film, it may only exploit content through those channels to which it does own rights, which could have an adverse effect on its ability to generate revenue from a film and recover its costs from acquiring or producing content.

The Group depends on the Indian box office success of its Hindi and high budget Tamil and Telugu films from which it derives a significant portion of its revenues.

In India, a relatively high percentage of a film's overall revenues are derived from cinema box office sales and, in particular, from such sales in the first week of a film's release. Indian domestic box office receipts are also an indicator of a film's expected success in other Indian and international distribution channels. As such, poor box office receipts in India for the Group's films, even for those films for which it obtains only international distribution rights, could have a significant adverse impact on its 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. In particular, the Group depends on the Indian box office success of its Hindi films and high budget Tamil and Telugu films.

The Group may not be paid the full amount of box office revenues to which it is entitled.

The Group derives revenues from theatrical exhibition of its films by collecting a specified percentage of box office receipts from multiplex and single screen cinema operators. The Indian film industry continues to lack full exhibitor transparency. There is limited independent monitoring of such data in India or the Middle East, unlike the monitoring services provided by Rentrak Corporation in the United Kingdom and the United States. The Group therefore rely on cinema operators and its sub-distributors to report relevant information to it in an accurate and timely manner. While some multiplex and single-screen operators have moved to a digital distribution model that provides greater clarity on the number of screenings given to its films, other multiplex operators and single-screen operators retain the traditional print model. The Group expect that its films will continue to be exhibited primarily on screens that either do not have computerised tracking systems for box office receipts or screening information, or in relation to which it does not have access to audit compliance data. Because the Group does not have a reliable system to determine if its box office receipts are underreported, box office receipts and sub-distribution revenues may be inadvertently or purposefully misreported or delayed, which could prevent the Group from being compensated appropriately for exhibition of its films. If the Group is not properly compensated, its business, prospects, financial condition and results of operations could be negatively impacted.

The Group's entry into premium television broadcasting with its HBO Asia collaboration may adversely affect its existing television licensing revenues.

The Group's collaboration with HBO Asia requires it to provide HBO Asia with new release films for the first television window after theatrical release of such films and also a number of library films. While the Group's arrangement with HBO allows it to license its titles to other television networks after they have premiered on the HBO channels, the Group may not be able to maximise the revenue potential from these films and realise its full market value from other broadcasters once these films have premiered on the HBO channels. Titles that it makes available to the HBO channels as premieres may have lesser value to television networks because of their earlier availability on HBO channels, which could reduce the revenue the Group derives through television syndication. This may adversely affect its results of operations and cash flows.

A downturn in the Indian and international economies or instability in financial markets, including a decreased growth rate and increased Indian price inflation, could materially and adversely affect the Group's results of operations and financial condition.

Global economic conditions may negatively impact consumer spending. Prolonged negative trends in the global or local economies can adversely affect consumer spending and demand for the Group's films and may shift consumer demand away from the entertainment the Group offers. According to the Reserve Bank of

India's Second Bi-Monthly Review of Monetary Policy Statement, 2014-2015, gross domestic product growth rate of India is projected to pick up from below 5 per cent. in 2013-2014 to 5.5 per cent. in 2014-2015. The Central Statistics Office has estimated that the growth rate in gross domestic product in the 12 month period ended 31 March 2014 was 4.7 per cent. over the corresponding period of the previous year (Source: Press release dated 30 May 2014 on "Quarterly Estimates of Gross Domestic Product 2013-14" released by the Ministry of Statistics and Programme Implementation, Government of India).

A decline in attendance at cinemas may reduce the revenues the Group generates from this channel, from which a significant proportion of its revenues are derived. If the general economic downturn continues to affect the countries in which the Group distribute its films, discretionary consumer spending may be adversely affected, which would have an adverse impact on demand for its cinema, television and digital distribution channels. Economic instability and the continuing weak economy in India may negatively impact the Indian box office success of the Group's Hindi and Tamil films, on which it depends for a significant portion of its revenues.

Further, a sustained decline in economic conditions could result in closure or downsizing by, or otherwise adversely impact, industry participants on whom the Group rely on for content sourcing and distribution. Any decline in demand for the Group's content could have a material adverse effect on its business, prospects, financial condition and results of operations. In addition, global financial uncertainty has negatively affected the Indian financial markets.

Continued financial disruptions may limit the Group's ability to obtain financing for its films. For example, any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact the Group's ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Any such event could have a material adverse effect on the Group's business, prospects, financial condition and results of operations. India has recently experienced fluctuating wholesale price inflation compared to historical levels. An increase in inflation in India could cause a rise in the price of wages, particularly for Indian film talent, or any other expenses that it incurs. If this trend continues, the Group may be unable to estimate or control its costs of production accurately. Because it is unlikely the Group would be able to pass all of its increased costs on to its customers, this could have a material adverse effect on its business, prospects, financial condition and results of operations.

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

While a significant portion of the Group's revenues are denominated in Indian Rupees, certain contracts for its film content are or may be denominated in foreign currencies. Additionally, the Group reports its financial results in U.S. dollars and most of its outstanding debt is denominated in U.S. dollars. The Group expects that the continued volatility in the value of the Indian Rupee against foreign currency will continue to have an impact on its business. The Indian Rupee experienced an approximate 6.7 per cent. drop in value as compared to the U.S. dollar in the financial year ending 31 March 2013. In the financial year ending 31 March 2014 the drop was 10.7 per cent. In August 2013, the Indian Rupee had dropped as much as 26.9 per cent. relative to the U.S. dollar from the beginning of 2013. Since the end of the financial year ending 31 March 2014 to the end of June 2014, the Indian Rupee has remained steady. Changes in the growth of the Indian economy and the continued volatility of the Indian Rupee may adversely affect the Group's business.

Further, at the end of the financial year ending 31 March 2014, U.S.$195 million (or 76 per cent.) of the Group's debt, was denominated in U.S. dollars, and it may not generate sufficient revenue in U.S. dollars to service all of its U.S. dollar-denominated debt. Consequently, the Group may be required to use revenues generated in Indian Rupees to service its U.S. dollar-denominated debt. Any devaluation or depreciation in the value of the Indian Rupee, compared to the U.S. dollar, could adversely affect the Group's ability to service its debt.

Although the Group has not historically done so, it may, from time to time, seek to reduce the effect of exchange rate fluctuations on its operating results by purchasing derivative instruments such as foreign exchange forward contracts to cover its intercompany indebtedness or outstanding receivables. However, the Group may not be able to purchase contracts to insulate itself adequately from foreign currency exchange risks. In addition, any such contracts may not perform effectively as a hedging mechanism.

The Group faces increasing competition with other films for movie screens, and its inability to obtain sufficient distribution of its films could have a material adverse effect on its business.

A substantial majority of the cinema screens in India are typically committed at any one time to a limited number of films, and the Group compete directly against other producers and distributors of Indian films in each of its distribution channels. If the number of films released in the market as a whole increases it could create excess supply in the market, in particular at peak cinema release times such as school and national holidays and during festivals, which would make it more difficult for the Group's films to succeed.

Where the Group is unable to ensure a wide release for its films, or where it is unable to provide cinema operators with sufficient prints of its films to allow them to maximise screenings in the first week of a film's release, it may have an adverse impact on the Group's revenues. Further, failure to release during peak periods, or the inability to book sufficient screens, could cause the Group to miss potentially higher gross box-office receipts and/or affect subsequent revenue streams, which could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group faces increasing competition from other forms of entertainment, which could have a material adverse effect on its business.

The Group also competes with all other sources of entertainment and information delivery, including television, the internet and sporting events such as the Indian Premier League, for cricket. Technological advancements such as video on demand ("**VOD**"), mobile and 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 the Group's films, and there can be no assurance that occupancy rates at cinemas or demand for its other distribution channels will not fall.

Competition within the Indian film industry is growing rapidly, and a certain number of the Group's competitors are larger, have greater financial resources and are more diversified.

The Indian film industry's rapid growth is changing the competitive landscape, increasing competition for content, talent and release dates. Growth in the Indian film industry has attracted new Indian and foreign industry participants and competitors, including standalone operators, such as Reliance Entertainment, as well as others aligned with internationally diversified film companies, such as Sony Pictures, Viacom Inc., The Walt Disney Company and Warner Bros., many of which are substantially larger and have greater financial resources, including competitors that own their own cinemas and/or television networks. These larger competitors may have the ability to spend additional funds on production of new films, which may require the Group to increase its production budgets beyond what it originally anticipated in order to compete effectively. In addition, these competitors may use their financial resources to gain increased access to movie screens and enter into exclusive content arrangements with key talent in the Indian film industry. Unlike some of these major competitors that are part of larger diversified corporate groups, the Group derives substantially all of its revenue from its film entertainment business. If the Group's films fail to perform to its expectations it is likely to face a greater adverse impact than would a more diversified competitor. In addition, other larger entertainment distribution companies may have larger budgets to exploit growing technological trends. If the Group is unable to compete with these companies effectively, its business prospects, results of operations and financial condition could suffer. With generally increasing budgets of Hindi, Tamil and Telugu films, the Group may not have the resources to distribute the same level of films as competitors with greater financial strength.

Piracy of the Group's content, including digital and internet piracy, may adversely impact its revenues and business.

The Group's business depends in part on the adequacy, enforceability and maintenance of intellectual property rights in the entertainment products and services it creates. Motion picture piracy is extensive in many parts of the world and is made easier by technological advances and the conversion of motion pictures into digital formats. This trend facilitates the creation, transmission and sharing of high quality unauthorised copies of motion pictures in theatrical release on DVDs, CDs and Blu-ray discs, from pay-per-view through set top boxes and other devices and through unlicensed broadcasts on free television and the internet.

Although DVD and CD sales represent a relatively small portion of Indian film and music industry revenues, the proliferation of unauthorised copies of these products results in lost revenue and significantly reduced pricing power, which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations. In particular, unauthorised copying and piracy are prevalent in countries outside the United States, Canada and Western Europe, including India, whose legal systems may make it difficult for the Group to enforce its intellectual property rights and in which consumer awareness of the individual and industry consequences of piracy is lower. With broadband connectivity improving and 3G internet penetration increasing in India, digital piracy of the Group's content is an increasing risk.

In addition, the prevalence of third-party hosting sites and a large number of links to potentially pirated content make it difficult to monitor and prevent digital piracy of the Group's content effectively. 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 the Group to protect its content delivered through such media. According to the Federation of India Chambers of Commerce and Industry – KPMG Indian Media and Entertainment Industry Report 2013, it is estimated that the Indian film industry loses as much as U.S.$1.1 billion annually due to piracy. Additionally, the Group may seek to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and revenue losses. Even the highest levels of security and anti-piracy measures may fail to prevent piracy.

The Group may be unable to protect adequately or continue to use its intellectual property. Failure to protect such intellectual property may negatively impact the Group's business.

The Group relies on a combination of copyrights, trademarks, service marks and similar intellectual property rights to protect its name and branded products. The success of the Group's business, in part, depends on its continued ability to use this intellectual property in order to increase awareness of the Eros name. The Group attempts to protect these intellectual property rights through available copyright and trademark laws. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries, and the actions taken by the Group may be inadequate to prevent imitation by others of the Eros name and other Eros intellectual property. In addition, if the applicable laws in these countries are drafted or interpreted in ways that limit the extent or duration of the Group's rights, or if existing laws are changed, the Group's ability to generate revenue from its intellectual property may decrease, or the cost of obtaining and maintaining rights may increase.

Further, many existing laws governing property ownership, copyright and other intellectual property issues were adopted before the advent of the internet and do not address the unique issues associated with the internet, personal entertainment devices and related technologies, and new interpretations of these laws in response to emerging digital platforms may increase the Group's digital distribution costs, require it to change business practices relating to digital distribution or otherwise harm its business. The Group also distributes its branded products in some countries in which there is no copyright or trademark protection. As a result, it may be possible for unauthorised third parties to copy and distribute the Group's branded products or certain portions or applications of its branded products, which could have a material adverse effect on its business, prospects, results of operations and financial condition. If the Group fails to register the appropriate copyrights, trademarks or its other efforts to protect relevant intellectual property prove to be inadequate, the value of the Eros name could be harmed, which could adversely affect its business and results of operations.

The Group may be unable to continue to use the domain names that it uses in its business, or prevent third parties from acquiring and using domain names that infringe on, are similar to or otherwise decrease the value of its brand or its trademarks or service marks.

The Group has registered several domain names for websites that it uses in its business, such as *erosplc.com* and *erosentertainment.com*. Although its Indian subsidiaries currently own over 50 registered trademarks, the Group has not obtained a registered trademark for any of its domain names. If the Group loses the ability to use a domain name, whether due to trademark claims, failure to renew the applicable registration or any other cause, it may be forced to market its products under a new domain name, which could cause it to lose users of its websites, or to incur significant expense in order to purchase rights to such a domain name. In addition, the Group's competitors and others could attempt to capitalise on its brand recognition by using domain names similar to it. Domain names similar to the Group's have been registered in the United States, India and elsewhere.

The Group may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to or otherwise decrease the value of its brand, trademarks or service marks. Protecting and enforcing its rights in its domain names may require litigation, which could result in substantial costs and diversion of management's attention.

Litigation may be necessary to enforce the Group's intellectual property rights or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Regardless of the validity or the success of the assertion of any claims, the Group could incur significant costs and diversion of resources in enforcing its intellectual property rights or in defending against such claims. This could have a material adverse effect on its business and results of operations. The Group's services and products could infringe upon the intellectual property rights of third parties.

Other parties, including the Group's 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 the Group is unaware. In addition, the creative talent that the Group hires or uses in its productions may not own all or any of the intellectual property that they represent they do, which may instead be held by third parties. Consequently, the film content that the Group produces and distributes or the software and technology it uses may infringe the intellectual property rights of third parties, and the Group frequently has infringement claims asserted against it. Any claims or litigation, justified or not, could be time-consuming and costly, harm the Group's reputation, require it to enter into royalty or licencing arrangements that may not be available on acceptable terms or at all or require it to undertake creative changes to its film content or source alternative content, software or technology. Where it is not possible to do so, claims may prevent the Group from producing and/or distributing certain film content and/or using certain technology or software in its operations. Any of the foregoing could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group's ability to remain competitive may be adversely affected by rapid technological changes and by an inability to access such technology.

The Indian film entertainment industry continues to undergo significant technological developments, including the on-going transition from film to digital media. The Group may be unsuccessful in adopting new digital distribution methods or may lose market share to its competitors if the methods that it adopts are not as technologically sound, user-friendly, widely accessible or appealing to consumers as those adopted by its competitors. For example, the Group recently launched on-demand entertainment portal accessible *via* internet-enabled devices branded, Eros Now. Eros Now is still in the initial phase of its rollout and may not achieve the desired growth rate. 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 the Group's home entertainment market in India. If the Group fails to exploit digital and other emerging technologies successfully, it could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group are currently migrating to an SAP ERP system, which could substantially disrupt its business, and its failure to successfully integrate its IT systems across its international operations could result in substantial costs and diversion of resources and management attention.

The Group is currently in the process of migrating to an enterprise resource planning system provided by the German company SAP AG ("**SAP ERP**") to replace several of its existing IT systems. The Group has completed this accounting migration in India, but the process is on-going in the rest of the world and the implementation has been delayed.

Also the Group has not yet integrated supporting modules into the SAP ERP system, such as a module to manage its film library. This integration and migration may lead to unforeseen complications and expenses, and the Group's failure to integrate and migrate its IT systems efficiently could substantially disrupt its business. The Group will implement further modules within SAP ERP once the initial worldwide integration has been completed. The SAP ERP system will be implemented globally in its different office locations and will need to accommodate its multilingual operations, resulting in further difficulties in such implementation. The Group's failure to integrate its IT systems successfully across its international operations could result in substantial costs and diversion of resources and management attention, which could harm the Group's business and competitive position.

The music industry is highly competitive and many of the Group's competitors in the music industry focus more exclusively on music distribution and have greater resources than it has.

The music industry, including the market for music licensing and related services in the film and broadcast industry, is intensely competitive. Many companies focus exclusively on music distribution and have greater resources and a larger depth and breadth of library, distribution capabilities and current repertoire than the Group does. The Group expects competition to persist and to intensify as the markets for Indian music continues to develop and as additional competitors enter the Indian music industry. To remain competitive, the Group may be forced to reduce its prices and increase costs.

The Group's business and activities are regulated by the Indian Competition Act.

The Competition Act 2002 (the "**Competition Act**"), prohibits practices that could have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, using a dominant position in one relevant market to enter into, or protect, another relevant market, and denial of market access, and such practices are subject to substantial penalties and may also be subject to compensation for losses and orders to divide the enterprise.

If the Group or any member of its group, including Eros India, is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by, or claims made to the Competition Commission of India or any other relevant authority, the Group's business, results of operations and reputation may be materially and adversely affected.

Acquisitions, mergers and amalgamations which exceed certain revenue and asset thresholds require prior approval by the Competition Commission of India. Any such acquisitions, mergers or amalgamations which have an appreciable adverse effect on competition in India are prohibited and void. There can be no assurance that the Group will be able to obtain approval for such future transactions on satisfactory terms, or at all.

The Group's financial condition and results of operations fluctuate from period to period due to film release schedules and other factors and may not be indicative of results for future periods.

The Group's financial condition and results of operations for any period fluctuate due to film release schedules in that period, none of which the Group can predict with reasonable certainty. Cinema attendance in India has traditionally been highest during school holidays, national holidays and during festivals, and the Group typically aims to release big-budget films at these times. This timing of releases also takes account of competitor film releases, Indian Premier League cricket matches and the timing dictated by the film production process. As a result, the Group's quarterly results can vary from one year to the next, and the results of one financial quarter are not necessarily indicative of results for the next or any future quarter. Additionally, the distribution window for the theatrical release of films, and the window between the theatrical release and distribution in other channels, have each been compressing in recent years and may continue to change. Further shortening of these periods could adversely impact the Group's revenues if consumers opt to view a film on one distribution platform over another, resulting in the cannibalising of revenues across distribution platforms. Additionally, because the Group's revenue and operating results are seasonal in nature due to the impact of the timing of new releases, its revenue and operating results may fluctuate from period to period, and which could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

The Group's revenue is subject to significant variation based on the timing of certain licences and contracts it enters into that may account for a large portion of its revenue in the period in which it is completed, which could adversely affect the Group's operating results.

From time to time, the Group licences film content rights to a group of films pursuant to a single licence that constitutes a large portion of its revenue for the financial year in which the revenue from the licence is recognised. In the financial year ended 31 March 2012, 11.8 per cent. of the Group's revenue came from one customer in its television syndication channel, Dhrishti Creations Pvt. Limited, an aggregator of television rights. In the financial years ended 31 March 2014 and ended 31 March 2013 however, the Group did not depend on any single customer for more than 10 per cent. of its revenue.

The timing and size of similar licences subjects the Group's revenue to uncertainties and variability from period to period, which could adversely affect its operating results. The Group expects that it will continue to enter into licences with customers that may represent a significant concentration of its revenues for the applicable period and it cannot guarantee that these revenues will recur.

The Group has entered into certain related party transactions and may continue to rely on its founders for certain key development and support activities.

The Group has entered, and may continue to enter, into transactions with related parties. It also relies on the Founders Group, which consists of Beech Investments Limited, Eros Ventures Limited, Olympus Foundation, the Lulla Foundation, Arjan Lulla, Kishore Lulla, Vijay Ahuja and Sunil Lulla and associates and enterprises controlled by a certain number of its directors and key management personnel for certain key development and support activities. Whilst the Group believes that the Founders Group's interests are aligned with its own, such transactions may not have been entered into on an arm's-length basis, and it may have achieved more favourable terms had such transactions been entered into with unrelated parties. If future transactions with related parties are not entered into on an arm's-length basis, the Group's business may be materially harmed.

The Group may encounter operational and other problems relating to the operations of its subsidiaries, including as a result of restrictions in its current shareholder agreements.

The Group operates several of its businesses through subsidiaries. Its financial condition and results of operations significantly depends on the performance of its subsidiaries and the income it receives from them.

The Group's business may be adversely affected if its ability to exercise effective control over its non-wholly owned subsidiaries is diminished in any way. Although it controls these subsidiaries through direct or indirect ownership of a majority equity interest or the ability to appoint the majority of the directors on the boards of such companies, unanimous board approval is required for major decisions relating to certain of these subsidiaries. To the extent there are disagreements between the Group and its various minority shareholders regarding the business and operations of its non-wholly owned subsidiaries, it may be unable to resolve them in a manner that will be satisfactory to it. The Group's minority shareholders 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 the Group's;
- take actions contrary to the Group's instructions, policies or objectives;
- take actions that are not acceptable to regulatory authorities;
- have financial difficulties; or
- have disputes with the Group.

Any of these actions could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Additionally, the Group has entered into shareholder agreements with the minority shareholders of two of its non-wholly-owned subsidiaries, Big Screen Entertainment and Ayngaran, and may enter into similar agreements. These agreements contain various restrictions on the Group's rights in relation to these entities, including restrictions in relation to the transfer of shares, rights of first refusal, reserved board matters and non-solicitation of employees by the Group. The Group may also face operational limitations due to restrictive covenants in such shareholders agreements. In addition, under the terms of its shareholder agreement in relation to Big Screen Entertainment, disputes between partners are required to be submitted to arbitration in Mumbai, India. These restrictions in the Group's current shareholder agreements, and any restrictions of a similar or more onerous nature in any new or amended agreements into which it may enter, may limit its control of the relevant subsidiary or its ability to achieve its business objectives, as well as limiting its ability to realise value from its equity interests, any of which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Although the Group owns a majority of the ownership interest in each of Big Screen Entertainment and Ayngaran, taking actions that require approval of the minority shareholders (or their representative directors), such as entering into related party transactions, selling material assets and entering into material contracts, may be more difficult to accomplish.

The Group depends on the services of senior management.

The Group has, over time, built a strong team of experienced professionals on whom it depends to oversee the operations and growth of its businesses. The Group believes that its success substantially depends on the experience and expertise of, and the longstanding relationships with key talent and other industry participants built by, its senior management. Any loss of the Group's senior management, any conflict of interest that may arise for such management or the inability to recruit further senior managers could impede the Group's growth by impairing its day-to-day operations and hindering development of its business and its ability to develop, maintain and expand relationships, which would have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

In recent years, the Group has experienced additions to its senior management team, and its success depends in part on its ability to integrate these new employees into its organisation successfully. Since 2012, the Group has hired several members of senior management and have added new directors. The Group anticipates the need to hire additional members in senior management in connection with the expansion of its digital business. While some of its senior management have entered into employment agreements that contain non-competition and non-solicitation provisions, these agreements may not be enforceable in the Isle of Man, India or the United Kingdom, whose laws govern these agreements or where its members of senior management reside. Even if enforceable, these non-competition and non-solicitation provisions are for limited time periods.

Some viewers or civil society organisations may find the Group's film content objectionable.

Some viewers or civil society organisations in India or other countries may object to film content produced or distributed by the Group based on religious, political, ideological or any other positions held by such viewers. This applies in particular, to content that is graphic in nature, including violent or romantic scenes and films that are politically oriented or targeted at a 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 the Group's films, protest against it or its films or object in a variety of other ways. For instance, in relation to the film *Goliyon ki Rasleela-Ram-Leela*, certain civil and criminal proceedings had been initiated in various local courts in India in and around 2013, including arrest warrants against Mr. Kishore Lulla and others involved in the making of this film, alleging that this film disrespected religious sensibilities. Any of the foregoing could harm the Group's reputation and could have a material adverse effect on its business, prospects, financial condition and results of operations. The film content that the Group produces and distributes could result in claims being asserted, prosecuted or threatened against it based on a variety of grounds, including defamation, offending religious sentiments, invasion of privacy, negligence, obscenity or facilitating illegal activities, any of which could have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

The Group's films are required to be certified in India by the Central Board of Film Certification.

Pursuant to the Indian Cinematograph Act 1952 (the "**Cinematograph Act**"), films must be certified for adult viewing or general viewing in India by the Central Board of Film Certification ("**CBFC**"), which looks at factors such as the interest of sovereignty, integrity and security of the relevant country, friendly relations with foreign states, public order and morality. The Group may be unable to obtain the desired certification for each of its films and it 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 for broadcast release that will facilitate distribution and exploitation of the film. Any modification or receipt of an undesirable certification could reduce the appeal of any affected film to the Group's target audience and reduce its revenues from that film, which could have a material adverse effect on its business, prospects, financial condition and results of operations.

Litigation and negative claims about the Indian film industry generally could have an adverse effect on the reputation of the Group, affecting its relationships within the industry and its business operations

There have been certain public allegations made against the Indian film entertainment industry generally, as well as against certain of the entities and individuals currently active in the industry, about purported links to organised crime and other negative associations. Whilst there are no such outstanding allegations against the Group, there is a risk that it could suffer reputational damage by virtue of its association with the industry generally. As the Group's success in the Indian film industry depends, in part, upon its ability to maintain its brand image and corporate reputation, in particular in relation to its dealings with creative talent, co-producers, distributors and exhibitors, any such negative impacts on its reputation could have consequential effects upon its business relationships and operations.

The Group could be subject to litigation relating to intellectual property and other proprietary rights

The nature of the Group's business and its reliance on intellectual property and other proprietary rights subjects it to the risk of significant litigation. Litigation or the threat of litigation can be expensive and cause lengthy periods of disruption to normal business operations. The results of any litigation are inherently uncertain and may result in adverse rulings or decisions. If the Group were to be the subject of such litigation, it might enter into settlements or be subject to judgements that may, individually or in the aggregate, have a material adverse effect on its business, prospects, financial condition or operations.

The Group's performance in India is linked to the stability of its policies, including taxation policy, and the political situation.

The role of Indian central and state governments in the Indian economy has been and remains significant. Since 1991, India's government has pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. The rate of economic liberalisation 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 the Group's securities could change as well. A new government was elected in India in the recently concluded parliamentary elections in May 2014 and a significant change in India's economic liberalisation and deregulation policies, in particular, policies in relation to the film industry, could disrupt business and economic conditions in India and thereby affect the Group's business.

Taxes generally are levied on a state-by-state basis for the Indian film industry. Recently, there has been interest in rationalising the industry's taxes by instituting a uniform set of entertainment taxes administered by the Indian government. Such changes may increase the Group's tax rate, which could adversely affect its financial condition and results of operations. Furthermore, in certain states, cinema multiplexes have enjoyed entertainment tax benefits that may be disrupted or discontinued if India moves to a uniform entertainment tax system. This could slow the construction of new multiplexes, which the Group believe is a key driver for domestic cinema revenue. Separately, there are certain deductions available to film producers for expenditures on production of feature films released during a given year. These tax benefits may be discontinued and impact current and deferred tax liabilities. In addition, the government of India has issued and may continue to issue tariff orders setting ceiling prices for distribution of content on cable television service charges in India.

Such tariff orders could place pricing pressures on cable television service providers and broadcasters, which may, among other things, restrict the ability and willingness of cable television broadcasters in India to pay for content acquisition, including for the Group's films. Any of the foregoing could have a material adverse effect on its business, prospects, financial condition and results of operations.

Other proposed changes in the Indian law and policy environment include the following:

A majority of the provisions and rules under the Companies Act 2013 (the "**New Companies Act**") have recently come into effect, resulting in the corresponding provisions of the Companies Act 1956 ceasing to have effect. The New Companies Act has brought into effect significant changes to the Indian company law framework.

The Government of India has proposed three major reforms in Indian tax laws, namely the goods and services tax ("**GST**"), the direct taxes code ("**DTC**"), and the General Anti Avoidance Rules ("**GAAR**"). The Government of India has not specified any timeline for the implementation of the GST and the DTC. The GST would replace the indirect taxes on goods and services, such as central excise duty, service tax, customs duty, central sales tax, state value added tax, surcharge and excise, currently being collected by the central and state governments in India. The DTC aims to reduce distortions in tax structure, introduce moderate levels of taxation, expand the tax base, facilitate voluntary compliance, and provide greater tax clarity and stability to investors in Indian projects and companies, as well as clarifying taxation provisions for international transactions. It aims to consolidate and amend laws relating to all direct taxes, such as income tax, dividend distribution tax and wealth tax, and facilitate voluntary compliance. The GAAR provisions were introduced through the Finance Act 2012, to come into effect from 1 April 2016. The GAAR provisions intend to restrict "impermissible avoidance arrangements", which would be any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse or abuse of provisions of the Income Tax Act 1961; (iii) lacks, or is deemed to lack, commercial substance, in whole or in part; or (iv) is entered into or carried out by means, or in a manner, not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, Indian tax authorities would have wide powers, including denial of tax benefit or a benefit under a tax treaty. As the taxation system is intended to undergo significant overhaul, its consequent effects on the Group cannot be determined at present and there can be no assurance that such effects would not adversely affect its business and future financial performance.

The Group's business and financial performance could be adversely affected by unfavourable changes in or applications or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to it and its business. Such unfavourable changes could decrease demand for the Group's products, increase costs and/or subject it to additional liabilities.

Natural disasters, epidemics, terrorist attacks and other acts of violence or war could adversely affect the financial markets, result in a loss of business confidence and adversely affect the Group's business, prospects, financial condition and results of operations.

Numerous countries, including India, have recently experienced community disturbances, strikes, terrorist attacks, riots, epidemics and natural disasters. These acts and occurrences may result in a loss of business confidence and could cause a temporary suspension of the Group's operations if, for example, local authorities closed cinemas and could have an adverse effect on the financial markets and economies of India and other countries. Such closures have previously and could in the future impact the Group's ability to exhibit its films and have a material adverse effect on its business, prospects, financial condition and results of operations. In addition, travel restrictions as a result of such events may interrupt the Group's marketing and distribution efforts and have an adverse impact on its ability to operate effectively.

The Group's insurance coverage may be inadequate to satisfy future claims against it.

While the Group believes that it has adequately insured its operations and property in a way that it believes is customary in the Indian film entertainment industry and in amounts that it believes to be commercially appropriate, the Group may become subject to liabilities against which it is not adequately insured or against which it cannot be insured, including losses suffered that are not easily quantifiable and cause severe damage to its reputation. Even if a claim is made under an existing insurance policy, due to exclusions and limitations on coverage, the Group may not be able to assert its claim for any liability or loss under such insurance policy successfully. In addition, in the future, the Group may not be able to maintain insurance of the types or in the amounts that it deems necessary or adequate or at premiums that it considers appropriate. The occurrence of an event for which the Group are not adequately or sufficiently insured, the successful assertion of one or more large claims against it that exceeds available insurance coverage, the successful assertion of claims against its co-producers, or changes in its insurance policies could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group's Indian subsidiary, Eros India, from which it derives a substantial portion of its revenues, is publicly listed and it may lose its ability to control its activities.

The Group's Indian subsidiary, Eros India, from which it derives a substantial portion of its revenues, is publicly listed on the Indian stock exchanges. As such, under Indian law, minority stockholders have certain rights and protections against oppression and mismanagement. Further, the Group owns approximately 74.83 per cent. of this entity. Over time, the Group may lose control over its activities and, consequently, lose its ability to consolidate its revenues.

Eros India is subject to the provisions of the New Companies Act which significantly changed the Indian company law framework. Also, the Securities and Exchange Board of India (the "SEBI"), the securities market regulator in India, introduced changes to the listing agreement that may subject the Group to enhanced compliance requirements and increase the Group's compliance costs.

A majority of the provisions and rules under the New Companies Act have recently come into effect, resulting in the corresponding provisions of the Indian Companies Act 1956 ceasing to have effect. The New Companies Act has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offer documents, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders (pending notification by the Ministry of Corporate Affairs of India) or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors, insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Eros India may also need to spend, in each financial year, at least 2 per cent. of the average net profits during the three immediately preceding financial years towards corporate social responsibility activities and disclose its corporate social responsibility policies and activities on its website. Further, the New Companies Act imposes greater monetary and other liability on Eros India and the directors of Eros India for any non-compliance. To ensure compliance with the requirements of the New Companies Act, Eros India may need to allocate additional resources, which may increase the Group's regulatory compliance costs and divert management attention.

The New Companies Act has introduced certain additional requirements which do not have corresponding equivalents under the Companies Act 1956. Accordingly, Eros India may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, the Group's interpretation of such provisions of the New Companies Act differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, Eros India may face regulatory actions or the Group may be required to undertake remedial steps. Additionally, some of the provisions of the New Companies Act overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by the SEBI). Recently, the SEBI issued revised corporate governance guidelines which are effective from 1 October 2014.

Pursuant to the revised guidelines, Eros India will be required *inter alia*, to, maintain at least one woman director on its board, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. Eros India may face difficulties in complying with any such overlapping requirements. Further, the impact of provisions of the New Companies Act or the revised SEBI corporate governance norms, cannot currently be determined. Any increase in compliance requirements or in compliance costs may have an adverse effect on the Group's business and results of operations.

Dividend distributions by the Group's subsidiaries are subject to certain limitations under local laws, including Indian and Dubai law and other contractual restrictions.

As a holding company, the Group relies on funds from its subsidiaries to satisfy its obligations. Dividend payments by its subsidiaries, including Eros India and Eros Worldwide FZ-LLC, or Eros Worldwide, are subject to certain limitations under local laws. For example, under Indian law, dividends other than in cash are not permitted and cash dividends are only permitted to be paid out of distributable profits. Dubai law imposes similar limitations on dividend payments. An Indian company paying dividends is also liable to pay dividend distribution tax at an effective rate of 17 per cent., including additional Indian education tax and surcharges. In addition, the shareholders agreement of Ayngaran, limits the ability of that entity to pay dividends without shareholder approval.

The Relationship Agreement with the Group's subsidiaries may not reflect market standard terms that would have resulted from arm's length negotiations among unaffiliated third parties and may include terms that may not be obtained from future negotiations with unaffiliated third parties.

The 2009 Relationship Agreement between the Group, Eros India and Eros Worldwide (the "**Relationship Agreement**"), exclusively assigns to Eros Worldwide certain intellectual property rights and all distribution rights for Indian films (other than Tamil films) held by Eros India or any of its subsidiaries other than Ayngaran and its subsidiaries, or the Eros India Group, in all territories other than India, Nepal and Bhutan, the rights for which are retained by Eros India and its subsidiaries. In return, Eros Worldwide provides a lump sum minimum guarantee fee for each assigned film to the Eros India Group plus certain additional contingent amounts.

The Relationship Agreement may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties, and the Group's future operating results may be negatively affected if it does not receive terms as favourable in future negotiations with unaffiliated third parties. Further, as the Group does not own 100 per cent. of Eros India, it may lose control over its activities and, consequently, its ability to ensure its continued performance under the Relationship Agreement.

The Group's indebtedness could adversely affect its operations, including its ability to perform its obligations, fund working capital and pay dividends.

As of 30 June 2014, the Group had U.S.$261.9 million of borrowings outstanding. The Group has confirmed that as of 30 June 2014 it has sufficient cash on its balance sheet to service all of its current outstanding debt as it matures. However, although it is unlikely to do so, the Group may also be able to incur substantial additional indebtedness. Its indebtedness could have important consequences to investors, including the following:

- the Group could have difficulty satisfying its debt obligations, and if it fails to comply with these requirements, an event of default could result;

- covenants relating to the Group's indebtedness may limit its ability to obtain additional financing for working capital, capital expenditures and other general corporate activities, which may limit its flexibility in planning for, or reacting to, changes in the Group's business and the industry in which it operates;
- lenders are able to require the Group to repay certain secured loans to each of Eros India and Eros International Limited prior to their maturity, which as of 30 June 2014, represented U.S.$69.4 million of the outstanding indebtedness of Eros India and U.S.$27.2 million of the outstanding indebtedness of Eros International Limited;
- certain Eros India loan agreements are currently being considered for their annual renewal, and until these renewals are obtained, the lenders under these loan agreements may at any time require repayment of amounts outstanding, which as of 30 June 2014, totalled U.S.$7.2 million of the U.S.$69.4 million outstanding under the aforementioned Eros India indebtedness;
- the Group may be placed at a competitive disadvantage compared to its competitors with less debt; and
- the Group may have difficulty repaying or refinancing its obligations under its senior credit facilities on their respective maturity dates

If any of these consequences occur, the Group's financial condition, results of operations and ability to pay dividends could be adversely affected. This, in turn, could negatively affect the market price of the Group's ordinary shares, and it may need to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. The Group cannot assure investors that any refinancing would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds that may be realised from those sales, or that additional financing could be obtained on acceptable terms, if at all.

The Group may not be able to generate sufficient cash to service all of its indebtedness, and may be forced to take other actions to satisfy its obligations under its indebtedness that may not be successful.

Based on interest rates as of 30 June 2014, and assuming no additional borrowings or principal payments on the Group's revolving credit facilities until their maturities, it would need approximately U.S.$109.3 million over the next year, and U.S.$175.3 million over the next five years, to meet its principal and interest payments under its debt agreements. The Group has confirmed that as of 30 June 2014 it has sufficient cash on its balance sheet to service all of its current outstanding debt as it matures. In the future, the Group's ability to satisfy its debt obligations will depend upon, among other things:

- the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond its control;
- the Group's ability to refinance its debt as it becomes due, which will be affected by the cost and availability of credit; and
- the Group's future ability to borrow under its revolving credit facilities, the availability of which depends on, among other things, its compliance with the covenants in its revolving credit facilities.

There can be no assurance that the Group's business will continue to generate sufficient cash flow from operations, or that it will be able to refinance debt as it comes due or draw under its revolving credit facilities in an amount sufficient to fund its liquidity needs. If the Group's cash flows and capital resources are insufficient to service its indebtedness, it may be forced to reduce or delay capital expenditures, sell assets, or seek additional capital. These alternative measures may not be successful and may not permit the Group to meet its scheduled debt service obligations. In addition, the terms of existing or future debt agreements may restrict it from adopting some of these alternatives. The Group's ability to restructure or refinance its debt will depend on the condition of the capital markets and its financial condition at such time. Any refinancing of the Group's debt could be at higher interest rates and may require it to comply with more onerous covenants, which could further restrict its business operations. If the Group is unable to generate sufficient cash flow, refinance its debt on favourable terms or sell additional debt or equity securities or its assets, it could have a material adverse effect on the Group's financial condition and on its ability to make payments on its indebtedness.

The Group faces risks relating to the international distribution of its films and related products.

The Group derives a significant percentage of its net revenues from customers located outside of India. It derived 50 per cent. of its net revenue for the financial year ended on 31 March 2014 from the exploitation of its films in territories outside of India. The Group does not track revenues by geographical region other than (as required under International Financial Reporting Standards) based on where the customer who entered into a contract with the Group are based and not necessarily the country where the rights have been exploited or licensed. As a result, revenue by customer location may not be reflective of the potential of any given market. As a result of changes in the location, the Group's revenues by customer location may vary year to year, independent of changes in the locations where the rights of its films are exploited.

The Group's business is subject to risks inherent in international trade, many of which are beyond its control. These risks include:

- fluctuating foreign exchange rates;
- laws and policies affecting trade, investment and taxes, including laws and policies relating to the repatriation of funds and withholding taxes and changes in these laws;
- differing cultural tastes and attitudes, including varied censorship laws;
- differing degrees of protection for intellectual property;
- financial instability and increased market concentration of buyers in other markets;
- the increased difficulty of collecting trade receivables across multiple jurisdictions;
- the instability of other economies and governments; and
- war and acts of terrorism.

Events or developments related to these and other risks associated with international trade could adversely affect the Group's revenues from non-Indian sources, which could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group may pursue acquisition opportunities, which could subject it to considerable business and financial risk.

The Group evaluates potential acquisitions of complementary businesses on an on-going basis and may from time to time pursue acquisition opportunities, such as when it executed a term sheet to acquire a majority stake in Universal Power Systems Private Limited (doing business as Techzone). However, this acquisition is subject to certain conditions precedent apart from customary legal, regulatory and financial requirements. The Group may not be successful in identifying acquisition opportunities, assessing the value, strengths and weaknesses of these opportunities or completing acquisitions on acceptable terms. Future acquisitions may result in near term dilution to earnings, including potentially dilutive issuances of equity securities or other issuances of debt. Acquisitions may expose the Group to particular business and financial risks that include, but are not limited to:

- diverting of financial and management resources from existing operations;
- incurring indebtedness and assuming additional liabilities, known and unknown, including liabilities relating to the use of intellectual property the Group acquires;
- incurring significant additional capital expenditures, transaction and operating expenses and non-recurring acquisition-related charges;
- experiencing an adverse impact on the Group's earnings from the amortisation or impairment of acquired goodwill and other intangible assets;
- failing to integrate the operations and personnel of the acquired businesses successfully;
- entering new markets or marketing new products with which the Group are not entirely familiar; and
- failing to retain key personnel of, vendors to and clients of the acquired businesses.

If the Group is unable to address the risks associated with acquisitions, or if it encounters expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired entities and the expansion of operations, it may fail to achieve acquisition synergies and may be required to focus resources on integration of operations rather than on its primary business activities.

The Group will continue to incur increased costs as a result of being a U.S. public company.

The Group recently became a U.S. public company, completing its U.S. initial public offering of A ordinary shares in November 2013. As a U.S. public company, it will incur significant legal, accounting and other expenses that it did not incur previously, particularly after it no longer qualifies as an "emerging growth company." The Group will incur costs associated with its U.S. public company reporting requirements. It also anticipates that it will incur costs associated with recently adopted corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as new rules implemented by the Securities and Exchange Commission and the New York Stock Exchange. These rules and regulations have increased the Group's legal and financial compliance costs and make some activities more time-consuming and costly. These new rules and regulations have made it more difficult and more expensive for the Group to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Group to attract and retain qualified individuals to serve on its board of directors or as executive officers.

RISKS RELATING TO THE BONDS

The Bonds are not protected by the Financial Services Compensation Scheme (the "FSCS")

Unlike a bank deposit, the Bonds are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer. Therefore (unlike in the case of a bank deposit), if the Issuer were to become insolvent or go out of business, the Bondholders may lose all or part of their investment in the Bonds and no governmental body would be required to compensate them for that loss.

Risk of early repayment

In the event that a change in law relating to taxation results in the Issuer becoming obliged to increase the amounts payable under the Bonds pursuant to Condition 7 (i.e. on account of tax), the Issuer may, if it chooses to, repay outstanding amounts under the Bonds early pursuant to Condition 5(b) (together with any accrued interest owed by the Issuer at such time). (See Section 11 (*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for taxation reasons*)).

If your investment in the Bonds is repaid to you early, as described in the previous paragraph, you may not be able to reinvest the repayment proceeds at an effective interest rate as high as the interest rate on the Bonds being repaid and may only be able to do so at a significantly lower rate. You should consider investment risk in light of other investments available at that time.

Modification, waivers and substitution

The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a different manner than the majority did.

The Conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, agree to any modification of any of the provisions of the Trust Deed that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error, and certain other modifications of, and any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed if, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders or the substitution of another company as principal debtor under the Bonds in place of the Issuer, if, in the opinion of the Trustee, such substitution is not materially prejudicial to the interests of Bondholders.

Claims of the Group's secured creditors (if any) will have priority, with respect to their security, over the claims of unsecured creditors, such as holders of the Bonds

Claims of the Group's secured creditors, if any, will have priority, with respect to the assets securing their debt, over the claims of Bondholders. In the event that any of the Group's secured debt becomes due or any secured creditor institutes enforcement proceedings over the assets that secure the relevant debt, the Group's assets or cash remaining after repayment of that secured debt might not be sufficient to repay all amounts owing to you in respect of the Bonds.

The Negative Pledge does not apply to Indian members of the Group

A negative pledge provision prohibits an issuer and/or certain other members of its group from granting security in respect of its or their other debt (including, but not limited to, any other bank facilities or bond type debt) which diminishes the priority of bondholder claims against any of the issuer's and/or group's other assets.

Pursuant to the negative pledge provision contained in Condition 3(a) of the Bonds, the Issuer and its subsidiaries, other than any Indian subsidiaries, are restricted in their ability to grant security in respect of other debt. The Indian subsidiaries are not restricted in their ability to grant security in respect of any credit facilities they may enter into, any other bonds that they may issue or other types of debt; and, if they do grant any such security, there is no requirement under the Conditions for those Indian subsidiaries to grant the same security in respect of the Bonds. Following a winding-up or insolvency of the Group, any secured creditors of the Indian members of the Group would rank ahead of Bondholders on a distribution of the available cash or other assets of those Indian subsidiaries. This could result in Bondholders receiving less than they may otherwise have been entitled to receive following a winding-up of the Group. See "*Claims of the Group's secured creditors (if any) will have priority, with respect to their security, over the claims of unsecured creditors, such as holders of the Bonds*" above.

The EU Directive on the taxation of savings income may result in the imposition of withholding taxes in certain jurisdictions

EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted a Directive (the "**Amending Directive**") which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, which may mitigate an element of this risk if the Bondholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

Holding CREST depository interests

You may hold interests in the Bonds through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) ("**CREST**") through the issuance of dematerialised depository interests, held, settled and transferred through CREST ("**CDIs**"), representing the interests in the relevant Bonds underlying the CDIs (the "**Underlying Bonds**"). Holders of CDIs (the "**CDI Holders**") will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Bonds. The rights of CDI Holders to the Underlying Bonds are represented by the relevant entitlements against CREST Depository Limited (the "**CREST Depository**") which through CREST International Nominees Limited (the "**CREST Nominee**") holds interests in the Underlying Bonds. Accordingly, rights under the Underlying Bonds cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under the Underlying Bonds will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Bonds held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear Bank S.A./N.V. ("**Euroclear**"), Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and the Issuer, including the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) ("**CREST Deed Poll**"). You should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the "**CREST Rules**") contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Bonds which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Bonds through the CREST International Settlement Links Service.

You should note that none of the Issuer, the Trustee or the Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

Trustee indemnity

In certain circumstances, the Bondholders may be dependent on the Trustee to take certain actions in respect of the Bonds. Prior to taking such action, pursuant to the Conditions the Trustee may require to be indemnified and/or secured and or pre-funded to its satisfaction. If so, and the Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction, it may decide not to take any action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Bondholders would have to either provide such indemnity and/or security and/or pre-funding or accept the consequences of such inaction by the Trustee. Bondholders should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any potential inaction by the Trustee. Such inaction by the Trustee will not entitle Bondholders to take action directly against the Issuer or any subsidiary which becomes a guarantor in respect of the Bonds to pursue remedies for any breach by any of them of terms of the Trust Deed or the Bonds unless the Trustee has failed within a reasonable time to do so.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There may not be a liquid secondary market for the Bonds and their market price may be volatile

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, you may not be able to sell your Bonds easily or at prices that will provide you with a yield comparable to similar investments that have a developed secondary (i.e. after the issue date of the Bonds) market. A lack of liquidity may have a severely adverse effect on the market value of the Bonds.

The Lead Manager is expected to be appointed as a registered market-maker on London Stock Exchange's order book for retail bonds (ORB) market in respect of the Bonds from the date of admission of the Bonds to trading. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours. However, the Lead Manager may not continue to act as market-maker for the life of the Bonds. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on your ability to sell the Bonds.

Yield

The indication of yield (i.e. the income return on the Bonds) stated within this Prospectus (see Section 3 (*Information about the Bonds*)) applies only to investments made at (as opposed to above or below) the issue price of the Bonds. If you invest in the Bonds at a price other than the issue price of the Bonds, the yield on the investment will be different from the indication of yield on the Bonds as set out in this Prospectus.

Realisation from sale of the Bonds

If you choose to sell the Bonds at any time prior to their maturity, the price received from such sale could be less than the original investment you made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Issuer and/or the Group.

Exchange rate fluctuations and exchange controls may adversely affect your return on your investments in the Bonds and/or the market value of the Bonds

The Issuer will pay principal and interest on the Bonds in sterling. This presents certain risks relating to currency conversions if your financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease: (a) the Investor's Currency equivalent yield on the Bonds; (b) the Investor's Currency equivalent value of the principal payable on the Bonds; and (c) the Investor's Currency equivalent market value of the Bonds.

Changes in interest or inflation rates may adversely affect the value of the Bonds

The Bonds bear interest at a fixed rate rather than by reference to an underlying index. Accordingly, you should note that if interest rates rise, then the income payable on the Bonds might become less attractive and the price that you could realise on a sale of the Bonds may fall. However, the market price of the Bonds from time to time has no effect on the total income you receive on maturity of the Bonds if you hold the Bonds until the Maturity Date. Further, inflation will reduce the real value of the Bonds over time, which may affect what you could buy with your investment in the future and may make the fixed rate payable on the Bonds less attractive in the future, again affecting the price that you could realise on a sale of the Bonds.

The clearing systems

Because the Global Bond may be held by or on behalf of Euroclear and Clearstream, Luxembourg you will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Bonds will be represented by the Global Bond. Such Global Bond may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Bond, you will not be entitled to receive Definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the Global Bond. While the Bonds are represented by the Global Bond, you will be able to trade your interests only through Euroclear or Clearstream, Luxembourg.

While the Bonds are represented by the Global Bond, the Issuer will discharge its payment obligations under such Bonds by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in the Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Bond.

Holders of interests in the Global Bond will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

SECTION 3 – INFORMATION ABOUT THE BONDS

What are the Bonds?	The sterling denominated 6.50 per cent. bonds due 2021 (the "**Bonds**") are debt instruments issued by Eros International Plc (the "**Issuer**"). The Bonds will be subject to the "*Terms and Conditions of the Bonds*" which are set out in Section 11 of this Prospectus. The Bonds: (a) entitle Bondholders to receive annual interest payments at a fixed interest rate of 6.50 per cent. per year (payable in two equal instalments on 15 April and 15 October in each year); (b) are tradable in nominal amounts of £100 per Bond; (c) are due to be issued on 15 October 2014 (the "**Issue Date**") and to be paid back in full by the Issuer on 15 October 2021 (the "**Maturity Date**"); (d) in certain circumstances however may be repaid prior to the Maturity Date following the occurrence of certain events; and (e) are intended to be admitted to trading on London Stock Exchange plc's regulated market, and through its order book for retail bonds (ORB) market. See Section 11 (*Terms and Conditions of the Bonds*) for further information.
Who is issuing the Bonds?	The Bonds will be issued by Eros International Plc.
Will the bonds be guaranteed?	The Bonds will not be guaranteed by any members of the Issuer's Group or any other person on the Issue Date. However, pursuant to the terms and conditions of the Bonds (the "**Conditions**"), the Issuer shall in certain circumstances be required to procure that other members of the Group provide guarantees in respect of the Bonds after the Issue Date and thereby become "Subsidiary Guarantors" of the Bonds. If the Issuer wishes any member of the Group to incur, or give any guarantee or indemnity in respect of, certain other debt (including debt under credit facilities, bank loans or other bonds) outside India then, pursuant to the Conditions, the Issuer may first be required to procure that the relevant Group member gives a guarantee for the due payment of all sums payable under the Trust Deed and the Bonds. The intention in requiring any such Group member to provide a guarantee in respect of the Bonds at such time as it may incur, or give a guarantee or indemnity in respect of, certain other debt, is to seek to ensure that the Bondholders are not structurally subordinated to significant other relevant creditors of the Group (save in respect of Indian companies in the Group, as described in the following paragraph) arising at any point after the Issue Date of the Bonds (See "*What will the Bondholders receive on a winding-up of the Issuer?*" below for a description of structural subordination). The requirement described in the previous paragraph, for subsidiaries of the Issuer to provide guarantees in respect of the Bonds at any point in the future if they are to incur significant debt of their own, does not apply to Indian members of the Group. Therefore, Indian members of the Group are permitted to incur debt at any point in the future and, if so, they will not be required to provide any guarantee in respect of the Bonds at that time – and therefore the Bonds may become structurally subordinated to the relevant creditors of those Indian subsidiaries. In order to mitigate this from a Bondholder perspective, the

	Conditions of the Bonds also require the Issuer to maintain the total debt of the Group's Indian operations at a level below 3.5 times the consolidated operating profit of the Group. The purpose of this restriction on borrowing of the Indian Group is to limit the amount of debt in the Indian Group that the Bonds can be structurally subordinated to. **Investors should note that they may be structurally subordinated to any debt raised by any of the Group's Indian subsidiaries (subject to the limitations described in the previous paragraph).** Before becoming a "Subsidiary Guarantor" as described in the previous paragraph, the relevant Group member will be required, pursuant to the Conditions, to enter into documentation in a form satisfactory to the Trustee, granting any such guarantee in respect of the Trust Deed and the Bonds. The Issuer will, as soon as practicable, publicly announce the addition of any subsidiary of it as a "Subsidiary Guarantor" at the relevant time *via* the Regulatory News Service ("**RNS**") of the London Stock Exchange plc. **Investors should note that the Bonds are not guaranteed by any member of the Group on the Issue Date, therefore the Bonds are structurally subordinated (as described under "*What will the Bondholders receive on a winding-up of the Issuer?*" below) to any creditors of each subsidiary company of the Issuer (i.e. to any trade creditors of such subsidiary) at the Issue Date and from time to time after the Issue Date. Any subsidiary of the Issuer will only be required to guarantee the Bonds (and therefore the Bondholders will only cease to be structurally subordinated to other creditors of such subsidiary, if that subsidiary is to incur significant debt in the form of credit facilities, loans, bonds and the like at any point in the future.** See Section 11 (*Terms and Conditions of the Bonds – Status and Subsidiary Guarantors*) for further information.
Will the Bonds be secured?	No; the Bonds will not be secured on any assets, revenues or anything else on the Issue Date. See Section 2 (*Risk Factors – Claims of the Group's secured creditors (if any) will have priority, with respect to their security, over the claims of unsecured creditors, such as holders of the Bonds*) for further information.
What, if any, covenants apply to the Group?	***Negative Pledge*** The Bonds contain a negative pledge provision. In general terms, a negative pledge provision prohibits an issuer and/or certain other members of its group from granting security over certain of its or their other debt (including, but not limited to, any other bank facilities or bond type debt) which diminishes the priority of bondholder claims against any of the issuer's and/or group's other assets. Therefore, under the negative pledge provision set out in the Conditions, subject to important exceptions referred to in the following paragraph, the Issuer shall not (and shall procure that none of its non-Indian subsidiaries shall) create or at any time have outstanding any security interests over any of its or their present or future revenues or assets to secure debt without securing the Bonds equally. Investors should note that there are certain exceptions to the negative pledge, notably that the negative pledge only applies to the Issuer and other members of the Group that are incorporated outside India. This means that the Group's Indian operations are not restricted from granting security over their assets and revenues in respect of other debt. Although the Group's Indian operations are permitted to grant security in respect of their

	debt without limitation, the Indian operations are restricted in the amount of debt that they can have outstanding at any time pursuant to the financial covenants outlined below (see the third paragraph under "*Financial Covenants*" below). In addition, the Issuer and other members of the Group are also permitted to create security in respect of other sorts of debt (i.e. not including the Bonds) so long as the total amount of that other secured debt does not exceed U.S.$5 million. ***Financial Covenants*** Under the Conditions, the Issuer and all other members of the Group are restricted from incurring debt unless, at the time of incurring such debt (and with reference to the four previous financial quarters for which financial information on the Group is available), the Group's consolidated adjusted EBITDA is at least twice its consolidated interest expense. In summary, the Group's 'consolidated adjusted EBITDA' is a measure of the Group's profitability for the relevant period before taking into account tax, interest expenses, depreciation, amortisation and certain other customary accounting items; and the Group's 'consolidated interest expense' is a measure of the Group's cost of financing – i.e. how much members of the Group have to pay to borrow money from the Group's various lenders. Under the Conditions, the Issuer is also required to maintain the total debt of the Group's Indian operations at a level below 3.5 times the Group's consolidated operating profit; tested on a quarterly basis with reference to the Group's most recently prepared financial statements. In summary, the 'total debt of the Group's Indian operations' is a measure of overall external debt of Eros International Media Limited (India) and its consolidated subsidiaries as a whole (see the Group's structure diagram in Section 6 - *"Information on the Group – Corporate Structure"* below); and the Group's 'consolidated operating profit' is a measure of the Group's profit earned from normal business operations, calculated in accordance with IFRS, and is found in the income statement of the Group's consolidated financial statements for each relevant quarterly financial period. If at any point in the future the Issuer is assigned an investment grade rating from at least two international credit rating agencies (i.e. a credit rating of BBB- or more from S&P and Fitch, for instance), then the financial covenants described in the preceding paragraphs will for the time being cease to apply to the Bonds. Under the Conditions, the Issuer has also agreed not to merge or consolidate its business and/or to sell its assets unless certain customary criteria are met, including that no event of default or potential event of default under the Conditions of the Bonds will result from any such merger, consolidation or asset sale.
What will Bondholders receive in a winding-up of the Issuer?	If the Issuer becomes insolvent and is unable to pay its debts, an administrator or liquidator would be expected to make distributions to the Issuer's creditors in accordance with a statutory order of priority. Your claim as a Bondholder would rank after the claims of any creditors that are given preferential treatment by applicable laws of mandatory application relating to creditors, but ahead of any shareholders of the Issuer. A simplified diagram illustrating the expected ranking of the Bonds compared to other creditors of the Issuer is set out below:

	Type of obligation	Examples of obligations
Higher ranking	Proceeds of fixed charged assets	Currently none
	Expenses of the liquidation/administration	Currently none
	Preferential creditors	Currently none
	Proceeds of floating charge assets	Currently none
	Unsecured obligations, including guarantees in respect of them	**The 6.50 per cent. Bonds due 2021**
Lower ranking	Shareholders	Ordinary shareholders

However, as well as being aware of the ranking of the Bonds compared to the other categories of creditor, and the shareholders, of the Issuer, you should note that the Group may hold a substantial amount of its assets, or generate a substantial amount of its revenues, in other subsidiaries elsewhere in its Group. See Section 6 - *"Information on the Group – Corporate Structure"* below for details of the Issuer's other principal subsidiaries. In addition, under the Conditions, the Issuer may allow certain "Permitted Security" to exist over the Group's assets after the Issue Date in respect of other obligations of the Issuer and/or other members of the Group; and, notably, the members of the Group that are incorporated in India are permitted to secure any amount of debt that they may incur.

In the event that any such secured debt becomes due or any secured creditor institutes enforcement proceedings over the assets that secure their relevant debt, the Group's assets remaining after repayment of that secured debt might not be sufficient to repay all amounts owing to you in respect of the Bonds

The Issuer's right to participate in a distribution of its various subsidiaries' assets upon their liquidation, re-organisation or insolvency will generally be subject to any claims made against such subsidiaries, including their creditors such as any lending bank and trade creditors. The obligations of the Issuer under the Bonds are therefore (subject as described in the following paragraph in relation to "Subsidiary Guarantors") structurally subordinated to any liabilities of the Issuer's subsidiaries. Structural subordination in this context means that, in the event of a winding up or insolvency of any of the Issuer's subsidiaries, any creditors of that subsidiary would (subject to the following paragraph) have preferential claims to the assets of that subsidiary ahead of any creditors of the Issuer (i.e. including Bondholders).

Pursuant to the Conditions however, the Issuer will be required to procure that relevant other members of the Group provide guarantees in respect of the Bonds after the Issue Date and thereby become "Subsidiary Guarantors" if those other Group members intend to incur, or to give any guarantee or indemnity in respect of, significant other types of debt raised outside India (including debt raised under credit facilities, bank loans or bond debt) (See "*Will the Bonds be guaranteed?*", above). If any other such subsidiary of the Issuer becomes a Subsidiary Guarantor then, by virtue of its guarantee, the Bondholders would become senior unsecured creditors of such Subsidiary Guarantor and thereafter would cease to be structurally subordinated to other senior unsecured creditors of that entity.

<table>
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However, as described under “Will the Bonds be guaranteed?” above, investors should note that the Bonds will not be guaranteed on the Issue Date and so Bondholders will on the Issue Date be structurally subordinated to all creditors of all other subsidiaries of the Issuer at that time.
A simplified diagram illustrating the structural subordination of the Issuer’s obligations under the Bonds to any liabilities of the Issuer’s subsidiaries referred to above is set out below by way of example by reference to a direct subsidiary of the Issuer, Eros Worldwide FZ-LLC (Dubai) (“Eros Dubai”):
<table>
<tr><th></th><th>Type of obligation</th><th>Examples of obligations</th></tr>
<tr><td>Higher ranking</td><td>Proceeds of fixed charged assets</td><td>Currently none</td></tr>
<tr><td></td><td>Expenses of the liquidation/administration</td><td>Currently none</td></tr>
<tr><td></td><td>Preferential creditors</td><td>Including remuneration due to Eros Dubai’s employees</td></tr>
<tr><td></td><td>Proceeds of floating charge assets</td><td>Currently none</td></tr>
<tr><td></td><td>Unsecured obligations, including guarantees in respect of them</td><td>For example, trade creditors and unsecured obligations (including obligations as borrower or guarantor) in respect of various Group banking facilities and other financings; and also the Bondholders if Eros Dubai were to become a Subsidiary Guarantor.</td></tr>
<tr><td>Lower ranking</td><td>Shareholders</td><td>Eros Dubai’s sole shareholder, Eros International Plc (i.e. the Issuer of the Bonds)</td></tr>
</table>
The possibility of Eros Dubai being required to become a “Subsidiary Guarantor” at any relevant time in the future in accordance with the Conditions (as described under “Will the Bonds be guaranteed?” above), is intended to mitigate the effect of the structural subordination illustrated in the above table.
</td>
</tr>
<tr>
<td>What will the proceeds of the Bonds be used for?</td>
<td>The Group will use the proceeds of the Bond issue to reduce the Group’s senior bank borrowings and as long term funding for its general corporate purposes.</td>
</tr>
<tr>
<td>What is the interest rate?</td>
<td>
The interest rate payable on the Bonds will be fixed until the Maturity Date at 6.50 per cent. per year. The interest rate payable on the Bonds is fixed for the life of the Bonds.
The first payment of interest in relation to the Bonds is due to be made on 15 April 2015.
Following the first payment, interest is expected to be paid on 15 October and 15 April in each year up to and including the Maturity Date (unless the Bonds are redeemed early).
See Section 11 (Terms and Conditions of the Bonds - Interest) for further information.
</td>
</tr>
<tr>
<td>How is the</td>
<td>The Issuer will pay a fixed rate of 6.50 per cent. interest per year in respect of the Bonds.</td>
</tr>
</table>

amount of interest payable calculated?	Interest will be payable in two annual instalments. Interest is to be paid on 15 April and 15 October in each year, with the first payment being made on 15 April 2015. Therefore, for each £2,000 nominal amount of Bonds that you buy on 15 October 2014, for instance, you will receive £65 on 15 April 2015 and then £65 on 15 October 2015, and then £65 on 15 April 2016, and so on every six months until and including the Maturity Date (unless you sell the Bonds earlier or they are repaid by the Issuer before the Maturity Date). See Section 11 (*Terms and Conditions of the Bonds - Interest*) for further information.
What is the yield on the Bonds?	On the basis of the issue price of the Bonds of 100 per cent. of their nominal amount, the initial yield (being the interest received from the Bonds expressed as a percentage of their nominal amount) of the Bonds on the Issue Date is 6.50 per cent. on an annual basis. This initial yield is not an indication of future yield.
Does the Issuer have a credit rating?	No; at the date of this Prospectus neither the Issuer nor any of its debt securities have been assigned a credit rating.
Will I be able to trade the Bonds?	The Issuer will make an application for the Bonds to be admitted to trading on the London Stock Exchange plc, on its regulated market and through its electronic order book for retail bonds (ORB) market. If this application is accepted, the Bonds are expected to commence trading on 16 October 2014. Once admitted to trading, the Bonds may be purchased or sold through a broker. The market price of the Bonds may be higher or lower than their issue price depending on, among other things, the level of supply and demand for the Bonds and any movements in interest rates. See Section 2 (*Risk Factors – Risks related to the market generally – There may not be a liquid secondary market for the Bonds and their market price may be volatile*).
Do the Bonds have voting rights?	Bondholders have certain rights to vote at meetings of the Bondholders, but are not entitled to vote at any meeting of shareholders of the Issuer. The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a different manner to the majority.
Can the terms and conditions of the Bonds be amended?	The Conditions provide that the Trustee may agree to any modification of any of the provisions of the Bonds that are, in the opinion of the Trustee, of a formal, minor or technical nature or waive, modify or authorise a breach of the Conditions in certain circumstances if, in the opinion of the Trustee, such modification, authorisation or waiver is not prejudicial to the interests of the Bondholders. The Trustee can agree to any such changes without obtaining the consent of any of the Bondholders. See Section 11 (*Terms and Conditions of the Bonds – Meetings of Bondholders, Modification, Waiver and Substitution*) and also Section 12 (*Summary of Provisions relating to the Bonds in Global Form*) for further information.
Who will represent the interests of the Bondholders?	The Trustee is appointed to act on behalf of the Bondholders as an intermediary between Bondholders and the Issuer throughout the life of the Bonds. The main obligations of the Issuer (such as the obligation to make payments under the Bonds and to observe the various covenants in the Conditions of the Bonds) are owed to the Trustee. Although the entity acting as Trustee is chosen and appointed by the Issuer, the Trustee's

	role is to protect the interests of the Bondholders. See Section 11 (*Terms and Conditions of the Bonds*) for further information.
How do I apply for Bonds?	Details relating to applications for the Bonds are set out in Sections 4 (*Timetable of the Offer and Key Dates*) and Section 5 (*How to Apply for the Bonds*).
What if I have further questions?	If you are unclear in relation to any matter, or uncertain if the Bonds are a suitable investment, you should seek professional advice from your broker, solicitor, accountant and/or independent financial adviser before deciding whether or not to invest.

SECTION 4 – TIMETABLE OF THE OFFER AND KEY DATES

Key dates relating to the Offer	
Commencement of Offer Period	25 September 2014
End of Offer Period	12 noon (London time) 9 October 2014
Sizing Announcement (confirming total nominal amount of Bonds to be issued)	10 October 2014
Issue Date	15 October 2014
Expected commencement of trading	16 October 2014
Key dates for the Bonds	
First Interest Payment Date	15 April 2015
Maturity Date	15 October 2021

Interest is scheduled to be paid on the semi-annual Interest Payment Dates (15 April and 15 October in each year), until the Maturity Date or any earlier redemption date. The first payment of interest is due to be made on 15 April 2015. If any of these scheduled dates is not a business day, then the payment of interest will be made on the next succeeding business day in London without any additional interest being payable.

The key dates for the offer are indicative only and subject to change without notice. The Issuer may, in consultation with the Lead Manager, end the Offer Period early or withdraw the offer at any time prior to the Issue Date.

This Prospectus may only be used by the Authorised Offerors referred to in this Prospectus for the purposes of making offers of the Bonds during the Offer Period; not at any time after the End of Offer Period.

SECTION 5 – HOW TO APPLY FOR THE BONDS

How and on what terms will Bonds be allocated to me?	Applications to purchase the Bonds cannot be made directly to the Issuer. The Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you. It is important to note that none of the Issuer, the Lead Manager or the Trustee are party to such arrangements between you and the relevant Authorised Offeror. You must therefore obtain this information from the relevant Authorised Offeror. Because they are not party to the dealings you may have with the Authorised Offeror, none of the Issuer, the Lead Manager or the Trustee will have any responsibility to you for any information provided to you by the Authorised Offeror.
How many Bonds will be issued to investors?	The total amount of the Bonds to be issued may depend on the amount of Bonds for which indicative offers to purchase Bonds are received during the Offer Period. This total amount will be specified in an announcement which the Issuer intends to publish *via* RNS announcement (*www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*)) on or about 10 October 2014 (the "**Sizing Announcement**").
How and when must I pay for my allocation and when will that allocation be delivered to me?	You will be notified by the Lead Manager or your relevant Authorised Offeror of your allocation of Bonds (if any) and the arrangements for the Bonds to be delivered to you in return for payment.
When can the Authorised Offerors offer the Bonds for sale?	An offer of the Bonds may be made by the Lead Manager and the other Authorised Offerors during the period from the date of this Prospectus until 12.00 noon on 9 October 2014 (the "**Offer Period**"), or may close at such earlier time and date as agreed between the Issuer and the Lead Manager and announced by the Issuer *via* RNS during the Offer Period.
Is the offer of the Bonds conditional on anything else?	The issue of the Bonds is conditional upon a subscription agreement being signed by the Issuer and the Lead Manager. The subscription agreement will include certain conditions customary for transactions of this type which must be satisfied (including the delivery of legal opinions from legal counsel and a comfort letter from the independent auditors of the Group, in each case satisfactory to the Lead Manager). If these conditions are not satisfied, the Lead Manager may be released from its obligations under the Subscription Agreement before the issue of the Bonds. For further information on the Subscription Agreement, see Section 7 (*Subscription and Sale*).
Is it possible that I may not be issued with the number of Bonds I apply for? Will I be refunded for any excess amounts paid?	You may not be allocated all (or any) of the Bonds for which you apply. This might happen for example if the total amount of orders for the Bonds exceeds the number of Bonds that are issued. There will be no refund as you will not be required to pay for any Bonds until any application for Bonds has been accepted and the Bonds have been allocated to you.

Is there a minimum or maximum amount of Bonds that I can apply for?	The minimum application amount for each investor in the initial distribution of the Bonds is £2,000. There is no maximum amount of application. Following their issue, the Bonds can be traded in £100 amounts.
How and when will the results of the offer of the Bonds be made public?	The results of the offer of the Bonds will be made public in the Sizing Announcement, which will be published by the Issuer *via* RNS prior to the Issue Date. The Sizing Announcement is currently expected to be made on or around 10 October 2014.
Who can apply for the Bonds? Have any Bonds been reserved for certain countries?	Subject to certain exceptions, Bonds may only be offered by the Authorised Offerors in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period (and to the extent that the relevant Authorised Offeror is appropriately authorised to make offers in the relevant jurisdiction(s), in accordance with all applicable laws, rules and regulations). No Bonds have been reserved for certain countries.
When and how will I be informed of how many Bonds have been allotted to me?	You will be notified by the relevant Authorised Offeror of your allocation of Bonds (if any) in accordance with the arrangements in place between you and the Authorised Offeror.
Have any steps been taken to allow dealings in the Bonds before investors are told how many Bonds have been allotted to them?	No steps have been taken to allow the Bonds to be traded before informing you of your allocation of Bonds.
What is the amount of any expenses and taxes specifically that will be charged to me?	Neither the Issuer nor the Lead Manager will charge you any expenses or taxes relating to the issue of the Bonds. The Bonds will be issued at the issue price (which is 100 per cent. of the nominal amount of the Bonds), and the aggregate nominal amount of the Bonds to be issued will be specified in a Sizing Announcement to be published by the Issuer by RNS at the end of the Offer Period. Authorised Offerors may offer the Bonds at the issue price (i.e. 100 per cent. of the nominal amount of the Bonds) or, if such Authorised Offeror charges you any expenses, then it may offer you the Bonds at a corresponding amount more than the issue price. For example, if your stock broker or financial adviser charges you total dealing expenses of, for instance, 1 per cent., then he or she would offer the Bonds to you at 101 per cent. of the nominal amount of the Bonds (i.e. a price to you of £101 per £100 Bond). You must check with your stock broker or financial adviser what expenses he or she will charge to you, and therefore what the offer price to you will be. Any such expenses charges by an Authorised Offeror are beyond the control of the Issuer, are not knowable by the Issuer, and must be disclosed to any potential investor by the relevant Authorised Offeror at the relevant time.
What are the names and addresses of those distributing the Bonds?	As of the date of this Prospectus, the persons listed below are the persons known to the Issuer who intend to offer and distribute the Bonds in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period:

	Barclays Stockbrokers 1 Churchill Place London E14 5HP **Interactive Investor Trading Limited** Standon House 21 Mansell Street London E1 8AA **NCL Investments Limited (trading as Smith & Williamson)** 25 Moorgate London EC2R 6AY **Redmayne-Bentley LLP** 9 Bond Court Leeds LS1 2JZ **Talos Securities Limited (trading as Selftrade)** Boatman's House 2 Selsdon Way London E14 9LA **Investec Bank plc** 2 Gresham Street London EC2V 7QP The Issuer has granted consent to the use of this Prospectus by the persons listed above and any other relevant stockbrokers and financial intermediaries in the United Kingdom during the Offer Period on the basis of and so long as they comply with the conditions described in Section 10 (*Important Legal Information - Consent*). Neither the Issuer nor the Lead Manager have authorised, nor will they authorise, the making of any other offer of the Bonds in any other circumstances.
Will a registered market-maker be appointed?	The Lead Manager will be appointed as a registered market-maker through London Stock Exchange's order book for retail bonds (ORB) market in respect of the Bonds from the date on which the Bonds are admitted to trading on London Stock Exchange plc's regulated market. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours.

SECTION 6 – INFORMATION ON THE GROUP

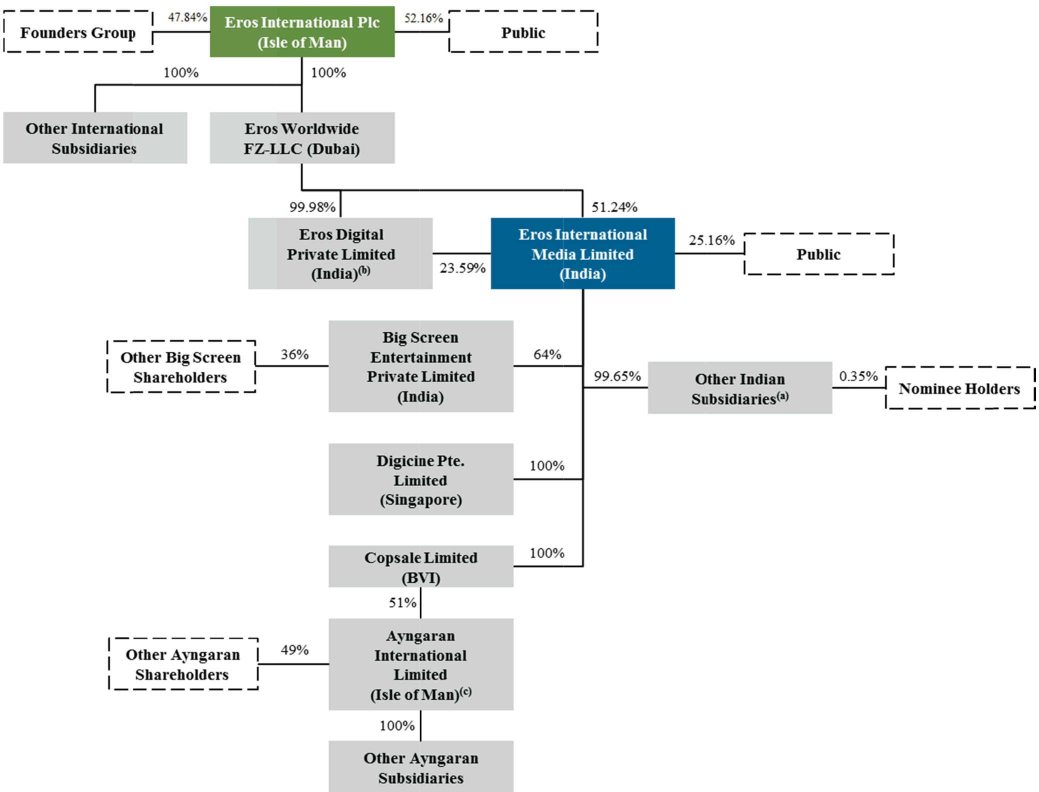
Eros International Plc is a company limited by shares incorporated in the Isle of Man, company number 007466V. It maintains its registered office at Fort Anne, Douglas, Isle of Man IM15PD and its telephone number is +44(207) 588-9900.

Corporate Structure

Eros International Plc (the "**Issuer**") is a public company listed on the New York Stock Exchange ("**NYSE**"), which was incorporated in the Isle of Man in 2006. It conducts its global operations through its Indian and international subsidiaries (together with the Issuer, the "**Group**"), including its majority-owned subsidiary Eros International Media Limited ("**Eros India**"), a public company incorporated in India and listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited (the "**Indian Stock Exchanges**").

Beech Investments Limited, Eros Ventures Limited, Olympus Foundation, the Lulla Foundation, Arjan Lulla, Kishore Lulla, Vijay Ahuja and Sunil Lulla are referred to herein as the "**Founders Group**." The Founders Group holds approximately 47.84 per cent. of the Group's issued share capital, which comprise all of its B ordinary shares. Beech Investments Limited (a company incorporated in the Isle of Man), Eros Ventures Limited (a company incorporated in the British Virgin Islands) and Olympus Foundation (a company incorporated in the Isle of Man) are each owned by discretionary trusts that include the Group's founder Arjan Lulla and the Group's directors Kishore Lulla, Vijay Ahuja and Sunil Lulla as potential beneficiaries. The Lulla Foundation (sometimes also known as the Eros Foundation) is a UK registered charity of which Kishore Lulla is a trustee.

The following diagram summarises the corporate structure of the Group's consolidated group of companies as of 18 July 2014:



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(a) Eros India holds at least 99 per cent. of each of its Indian subsidiaries other than Big Screen Entertainment Private Limited (India).

(b) Eros Digital Private Limited (India) holds the remaining 0.35 per cent. of Eros India's Indian subsidiary Eros International Films Private Limited.

(c) Ayngaran International Limited (Isle of Man) holds 51 per cent. of Ayngaran Anak Media Private Limited and 100 per cent. of each of its other subsidiaries.

Business Overview

The Group is a leading global company in the Indian film entertainment industry, which co-produces, acquires and distributes Indian language films in multiple formats worldwide. The Group's success is built on the relationships it has cultivated over the past 30 years with leading talent, production companies, exhibitors and other key participants in its industry. By leveraging these relationships, the Group has aggregated rights to over 2,300 films in its library, plus approximately 700 additional films for which it holds digital rights only, including recent and classic titles that span different genres, budgets and languages, and it has distributed a portfolio of over 220 new films over the last three completed financial years. New film distribution across theatrical, television and digital channels along with library monetisation provides the Group with diversified revenue streams.

The Group's goal is to co-produce, acquire and distribute Indian films that have a wide audience appeal. It has released, globally, Hindi language films which were among the top grossing films in India in 2013. In each of the financial years 2014, 2013 and 2012, the Group released, globally, 23, 16 and 11 Hindi language films, respectively. These Hindi language films form the core of the Group's annual film slate and constitute a significant portion of its revenues and associated content costs. The balance of its typical annual slate for these years of over 60 other films was comprised of Tamil and other regional language films.

The Group's distribution capabilities enables it to target a majority of the 1.2 billion people in India, its primary market for Hindi language films, where, according to www.bollywoodhungama.com (the Bollywood entertainment website owned by Hungama Digital Media Entertainment Pvt. Ltd), it released four of the top ten grossing Hindi language films in India in 2013 and two of the top ten grossing Hindi language films in India in 2012. Further, according to www.BoxOfficeIndia.com, the Group released four out of the top ten grossing Hindi language films in India in 2011. The Group's distribution capabilities further enables it to target consumers in over 50 countries internationally, including markets with large South Asian populations, such as the United States and the United Kingdom, where according to Rentrak Corporation ("**Rentrak**"), a company providing consumer information, the Group had a market share of over 40 per cent. of all theatrically released Indian language films in 2012 based on gross collections in each of these two markets. Other international markets that exhibit significant demand for subtitled or dubbed Indian-themed entertainment include Europe and Southeast Asia. Depending on the film, the distribution rights the Group acquires may be global, international or India only. Recently, as demand for regional film and other media has increased in India, the Group's brand recognition in Hindi language films has helped it to grow its non-Hindi language film business by targeting regional audiences in India and beyond. With its distribution network for Hindi and Tamil language films and additional distribution support through its majority owned subsidiary, based on gross collections, Ayngaran International Limited ("**Ayngaran**"), the Group believes it is well positioned to expand its offering of non-Hindi content.

The Group distributes its film content globally across the following distribution channels: theatrical, which includes multiplex chains and stand-alone cinemas; television syndication, which includes satellite television broadcasting, cable television and terrestrial television; and digital, which includes primarily internet protocol television ("**IPTV**"), video on demand (" **VOD**"), and internet channels. Eros Now, the Group's on-demand entertainment portal accessible *via* internet-enabled devices, was launched in 2012 and now has a selection of over 1,000 movies and over 6,500 music videos available. The Group expects that Eros Now eventually will include its full film library, as well as further third party content.

Revenues

The financial year for the Group ends on 31 March in each year. Thus for example, references in this Prospectus to 'financial year 2014' are for the financial year ending 31 March 2014. The Group's total revenues for the financial year 2014 increased to U.S.$235.5 million from U.S.$215.3 million for the financial year 2013 and the Group's net income increased to U.S.$37.1 million for the financial year 2014 from U.S.$33.7 million for the financial year 2013.

The Group's primary revenue streams are derived from three channels: theatrical, television syndication and digital and ancillary. For the financial year 2014, the aggregate revenue from theatrical, television syndication and digital and ancillary was U.S.$107.5 million, U.S.$80.3 million and U.S.$47.7 million, respectively.

In the financial year 2013, the aggregate revenue from theatrical, television syndication and digital and ancillary was U.S.$101.0 million, U.S.$74.4 million and U.S.$40.0 million, respectively.

In the financial year 2012, the aggregate revenue from theatrical, television syndication and digital and ancillary was U.S.$90.6 million, U.S.$64.6 million and U.S.$51.3 million, respectively. The contribution from these three distribution channels can fluctuate year over year based on, among other things, the Group's mix of films and its budget levels, the size and number of its television syndication deals and its ability to license music in any particular year.

In the financial years 2014 and 2013, the Group did not depend on any single customer for more than 10 per cent. of its revenue. In the financial year 2012, 11.8 per cent. of the Group's revenue came from one customer in its television syndication channel, Dhrishti Creations Pvt. Limited, an aggregator of television rights. While a large part of the Group's revenues came from such licensing of television rights through aggregators in the financial year 2012, in the financial years 2013 and 2014 it moved away from using aggregators and entered into direct licensing agreements with Viacom 18 Media Private Limited (Colours), and Multiscreen Media Private Limited (Sony) that covered a number of new, forthcoming and library titles.

Competitive Strengths

The Group believes the following competitive strengths position it as a leading global company in the Indian film entertainment industry.

The Group is leading co-producer and acquirer of new Indian film content, with an extensive film library.

As one of the leading participants in the Indian film entertainment industry the Group believes its size, scale and market position will continue contributing to its growth in India and internationally. The Group has established its size and scale by aggregating a film library of over 2,300 films plus approximately 700 additional films for which it holds digital rights only, and releasing over 220 new films over the last three years. The Group has demonstrated its leading market position by releasing, globally, Hindi language films which were among the top grossing films in India in 2013, 2012 and 2011. The Group believes that it has strong relationships with the Indian creative community and a reputation for quality productions.

The Group believes that these factors, along with its worldwide distribution platform, will enable it to continue to attract talent and film projects of a quality that it believes is one of the best in its industry, and build what it believes is a strong film slate for the financial year 2015 with some of the leading actors and production houses with whom it has previously delivered its biggest hits. The Group believes that the combined strength of its new releases and its extensive film library positions it well to build new strategic relationships.

Established, worldwide, multi-channel distribution network.

The Group distributes its films to the Indian population in India, the South Asian diaspora worldwide and to non-Indian consumers who view Indian films that are subtitled or dubbed in local languages. Internationally, its distribution network extends to over 50 countries, such as the United States, the United Kingdom and throughout the Middle East, where it distributes films to Indian expatriate populations, and to Germany, Poland, Russia, Romania, Indonesia, Malaysia, Taiwan, Japan, South Korea, China and Arabic speaking countries, where it releases Indian films that are subtitled or dubbed in local languages. Through this global distribution network, the Group distributes Indian entertainment content over the following primary distribution channels — theatrical, television syndication and digital platforms. Its primarily internal distribution network allows it greater control, transparency and flexibility over the regions in which it distributes its films which the Group believes will result in higher profit margins as a result of the direct exploitation of its films without the payment of significant commissions to sub-distributors.

Diversified revenue streams and pre-sale strategies mitigate risk and promote cash flow generation.

The Group's business is driven by three major revenue streams:

- theatrical distribution;
- television syndication; and
- digital distribution and ancillary products and services.

In the financial year 2014, theatrical distribution accounted for nearly 46 per cent. of revenues, and television syndication and digital distribution and ancillary products and services accounted for 34 per cent. and 20 per cent., respectively, reflecting the Group's diversified revenue base that reduces its dependence on any single distribution channel. The Group bundles library titles with new releases to maximise cash flows and it also utilises a pre-sale strategy to mitigate new production project risks by obtaining contractual commitments to recover a portion of its capitalised film costs through the licensing of television, music and other distribution rights prior to a film's completion. For example, for the three high budget Hindi language films that the Group released in the financial year 2014, it had contractual revenue commitments in place prior to their release that allowed the Group to recoup 43 per cent., 48 per cent. and 73 per cent. of its direct production costs for those films. In the case of the high budget Telugu language film that the Group released in the financial year 2014, it recouped over 100 per cent. of its direct production costs through contractual commitments prior to the film's release. While the Group released no high budget Tamil language films in the financial year 2014, in the case of high budget Tamil language films that it released in the financial year 2013, it recouped 100 per cent. of its direct production costs through contractual commitments prior to the release of those films.

In addition, the Group further seeks to reduce risk to its business by building a diverse film slate, with a mix of films by budget, region and genre that reduces its reliance on "hit films." This broad-based approach also enables the Group to bundle old and new titles for its television and digital distribution channels to generate additional revenues long after a film's theatrical release period is completed. The Group believes its multi-pronged approach to exploiting content through theatrical, television syndication and digital distribution channels, its pre-sale strategies and its portfolio approach to content sourcing and exploitation mitigates its dependence on any one revenue stream and promotes cash flow generation.

Strong and experienced management team.

The Group's management team has substantial industry knowledge and expertise, with a majority of its executive officers and executive directors having been involved in the film, media and entertainment industries for 20 or more years, and has served as a key driver of its strength in content sourcing. In particular, several members of the Group's management team have established personal relationships with leading talent, production companies, exhibitors and other key participants in the Indian film industry, which have been critical to its success. Through their relationships and expertise, its management team has also built the Group's global distribution network, which has allowed it to effectively exploit its content globally.

Strategy

The Group's strategy is driven by the scale and variety of its content and the global exploitation of that content through diversified channels. Specifically, it intends to pursue the following strategies:

Co-produce, acquire and distribute high quality content to augment the Group's library.

The Group will continue to leverage the longstanding relationships with creative talent, production houses and other key industry participants that it has built since its founding to source a wide variety of content. The Group's focus will be on investing in future slates comprised of a diverse portfolio mix ranging from high budget global theatrical releases to lower budget movies with targeted audiences. The Group intends to maintain its focus on high and medium budget films and augment its library, with quality content for exploitation through its distribution channels and explore new bundling strategies to monetise existing content.

Capitalise on positive industry trends in the Indian market[1].

Propelled by the economic expansion within India and the corresponding increase in consumer discretionary spending, the Federation of Indian Chambers of Commerce and Industry (FICCI)-KPMG Indian Media and Entertainment Report 2014 (reporting on the calendar year 2013) (the "**FICCI Report 2014**") projects that the dynamic Indian media and entertainment industry will grow at a 14.2 per cent. compound annual growth rate ("**CAGR**"), from U.S.$15.5 billion in 2013 to U.S.$30.2 billion by 2018, and that the Indian film industry will grow from U.S.$2.1 billion in 2013 to U.S.$3.7 billion in 2018. India is one of the largest film markets in the world. According to FICCI Report 2014, average ticket prices at leading multiplexes increased by 12 per cent.-17 per cent. from 2011-2013. The average ticket price at high-end multiplexes was U.S.$4.00, U.S.$2.20 at multiplexes overall and U.S.$1.60 at single screens in 2013.

The Indian television market is one of the largest in the world, reaching an estimated 161 million television, or TV households in 2013, of which over 139 million were cable households. FICCI Report 2014 projects that the Indian television industry will grow from U.S.$7.1 billion in 2013 to U.S.$15.0 billion in 2018. The growing size of the TV industry has led television satellite networks to provide an increasing number of channels, resulting in competition for quality feature films for home viewing in order to attract increased advertising and subscription revenues.

Broadband and mobile platforms present growing digital avenues to exploit content. According to FICCI Report 2014, the number of internet users in India reached 214 million in 2013 and is projected to reach 494 million in 2018. Smartphone usage is projected to rapidly increase from 66 million active internet enabled smart phones in 2013 to 334 million in 2018. The U.S.$160 million Indian music industry is projected to grow to U.S.$300 million by 2018, although music publishing activities accounted for less than 1 per cent. of the Group's financial year 2014 net revenues. While these projections generally align with management's expectations for industry growth, there is no guarantee that such future growth will occur.

The Group will take advantage of the opportunities presented by these trends within India to monetise its library and distribute new films through existing and emerging platforms, including by exploring new content

[1] All translations from Indian Rupees or British pounds sterling to U.S. dollars, in the paragraphs below, are based on the noon buying rates of INR 59.17 per U.S.$1.00 and £0.60 per U.S.$1.00 in the City of New York for cable transfers of Indian Rupees and British pounds sterling, respectively, based on the rates certified for customs purposes by the Federal Reserve Bank of New York on 6 June 2014.

options for expanding its digital strategy such as filming exclusive short form content for consumption through emerging channels such as mobile and internet streaming devices.

Further extend the distribution of the Group's content outside of India to new audiences.

The Group currently distributes its content to consumers in more than 50 countries, including in markets where there is significant demand for subtitled and dubbed Indian themed entertainment, such as Europe and South East Asia, as well as to markets where there is significant concentration of South Asian expatriates, such as the Middle East, the United States and the United Kingdom. The Group intends to promote and distribute its films in additional countries, and further expand in countries where it already distributes, when the Group believes that demand for Indian filmed entertainment exists or the potential for such demand exists. For example, the Group has entered into arrangements with local distributors in Taiwan, Japan, South Korea, and China to distribute dubbed or subtitled its films through theatrical release, television broadcast or DVD release. Additionally, the Group believes that the general population growth in India experienced over recent years will eventually lead to increasing migration of Indians to other regions, resulting in increased demand for its films internationally.

Increase the Group's distribution of content through digital platforms globally.

The Group intends to continue to distribute its content on existing and emerging digital platforms, which includes primarily IPTV, VOD and internet channels. The Group also has an ad-supported YouTube portal site on Google that hosts an extensive collection of clips of its content and has generated 2.0 billion aggregate views and more than 2.3 million free subscribers. In North America, the Group has an agreement with International Networks, a subsidiary of Comcast, to provide a subscription video on demand ("**SVOD**"), service called "Bollywood Hits On Demand" that is currently carried on Comcast, Cox Communications, Rogers Communication, Cablevision and Time Warner Cable. In August 2012, the Group expanded its digital presence with the launch of its on-demand entertainment portal Eros Now, through which it leverages its film and music libraries by providing ad-supported and subscription-based streaming of film and music content *via* internet-enabled devices.

Furthermore, through a collaboration with HBO Asia, two premium television channels, HBO Defined and HBO Hits, were launched on the DISH and Airtel DTH digital platforms in February 2013, on Hathway and GTPL digital cable platforms in August 2013, and on Tata Sky DTH in December 2013. The Group is currently generating no revenue from the HBO Asia collaboration and does not anticipate any revenues from this collaboration until the second quarter of the financial year 2015. It expects to provide approximately 110 titles per year, including ten to twelve new release titles or first run films, and a combination of exclusive and non-exclusive library titles, to the two HBO channels to complement Hollywood film and television content from HBO Asia. Both channels are advertising-free and available as standard and high definition channels. HBO Asia and the Group will both provide content in the first window after theatrical release to these two channels. The Group intends to pursue similar models utilising its extensive film library to gain access to similar partners throughout the world. The Group believes new offerings and emerging distribution channels such as DTH satellite, VOD, mobile and internet streaming services will also provide it with significant growth opportunities and potentially generate recurring subscription revenues.

Expand the Group's regional Indian content offerings.

The Group will utilise its resources, international reputation and distribution network to continue expanding its non-Hindi content offerings to reach the substantial Indian population whose main language is not Hindi. While Hindi language films retain a broad appeal across India, the diversity of languages within India allows the Group to treat regional language markets as distinct markets where particular regional language films have a strong following. In the financial year 2014 the Group increased its Tamil global releases to eight films as compared to three films in the financial year 2013. In the financial year 2014, none of the Group's four high budget films were Tamil language films, while one high budget film was a Telugu language film. The Group has a high budget Tamil language film and a high budget Telugu language film planned for the financial year 2015 in addition to its high budget Hindi language films. In addition to Tamil and Telugu, the Group plans to expand its content for selected regional languages such as Marathi and Punjabi. The Group intends to use its existing distribution network across India to distribute regional language films to specific territories. Where opportunities are available and where it has the rights, the Group also intends to exploit re-make rights to some of its popular Hindi movies into non-Hindi language content targeted towards these regional audiences.

Slate Profile

The success of the Group's film distribution business lies in its ability to acquire content. Each year, the Group focuses on the acquisition and distribution of a diverse portfolio of Indian language and themed films that it believes will have a wide audience appeal. In each of the past three financial years, the Group has released around 70 films per year, and for the financial year 2014, its releases included 37 new Hindi language films, of which three were high budget films, and 31 Tamil and other regional language films, of which none were Tamil high budget films, and one high budget Telugu language film. In addition, the Group currently has six high budget films scheduled for release for the financial year 2015.

The Group's typical annual slate of new releases consists of both Hindi language films as well as films produced specifically for audiences whose main language is not Hindi, primarily Tamil, and to a lesser extent other regional Indian languages. The Group's most expensive films are generally the 12 to 15 films (mainly Hindi and a few Tamil and Telugu language films) that it releases globally each year. Of these Hindi, Tamil and Telugu language films, the Group generally has four to six high budget films. The remainder of the films (mainly Hindi but also Tamil and/or Telugu) included in each annual release slate is built around these high budget films to create a slate that will attract varying segments of the audience, and typically includes five to thirteen medium budget films. The remainder of the slate consists of Hindi, Tamil, Telugu and other language films of a lower budget.

The Group has maintained its focus on high and medium budget Hindi language films because these films typically have better production values and more recognisable stars that typically attract larger theatrical audiences. These high and medium budget films also typically drive higher revenues from television syndication in India. The Group seeks to mitigate the risks associated with these higher budget films through the use of its extensive pre-sale strategies. The Group has increased its focus on high and medium budget Tamil and Telugu language films for similar reasons. In addition, the Group can release a Tamil and Hindi language film on the same date as they cater to different audiences, which allows it to effectively schedule releases for its film portfolio and to take a greater combined share of the box office on those release dates. The Group slate contained five high budget Hindi language films in the financial year 2012, six high budget films in the financial year 2013, and four high budget films in the financial year 2014, of which three were Hindi and one was Telugu.

Rentrak reports the Group's 2012 market share as 40 per cent. of all theatrically released Indian language films in the United Kingdom, including releases by Ayngaran, and 43 per cent. in the United States on the same basis, and from 1980 to 2012 it had the highest market share of all theatrically released Indian language films in the United Kingdom based on gross collections.

Hindi Film Content

The Group's typical annual slate of films is comprised of high or medium budget films in the popular comedy and romance genres, supported by lower budget films.

Selected Hindi Releases in Fiscal Year 2014[1]

Film	Cast/(Director)	Production/ Co-production/ Acquisition	Genre	Actual Month of Release
Go Goa Gone	Saif Ali Khan, Kunal Khemu (Raj Nidimoru & Krishna D.K.)	Co-production	Horror comedy	May 2013
Shootout at Wadala	John Abraham, Anil Kapoor (Sanjay Gupta)	Acquisition (International only)	Action	May 2013
Yeh Jawaani Hai Deewani	Ranbir Kapoor, Deepika Padukone (Ayan Mukerji)	Acquisition (International only)	Romance	May 2013
Raanjhanaa	Dhanush, Sonam Kapoor (Anand Rai)	Production	Romance	Jun 2013
Lootera	Ranveer Singh, Sonakshi Sinha (Vikramaditya Motwane)	Acquisition (International only)	Romance	July 2013
Grand Masti	Ritesh Deshmukh, Vivek Oberoi (Indra Kumar)	Acquisition	Comedy	September 2013
Phata Poster Nikla Hero	Shahid Kapur, Ileana D'Cruz (Rajkumar Santoshi)	Acquisition (International only)	Comedy	September 2013
Singh Saab The Great	Sunny Deol (Anil Sharma)	Co-production	Action	November 2013
Goliyon Ki Rasleela–Ram-leela	Ranveer Singh, Deepika Padukone (Sanjay Leela Bhansali)	Co-production	Romance	November 2013
R…Rajkumar	Shahid Kapur, Sonakshi Sinha (Prabhudheva)	Co-production	Action	December 2013
Jai Ho	Salman Khan, Daisy Shah (Sohail Khan)	Acquisition	Action	January 2014

Note:

(1) The list of films set forth in the table above is not a complete list of all the films released in the period by the Group. The Group released a total of 69 films in the financial year 2014.

Tamil, Telugu and Other Regional Film Content

In order to respond to consumer demand for regional films, the Group has a slate of films produced in languages other than Hindi, such as Tamil, Telugu, Marathi, Kannada and Punjabi.

The Group's typical annual slate includes between 25 to 45 Tamil language films, of which eight were global Tamil releases in the financial year 2014 compared to three in the financial year 2013, and none were high budget films. Tamil language films are predominantly star-driven action or comedy films, which appeal to audiences distinct from audiences for more romance-focused Hindi language films. The Group's Tamil language production, acquisition and distribution activities used to be primarily conducted through Ayngaran. The Group also entered the Telugu language film market when it released the high budget film *1: Nenokkadine* starring Mahesh Babu in January 2014. The Group has planned the release of yet another Telugu language film in the financial year 2015 named *Aagadu* with the same actor but a different director. The Group has begun to source, distribute and exploit Tamil and Telugu language films directly and it hopes to scale its presence in the Telugu language film market further like it has done in the Tamil language film market. The Group believes that a Tamil or Telugu language film and a Hindi language film can be released simultaneously on the same date without adversely affecting business for either film as each caters to a different audience. For example, the Group successfully released *Son of Sardaar* in Hindi and *Thuppakki* in Tamil on the same festive date of Diwali, 13 November 2012.

The Group believes it can capitalise on the demand for regional films and replicate its success with Tamil and Telugu language films for other distinct regional language films, including Marathi and Punjabi. In addition, the key Indian release dates for films, during school and other holidays, vary by region and therefore the ability to release films on different holidays in various regions, in addition to being able to release films in different regional languages simultaneously, expands the likely periods in which films can be successfully released. The Group intends to build up its portfolio of films targeting other regional language markets gradually.

Selected Major Releases in Fiscal Year 2015[(1)]

Film	Cast/(Director)	Co-Production/ Acquisition	Genre	Actual/ Anticipated Quarter of Release
Kochadaiyaan (Tamil).....	Rajinikanth (Soundarya R Ashwin)	Co-production	Mythological	Released Q1 FY 2015
Aagadu (Telugu).............	Mahesh Babu, Tamannah (Srinu Vaitla)	Co-production	Action/Comedy	Q2 FY 2015
Tevar...............................	Arjun Kapoor, Sonakshi Sinha (Amit Sharma)	Co-production	Action	Q3 FY 2015
Happy Ending..................	Saif Ali Khan, Ileana D Cruz (Raj Nidimoru & D.K. Krishna)	Co-production	Romance/Comedy	Q3 FY 2015
Action Jackson................	Ajay Devgn, Sonakshi Sinha (Prabhudheva)	Co-production	Action	Q3 FY 2015
Thala-55..........................	Ajith (Gautham Menon)	Acquisition	Action	Q4 FY 2015
Aankhen2.........................	Akshay Kumar (Vipul Shah)	Co-production	Comedy	Q4 FY 2015

Note:

(1) The list of films set forth in the table above is for illustrative purposes only, is not complete and only includes released and anticipated future releases. 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 Indian Central Board of Film Certification. See "Risk Factors—Risks Relating to The Group's Business" — The Group's films are required to be certified in India by the Central Board of Film Certification."

Seasonality

Cinema attendance in India has traditionally been highest during school holidays, national holidays and during festivals, and the Group typically aims to release big-budget films at these times. This timing of releases also takes account of competitor film releases, Indian Premier League cricket matches and the timing dictated by the film production process and as a result, the Group's quarterly results can vary from one year to the next.

Content Development and Sourcing

The Group currently acquires films using two principal methods — by acquiring rights for films produced by others, generally through a licence agreement, and by co-producing films with a production house, typically referred to as a banner, that is usually owned by a top Indian actor, director or writer, on a project by project basis. The Group regularly co-produces and acquires film content from some of the leading banners in India, including Red Chillies Entertainment Private Limited, Illuminati Films, Nadiadwala Grandson Entertainment Pvt. Limited, Excel Entertainment, affiliates of Vinod Chopra Films Private Limited and Alumbra Entertainment Media Private Limited. Regardless of the acquisition method, over the past five years, the Group has typically obtained exclusive global distribution rights in all media for a minimum period of five to 20 years from the Indian initial theatrical release date, although the term can vary for certain films for which the Group may only obtain international or only Indian distribution rights, and occasionally soundtrack or other rights are excluded from the rights acquired. On co-produced films, the Group typically has exclusive distribution rights for at least 20 years, co-owns the copyright in such film in perpetuity and, after the exclusive distribution right period, shares control over the further exploitation of the film.

The Group believes producers bring proposed films to it not only because of established relationships, but also because they want to leverage the Group's proven distribution and marketing capabilities. The Group's in-house creative team also directly develops film ideas and contracts with writers and directors for development purposes. Once the Group originates a film concept internally, it then approaches appropriate banners for co-production. The Group's in-house creative team also participates in the selection of its slate with other members of its management through its analysis focused on the likelihood of the financial success of each project. The Group's management is extensively involved in the selection of its high budget films in particular. Regardless of whether a film will be acquired or co-produced, the Group determines the likely value to it of the rights to be acquired for each film based on a variety of factors, including the stars cast, director, composer, script, estimated budget, genre, track record of the production house, its relationship with the talent and historical results from comparable films.

The Group's primary focus is on sourcing a diversified portfolio of films expected to generate commercial success. The Group generally co-produces its high budget films and acquires rights to more medium and low budget films. The Group's model of acquiring or co-producing films rather than investing in significant in-house production capability allows it to work on more than one production with key talent simultaneously, since the producer or co-producer takes the lead on the time intensive process of production, allowing the Group to scale its film slate more effectively. The following table summarises typical terms included in the Group's acquisition and co-production contracts.

	Acquisition	**Co-production**
Film Cost..........................	Negotiated "market value"	Actual cost of production or capped budget and 10 per cent.-15 per cent. production fee
Rights..............................	5-20 years	Exclusive distribution rights for at least 20 years after which the Group shares control over the further exploitation of the film, and co-owned copyright in perpetuity, subject to applicable copyright laws
Payment Terms.................	10 per cent. -30 per cent. upon signature Balance upon delivery or in instalments between signing and delivery	In accordance with film budget and production schedule
Recoupment Waterfall......	"Gross" revenues Less 10 per cent., -20 per cent. the Group's distribution fee (percentage of cost or gross revenues) Less print, advertising costs (actuals) Less cost of the film Net revenues generally shared equally	Generally same as acquisition except sometimes the Group also charges interest and/or a production or financing fee for the cost of capital and overhead recharges

Where the Group acquires film rights, it pays a negotiated fee based on its assessment of the expected value to it of the completed film. Although the timing of the Group's payment of the negotiated fee for an acquired film to its producer varies, typically the Group pays the producer between 10 per cent. and 30 per cent. of a film's negotiated acquisition cost upon signing the acquisition agreement, and the remainder upon delivery of the completed film or in instalments paid between signing and delivery. In addition to the negotiated fee, the producer usually receives a share of the film's revenue stream after the Group recoups a distribution fee on all revenues, the entire negotiated fee and distribution costs, including prints and advertisements. After the Group signs an acquisition agreement, it does not exercise any control over the production process, although it does retain complete control over the distribution rights it acquires.

For films that the Group co-produces, in exchange for its commitment to finance typically 100 per cent. of the agreed-upon production budget for the film and agreed budget adjustments, it typically shares ownership of the intellectual property rights in perpetuity and secures exclusive global distribution rights for all media for at least 20 years. After the Group recoups its expenses, it and the co-producers share in the proceeds of the exploitation of the intellectual property rights. Pending determination of the actual production cost of the film, the Group also agrees to a pre-determined production fee to compensate the co-producer for his services, which typically ranges from 10 per cent.-15 per cent. of the total budget. The Group typically also provides a share of net revenues to its co-producers. Net revenues generally means gross revenues less the Group's distribution fee, distribution cost and the entire amount it has paid as committed financing for production of the film. The Group's distribution fee varies from co-produced film to co-produced film, but is generally either a continuing 10 per cent. to 20 per cent. fee on all revenues, or a capped amount that is calculated as a percentage of the committed financing amount for production of the film. In some cases, net revenues also deduct an overhead charge and an amount representing an interest charge on some or all of the committed financing amount. Typically, once the Group agrees with the co-producer on the script, cast and main crew including the director, the budget and expected cash flow through a detailed shooting schedule, the co-producer takes the lead in production and execution. The Group normally has its executive producer on the film to oversee the project.

The Group reduces financing risk for both acquired and co-produced films by capping its obligation to pay or advance funds at an agreed-upon amount or budgeted amount. The Group also frequently reduces financial risk on a film to which it has committed funds by pre-selling rights in that film.

Pre-sales give the Group advance information about likely cash flows from that particular film product, and accelerate cash flow realisable from that product. The Group's most common pre-sale transactions are the following:

- pre-selling theatrical rights for certain geographic areas, such as cinemas outside the main cinema circuits in India or certain non-Indian territories, for which the Group generally gets non-refundable minimum guarantees plus a share of revenues above a specified threshold;
- pre-selling television rights in India, generally by bundling releases in a package that is licensed to satellite television operators for a specified run; and
- pre-selling certain music rights, including for movie soundtracks and ringtones.

From time to time the Group also acquires specific rights to films that have already been released theatrically. The Group typically does not acquire global all-media rights to such films, but instead license limited rights to distribution channels, like television, audio and home entertainment only, or rights within a certain geographic area. As additional rights to these films become available, the Group frequently seeks to license them as well, and its package of distribution rights in a particular film may therefore vary over time. The Group works with producers not only to acquire or co-produce new films, but also to license from them other rights they hold that would supplement rights it holds or has previously held related to older films in its library. In certain cases, The Group may not hold full sequel or re-make rights or may share these rights with its co-producers.

Film Library

The Group currently owns or licenses rights to films currently comprising over 3,000 titles. Of these titles, over 700 films comprise a library of Kannada films for which the Group has only digital rights. The Group film library has been built up over more than 30 years and includes hits from across that time period, including *Devdas*, *Hum Dil De Chuke Sanam*, *Lage Raho Munna Bhai* and *Om Shanti Om*. The Group has acquired most of its film content through fixed term contracts with third parties, which may be subject to expiration or early termination. The Group owns the rights to the rest of its film content as co-producers or, with respect to one film, sole producer of those films. Through such acquisition and co-production arrangements, the Group seeks to acquire rights to at least 70 additional films each year. While the Group typically hold rights to exploit its content through various distribution channels, including theatrical, television and new media formats, it may not acquire rights to all distribution channels for its films. In particular, the Group does not own or license the music rights to a majority of the films in its library. The Group expects to maintain more than half of the rights it presently owns through at least 2015.

In an effort to reach a wide range of audiences, the Group maintains rights to a diverse portfolio of films spanning various genres, generations and languages. More than half of its library is comprised of films first released ten or more years ago, including films released as early as the 1940s. The Group owns or licenses rights to films produced in several regional languages, including Tamil, Telugu, Kannada, Marathi and Punjabi.

The Group treats its new releases as part of its film library one year from the date of their initial theatrical release. The Group believes its extensive film library provides it with unique opportunities for content exploitation, such as its dedicated content channel carried by various cable companies outside India. The Group's extensive film library provides it with a reliable source of recurring cash flow after the theatrical release period for a film has ended. In addition, because its film library is large and diversified, the Group believes that it can more effectively leverage its library in many circumstances by licensing not just single films but multiple films.

A summary of certain key features of the Group's film library rights as of 31 March 2014 follows below.

	Hindi Films	**Regional Language Films (excluding Kannada films)**	**Kannada Films**
Approximate percentage of total library	26 per cent.	51 per cent.	24 per cent.
Approximate percentage of co-production films	1 per cent.	Less than 1 per cent.	Less than 1 per cent.
Minimum remaining term of exclusive distribution rights for co-production films (approximate percentage of rights expiring at the earliest in the periods indicated).......	2015 or earlier: 10 per cent. 2016-2020: 8 per cent. 2021-2025: 0 per cent. 2026-2030: 0 per cent. 2031-2045: 5 per cent. Perpetual rights, subject to applicable copyright law limitations: 77 per cent.	Perpetual rights, subject to applicable copyright law limitations: 100 per cent.	Not applicable
Remaining term of exclusive distribution rights for acquisitions (approximate percentage of rights expiring earliest in the periods indicated)	2015 or earlier: 19 per cent. 2016-2020: 35 per cent. 2021-2025: 25 per cent. 2026-2030: 3 per cent. 2031-2045: 4 per cent. Perpetual rights, subject to applicable copyright law limitations: 14 per cent.	2015 or earlier: 2 per cent. 2016-2020: 4 per cent. 2021-2025: 20 per cent. 2026-2030: 0 per cent. 2031-2045: 1 per cent. Perpetual rights, subject to applicable copyright law limitations: 73 per cent.	Perpetual rights, subject to applicable copyright law limitations: 100 per cent.
Date of first release (by the Group or prior rights owner)..........	1943-2014	1958-2014	*

	Hindi Films	Regional Language Films (excluding Kannada films)	Kannada Films
Rights in major distribution channels.........	Theatrical: 55 per cent. Television syndication: 75 per cent. Digital: 62 per cent.	Theatrical: 52 per cent. Television syndication: 74 per cent. Digital: 60 per cent.	Theatrical: 100 per cent.
Music Rights (approximate percentage of films)..	49 per cent.	24 per cent.	0 per cent.
Production Years (approximate percentage of films produced in the periods indicated)	1943-1965: 2 per cent. 1966-1990: 6 per cent. 1991-2014: 92 per cent.	1943-1965: 0 per cent. 1966-1990: 2 per cent. 1991-2014: 98 per cent.	*

(*) The Group's Kannada digital rights library was acquired in September 2010, subsequent to the production and date of first release for these films, and consequently this information is not in its records.

"High budget" films refer to Hindi language films with direct production costs in excess of U.S.$8.5 million and Tamil and Telugu language films with direct production costs in excess of U.S.$7.0 million, in each case translated at the historical average exchange rate for the applicable financial year. "Low budget" films refer to both Hindi, Tamil, and Telugu language films with less than U.S.$1.0 million in direct production costs, in each case translated at the historical average exchange rate for the applicable financial year. "Medium budget" films refer to Hindi, Tamil and Telugu language films within the remaining range of direct production costs.

Distribution Network and Channels

The Group distributes film content primarily through the following distribution channels:

- **theatrical**, which includes multiplex chains and stand-alone cinemas;
- **television syndication**, which includes satellite television broadcasting, cable television and terrestrial television; and
- **digital**, which primarily includes IPTV, VOD and internet channels.

The Group generally monetises each new film it releases through an initial twelve month revenue cycle commencing after the film's theatrical release date. Thereafter, the film becomes part of the Group's film library where it seeks to continue to monetise the content through various platforms.

The Group currently acquires films both for global distribution, which includes the Indian domestic market as well as international markets and for international distribution only.

Certain information regarding the Group's initial distribution rights to films initially released in the three financial years ended 31 March 2014, 2013 and 2012 is set forth below:

	Financial year ended 31 March		
	2014	**2013**	**2012**
Global (India and International)			
Hindi films	23	16	11
Regional films (excluding Tamil films)	3	3	2
Tamil films	8	3	—
International Only			
Hindi films	14	14	16

	Financial year ended 31 March		
	2014	2013	2012
Regional films (excluding Tamil films)	—	—	1
Tamil films	21	38	46
India Only			
Hindi films	—	—	—
Regional films (excluding Tamil films)	—	—	—
Tamil films	—	3	1
Total	69	77	77

The Group distributes content in over 50 countries through its own offices located in key strategic locations across the globe, including separate offices maintained by Ayngaran, for distribution of Tamil language films that the Group does not distribute directly, and through its distribution partners. In response to Indian cinemas' continued growth in popularity across the world, especially in non-English speaking markets, including Germany, Poland, Russia, Southeast Asia and Arabic speaking countries, the Group offers dubbed and/or subtitled content in over 25 different languages. In addition to its internal distribution resources, the Group's global distribution network includes relationships with distribution partners, sub-distributors, producers, directors and prominent figures within the Indian film industry and distribution arena.

Theatrical Distribution and Marketing

Indian Theatrical Distribution

The Indian theatrical market is comprised of both multiplex and single screen cinemas that utilise both prints and in some cases, digital formats and is divided into six circuits. The Group distributes its content in all of the circuits through its internal distribution offices in Mumbai, Delhi and Punjab or through sub-distributors in other circuits. The Group's primarily internal distribution network allows it greater control, transparency and flexibility over the core regions in which it distribute its films, and allows the Group to retain a greater portion of revenues per picture as a result of direct exploitation instead of using sub-distributors, which requires the payment of additional fees or commissions.

The largest number of screens in India that the Group books for a particular film will be booked for the first week of theatrical release, because a substantial portion of box office revenues are collected in the first week of a film's theatrical exhibition. The Group entered into agreements with certain key multiplex operators to share net box office collections for its theatrical releases with the exhibitor for a predetermined fee of 50 per cent. of net box office collections for the first week, after which the split decreases over time. These agreements expired in June 2011, and the Group now enters into agreements on a film-by-film and exhibitor-by-exhibitor basis instead of entering into long-term agreements. To date, the Group's film-by-film agreements have been on terms that are no less favourable than the terms of the prior settlement agreements; however, the Group cannot guarantee such terms can always be obtained.

For highly anticipated new releases, the Group typically also receives an advance payment from multiplex operators which is credited against the predetermined fee, and the Group typically obtains non-refundable minimum guarantees from single screen exhibitors and agree to a revenue sharing arrangements above the minimum guarantee.

The broad theatrical distribution during the first week after initial release of a film requires that a significant number of prints be made available at the outset of the theatrical run.

As the Indian film industry is moving towards digital film distribution, the Group is increasing its focus on this opportunity which it anticipates will continue to reduce its distribution and print production costs. In India, the cost of distributing a digital film print is lower than the cost of distributing a digital film print in the United States. The cost of producing a digital film print is lower than the cost of producing a physical film print. Utilisation of digital film media also provides additional protection against unauthorised copying, which enables the Group to capture incremental revenue that it believes are at risk of loss through content piracy.

Pursuant to the Cinematograph Act, Indian films must be certified for adult viewing or general viewing by the Central Board of Film Certification ("**CBFC**"), which looks at factors such as the interest of sovereignty, integrity and security of India, friendly relations with foreign states, public order and morality. Obtaining a desired certification may require the Group to modify the title, content, characters, storylines, themes or concepts of a given film.

Theatrical Distribution Outside India

Outside India, the Group distributes its films theatrically through its offices in Dubai, Singapore, the United States, the United Kingdom, Australia and Fiji and through sub-distributors. In its international markets, instead of focusing on wide releases, the Group selects a smaller number of cinemas that play films targeted at the expatriate South Asian population or the growing international audiences for Indian films. The Group generally theatrically releases subtitled versions of its films internationally on the release date in India, and dubbed versions of films in countries outside India 12 to 24 weeks after their initial theatrical release in India.

Marketing

The pre-release marketing of a film is an integral part of the Group's theatrical distribution strategy. The Group's marketing team creates marketing campaigns tailored to market and movie, utilising print, brand tie-ups, music pre-releases, outdoor advertising and online advertising to generate momentum for the release of a film. The Group generally begins print media public relations as soon as a film commences shooting, with full marketing efforts commencing two to three months in advance of a film's release date, starting with a theatrical trailer for the film promoted as part of another film currently playing in cinemas. In addition, usually between six to eight weeks before the initial Indian theatrical release date, the Group separately releases clips from the films featuring musical numbers. Those clips and the accompanying music tracks are separately available for purchase and add to consumer awareness and anticipation of the upcoming film release. The Group also maintains a Facebook page, which supplies background detail, chat opportunities and photos of upcoming films as well as links to the Group's YouTube content.

The Group also uses promotional agreements and integrated television marketing to subsidise marketing costs and expand its marketing reach. The Group partners with leading consumer companies in India which support its marketing campaigns in exchange for including their brands in promotional billboards, print advertisements and other marketing materials for the Group's new film releases. The Group's marketing teams also work with its film stars to coordinate promotional appearances on popular television programming, timed to coincide with the marketing period for upcoming theatrical releases.

The Group's marketing efforts are primarily managed by employees located in offices across India or in one of its international offices in Dubai, Singapore, the United States, the United Kingdom, Australia and Fiji. Occasionally, sub-distributors manage marketing efforts in regions that do not have a dedicated Eros or Ayngaran marketing team, using the creative aspects developed by the Group for its marketing campaigns. Managing marketing locally permits the Group to identify appropriate local advertising channels more easily and results in more effective and efficient marketing.

Television Distribution

India Distribution

The Group believes that the increasing television audience in India creates new opportunities for it to license its film content, and expands audience recognition of the Eros name and film products. The Group licenses Indian film content (usually a combination of new releases and existing films in its library), to satellite television broadcasters operating in India under agreements that generally allow them to telecast a film over a stated period of time in exchange for a specified licence fee. The Group has, directly or indirectly, licensed content for major Indian television channels such as Sony, the Star Network and Zee TV. There are several models for satellite television syndication in India. 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 the Group separate licence fees. In the alternative "licencing model," which is currently the predominant model in India, the Group grants an exclusive licence in favour of one particular channel for broadcast on its channels for a specified period of time. In the financial year 2012, the Group negotiated terms with Sahara One Media and Entertainment Limited for broadcast on their general entertainment channel that entitles the Group to additional licence fees based on box office performance, over and above the minimum guarantee licence fee. Regardless of the model, following the first cycle licence period, the Group seeks to continue to license the content for the subsequent cycles.

Television pre-sales in India are an important factor in enhancing revenue predictability for the Group's business. Where the Group does pre-sales, it negotiates a set licence fee which is payable over time with the last payment due on delivery of the film. For example, for the three high budget Hindi language films that the Group released in the financial year 2014, it had contractual revenue commitments in place prior to their release that allowed the Group to recoup 43 per cent., 48 per cent. and 73 per cent. of its direct production costs for those films. In the case of the high budget Telugu language film that the Group released in the financial year 2014, it recouped over 100 per cent. of its direct production costs through contractual commitments prior to the film's release.

While the Group released no high budget Tamil language films in the financial year 2014, in the case of high budget Tamil language films that it released in the financial year 2014, it recouped 100 per cent. of its direct production costs through contractual commitments prior to the release of those films. From time to time, the Group also sells television syndication rights indirectly through companies that aggregate television rights for resale.

The Group's content is typically released on satellite television three to six months after the initial theatrical release. In India there are currently six direct to home ("**DTH**"), providers. The new release films that the Group will offer to HBO Defined and HBO Hits as part of its collaboration with HBO Asia will be provided in the first window after theatrical release. The Group has offered some of its films through DTH service providers, but it has also licensed these rights with the satellite TV rights to satellite channel providers. As the number of DTH subscribers increase in India, the Group anticipates that it will have an opportunity to license directly for DTH exploitation. The Group has also provided content to regional cable operators. Although DTH distribution is still relatively small in India, with Indian telecommunications networks and DTH platforms expanding their services, the Group is beginning to see an increased interest for video on demand in India. The Group also sub-licenses some of its films for broadcast on Doordarshan, the sole terrestrial television broadcast network in India, which is government owned. The Indian cable system is currently highly fragmented and predominantly an analogue platform, although there are companies that are leading the cable digitisation and consolidation such as DEN and Hathway. While local cable operators are unwilling and unable to pay standard licensing rates for the Group's content, and cable television licensing has not been a material source of revenue for the Group, the Group is beginning to see early signs of growth in cable television licensing. It believes that as the cable industry migrates towards digital technology and moves toward consolidation, cable television licensing will represent a more significant revenue stream for its business.

International Distribution

Outside of India, the Group licenses Indian film content for broadcasting on major channels and platforms around the world, such as Channel 4 and SBS Australia. The Group also licenses dubbed content to Europe, Arabic-speaking countries and in Southeast Asia and other parts of the world. Often such licences include not just new releases, but films grouped around the same star, director or genre. International pre-sales of television, music and other distribution rights are a significant component of the Group's overall pre-sale strategy. The Group believes that its international distribution capabilities and large library of content enables it to generate a larger portion of its revenue through international distribution than the film entertainment industry average of 7 per cent. in India as reported by the FICCI Report 2014.

Digital Distribution

In addition to the Group's theatrical and television distribution networks, it has a global network for the digital distribution of its content, which consists of full length films, music, music videos, clips and other video content. Through the Group's digital distribution channel it distributes content primarily in IPTV, VOD (including SVOD and DTH) and online internet channels. The Group's film content is distributed in original language, subtitled into local languages or dubbed, in each case as driven by consumer or regional market preferences. With its large library of content and slate of new releases, the Group has sought to capitalise on changes in consumer demand through early adoption of new formats and services, which it believes enables it to generate a larger portion of its revenue through digital distribution than the film entertainment industry average in India.

With a significant portion of the Indian and international population rapidly moving toward digital technology, the Group is increasing its focus on providing on demand services, although the platforms and strategies differ by region. Under current Indian law, the Indian cable providers will be required to transfer from analogue to digital formats by 31 December 2014. Outside of India, there is a proliferation of cable, satellite and internet services that the Group supplies. In addition, with the proliferation of internet users, the Group is increasing its online distribution presence as well. These platforms enable it to continue to monetise a film in the Group's library long after its theatrical release period has ended. In addition, the speed, ease of availability and prices of digital film distribution diminish incentives for unauthorised copying and content piracy.

In North America, the Group has an agreement with International Networks, a subsidiary of Comcast, to provide a SVOD service called "Bollywood Hits On Demand". The service is now carried on Comcast, Cox Communications, Rogers Communication, Cablevision and Time Warner Cable. The Group provides all programming for this film and music channel, and it shares revenues with the cable provider. The Group also provides content to other VOD service providers, including Pan Universe International and Efacet Enterprises Limited.

The Group currently supply internet streaming ad-supported sites such as its 'Eros' channel on YouTube with short form film and audio visual content and its own www.erosentertainment.com website. On YouTube, where the Group has exceeded 2.0 billion views to date since the Group's launch in 2007 and has over 2.3 million free subscribers, it sells banner and pre-roll advertisements, and shares these advertising revenues with Google.

In order to capitalise on emerging trends like growing Internet usage, increased broadband internet penetration and availability of faster 3G/4G mobile networks, in August 2012, the Group launched Eros Now, its on-demand entertainment portal accessible *via* internet-enabled devices, with a limited number of movies and music videos. It expects that Eros Now, which is already accessible *via* tablets such as the iPad and Android devices, will eventually include the Group's full film library. It expects Eros Now to be supported by both advertising and subscription revenues. Fees from advertisers will support the website's free content, while the premium plan will be a subscription, fee-based service.

The premium service will allow subscribers greater access to ad-free media content from multiple devices in addition to playback options. The Group believes that Eros Now will serve as a platform to further exploit its extensive library content, as well as increase the depth and penetration of its user base. In the future, the Group believes the combination of this digital distribution platform, coupled with its film library, will offer a comprehensive and attractive outlet for advertisers.

In June 2014, the Group executed a term sheet to acquire a controlling stake in Techzone, a Mobile Value Added Services ("**MVAS**") provider for telecommunications operators based in India, for an undisclosed sum. This acquisition is subject to certain conditions precedent apart from customary legal, regulatory and financial requirements.

Techzone is an aggregator, developer and distributor of entertainment content *via* mobile platforms in India. Techzone is particularly focused on the Bollywood films and music markets and has significant region-specific content in Tamil and Telugu. The company has relationships and billing integration with major telecommunications networks in India to distribute its content and also has its own "Mobile Shortcode" 56060. Techzone makes its content available to end-users *via* various methods such as caller ring-back tones ("**CRBT**"), mobile radio, short message service ("**SMS**"), wireless application protocol ("**WAP**") and interactive voice response ("**IVR**").

Techzone has completed an average of 25 million SMS, WAP or IVR transactions per month over the past three years across 12 major telecommunications operators in India for which it bills the customers directly through its billing platform. This excludes CRBT transactions which are also marketed and distributed by Techzone but billed by the telecommunications operators directly. In a given month, a single customer may engage in multiple transactions.

With 870 million mobile subscribers (including over 60 million internet enabled smart phones) in India in 2013, the Group believes that Techzone will be a strong addition to its Eros Now strategy to increase distribution of content through digital platforms.

Physical and Other Distribution

The Group also distributes globally its film content through physical formats (DVDs and Video Compact Discs ("**VCD**"), in hotels and on airlines, and for use on mobile networks. It distributes and licenses content on physical media throughout the world, including on Blu-ray and DVDs, and in India on VCD and DVD. In India, and to service South Asian consumers internationally, the Group distributes to major retail chains (such as Planet-M) and internet platforms such as Amazon, as well as supplying local wholesalers and retailers. It also licenses content to third party distributors internationally to provide content dubbed into local languages for consumption by non-South Asian audiences. The Group also has direct sales to corporate customers, primarily in India, who bundle its DVDs or VCDs with their own products for promotional purposes. This aspect of the Group's business works on a volume basis, with the low margins being offset by large confirmed orders. The Group has provided content for various mobile platforms such as Singtel and Shotformats Digital Productions.

Music

Music is integral to the Group's films, and when it obtains global, all-media rights in its acquired or co-produced films music rights typically are included. Film music rights are often marketed and monetised separate from the underlying film, both before and after the release of the related films. In addition, the Group acts as a music publisher for third party owned music rights within India. Through its internal resources and network of licensees, the Group is able to provide its consumers with music content directly, through third party platforms or through licensing deals. The content is primarily taken from the Group's film content and the revenues are derived from mobile rights, MP3 tracks, sold *via* third party platforms such as iTunes and Rhapsody as well as streaming services such as Spotify and Rdio, digital streaming, physical CDs and publishing/master rights licensing.

The Group also exploits the music publishing and master rights it owns, which involves directly licensing songs to radio and television channels in India, synchronising of music content to film, television and advertisers globally, as well as receiving royalties from public performance of these songs when they are played at public events. Ancillary revenues from public performances in India are collected and paid over to the Group through Phonographic Performance Limited and The Indian Performing Rights Society, which monitor, collect and distribute royalties to their members.

LMB Holdings Limited —"B4U"

As of 30 June 2014, the Group owned approximately 24 per cent. of B4U. The Group has no board representation, no involvement in policy decision making, it does not provide input in respect to technical know-how and has no material contract with B4U. As a result the Group does not exercise significant influence over it. B4U is a global television network that provides Indian programming across two digital television channels, B4U Music and B4U Movies. B4U is available in many countries around the world including India, the United States, United Kingdom, Canada and countries in the Middle East and Africa.

Valuable Technologies Limited

As of 30 June 2014, the Group owned 7.21 per cent. of Valuable Technologies Limited ("**Valuable**"). Valuable manages and operates a number of companies in the media and entertainment, technology and infrastructure industries, including UFO Moviez, a digital cinema network in India; Boxtech, a division that provides technology backed service support for digital movie rentals; and ImPACT, a settlement platform for computerised box office ticketing and sales data.

Intellectual Property

As the Group's revenue is primarily generated from commercial exploitation of its films and related content, its intellectual property rights are a critical component of its business. Unauthorised use of intellectual property, particularly piracy of DVDs and CDs, is widespread in India and other countries where the Group operates, and the mechanisms for protecting intellectual property rights in India and such other countries are not as effective as those of the United Kingdom and certain other countries. The Group participates directly and through industry organisations in actions against persons who have illegally pirated its content, and the Group also deals with piracy by promoting a film to ensure maximum revenues early in its release and shortening 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 few weeks after release.

The Indian 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. The Copyright Act affords copyright protection to cinematographic films and sound recordings. For cinematographic films, copyright is granted for a certain period of time, usually for a period of 60 years from the beginning of the calendar year following the year in which such film is published, 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. Following the issuance of the International Copyright Order, 1999, subject to certain conditions and exceptions, certain 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.

The Copyright Act was amended in 2012 to allow authors of literary and musical works (which may be included as part of a cinematograph film) to retain the right to receive royalty for the utilisation of such work (other than as part of the cinematograph film).

Although the state governments in India serve as the enforcing authorities of the Copyright Act, the Indian government serves an advisory role in assisting with enforcement of anti-piracy measures. In December 2009, the Union Information & Broadcasting Ministry established a task force to recommend measures to combat film, video and cable piracy, which submitted recommendations in September 2010, including:

- as a condition to licences being granted to cinemas and multiplexes by district authorities, cinemas and multiplex operators should be required to prohibit viewers from carrying a cam-cording device inside the cinema;
- encouraging state governments to enact legislation providing for preventive detention of video and audio pirates and bring video pirates under the Goonda Act; and
- undertaking measures to ensure high fidelity in genuine DVDs to discourage the public from buying pirated versions.

However, these are recommendations of the task force, and there can be no assurance that any of these recommendations will be accepted and become binding law or regulation in a timely manner, or at all.

While copyright 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. Neither the Group nor its Indian subsidiaries currently have any registered copyrights in India. The registration of certain types of trademark is prohibited, including where the property sought to be registered is not distinctive.

The Group uses a number of trademarks in its business, all of which are owned by its subsidiaries. The Group's Indian subsidiaries currently own over 50 Indian registered trademarks and domain names, which are used in their business, including the registered trademark "Eros," "Eros International," "Eros Music," and "B on Demand." However, the Group has not yet received Indian trademark registration for certain of its trademarks used in India. A majority of these registrations, and certain applications for registrations, are in the name of the Group's subsidiaries Eros India, Eros Films or Eros Digital Private Limited, with whom the Group has an informal arrangement with respect to the use of such trademarks. The registration of any trademark in India is a time-consuming process, and there can be no assurance that any such registration will be granted.

The Indian Trade Marks 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 ten years but can be renewed in accordance with the specified procedure.

Until recently, to obtain registration of a trademark in multiple countries, an applicant was required to make separate applications in different languages and disburse different fees in the respective countries. However, the Madrid Protocol enables nationals of member countries, including India, to secure protection of trademarks by filing a single application with one fee and in one language in their country of origin. The Trademarks Act was amended by the Trade Marks (Amendment) Act 2010 (the "**Trademarks Amendment Act**"). The Trademarks Amendment Act empowers the Registrar of Trade Marks to deal with international applications originating from India as well as those received from the International Bureau and to maintain a record of international registrations. This amendment also removes the discretion of the registrar to extend the time for filing a notice of opposition of published applications and provides for a uniform time limit of four months in all cases. Further, it simplifies the law relating to transfer of ownership of trademarks by assignment or transmission and brings the law generally in line with international practice. Pursuant to the Madrid Protocol and the Trademarks Act, the Group has obtained trademarks in Egypt, the European Community, United Arab Emirates, Australia and the United States.

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.

Competition

The Indian film industry's rapid growth is changing the competitive landscape. The Group believes it was one of the first companies in India to create an integrated business of sourcing new Indian film content through co-productions and acquisitions while building a valuable library of rights in existing content and also distributing Indian film content globally across formats. Some of the Group's direct competitors, such as UTV Motion Pictures, Reliance Entertainment and Viacom Studio 18, have moved toward similar models in addition to their other business lines within the Indian entertainment industry. The Group also faces competition from the direct or indirect presence in India of significant global media companies, including the major Hollywood studios. The Walt Disney Company, has acquired UTV and Viacom has ownership interests in Viacom Studio 18, while other Hollywood studios, such as Warner, News Corporation and Sony, have established local operations in India for film distribution, and have released a limited number of Indian films. The Group's primary competitors for Indian film content in the markets outside of India are UTV, Reliance Entertainment and Viacom Studio 18. The Group believes its experience and understanding of the Indian film market positions it well to compete with new and existing entrants to the Indian media and entertainment sector. Rentrak reports the Group's 2012 market share as 40 per cent. of all theatrically released Indian language films in the United Kingdom, including releases by Ayngaran, and 43 per cent. in the United States on the same basis, and from 1980 to 2012 the Group had the highest market share of all theatrically released Indian language films in the United Kingdom based on gross collections. Competition within the industry is based on relationships, distribution capabilities, reputation for quality and brand recognition.

Properties

The Group's properties consist primarily of studios, office facilities, warehouses and distribution offices, most of which are located in Mumbai, India. The Group owns its corporate and registered offices in Mumbai and rents its remaining properties in India. Five of these leased properties are owned by members of the Lulla family. The leases with the Lulla family were entered into at what the Group believes were market rates. The Group has entered into certain related party transactions and may continue to rely on its founders for certain key development and support activities. The Group also owns or leases four properties in the United Kingdom, the United States and Dubai in connection with its international operations outside of India. Property, plant and equipment with a net carrying amount of approximately U.S.$8.5 million (2013: U.S.$11.5 million) have been pledged to secure borrowings, and the Group currently does not have any significant plans to construct new properties or expand or improve its existing properties.

The following table provides detail regarding the Group's properties in India and globally.

Location	**Size**	**Primary Use**	**Leased Owned**
Mumbai, India	13,992 sq. ft.	Corporate Office	Owned
Mumbai, India	2,750 sq. ft.	Studio Premises	Leased[1]
Mumbai, India	8,094 sq. ft.	Executive Accommodation	Leased[1]

Location	Size	Primary Use	Leased Owned
Mumbai, India	120 sq. ft.	Film Negatives Warehouse	Leased
Mumbai, India	120 sq. ft.	Film Prints Warehouse	Leased
Mumbai, India	2,750 sq. ft.	Corporate	Owned
Delhi, India	2200 sq. ft.	Film Distribution Office	Leased
Punjab, India	437.5 sq. ft.	Film Distribution Office	Leased
Mumbai, India	2926 sq. ft.	DVD warehouse	Leased
Dubai, United Arab Emirates	536 sq. ft.	Corporate Office	Leased
Secaucus, New Jersey, United States	10,000 sq. ft.	Corporate Office	Leased(1)
London, England	7,549 sq. ft.	DVD Warehouse	Owned
London, England	4,506 sq. ft.	Corporate Office	Leased(1)

Note:

(1) Leased directly or indirectly from a member of the Lulla family.

Employees and Employer Relations

As of 31 March 2014, the Group had 262 employees, with 201 employed by Eros India and based in India, 26 by Ayngaran, and its subsidiaries and based in India and the United Kingdom. The remainder were employed by the Group's international subsidiaries. All are full time employees. The Group's employees are not unionised. The Group believes that its employee relations are good.

Share capital

As of 24 September 2014 (being the latest practicable date prior to the publication of this Prospectus), the Issuer had in issue 30,306,785 'A' ordinary shares of 30 pence each and 25,555,220 'B' ordinary shares of 30 pence each, all of which are fully paid.

Objects and purposes

The Issuer has unrestricted objects and purposes.

Litigation

From time to time, the Group and its subsidiaries are involved in various lawsuits and legal proceedings that arise in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, the Group currently believes that the final outcome of these matters will not have a material adverse effect on its business. Regardless of the outcome, litigation can have an adverse impact on the outcome because of defence and settlement costs, diversion of management resources and other factors.

Competition Commission of India

In December 2009, the Director General of the Competition Commission of India (the "**CCI**"), had issued a report alleging formation of a cartel in contravention of the Competition Act by, among others, Mr. Sunil Lulla, Ms. Jyoti Deshpande and Mr. Nandu Ahuja, on account of their participation in certain meetings in March to April 2009, during a deadlock between film producers/distributors and multiplex owners over revenue-sharing. In May 2011, the CCI directed Mr. Lulla, Ms. Deshpande and Mr. Ahuja to provide an undertaking to refrain from anticompetitive practices, imposed a penalty of U.S.$1,522 on each of them, and directed the Secretary, CCI to initiate proceedings against them for alleged failure to cooperate in inquiries, each of whom filed separate appeals challenging this order.

In October 2011, the CCI imposed a penalty of U.S.$472 against these individuals, on account of their alleged failure to cooperate in certain inquiries, each of whom filed separate appeals challenging the order. The Competition Appellate Tribunal dismissed their appeals in July 2013. Mr. Lulla, Ms. Deshpande and Mr. Ahuja have subsequently paid the penalty imposed on them. The Group had supported these individuals in contesting these proceedings.

In September 2010, Eros India filed two suits before the CCI against certain Indian film industry organisations, seeking injunctions to restrict these organisations from acting in a cartel-like manner and enforcing anti-competitive rules and agreements so that the Group's films in certain territories in India would be exhibited and distributed without restriction. In February 2012, the CCI directed certain Indian film industry organisations to refrain from anticompetitive practices and imposed a penalty on these organisations. These organisations filed appeals before the Competition Appellate Tribunal, challenging the orders of the CCI. The Competition Appellate Tribunal dismissed the appeals in May 2013. The organisations filed a special leave petition before the Supreme Court of India challenging the order of the Competition Appellate Tribunal. In February 2014, the Supreme Court of India dismissed the appeals filed by these organisations, and upheld the decision of the Competition Appellate Tribunal.

Intellectual property and distribution rights

From time to time the Group is also named in various lawsuits challenging its ownership of some of its intellectual property or its ability to distribute these films in India. A number of these lawsuits seek injunctive relief restraining the Group from releasing or otherwise exploiting various films. Currently, there are such proceedings ongoing concerning the films *Om Shanti Om*, *Anjaana Anjaani*, *Kochadaiiyaan*, *Bhoot Returns* and *Goliyon Ki Rasleela-Ram-leela*. In each case, the Group is not the primary defendant and is listed only in its capacity as distributor. In each case, the film in question has already been released.

Management

Directors and Executive Officers

The following table sets forth certain information with respect to the Group's executive officers and directors as of 30 June 2014.

Name	Date of birth	Position
Directors		
Kishore Lulla	4 September 1961	Director, Executive Chairman
Jyoti Deshpande	16 December 1970	Director, Group Chief Executive Officer, Managing Director
Vijay Ahuja	2 April 1957	Director, Vice Chairman
Sunil Lulla	29 June 1964	Director, Executive Vice Chairman
Naresh Chandra(1)(2)(3)(4)	1 August 1934	Director, Chairman of Remuneration Committee and Nomination Committee
Dilip Thakkar(1)(2)(3)(4)	1 October 1936	Director, Chairman of Audit Committee
Michael Kirkwood(1)(2)(3)	7 June 1947	Director
Executive Officers		
Ken Naz	15 March 1959	President of Americas Operations
Pranab Kapadia	29 March 1972	President of Europe and Africa Operations
Surender Sadhwani	2 June 1956	President of Middle East Operations
Andrew Heffernan	7 September 1966	Chief Financial Officer

Name	Date of birth	Position
Mark Carbeck	7 December 1971	Chief Corporate & Strategy Officer

Notes:

(1) Independent director

(2) Member of the Audit Committee

(3) Member of the Remuneration Committee

(4) Member of the Nomination Committee

Mr. Kishore Lulla is a director and the Group's Chairman. Mr. Lulla received a bachelors' degree in Arts from Mumbai University. He has over 30 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 for the School of Film at the University of California, Los Angeles. 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 the Group's Chairman, he has been instrumental in expanding the Group's presence in the United Kingdom, the United States, Dubai, Australia, Fiji and other international markets. He served as the Group's Chief Executive Officer from June 2011 until May 2012 and has served as a director since 2005. Mr. Kishore Lulla is the brother of Mr. Sunil Lulla and a cousin of Mr. Ahuja and Mr. Sadhwani.

Ms. Jyoti Deshpande is a director and the Group's Group Chief Executive Officer and Managing Director. She had worked with the Group from 2001 until May 2011 when she resigned from the Group's Board and served as a Consultant to the Group until November 2011 in connection with the Group's initial public offering in the United States. She re-joined the Group in her former Group CEO/MD position on 22 June 2012. With a degree in Commerce and Economics and an MBA from Mumbai University, Ms. Deshpande has over 20 years of experience in Indian media and entertainment across advertising, media consulting, television and film. Ms. Deshpande has been a key member of the Group leadership team since 2001 and was instrumental in the Group's initial public offering on the Alternative Investments Market in 2006, Eros India's listing on the Indian Stock Exchanges in 2010 and its initial public offering on the NYSE in November 2013.

Mr. Vijay Ahuja is a director and the Group's Vice Chairman. Mr. Ahuja received a bachelors' degree in commerce from Mumbai University. Mr. Ahuja co-founded the Group's United Kingdom business in 1988 and has since played an important role in implementing the Group's key international strategies, helping expand the Group's business to its present scale by making a significant contribution to its development in the South East Asian markets, such as Singapore, Malaysia, Indonesia and Hong Kong. Mr. Ahuja has served as a director since April 2005. Mr. Ahuja is a cousin of Mr. Kishore Lulla and Mr. Sunil Lulla.

Mr. Sunil Lulla is a director and is Executive Vice Chairman and Managing Director of Eros India. He received a bachelors' degree in commerce from Mumbai University. Mr. Lulla has over 20 years of experience in the media industry. Mr. Lulla has valuable relationships with talent in the Indian film industry and has been instrumental in the Group's expansion into distribution in India as well as home entertainment and music. He has served as a director since 2005 and led the Group's growth within India for many years before being appointed Executive Vice Chairman and Managing Director of Eros India in February 2010. Mr. Sunil Lulla is the brother of Mr. Kishore Lulla and cousin of Mr. Ahuja and Mr. Sadhwani.

Mr. Naresh Chandra is a director. Mr. Chandra received 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 Secretary to the

Ministries of Water Resources, Defence, Home and Justice in the Government of India. 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 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. In 2007, he chaired the Government of India's Committee on Corporate Audit and Governance, the Committee on Private Companies and Limited Companies Partnerships and the Committee on Civil Aviation Policy, and he was honoured with the Padma Vibhushan, a high civilian award. Mr. Chandra serves as director of ten other Indian companies and two foreign companies. He has served as a director since July 2007.

Mr. Dilip Thakkar is a director. Mr. Thakkar received a degree in Commerce and Law from Mumbai University. A practicing chartered accountant since 1961, Mr. Thakkar has significant financial experience. He is a senior partner of Jayantilal Thakkar & Co. Chartered Accountants and a member of the Institute of Chartered Accountants in India. In 1986 he was appointed by the Reserve Bank of India as a member of the Indian Advisory Board for HSBC Bank and the British Bank of the Middle East for a period of eight years. He is the former President of the Bombay Chartered Accountants' Society and was then Chairman of its International Taxation Committee. Mr. Thakkar serves as a non-executive director of 14 other listed public limited companies in India and seven foreign companies. He has served as a director since April 2006.

Mr. Michael Kirkwood is a director. Mr. Kirkwood received a degree in Economics at Stanford University. Mr. Kirkwood retired from a 31-year career with Citigroup at the end of 2008 where he was most recently UK Country Head and Chairman of the Corporate Bank. He previously served with Citicorp in the USA, Scandinavia and Switzerland. From 2001-2005 he served as a Non-Executive Director of engineering group Kidde plc and Audit Committee chairman. From 2008- 2011, he was Deputy Chairman of PricewaterhouseCoopers LLP's Advisory Board. During his career in London, Mr. Kirkwood has served as Deputy Chairman of the British Bankers Association, Chairman of British-American Business, Chairman of the Association of Foreign Banks, President of the Chartered Institute of Bankers, a member of the CBI Financial Services Council and Master of the International Bankers Livery Company. He also served as HM Lieutenant for the City of London in 2004. Mr. Kirkwood is currently a Board Member of UK Financial Investments Ltd, the British government company established to manage the public stakes in UK banks, and AngloGold Ashanti Limited, a global South Africa-based gold mining group, as well as Chairman of UK healthcare group Circle Holdings plc and Senior Advisor of Ondra Partners LLP. He is a Fellow of the Royal Society for the Arts, a Fellow of the Chartered Institute of Bankers and was appointed a Companion of the Order of St Michael and St George in the 2003 Queen's Birthday Honours. He joined the board of directors on 1 February 2012.

Mr. Andrew Heffernan is the Group's Chief Financial Officer. A qualified chartered accountant, Mr. Heffernan was an audit manager with Grant Thornton UK LLP from 1991-1996, mainly handling media clients. From 1996-2001 Mr. Heffernan worked as a consultant for a number of film and television production clients. In 2001 Mr. Heffernan returned to Grant Thornton UK LLP to help build its media and entertainment practice in film, television and computer games with responsibilities spanning corporate finance, consultancy and audit. Mr. Heffernan joined the Group as CFO in May 2006 and has since spearheaded the finance function for the Group.

Mr. Ken Naz is the Group's President of Americas Operations. Mr. Naz has over 30 years of experience in media and entertainment. In the early 1970s, Mr. Naz worked in the Indian film distribution and exhibition business in Canada. He obtained his business education at a Toronto University before joining Cineplex Odeon Cinemas in the business development department and later serving as head of operations of "A Theater Near You." Mr. Naz joined the Group in 1997 and was instrumental in setting up its United States office to service markets in the United States, Canada and other parts of North and South America.

Mr. Pranab Kapadia is the Group's President of United Kingdom, Europe and Africa Operations. Mr. Kapadia received a Master's degree in Management Studies from Bombay University (India) majoring in Finance. Mr. Kapadia's experience as Head of Operations & Programming for Zee Network in Europe for eight years and Business Head of Adlabs Films (U.K.) Limited for one year has given him significant insight into developing technical solutions with minimum costs in order to keep entry barriers low for price sensitive Asian customer and a strong understanding of the entertainment needs of South Asians internationally. He joined the Group in 2007.

Mr. Surender Sadhwani is the Group's President of Middle East Operations. Mr. Sadhwani received a post graduate degree in commerce from University of Madras in 1980. He has 22 years of experience in the banking industry through his work with Andhra Bank in Chennai. In addition, Mr. Sadhwani spent several years in finance and account management for Hartmann Electronics in their Dubai office. He joined the Group's Middle East operations in April 2004 and was promoted to President of Middle East Operations in April 2006. Mr. Sadhwani is a cousin of Mr. Kishore Lulla and Mr. Sunil Lulla.

Mr. Mark Carbeck is the Group's Chief Corporate & Strategy Officer, with management responsibility for Investor Relations, Group M&A and Corporate Finance. Mr. Carbeck was formerly a Director in Citigroup's Investment Banking Division in London, having joined the firm in New York in 1997. Most recently Mr. Carbeck led the European Media investment banking coverage efforts at Citigroup and has deep media industry knowledge and strong relationships with major UK and International media companies. Mr. Carbeck graduated from the University of Chicago in 1994 with a Bachelors degree in History. Mr. Carbeck joined the Group in April 2014.

The business address of each of the directors listed above is Fort Anne, Douglas IM1 5PD, Isle of Man.

There are no potential conflicts of interest between any duties to Eros International Plc of the directors referred to above and their respective private interests and/or other duties.

Structure of The Group's Board of Directors

Board of Directors

The Group's board of directors consists of seven directors and a vacant seat and is divided into three classes of directors of the same or nearly the same number. At each annual general meeting, each of the directors of the class whose term is expiring shall be eligible for re-election to the board for a period of three years.

Mr. Greg Coote, who was one of the Group's directors, passed away on 27 June 2014. As a result of this recent development, the Group's board of directors has not yet determined whether or not to fill his seat.

All directors hold office until the expiry of their term of office, their resignation or removal from office for gross negligence or criminal conduct by a resolution of the Group's shareholders or until they cease to be directors by virtue of any provision of law or they are disqualified by law from being directors or they become bankrupt or make any arrangement or composition with their creditors generally or they become of unsound mind. The term of office of the directors is divided into three classes:

- Class A, whose term will expire at the annual general meeting to be held in the financial year 2014;
- Class B, whose term will expire at the annual general meeting to be held in the financial year 2015; and
- Class C, whose term will expire at the annual general meeting to be held in the financial year 2016.

The Group's directors for the financial year 2015 are classified as follows:

- Class A: Naresh Chandra, Kishore Lulla, and a vacant seat;

- Class B: Michael Kirkwood, Jyoti Deshpande, and Vijay Ahuja; and
- Class C: Dilip Thakkar and Sunil Lulla.

Governance Standards

The Group is subject to NYSE listing standards. However, as a foreign private issuer, it is exempt from complying with certain corporate governance requirements of NYSE applicable to a United States issuer. Under NYSE rules applicable to the Group, it only needs to:

- establish an independent audit committee that has responsibilities set out in the NYSE rules;
- provide prompt certification by the Group's chief executive officer of any material non-compliance with any corporate governance rules of the NYSE;
- provide periodic (annual and interim) written affirmations to the NYSE with respect to the Group's corporate governance practices; and
- include in the Group's annual reports a brief description of significant differences between the Group's corporate governance practices and those followed by United States companies.

The Group is currently in compliance with the applicable NYSE corporate governance requirements.

Board Committees

The Group currently has an Audit Committee, Remuneration Committee and Nomination Committee. The Group believes that the composition of these committees will meet the criteria for independence under, and the functioning of these committees will comply with the requirements of, the Sarbanes-Oxley Act of 2002, the rules of the NYSE and the United States Securities and Exchange Commission rules and regulations applicable to the Group. Summarised below are the responsibilities of the Group's Audit Committee, Remuneration Committee and Nomination Committee.

Audit Committee

The Group's board of directors has adopted a written charter under which the Group's Audit Committee operates. This charter sets forth the duties and responsibilities of the Group's Audit Committee, which, among other things, include: (i) monitoring the Group's and its subsidiaries' accounting and financial reporting processes, including the audits of the Group's financial statements and the integrity of the financial statements; (ii) monitoring the Group's compliance with legal and regulatory requirements; (iii) assessing the Group's external auditor's qualifications and independence; and (iv) monitoring the performance of the Group's internal audit function and its external auditor. A copy of the Group's Audit Committee charter is available on its web site at *www.erosplc.com*.

The current members of the Group's Audit Committee are Messrs. Thakkar (Chair), Chandra and Kirkwood. The Audit Committee met seven times during the financial year 2014. The Group's board of directors has determined that each of the members of the Group's Audit Committee is independent.

Remuneration Committee

The Group's board of directors has adopted a written charter under which the Group's Remuneration Committee operates. This charter sets forth the duties and responsibilities of the Group's Remuneration Committee, which, among other things, include assisting the Group's Board of Directors in establishing remuneration policies and practices. A copy of the Group's Remuneration Committee charter is available on its website at *www.erosplc.com*.

The current members of the Group's Remuneration Committee are Messrs. Chandra (Chair), Thakkar and Kirkwood. The Remuneration Committee met four times during the financial year 2014. The Group's board of directors has determined that each of the members of the Group's Remuneration Committee is independent.

Nomination Committee

The Group's board of directors has adopted a written charter under which the Group's Nomination Committee operates. This charter sets forth the duties and responsibilities of the Group's Nomination Committee, which, among other things, include recommending to the Group's Board of Directors candidates for election at the annual meeting of shareholders and performing a leadership role in shaping the Company's corporate governance policies. A copy of the Group's Nomination Committee charter is available on its website at *www.erosplc.com*.

The current members of the Group's Nomination Committee are Messrs. Chandra (Chair) and Thakkar. The Nomination Committee is an ad hoc committee and did not meet during the financial year 2014. The Group's board of directors has determined that each of the members of the Group's Nomination Committee is independent.

SECTION 7 – SUBSCRIPTION AND SALE

Under a subscription agreement expected to be dated on or about 10 October 2014 (the "**Subscription Agreement**"), the Lead Manager is expected to agree to procure subscribers for the Bonds at the issue price of 100 per cent. of the nominal amount of the Bonds, less arrangement, management and distribution fees. The Lead Manager will receive combined fees of 1.50 per cent. of the nominal amount of the Bonds, out of which the Authorised Offerors will be eligible to receive a distribution fee of up to 0.50 per cent. of the nominal amount of the Bonds allotted to them. The Issuer will also reimburse the Lead Manager in respect of certain of its expenses incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to the issue of the Bonds. The issue of the Bonds will not be underwritten by the Lead Manager, the Authorised Offerors or any other person.

Selling Restrictions

Under the terms of the Subscription Agreement, the Issuer and the Lead Manager are expected to agree to comply with the selling restrictions set out below. The Authorised Offerors are also required to comply with these restrictions under the Authorised Offeror Terms. See Section 10 (*Important Legal Information – Consent*).

United States

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. The Lead Manager and each Authorised Offeror will agree that it will not offer, sell or deliver any Bonds within the United States or to, or for the account or benefit of, U.S. persons.

United Kingdom

The Lead Manager and each Authorised Offeror will represent and agree that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of FSMA would not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Isle of Man

The Lead Manager and each Authorised Offeror will represent and agree that it will not offer the Bonds from a permanent place of business maintained by it in the Isle of Man or hold itself out as "carrying on" a business in the Isle of Man (within the meaning of section 4(3) of the Isle of Man Financial Services Act 2008 (as amended)) unless it holds a Class 2 – Investment Business licence issued by the Isle of Man Financial Supervision Commission or is doing so in reliance of an exclusion or an exemption contained either in the Regulated Activities Order 2011 (as amended) or the Financial Services (Exemptions) Regulations 2011 (as amended).

Jersey

The Lead Manager and each Authorised Offeror will represent and agree that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus in Jersey, save to the extent that it is authorised, or otherwise permitted, to do so pursuant to the Financial Services (Jersey) Law 1998 and/or the Control of Borrowing (Jersey) Order 1958.

Guernsey

The Lead Manager and each Authorised Offeror will represent and agree that:

(a) the Bonds cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the regulations enacted thereunder, or any exemption therefrom;

(b) this Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey; and

(c) this Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:

    (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended; or

    (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law 1994, the Insurance Business (Bailiwick of Guernsey) Law 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000.

Public offer selling restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Lead Manager and each Authorised Offeror will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in the United Kingdom from the time the Prospectus has been approved by the competent authority in the United Kingdom and published in accordance with the Prospectus Directive as implemented in the United Kingdom until the Issue Date or such later date as the Issuer may permit, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Lead Manager and the Authorised Offerors; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds referred shall require the Issuer or the Lead Manager or the Authorised Offerors to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In this provision, the expression an "**offer of Bonds to the public**" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the

Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, the expression "**PD Amending Directive**" means Directive 2010/73/EU.

Dubai International Financial Centre

The Lead Manager and each Authorised Offeror will represent and agree that it has not offered and will not offer the Bonds to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules Module of the DFSA Rulebook; and

(a) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the Conduct of Business Module of the DFSA Rulebook.

General

No action will be taken by the Issuer, the Lead Manager or the Authorised Offerors that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction other than the United Kingdom where any such action for that purpose is required. Accordingly, the Lead Manager will agree that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Prospectus or any amendment or supplement thereto or any other offering material.

SECTION 8 – TAXATION

General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer or further issues of securities that will form a single series with the Bonds, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the Bonds). Any Bondholders who are in doubt as to their own tax position should consult their professional advisers.

Isle of Man Taxation

All payments of principal or interest made by the Issuer under the Bonds may be made without deduction of any Isle of Man withholding tax.

United Kingdom Taxation

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs). They describe only the United Kingdom withholding tax treatment of payments under the Bonds and certain information reporting requirements. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Bonds. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Bonds and Coupons. In particular, Bondholders holding their Bonds *via* a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Bondholders.

United Kingdom Withholding

Payments of interest on the Bonds by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax.

Information Reporting

Information relating to securities may be required to be provided to HM Revenue & Customs in certain circumstances. This may include the value of the Bonds, details of the holders or beneficial owners of the Bonds (or the persons for whom the Bonds are held), details of the persons to whom payments derived from the Bonds are or may be paid and information and documents in connection with transactions relating to the Bonds. Information may be required to be provided by, amongst others, the holders of the Bonds, persons by (or *via*) whom payments derived from the Bonds are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Bonds on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

United Kingdom Taxation of Bondholders

Bondholders Within the Charge to United Kingdom Corporation Tax

Bondholders within the charge to United Kingdom corporation tax (including non-resident bondholders whose Bonds are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will be subject to tax as income on all profits and gains from the Bonds broadly in accordance with their statutory accounting treatment. Such Bondholders will generally be charged in each accounting period by reference to interest and other amounts which, in accordance with generally accepted accounting practice, are recognised in determining the Bondholder's profit or loss for that period. Fluctuations in value relating to foreign exchange gains and losses in respect of the Bonds will be brought into account as income.

Other United Kingdom tax payers

Bondholders who are either individuals or trustees and are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable will generally be liable to United Kingdom tax on the amount of any interest received in respect of the Bonds.

The Bonds are "qualifying corporate bonds" so that a disposal of a Bond by a Bondholder resident for tax purposes in the United Kingdom should not give rise to a chargeable gain or allowable loss for the purposes of taxation of capital gains.

Transfers of Bonds by Bondholders who are either individuals or trustees and are resident for tax purposes in the United Kingdom may give rise to a charge to tax on income in respect of an amount representing interest on the Bond which has accrued since the preceding interest payment date under the provisions of Chapter 2 of Part 12 of the Income Tax Act 2007 (Accrued Income Profits and Losses).

United Kingdom Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty (including that charged on the issue or transfer of bearer instruments) or stamp duty reserve tax ("**SDRT**") is payable on the issue of a Bond, any transfer or agreement to transfer a Bond, or on redemption of a Bond.

No United Kingdom bearer instrument duty or SDRT is payable on the transfer of or agreement to transfer a Bond.

Where a Bond (or an interest therein) is transferred in circumstances where no written document is created which effects, authorises or otherwise evidences the transfer (e.g. a transfer by way of delivery to, or deposit with, a common depositary for Euroclear and Clearstream, Luxembourg or which is effected purely in book-entry form in accordance with the procedures of Euroclear and Clearstream, Luxembourg) no United Kingdom stamp duty should be payable.

European Union Directive on the Taxation of Savings Income

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

SECTION 9 – ADDITIONAL INFORMATION

1 Listing and admission to trading of the Bonds

Application will be made to the UK Financial Conduct Authority for the Bonds to be admitted to its Official List and to London Stock Exchange plc for such Bonds to be admitted to trading on the regulated market and through its order books for retail bonds (ORB) market. It is expected that the admission will occur on or about 16 October 2014, after publication of the Sizing Announcement referred to below.

The amount of expenses related to the admission to trading of the Bonds will be specified in the Sizing Announcement, expected to by published by the Issuer *via* RNS on or around 10 October 2014.

London Stock Exchange plc's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments ("**MiFID**"). MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors.

2 Authorisation of the Issuer

The issue of the Bonds was authorised by a resolution of the Board of Directors of the Issuer passed on 24 September 2014.

The Issuer has obtained all necessary consents, approvals and authorisations in the Isle of Man in connection with the issue and performance of the Bonds.

3 Significant or material change statement

There has been no significant change in the financial or trading position of the Issuer or the Issuer and its subsidiaries taken as a whole (the "**Issuer's Group**") since 30 June 2014 (i.e. the end of the last period covered by the available financial information of the Issuer's Group, albeit unaudited financial information), and there has been no material adverse change in the prospects of the Issuer or the Issuer's Group since 31 March 2014 (i.e. the date of the last audited financial information of the Issuer's Group).

4 Litigation statement

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 month period preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or the Issuer's Group's financial position or profitability.

5 Clearing systems information and Bond security codes

The Bonds will initially be represented by a global Bond (the "**Global Bond**"), which will be deposited with a common depository on behalf of Clearstream, Luxembourg and Euroclear on or about the Issue Date. The Global Bond will be exchangeable for definitive Bonds ("**Definitive Bonds**") in bearer form in the denomination of £100 not less than 60 days following the request of the Issuer or the holder in the limited circumstances set out in it. See Section 12 (*Summary of Provisions Relating to the Bonds while in Global Form*) of this Prospectus.

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Bonds will be accepted for settlement in CREST *via* the CDI mechanism. Interests in the Bonds may also be held through CREST through the issuance of CDIs representing the Underlying Bonds. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus. The ISIN for the Bonds is XS1112834608 and the Common Code is 111283460.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking *société anonyme*, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB, United Kingdom.

6 Documents available for inspection

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer:

(a) the certificate of incorporation and constitutional documents of the Issuer;

(b) the most recently published consolidated financial statements of the Group;

(c) the Trust Deed and the Agency Agreement;

(d) a copy of this Prospectus; and

(e) any future supplements to this Prospectus.

7 Auditors

The consolidated financial statements for the financial years ended 31 March 2013 and 31 March 2014 appearing in Section 14 of this Prospectus have been audited without qualification by Grant Thornton India LLP (of 16th Floor, Tower II Indiabulls Financial Centre, SB Marg, Elphinstone (W), Mumbai 400 013, India), a firm registered with the Public Company Accounting Oversight Board, U.S..

8 Post-issuance information

The Issuer does not intend to provide any post-issuance information.

9 Material interests and conflicts of interest in the offer

So far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer. There are no conflicts of interest which are material to the offer of the Bonds.

10 Yield

On the basis of the issue price of the Bonds of 100 per cent. of their nominal amount, the initial yield (being the interest received from the Bonds expressed as a percentage of their nominal amount) of the Bonds on the Issue date is 6.50 per cent. on an annual basis. This initial yield is not an indication of future yield.

SECTION 10 – IMPORTANT LEGAL INFORMATION

This Prospectus has been prepared on a basis that permits "**Public Offers**" (meaning for these purposes offers of Bonds that are not within an exemption from the requirement to publish a prospectus under Article 3.2 of the Prospectus Directive) in the United Kingdom. Any person making or intending to make a Public Offer of Bonds on the basis of this Prospectus must do so only with the Issuer's consent. See "*Consent given in accordance with the Prospectus Directive*" below.

Consent given in accordance with the Prospectus Directive

In the context of any Public Offer of Bonds, the Issuer accepts responsibility, in the United Kingdom, for the content of this Prospectus, also with respect to subsequent resale or final placement of Bonds by any financial intermediary which was given consent to use the Prospectus, in relation to any person who purchases any Bonds in a Public Offer made by an Authorised Offeror (as defined below) where that offer is made in compliance with all the conditions attached to the giving of such consent to the Authorised Offeror. Such consent and the attached conditions are described below under "*Consent*" below.

Except in the circumstances described below, the Issuer has not authorised the making of any Public Offer by any person and the Issuer has not consented to the use of this Prospectus by any other person in connection with any offer of the Bonds in any jurisdiction. Any offer made without the consent of the Issuer is unauthorised and, for the avoidance of doubt, neither the Issuer nor the Lead Manager accepts any responsibility in relation to such unauthorised offer.

If, in the context of a Public Offer, you are offered Bonds by a person which is not an Authorised Offeror, you should check with such person whether anyone is responsible for this Prospectus for the purpose of the Public Offer and, if so, who that person is. If you are in any doubt about whether you can rely on this Prospectus and/or who is responsible for its contents, you should take legal advice.

Consent

The Issuer consents, and (in connection with sub-paragraph (iv) below) offers to grant its consent, to the use of this Prospectus in connection with any Public Offer of Bonds, including any subsequent resale or final placement of Bonds by financial intermediaries, in the United Kingdom during the period commencing from and including the date of this Prospectus until 12 noon (London time) on 9 October 2014 (the "**Offer Period**") by:

(i) the Lead Manager;

(ii) Barclays Stockbrokers, Interactive Investor Trading Limited, NCL Investments Limited (trading as Smith & Williamson), Redmayne-Bentley LLP and Talos Securities Limited (trading as Selftrade);

(iii) any other financial intermediary appointed after the date of this Prospectus and whose name is published on the website of the Issuer (at *www.erosplc.com/bonds*) and identified as an Authorised Offeror in respect of the Public Offer; and

(iv) any other financial intermediary which (a) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction ("**MiFID**"); and (b) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**"):

"*We, [FINANCIAL INTERMEDIARY], refer to the offer of sterling denominated 6.50 per cent. bonds (the "**Bonds**") described in the Prospectus dated 25 September 2014 (the "**Prospectus**") published by Eros International Plc (the "**Issuer**"). In consideration of the Issuer offering to grant its consent to our use of the Prospectus in connection with the offer of the Bonds in the United Kingdom during the Offer Period in accordance with the Authorised Offeror Terms (as specified in the Prospectus), we hereby accept the offer by the Issuer. We confirm that we are authorised under MiFID to make, and are using the Prospectus in connection with, the Public Offer accordingly. Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Prospectus.*"

The financial intermediaries referred to in sub-paragraphs (ii), (iii) and (iv) above are together referred to herein as, the "**Authorised Offerors**".

Any Authorised Offeror falling within sub-paragraph (iv) above who wishes to use this Prospectus in connection with a Public Offer as set out above is required, for the duration of the Offer Period, to publish on its website the Acceptance Statement set out above, confirming that it uses the Prospectus in accordance with the consent and conditions attached thereto.

The "**Authorised Offeror Terms**" are that the relevant financial intermediary:

(a) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), including the Rules published by the FCA, including its guidance for distributors in "*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*" in the UK, from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Bonds by an investor and disclosure to any potential investor;

(b) complies with the restrictions set out under "*Subscription and Sale*" in this Prospectus which would apply as if it were the Lead Manager;

(c) ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and is fully and clearly disclosed to investors or potential investors;

(d) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under FSMA and the Financial Services Act 2012 in the United Kingdom;

(e) complies with, and takes appropriate steps in relation to, applicable anti-money laundering, anti-bribery, prevention of corruption and "know your client" Rules, and does not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

(f) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Lead Manager and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the Lead Manager in order to enable the Issuer and/or the Lead Manager to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer and/or the Lead Manager;

(g) does not, directly or indirectly, cause the Issuer or the Lead Manager to breach any Rule or subject the Issuer or the Lead Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(h) immediately gives notice to the Issuer and the Lead Manager if at any time it becomes aware or suspects that it is or may be in violation of any Rules or the terms of this paragraph, and takes all appropriate steps to remedy such violation and comply with such Rules and this paragraph in all respects;

(i) does not give any information other than that contained in this Prospectus (as may be amended or supplemented by the Issuer from time to time) or make any representation in connection with the offering or sale of, or the solicitation of interests in, the Bonds;

(j) agrees that any communication in which it attaches or otherwise includes any announcement published by the Issuer *via* RNS at the end of the Offer Period will be consistent with the Prospectus, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the Issuer and must expressly confirm that the Issuer has not accepted any responsibility for the content of any such communication;

(k) does not use the legal or publicity names of the Lead Manager, the Issuer or any other name, brand or logo registered by any entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Bonds;

(l) agrees and undertakes to indemnify each of the Issuer and the Lead Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the Lead Manager; and

(m) agrees and accepts that:

    (i) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

    (ii) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of the English courts; and

    (iii) the Lead Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for its benefit, including the agreements, representations, undertakings and indemnity given by the financial intermediary pursuant to these Authorised Offeror Terms.

Arrangements between you and the financial intermediaries who will distribute the Bonds

Neither the Issuer nor the Lead Manager has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

If you intend to acquire or do acquire any Bonds from an Authorised Offeror, you will do so, and offers and sales of the Bonds to you by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and you including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with you in connection with the offer or sale of the Bonds and, accordingly, this Prospectus does not contain such information.

In the event of an offer being made by an Authorised Offeror, such Authorised Offeror will provide information to investors on the terms and conditions of the offer at the time the offer is made.

Neither the Issuer, the Lead Manager nor any other Authorised Offeror has any responsibility or liability for such information.

Notice to investors

The Bonds may not be a suitable investment for all investors. You must determine the suitability of any investment in light of your own circumstances. In particular, you may wish to consider, either on your own or with the help of your financial and other professional advisers, whether you:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus (and any applicable supplement to this Prospectus);

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on your overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments (pounds sterling) is different from the currency which you usually use;

(d) understand thoroughly the terms of the Bonds and are familiar with the behaviour of the financial markets; and

(e) are able to evaluate possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

No person is or has been authorised by the Issuer, the Lead Manager or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Lead Manager or the Trustee.

Neither the publication of this Prospectus nor the offering, sale or delivery of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Prospectus or that there has been no adverse change in the financial position of the Issuer since the date of this Prospectus or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Lead

Manager nor the Trustee undertake to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds should be considered as a recommendation by the Issuer, the Lead Manager or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and any purchase of Bonds should be based upon such investigation as it deems necessary.

The Lead Manager and the Trustee

Neither the Lead Manager nor the Trustee have independently confirmed the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made by the Lead Manager or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds. Neither the Lead Manager nor the Trustee accepts liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution.

The Lead Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

No incorporation of websites

The contents of the websites of members of the Group or of any other websites or web pages referred to in this Prospectus do not form part of this Prospectus, and you should not rely on them.

Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms '*believes*', '*estimates*', '*anticipates*', '*expects*', '*intends*', '*may*', '*will*', or '*should*' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer concerning, amongst other things, the Issuer's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Issuer's operations, financial condition and liquidity, and the development of the countries and the industries in which the Issuer operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. These and other factors are discussed in more detail under Section 2 (*Risk Factors*). Many of these factors are beyond the control of the Issuer. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected. Except to the extent required by applicable laws and regulations (which currently include the rules set out in the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules published by the United Kingdom's Financial Conduct Authority), the Issuer does not intend, and does not assume any obligation, to update any forward-looking statements set out in this Prospectus.

This Prospectus is based on English law in effect as of the date of issue of this Prospectus. Except to the extent required by laws and regulations, the Issuer does not intend, and does not assume any obligation, to update the Prospectus in light of the impact of any judicial decision or change to English law or administrative practice after the date of this Prospectus.

CREST depository interests

In certain circumstances, investors may also hold interests in the Bonds through CREST through the issue of CDIs representing interests in Underlying Bonds. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Bonds nor any rights attached to the Bonds will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

Selling restrictions

This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy, Bonds to any person in any jurisdiction to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. This Prospectus is not for distribution in the United States, Australia, Canada, the Republic of Ireland or Japan. The Bonds have not been and will not be registered under the United States Securities Act or qualified for sale under the laws of the United States or under any applicable securities laws of Australia, Canada, the Republic of Ireland or Japan. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons.

The distribution of this Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. No action has been or will be taken by the Issuer, the Lead Manager or the Trustee anywhere which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction, other than in the United Kingdom. You must inform yourself about, and observe, any such restrictions.

The Prospectus is not subject to the approval or regulation by the Isle of Man Financial Supervision Commission (the "**Commission**") and the Commission does not vouch for the correctness of any statements made or opinions expressed with regard to it. The Bonds are not subject to the benefit of any compensation arrangements in the Isle of Man.

SECTION 11 – TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions substantially in the form to be endorsed on the Bonds in definitive form (if issued):

The issue of sterling denominated 6.50 per cent. bonds due 2021 (the "**Bonds**") was authorised by a resolution of the board of directors of Eros International Plc (the "**Issuer**") passed on 24 September 2014. The Bonds are constituted by a trust deed (the "**Trust Deed**") dated 15 October 2014 (the "**Issue Date**") made between the Issuer and U.S. Bank Trustees Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the "**Bondholders**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds and the coupons relating to them (the "**Coupons**"). Copies of the Trust Deed, and of the paying agency agreement (the "**Agency Agreement**") dated on or around the Issue Date relating to the Bonds between the Issuer, the Trustee and Elavon Financial Services Limited, UK Branch as the initial principal paying agent and any other paying agents named in it, are available for inspection during usual business hours at the principal office for the time being of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the principal paying agent for the time being (the "**Principal Paying Agent**") and any other paying agents for the time being (the "**Paying Agents**", which expression shall include the Principal Paying Agent). The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

(a) **Form and denomination:** The Bonds are serially numbered and in bearer form in the denomination of £100, each with Coupons attached on issue.

(b) **Title:** Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status and Subsidiary Guarantors

(a) **Status:** The Bonds and Coupons constitute unconditional, unsubordinated and (subject to Condition 3(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons (and, if any, of the Subsidiary Guarantors (as defined below), from time to time, under any Guarantee) shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3(a), at all times rank at least equally with all its (or their respective, as the case may be) other present and future unsecured and unsubordinated obligations.

(b) **Provision of a Guarantee:** Subject to the provisions of Conditions 2(d) and 3(a), any Subsidiary (as defined in Condition 3(i)) of the Issuer which becomes a Subsidiary Guarantor pursuant to Condition 2(c) below will unconditionally and irrevocably guarantee, on a joint and several basis, the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Bonds and the Coupons (any such Subsidiary, a "**Subsidiary Guarantor**", and each such obligation in that respect individually and/or collectively referred to as, a "**Guarantee**").

(c) **Addition of Subsidiary Guarantors:** Without prejudice to Conditions 2(e) or 11(c), if (A) any Subsidiary of the Issuer becomes a borrower or provides a guarantee or indemnity, as the case may be, in respect of any Relevant Non-Indian Indebtedness (as defined in Condition 2(f)) or (B) any Non-Indian Subsidiary (as defined in Condition 3(i)) of the Issuer becomes a borrower or provides a guarantee or indemnity, as the case may be, in respect of any Relevant Indebtedness, subject in each case to Condition 2(e), the Issuer covenants that it shall procure that such Subsidiary shall at the same time as, or prior to the date of, becoming a borrower or giving such guarantee or indemnity provide a Guarantee in respect of the Trust Deed, the Bonds and the Coupons by procuring the delivery to the Trustee of a deed of accession substantially in the form scheduled to the Trust Deed or otherwise as the Trustee may agree to, duly executed and delivered, and relevant legal opinions in a form satisfactory to the Trustee having been delivered to the Trustee as it may require in accordance with the Trust Deed. The Issuer shall promptly provide advanced written notice to the Trustee of any proposed addition of such borrower or accession of such guarantor under or in respect of any Relevant Non-Indian Indebtedness and/or Relevant Indebtedness, as applicable. Notice of any addition of a Subsidiary Guarantor pursuant to this Condition 2(c) will promptly be given by the Issuer to the Bondholders in accordance with Condition 15.

(d) **Release of Subsidiary Guarantors:** A Subsidiary Guarantor for the time being which is no longer a borrower, a guarantor or otherwise liable and is no longer required to provide a guarantee or indemnity in respect of (A) any Relevant Non-Indian Indebtedness and/or (B) any Relevant Indebtedness shall be immediately, automatically and (subject always to Condition 2(c)) irrevocably released and relieved of all of its obligations under any Guarantee and all of its future obligations as a Subsidiary Guarantor under the Trust Deed without any prejudice to any obligations which may have accrued prior to that time upon the Issuer giving written notice to the Trustee signed by two directors of the Issuer to that effect upon which the Trustee may rely without liability to any person. Any such notice must also contain the following certifications to the Trustee:

(i) that no Event of Default or Potential Event of Default is continuing or will result from the release of that Subsidiary Guarantor; and

(ii) that such Subsidiary Guarantor is not (or will cease to be simultaneously with such release) a borrower under or providing any guarantee or indemnity in respect of any Relevant Non-Indian Indebtedness (in the case of any Subsidiary of the Issuer) and/or any Relevant Indebtedness (in the case of any Non-Indian Subsidiary), as applicable.

Neither the Issuer nor any Subsidiary Guarantor will be required to execute or provide any other document or certification in relation to any release pursuant to this Condition 2(d) but, if the Issuer requests in writing, the Trustee shall enter into any documentation in relation to the release of any Subsidiary Guarantor which the Issuer reasonably considers to be necessary or desirable and in a form satisfactory to the Trustee to evidence the release of that Subsidiary Guarantor; provided that, the Trustee shall not be obliged to enter into any documentation which, in the sole opinion of the Trustee, would have the effect of:

(A) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or

(B) increasing the obligations or duties of the Trustee in the Trust Deed, the Agency Agreement, the Bonds or the Coupons.

If any Subsidiary of the Issuer released from providing a Guarantee as described above subsequently becomes a borrower or provides a guarantee or indemnity in respect of any Relevant Non-Indian Indebtedness (in the case of any Subsidiary of the Issuer) and/or any Relevant Indebtedness (in the case of any Non-Indian Subsidiary) at any time after such release, such Subsidiary will again be required to provide a Guarantee as described in Condition 2(c). Notice of any release of a Subsidiary Guarantor pursuant to this Condition 2(d) will promptly be given by the Issuer to the Bondholders in accordance with Condition 15.

(e) **Limitation on Guarantees:** The obligation of the Issuer to procure the provision of a Guarantee from a relevant Subsidiary of it contained in Condition 2(c) shall not apply in circumstances where the relevant Subsidiary is for the time being prohibited by mandatory provisions of applicable law from providing a Guarantee with respect to the Bonds; *provided that*, (A) the Issuer has used all reasonable endeavours (without requiring the Issuer to procure any change in jurisdiction of incorporation of any such Subsidiary) to enable such Subsidiary to provide a Guarantee with respect to the Bonds not subject to any such prohibition and certifies such to the Trustee in a certificate signed by two directors and delivers a legal opinion to such effect satisfactory to the Trustee and (B) if such prohibition ceases to apply pursuant to applicable law, the Issuer shall promptly but in any event within 30 days thereof cause that Subsidiary to provide a Guarantee in respect of the Trust Deed, the Bonds and the Coupons in accordance with the provisions of Condition 2(c) applicable to it.

(f) **Definitions:** In these Conditions:

"**Indian Rupee**" refers to the currency of the Republic of India;

"**Potential Event of Default**" means an event or circumstance that could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 8 or the Trust Deed become an Event of Default;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, (A) acceptance under any Credit Facility and (B) bonds, notes, debentures, loan stock or other securities, including privately placed securities, in each case which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured (including with respect to structures or contractual subordination), replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders, investors or institutions or other banks, lenders, investors or institutions or otherwise, with any alternative or further Relevant Indebtedness) but, in each case, not including any indebtedness owed to another member or members of the Group. Without limiting the generality of the foregoing, the term 'Relevant Indebtedness' shall include any agreement or deed (1) changing the maturity of any indebtedness incurred thereunder or contemplated thereby, (2) the addition or removal of borrowers or guarantors thereunder, (3) increasing or decreasing the amount of indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions of any of them; and

"**Relevant Non-Indian Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, (A) acceptance under any Credit Facility of a Non-Indian Subsidiary (each as defined in Condition 3(i)) and (B) bonds, notes, debentures, loan stock or other securities, including privately placed securities, in each case which (x) are denominated in a currency other than Indian Rupees or are by their terms payable, or confer a right to receive payment, in any currency other than Indian Rupees, or are denominated or payable in Indian Rupees and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside India, and (y) for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured (including with respect to structures or contractual subordination), replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders, investors or institutions or other banks, lenders, investors or institutions or otherwise, with any alternative or further Relevant Non-Indian Indebtedness) but, in each case, not including any indebtedness owed to another member or members of the Group (as defined in Condition 3(i)). Without limiting the generality of the foregoing, the term 'Relevant Non-Indian Indebtedness' shall include any agreement or deed (1) changing the maturity of any indebtedness incurred thereunder or contemplated thereby, (2) the addition or removal of borrowers or guarantors thereunder, (3) increasing or decreasing the amount of indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions of any of them.

(g) **Trustee not obliged to monitor:** The Trustee shall not be obliged to monitor compliance by the Issuer with Conditions 2(c), 2(d) or 2(e) and shall have no liability to any person for not doing so. The Trustee shall be entitled to rely, without liability to any person, on any certificate or notice of the Issuer provided under this Condition 2, and until it receives such notice shall assume that no other Subsidiary of the Issuer has become a borrower or provided a guarantee or an indemnity in respect of any Relevant Non-Indian Indebtedness and/or any Relevant Indebtedness.

3 Covenants and Undertakings

(a) **Negative Pledge:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor any Subsidiary Guarantor will, and each will ensure that none of its respective Non-Indian Subsidiaries or Non-Indian Finance Vehicles, if any, (each as defined in Condition 3(i)) will, create, assume or permit to subsist, as security for Debt of any Person, any Security other than any Permitted Security upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) without at the same time or prior thereto procuring that all amounts payable under the Bonds and the Coupons are secured equally and rateably with the Debt secured by such Security to the satisfaction of the Trustee or that such other Security is provided or such other arrangement (whether or not including the giving of Security) is made as either (i) the Trustee shall, in its absolute discretion, deem not materially less beneficial to the interests of the Bondholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Financial Covenant (Leverage Ratio):** So long as any Bond or Coupon remains outstanding, the Issuer shall in ensure that, as at and for the Measurement Period ending on each Reference Date (as defined in Condition 3(i)), the Leverage Ratio is less than 3.5 : 1.0.

(c) **Financial Covenant (Fixed Charge Cover Ratio):** So long as any Bond or Coupon remains outstanding, the Issuer will not, and will not permit any Subsidiary of it to, directly or indirectly, Incur any Debt, including Acquired Debt, or issue Preferred Stock; provided however, that the Issuer or any Subsidiary of it may Incur Debt (including Acquired Debt) or issue Preferred Stock if, on the date of such Incurrence and after giving effect thereto on a *pro forma* basis, the Fixed Charge Cover Ratio would be equal to or greater than 2.0 : 1.0.

Notwithstanding the foregoing, this Condition 3(c) will not prohibit the Incurrence of any of the following Debt:

(i) the Incurrence by the Issuer or any of its Subsidiaries of intercompany Debt between or among the Issuer or any of its other Subsidiaries; provided, however, that (A) any subsequent issuance or transfer of any Capital Stock which results in any such Subsidiary ceasing to be a Subsidiary of the Issuer and any such Debt thus being held by a Person other than the Issuer or any of its other Subsidiaries or any subsequent transfer of such Debt (other than to the Issuer or a Subsidiary of the Issuer), shall be deemed, in each case in respect of such Debt, to constitute the Incurrence of such Debt which was not permitted by this sub-paragraph (i) and (B) if the Issuer is the obligor in respect of such Debt, such Debt is unsecured and ranks *pari passu* with or is contractually subordinated to the Bonds;

(ii) Debt under the Bonds (other than any Additional Bonds) and the Guarantee, if any, in respect of them;

(iii) Debt, other than Debt described in sub-paragraphs (i), (ii), (iii), (vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi) and (xvii) of this paragraph, outstanding as of the Issue Date;

(iv) Refinancing Debt described in sub-paragraph (iii) or this sub-paragraph (iv);

(v) Hedging Obligations entered into in the ordinary course of business and including any such Hedging Obligations Incurred in connection with the issuance of the Bonds;

(vi) Debt in respect of bid, performance, completion, surety or appeal bonds or guarantees of any of the foregoing, VAT Guarantees, or similar instruments, in each case given in the ordinary course of business (including the expansion of business into new territories);

(vii) Debt in respect of workers' compensation claims and self-insurance obligations;

(viii) Debt in respect of bankers' acceptances and letters of credit or similar credit transactions (including guarantees or indemnities related thereto) in the ordinary course of business including the expansion of business into new territories;

(ix) Debt arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Debt is covered within five Business Days in the place where the account against which the cheque, draft or similar instrument is drawn is held;

(x) Debt consisting of advance or extended payment terms in the ordinary course of business (including Trade Payables);

(xi) Debt owed to banks or other financial institutions Incurred in the ordinary course of business of the Issuer and its Subsidiaries maintained with such banks or financial institutions and which arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Subsidiaries;

(xii) the guarantee by the Issuer of Debt of any Subsidiary of the Issuer that was permitted to be Incurred by another provision of this Condition 3(c); provided that, if the Debt being guaranteed is subordinated in right of payment to the Bonds or the guarantee, if any, then such guarantee shall be subordinated to the same extent as the Debt guaranteed;

(xiii) Debt of any other Person Incurred and outstanding on or prior to the date on which such other Person was acquired by the Issuer or a Subsidiary of the Issuer (the "**Acquiring Subsidiary**") (other than Debt Incurred in connection with, or in contemplation of, the transaction or series of related transactions pursuant to which such Person became a Subsidiary of the Issuer or was otherwise acquired by the Issuer or the Acquiring Subsidiary); provided, however, that on the date that such Person is acquired by the Issuer or the Acquiring Subsidiary, (A) such Person becomes a Subsidiary of the Issuer and (B) the Issuer would have been able to Incur such Debt pursuant to the first paragraph of this Condition 3(c);

(xiv) Debt arising from agreements of the Issuer or a Subsidiary of it providing for indemnification, adjustment of purchase price or similar obligations, in each case Incurred or assumed in connection with the disposition of any business, assets or a Subsidiary of the Issuer other than Debt Incurred by any Person acquiring all or a portion of such business, assets or a Subsidiary of the Issuer for the purpose of financing such acquisition; provided that (A) such Debt is not reflected on the balance sheet of the Issuer or any Subsidiary of it (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on such balance sheet will not be deemed to be reflected on such balance sheet for purposes of this sub-paragraph (A)) and (B) the maximum assumable liability in respect of all such Debt shall at no time exceed the gross proceeds including non-cash proceeds (the fair market value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Issuer and its Subsidiaries in connection with such disposition;

(xv) Debt represented by Finance Leases entered into by the Issuer and its Subsidiaries in the ordinary course of business which does not exceed U.S.$1,000,000 (or the foreign currency equivalent thereof) in the aggregate at any one time outstanding;

(xvi) any Bond Refinancing Debt; and

(xvii) additional Debt of the Issuer or any Subsidiary of the Issuer in an aggregate principal amount which does not exceed U.S.$5,000,000 (or the foreign currency equivalent) at any time outstanding.

For the purposes of determining compliance with this covenant, in the event that an item of proposed Debt meets the criteria of more than one of the categories described in sub-paragraphs (i) through (xvii) above, or is entitled to be Incurred pursuant to the first paragraph of this Condition 3(c), the Issuer will be permitted to classify such item of Debt on the date of its Incurrence, or later reclassify all or a portion of such item of Debt, in any manner that complies with this Condition 3(c) except that any Debt Incurrence under sub-paragraph (i) through (xvii) of the second paragraph of this Condition 3(c) may not be reclassified as Incurred pursuant to the first paragraph of this Condition 3(c) unless it could have been so Incurred on the date of its Incurrence. The accrual of interest, the accretion or amortisation of original issue discount, the payment of interest on any Debt in the form of additional Debt with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Debt or an issuance of Disqualified Stock for purposes of this covenant; provided, in each such case, that the amount thereof is included in Consolidated Interest Expense of the Issuer as accrued. Notwithstanding any other provision of this Condition 3(c), the maximum amount of Debt that the Issuer or any Subsidiary of it may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations from time to time in exchange rates or currency values.

The amount of any Debt outstanding as of any date will be:

(A) the accreted value of the Debt, in the case of any Debt issued with original issue discount;

(B) in respect of Debt of another Person secured by Security on the assets of the specified Person, the lesser of:

  (x) the fair market value of such asset at the date of determination; and

  (y) the amount of the Debt of the other Person;

(C) the greater of the liquidation preference or the maximum fixed redemption or repurchase price of the Disqualified Stock, in the case of Disqualified Stock; and

(D) the principal amount of the Debt, in the case of any other Debt.

For purposes of the foregoing, the "maximum fixed redemption or repurchase price" of any Disqualified Stock that does not have a fixed redemption or repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed or repurchased on any date of determination

(d) **Covenant Suspension**: If, on any date following the Issue Date, the Bonds have an investment grade rating from at least two Rating Agencies (as defined in Condition 5(c)) and no Event of Default or Potential Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which the Bonds cease to have an investment grade rating from at least two of the Rating Agencies, the covenants contained in Condition 3(b) (*Financial Covenant* (*Leverage Ratio*)) and Condition 3(c) (*Financial Covenant* (*Fixed Charge Cover Ratio*)) will not apply. However such covenants will be reinstituted and apply according to their respective terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenant will not, however, be of any effect with regard to actions of the Issuer properly taken in compliance with the provisions of the Trust Deed during the continuance of the Suspension Event.

(e) **Merger, Consolidation and Sale of Substantially all Assets:** The Issuer shall not consolidate, merge or amalgamate with or into (whether or not the Issuer is the surviving corporation), or sell, assign or convey, transfer, lease, or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its assets (determined on a consolidated basis for it and its Subsidiaries) to, another Person, unless:

(i) the resulting, surviving or transferee Person, if other than the Issuer (the "**Successor**"), shall be a Person organised and existing under the laws of the Isle of Man or England & Wales or Australia or any member state of the European Union as of 1 January 2004 or any State of the United States and shall expressly assume, by a supplement to the Trust Deed, executed and delivered to the Trustee, in a form satisfactory to the Trustee, all the obligations of the Issuer in respect of the Bonds and Coupons and under the Trust Deed;

(ii) immediately after giving effect to such transaction (and treating any Debt which becomes an obligation of the Issuer or the Successor, as applicable, or any Subsidiary of the Issuer or the Successor, as the case may be, as a result of such transaction as having been Incurred by the Issuer or the Successor or such Subsidiary at the time of such transaction) no Event of Default or Potential Event of Default (as defined in Condition 2(f)) shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction (and treating any Debt which becomes an obligation of the Issuer or the Successor, as applicable, or any Subsidiary of the Issuer or the Successor, as the case may be, as a result of such transaction as having been Incurred by the Issuer or the Successor or such Subsidiary at the time of such transaction), the Issuer or, as the case may be, the Successor could Incur at least £1 of additional Debt pursuant to the first paragraph of the covenant in Condition 3(c) (*Financial Covenant (Fixed Charge Coverage Ratio)*); and

(iv) the Issuer shall have first delivered to the Trustee (x) a certificate signed by two directors of the Issuer stating that such consolidation, merger, amalgamation or sale, assignment, conveyance, transfer, lease or other disposition and such supplement to the Trust Deed (if any) comply with the provisions of this Condition 3(e) and (y) an opinion(s) of independent legal advisers of recognised standing as to all relevant laws in a form(s) satisfactory to the Trustee and opining as to the matters referred to in (x) above.

The Successor shall succeed to, and be substituted for and may exercise every right and power of, the Issuer under the Trust Deed. Except in the case of a lease, the Issuer shall be relieved of all obligations and covenants under the Trust Deed and the Bonds.

Nothing contained in the foregoing restrictions on merger, consolidation, amalgamation and asset transfers shall prohibit any Subsidiary of the Issuer from consolidating or amalgamating with, merging with or into, or transferring all or part of its properties and assets to the Issuer or another Subsidiary of the Issuer provided that, after giving effect to any such merger, consolidation, amalgamation or asset transfer, no Event of Default or Potential Event of Default shall have occurred and be continuing or would result therefrom.

(f) **Financial Information Reporting:** As soon as they may become available, (i) but in any event within four months of its most recent financial year-end, the Issuer shall send to the Trustee a copy of its audited annual Consolidated Financial Statements for such financial year, together with the report thereon of the Issuer's independent auditors and (ii) within two months of each Reference Date other than the Issuer's financial year-end date, the Issuer shall send to the Trustee a copy of its unaudited interim Consolidated Financial Statements for such semi-annual or quarterly period, as the case may be.

(g) **Compliance Certificate:** The Issuer shall, concurrently with the delivery of each of the annual, semi-annual and quarterly Consolidated Financial Statements referred to in Condition 3(f) and within 14 days of any request by the Trustee, provide to the Trustee a certificate signed by two directors of the Issuer confirming compliance with the covenants contained in Conditions 3(b) and 3(c) with respect to the most recent Reference Date.

(h) **Trustee not obliged to Monitor:** The Trustee shall be under no obligation to monitor compliance by the Issuer with any of the covenants, restrictions or provisions set out in this Condition 3 and shall have no liability to any person as a result of any failure to monitor such compliance. The Trustee shall be entitled to rely without liability to any person and without further enquiry on a certificate provided by the Issuer pursuant to Condition 3(g) above as to compliance or non-compliance (as the case may be) with such covenants as aforesaid.

(i) **Definitions:** In these Conditions:

"**Acquired Debt**" means Debt of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of the Issuer, whether or not such Debt is Incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, the Issuer;

"**Additional Bonds**" means any further securities issued at any time as described in Condition 14 and forming a single series with the Bonds;

"**Average Life**" means, as of the date of determination, with respect to any Debt, the quotient obtained by dividing (x) the sum of the products of (a) the numbers of years from the date of determination to the date of each successive scheduled principal payment of such Debt or scheduled redemption, multiplied by (b) the amount of such payment, by (y) the sum of all such payments;

"**Bond Refinancing Debt**" means Debt Incurred by the Issuer or a Subsidiary of it where the Issuer gives notice to the Trustee not later than 15 days after the Incurrence of such Debt that such Debt is intended to be utilised to refinance (as defined in the definition of Refinancing Debt) any Eurobond outstanding on the date of that Incurrence, provided that:

(i) the notice to the Trustee shall specify the Eurobond which is intended to be so refinanced (the "**Designated Debt**");

(ii) the Bond Refinancing Debt has a Stated Maturity no earlier than the Stated Maturity of the Designated Debt;

(iii) the Bond Refinancing Debt is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of:

(A) the aggregate principal amount (or, if issued with original issue discount, the aggregate accreted value) of the Designated Debt; plus

(B) unpaid interest, prepayment penalties, redemption or repurchase premiums, defeasance costs, fees, expenses and other amounts owing with respect thereto, plus reasonable financing fees and other reasonable out-of-pocket expenses incurred in connection therewith;

(for the avoidance of doubt, the Bond Refinancing Debt may be part of a larger Incurrence of Debt provided that there is compliance with the provisions of Condition 3(c)(*Financial Covenant (Fixed Charge Coverage Ratio*));

"**Business Day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place;

"**Capital Stock**" of any Person means any and all shares, interests, participations or other equivalents of or interests (including partnership interests) in (however designated) equity of such Person, including any Preferred Stock, and all rights to purchase, warrants, options or other equivalents with respect to any of the foregoing, but excluding any debt securities convertible into or exchangeable for such equity;

"**Consolidated Adjusted EBITDA**" means the consolidated profit before taxation of the relevant Person for a period, adjusted by:

(i) adding back Consolidated Interest Expense and depreciation and amortisation (excluding amortisation of capitalised film content and debt issuance costs) for such period;

(ii) excluding any exceptional items, and any amount attributable to minority interests for such period;

(iii) adding back any non-cash charges by virtue of IAS 19 (Employee benefits); and

(iv) further adjusted for impairments of available-for-sale financial assets, profit or loss on held for trading liabilities (including profit or loss on derivatives), transaction costs related to equity transactions, and share based payments.

"**Consolidated Financial Statements**" means the Issuer's audited annual consolidated financial statements or its unaudited semi-annual or quarterly financial statements, as the case may be, including the relevant accounting policies and notes to the accounts and in each case prepared in accordance with IFRS from time to time (and if there has been an change in the accounting policies since the Issue Date, the Consolidated Financial Statements shall be accompanied by a description of any change necessary for 'Operating profit' to reflect the same under IFRS as at the Issue Date);

"**Consolidated Interest Expense**" means, with respect to a Person for any period, the sum, without duplication, of:

(i) the consolidated finance cost of such Person and its Subsidiaries for such period, whether paid or accrued, including, without limitation, amortisation of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Finance Leases, commissions, discounts and other fees and charges in respect of letters of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in accordance with IFRS but excluding any gain or loss that would be reflected in consolidated interest expense as a result of purchases of Debt by way of tender or open market purchases; plus

(ii) the consolidated finance cost of such Person and its Subsidiaries that was capitalised during such period; plus

(iii) any finance cost (in respect of the Relevant Secured Debt Amount in the case of (B)) on Debt of another Person that is (A) guaranteed by such Person or any of its Subsidiaries or (B) secured by Security on assets of such Person or any of its Subsidiaries,

in each case whether or not such guarantee or Security is called upon, plus:

(iv) any dividend payments, whether in cash or otherwise, on any Preferred Stock of such Person or any of its Subsidiaries other than:

 (A) dividend payments paid solely in Capital Stock (other than Disqualified Stock or options, warrants or rights to acquire Disqualified Stock); or

 (B) to such Person or any of its Subsidiaries; but deducting

(v) any finance cost attributable to minority interests for such period;

"**Consolidated Operating Profit**" means, with respect of the Group for any period, 'Operating profit' for the Group as shown in the income statement of the Consolidated Financial Statements for such period;

"**Credit Facility**" or "**Credit Facilities**" means one or more debt facilities or other financing arrangements (including, without limitation, commercial paper facilities or indentures) (in each case, whether drawn or otherwise) providing for revolving credit loans, term loans, notes or letters of credit together with any related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreement may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreements extending the maturity of, refinancing, replacing (whether or not contemporaneously) or otherwise restructuring (including increasing the amount of available borrowings thereunder (provided that, for the avoidance of doubt, such increase in borrowings is permitted by the covenant described under Condition 3(b) (*Financial Covenant (Fixed Charge Coverage Ratio)*)) all or any portion of the Debt under such agreement or any successor or replacement agreements and whether by the same or any other agent, lender or group of lenders or investors and whether such refinancing or replacement is under one or more debt facilities or commercial paper facilities, indentures or other agreements or deeds, in each case with banks or other institutional lenders or trustees or investors providing for revolving credit loans, term loans, notes or letters of credit;

"**Currency Exchange Protection Agreement**" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates;

"**Debt**" means, with respect to any Person on any date of determination (without duplication):

(i) the principal of and any premium in respect of:

(A) Debt of such Person for monies borrowed; and

(B) Debt evidenced by bonds, notes, debentures, loan stock or other similar instruments for the payment of which such Person is responsible or liable;

(ii) all Finance Leases of such Person;

(iii) all the principal of all moneys owing in connection with the sale or discounting of receivables (otherwise than on a non-recourse basis);

(iv) the principal of any Debt arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset and where the deferred and unpaid purchase price of such asset is due more than six months after acquisition thereof;

(v) all obligations of such Person in respect of bid, performance, advanced payment, completion, surety or appeal bonds or guarantees or counter-indemnities of any of the foregoing, VAT Guarantees or similar instruments and all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (including guarantees or indemnities related thereto);

(vi) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock of such Person (but excluding, in each case, any accrued dividends);

(vii) all obligations of the type referred to in sub-paragraphs (i) through (vi) of other Persons and all dividends of other Persons for, the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee;

(viii) all obligations of the type referred to in sub-paragraphs (i) through (vi) of other Persons secured by any Security on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured (the "**Relevant Secured Debt Amount**"); and

(ix) to the extent not otherwise included in this definition, Hedging Obligations of such Person;

"**Designated Debt**" has the meaning given in the definition of Bond Refinancing Debt;

"**Disqualified Stock**", with respect to any Person, means any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise prior to the stated maturity of the Bonds;

(ii) is convertible or exchangeable at the option of the holder for Debt or Disqualified Stock; or

(iii) is mandatorily redeemable or must be purchased, upon the occurrence of certain events or otherwise, in whole or in part, in each case on or prior to the first anniversary of the Stated Maturity of the Bonds, and any Preferred Stock of a Subsidiary of the Issuer, provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require the Issuer or a Subsidiary of it to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the Bonds shall not constitute Disqualified Stock if:

(A) the "change of control" provisions applicable to such Capital Stock are not more favourable to the holders of such Capital Stock than the terms applicable to the Bonds and described under Condition 5(c); and

(B) any such requirement only becomes operative after compliance with such terms applicable to the Bonds, including the redemption or purchase of any Bonds tendered pursuant thereto.

If Capital Stock is issued to any plan for the benefit of directors, officers or employees of the Issuer or any of its Subsidiaries or by any such plan to such directors, officers or employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or any Subsidiary of it in order to satisfy applicable statutory or regulatory obligations;

"**Eurobond**" means any Debt Incurred by the Issuer or a Subsidiary of it and evidenced by bonds (including the Bonds and any Additional Bonds), notes, debentures, loan stock or other similar transferable securities;

"**Finance Lease**" means an obligation that is required to be classified and accounted for as a capital or finance lease for financial reporting purposes in accordance with IFRS and the amount of Debt represented by such obligation shall be the capitalised amount of such obligation determined in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease;

"**Fixed Charge Coverage Ratio**" as of any date of determination (the "**Transaction Date**") means the ratio of (x) the aggregate amount of Consolidated Adjusted EBITDA of the Issuer and its Subsidiaries for the most recent Measurement Period to (y) Consolidated Interest Expense of the Issuer and its Subsidiaries for such Measurement Period; provided that:

(i) if the Issuer or any Subsidiary of it has Incurred any Debt (other than revolving credit borrowings) since the beginning of such period that remains outstanding on such Transaction Date or if the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio is an Incurrence of Debt, or both, Consolidated Adjusted EBITDA and Consolidated Interest Expense of the Issuer and its Subsidiaries for such period shall be calculated after giving effect on a *pro forma* basis to (i) such Debt as if such Debt had been Incurred on the first day of such period and (ii) the discharge of any other Debt repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Debt as if such discharge had occurred on the first day of such period;

(ii) if the Issuer or any Subsidiary of it has repaid, repurchased, defeased or otherwise discharged any Debt since the beginning of such period or if any Debt is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Debt Incurred under any revolving credit facility unless such Debt has been permanently repaid and has not been replaced) on the Transaction Date, Consolidated Adjusted EBITDA and Consolidated Interest Expense of the Issuer and its Subsidiaries for such period shall be calculated on a *pro forma* basis as if such discharge had occurred on the first day of such period and as if the Issuer or such Subsidiary had not earned the interest income actually earned during such period in respect of cash or cash equivalents used to repay, repurchase, defease or otherwise discharge such Debt;

(iii) if, since the beginning of such period, the Issuer or any Subsidiary of it shall have made any asset disposition, the Consolidated Adjusted EBITDA of the Issuer and its Subsidiaries for such period shall be reduced by an amount equal to the Consolidated Adjusted EBITDA (if positive) of the Issuer and its Subsidiaries directly attributable to the assets which are the subject of such asset disposition for such period or increased by an amount equal to the Consolidated Adjusted EBITDA (if negative) of the Issuer and its Subsidiaries directly attributable thereto for such period and Consolidated Interest Expense of the Issuer and its Subsidiaries for such period shall be reduced by an amount equal to the Consolidated Interest Expense of the Issuer and its Subsidiaries directly attributable to any Debt of the Issuer or any Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Issuer and its continuing Subsidiaries in connection with such asset disposition for such period (or, if the Capital Stock of any Subsidiary of it is sold, the Consolidated Interest Expense of the Issuer and its Subsidiaries for such period directly attributable to the Debt of such Subsidiary to the extent the Issuer and its continuing Subsidiaries are no longer liable for such Debt after such sale);

(iv) if since the beginning of such period the Issuer or any Subsidiary of it shall have made an investment in any Subsidiary of it (or any Person who becomes a Subsidiary of the Issuer) or an acquisition of assets, including cash equivalents and any acquisition of assets occurring in connection with a transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio, Consolidated Adjusted EBITDA and Consolidated Interest Expense of the Issuer and its Subsidiaries for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any Debt in accordance with sub-paragraph (i) above and the increase to the Consolidated Adjusted EBITDA (if positive) of the Issuer and its Subsidiaries directly attributable to such investment or acquisition or a reduction of the Consolidated Adjusted EBITDA (if negative) of the Issuer and its Subsidiaries directly attributable to such investment or acquisition) as if such investment or acquisition occurred on the first day of such period; and

(v) if since the beginning of such period any person that subsequently became a Subsidiary of the Issuer or was merged with or into the Issuer or any Subsidiary of it since the beginning of such period shall have made any asset disposition, investment or acquisition of assets that would require an adjustment pursuant to sub-paragraph (iii) or (iv) above if made by the Issuer or a Subsidiary of it during such period, Consolidated Adjusted EBITDA and Consolidated Interest Expense of the Issuer and its Subsidiaries for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any Debt in accordance with sub-paragraph (i) above) as if such investment or acquisition occurred on the first day of such period.

For purposes of this definition of Fixed Charge Cover Ratio, whenever *pro forma* effect is to be given to an investment or an acquisition or disposition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Debt Incurred or repaid, repurchased, defeased or otherwise discharged in connection therewith, the *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Issuer. If any Debt bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Debt if such Hedging Obligation has a remaining term as at the Transaction Date in excess of 12 months);

"**Group**" means the Issuer and its Subsidiaries taken as a whole;

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Protection Agreement or Currency Exchange Protection Agreement or other similar agreement or arrangement involving interest rates, currencies, commodities or otherwise;

"**IFRS**" means International Financial Reporting Standards issued and/or adopted by the International Accounting Standards Board from time to time to the extent applicable to the relevant financial statements;

"**Incur**" means, with respect to any Debt or other obligation, to incur (including by conversion, exchange or otherwise), create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Debt, including, for the avoidance of doubt, by acquisition of Subsidiaries or by the acquisition of any asset securing any Debt (and "**Incurrence**", "**Incurred**" and "**Incurring**" shall have meanings correlative to the foregoing);

"**Interest Rate Protection Agreement**" means, in respect of any Person, any interest rate swap agreement, interest rate option agreement, interest rate cap agreement, interest rate collar agreement, interest rate floor agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in interest rates;

"**Leverage Ratio**" means the ratio of Debt of the Eros India Group to Consolidated Operating Profit of the Group, where "**Debt of the Eros India Group**" means the aggregate of all Debt of Eros International Media Limited (India) and its Subsidiaries taken as a whole (other than Debt owed to another member of the Group) at the relevant time;

"**Measurement Period**" means the most recently ended four fiscal quarters for which Consolidated Financial Statements or management accounts of the Issuer are available;

"**Minimum Rating**" means a credit rating of either "A-1" or higher by S&P or "F1" or higher by Fitch or "P-1" or higher by Moody's (each as defined in Condition 5(c));

"**Non-Indian Finance Vehicle**" means any Person, whether or not owned, in whole or part, by the Issuer or any other member of the Group, (A) established for the purpose of and engaged exclusively in the business of Incurring Debt, guaranteed by the Issuer or any other member of the Group and loaning the proceeds thereof to any Subsidiary of the Issuer which is incorporated in India, (B) whose only material liabilities are the Debt so Incurred by it from time to time and whose only material assets are such loans made by it from time to time and (C) who is not incorporated in India;

"**Non-Indian Subsidiary**" means a Subsidiary of the Issuer which is not incorporated in India;

"**Permitted Security**" means:

(i) any Security existing at the Issue Date or arising from contractual commitments existing as at the Issue Date, provided that the principal amount secured by such Security has not been increased since the Issue Date;

(ii) any Security on assets acquired by the Issuer or a Non-Indian Subsidiary member of the Group after the Issue Date provided that (a) any such Security is in existence prior to the contemplation of such acquisition and (b) the amount secured by such Security does not exceed, at any time, the amount secured thereby as at the date of acquisition;

(iii) any Security on assets of a company which becomes a Non-Indian Subsidiary member of the Group after the Issue Date provided that (a) any such Security is in existence prior to the contemplation of such company becoming a Non-Indian Subsidiary member of the Group and (b) the amount secured by such Security does not exceed, at anytime, the amount secured thereby as at the date such company becomes a Non-Indian Subsidiary member of the Group;

(iv) any Security created for the purpose of securing a counter-indemnity or any other obligations provided by any Non-Indian Subsidiary member of the Group in connection with the issuance of any performance bonds, advance payment bonds or documentary letters of credit arising in the ordinary course of its business;

(v) any Security imposed by mandatory provisions of applicable law, including under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related to obligations (including pledges and deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(vi) any Security securing Hedging Obligations so long as the related Debt is, and is permitted to be incurred under these Conditions, secured by Security on the same property securing the Hedging Obligations;

(vii) Security on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(viii) Security arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the same of goods entered into in the ordinary course of business;

(ix) any Security relating to banker's right of set-off, right to combine accounts or any analogous right which any bank or other financial institution may have relating to any credit balance, deposit accounts or other funds of the Issuer or any of its Non-Indian Subsidiaries;

(x) any Security created as security for any Debt Incurred solely for the purpose of any extension of maturity, renewal or refinancing of any indebtedness secured by Security permitted by (i) to (ix) above; and

(xi) any Security created as security for any Debt not covered by paragraphs (i) through (x) provided that the aggregate principal amount of all Debt secured by any such Security does not, on the date of creation of the latest such Security or, as the case may be, the assumption of any such additional Debt, exceed U.S.$5,000,000 (or the foreign currency equivalent thereof).

"**Person**" means, any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

"**Preferred Stock**", as applied to the Capital Stock of any corporation, means Capital Stock of any series (however designated) which matures before 15 October 2021 and which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other series of such corporation;

"**Reference Date**" means such annual, semi-annual or quarterly date or dates, as the case may be, at which the Issuer prepares its audited annual Consolidated Financial Statements or its unaudited semi-annual or quarterly, as the case may be, Consolidated Financial Statements, and, as at the Issue Date, those Reference Dates are 31 March, 30 June, 30 September and 31 December in each year;

"**Refinancing Debt**" means Debt that refunds, refinances, replaces, renews, repays or extends (including pursuant to any defeasance or discharge mechanism) (collectively, "**refinances**" and "**refinance**" and "**refinanced**" shall each have a correlative meaning) already existing Debt; provided that, except in the case of Debt that refinances all of the outstanding Bonds (including upon redemption or purchase pursuant to Condition 5(e)):

(i) the Refinancing Debt has a Stated Maturity no earlier than any Stated Maturity of the Debt being refinanced;

(ii) the Refinancing Debt has an Average Life at the time such Refinancing Debt is Incurred that is equal to or greater than the Average Life of the Debt being refinanced; and

(iii) such Refinancing Debt is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of:

(A) the aggregate principal amount (or, if issued with original issue discount, the aggregate accreted value) of the Debt being refinanced (including, with respect to both the Refinancing Debt and the Debt being refinanced, amounts then outstanding and amounts available thereunder); plus

(B) unpaid interest, prepayment penalties, redemption or repurchase premiums, defeasance costs, fees, expenses and other amounts owing with respect thereto, plus reasonable financing fees and other reasonable out-of-pocket expenses incurred in connection therewith;

"**Relevant Secured Debt Amount**" has the meaning given to that term in the definition of "Debt";

"**Security**" means any mortgage, charge, pledge, lien or other security interest or encumbrance other than an encumbrance arising solely by operation of law; and, for the avoidance of doubt, any contractual rights of set-off of accounts or combination of accounts shall not be or be deemed to be Security;

"**Stated Maturity**" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the redemption or repurchase of such security upon the happening of any contingency);

"**Subsidiary**" of any Person means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of such Person;

"**Trade Payables**" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services; and

"**VAT Guarantee**" means a guarantee in respect of value-added tax.

4 Interest

The Bonds bear interest from and including the Issue Date at the rate of 6.50 per cent. per annum, payable semi-annually in arrear in equal instalments of £3.25 per £100 nominal amount of the Bonds on 15 April and 15 October in each year (each, an "**Interest Payment Date**"). Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event the relevant Bond shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions.

If interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by two times the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

The period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per £100 in nominal amount of the Bonds. The amount of interest payable per £100 for any period shall, save as provided above in relation to equal instalments, be equal to the product of 6.50 per cent., £100 and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a pence being rounded upwards).

5 Redemption and Purchase

(a) **Final redemption:** Unless previously redeemed or purchased and cancelled the Bonds will be redeemed at their nominal amount on 15 October 2021. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) **Redemption for taxation reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 15 (which notice shall be irrevocable), at their nominal amount, (together with interest accrued to but excluding the date fixed for redemption), if (i) the Issuer (or a Subsidiary Guarantor) satisfies the Trustee immediately prior to the giving of such notice that it has or will (or, in the case of a Subsidiary Guarantor, if its Guarantee were called) become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a relevant Tax Jurisdiction (as defined below), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the Subsidiary Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Subsidiary Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Bonds (or a Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer (or the Subsidiary Guarantor, as the case may be) shall deliver to the Trustee a certificate signed by two of its directors stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Subsidiary Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall without liability to any person accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

In these Conditions, "**Tax Jurisdiction**" means, in the case of the Issuer, the Isle of Man or any political division or authority therein or thereof having power to tax and, in the case of any Subsidiary Guarantor, any jurisdiction under the laws of which that Subsidiary Guarantor for the time being is treated as being resident for tax purposes, or any political division or authority therein or thereof having power to tax.

(c) **Redemption at the option of Bondholders following a Change of Control Put Event:** A Change of Control Put Event will be deemed to occur if:

(i) either (x) Mr Kishore Lulla and his family cease to be discretionary beneficiaries of Beech Investments Limited or (y) Beech Investments Limited ceases to control the Issuer ("**control**" for this purpose means the power or the ability to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise) (each such event being, a "**Change of Control**"); and

(ii) on the date (the "**Relevant Announcement Date**") that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Bonds carry:

(A) an investment grade credit rating (Baa3/BBB-, or their respective equivalents, or better), from any Rating Agency whether provided by such Rating Agency at the invitation of the Issuer or at its own volition and such rating is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or their respective equivalents, or worse) (a "**Non-Investment Grade Rating**") or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency; or

(B) a Non-Investment Grade Rating from any Rating Agency whether provided by such Rating Agency at the invitation of the Issuer or at its own volition and such rating is, within the Change of Control Period, either downgraded by one or more rating categories (from Ba1 to Ba2 or such similar lowering) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency; or

(C) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that if at the time of the occurrence of the Change of Control the Bonds carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub paragraph (A) will apply; and

(iii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (A) and (B) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

If a Change of Control Put Event occurs, the holder of each Bond will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 5(b) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the date (the "**Change of Control Put Date**") which is seven days after the expiration of the Change of Control Put Period (as defined below) at its nominal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Change of Control Put Date.

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-fifth in nominal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (a “**Change of Control Put Event Notice**”) to the Bondholders in accordance with Condition 15 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of the Bond must deposit such Bond with any Paying Agent at its specified office at any time during normal business hours of such Paying Agent falling within the period (the “**Change of Control Put Period**”) of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Change of Control Put Notice**”). No Bond so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Bonds on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in nominal amount of the Bonds then outstanding have been redeemed or purchased pursuant to this Condition 5(c), the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Bonds at their nominal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody’s, Fitch or S&P are changed from those which are described in paragraph (ii) of the definition of “Change of Control Put Event” above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of Moody’s, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moodys, Fitch or S&P and this Condition 5(c) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or Negative Rating Event or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control or Negative Rating Event has occurred, or to seek any confirmation from any Rating Agency pursuant to paragraph (iii) above or pursuant to the definition of Negative Rating Event below, and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume (without liability for so doing) that no Change of Control Put Event or Change of Control or other such event has occurred.

In these Conditions:

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Bonds are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a “**Negative Rating Event**” shall be deemed to have occurred if at such time as there is no rating assigned to the Bonds by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Bonds, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade (BBB-/Baa3, or their respective equivalents for the time being) by the end of the Change of Control Period;

"**Rating Agency**" means Moody's Investors Service, Inc. ("**Moody's**"), Fitch Ratings Ltd. ("**Fitch**") or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. ("**S&P**") or any of their respective successors or any rating agency (a "**Substitute Rating Agency**") substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee; and

"**Relevant Potential Change of Control Announcement**" means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

(d) **Notice of redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 5 shall be redeemed on the date specified in such notice in accordance with this Condition 5.

(e) **Purchase:** The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 5(f) below, they are purchased together with all unmatured Coupons relating to them). The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders or on any Written Resolution or Electronic Consent (each as defined in Condition 11(a)) and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11. Such Bonds may be held, re-sold or reissued or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(f) **Cancellation:** All Bonds so redeemed or purchased and to be cancelled pursuant to Condition 5(e) and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or resold.

6 Payments

(a) **Method of Payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by pound sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in the United Kingdom. Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.

(b) **Payments subject to laws:** Save as provided in Condition 7, payments will be made subject in all cases to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer (or any Subsidiary Guarantor, as the case may be) and the Paying Agents agree to be subject and neither the Issuer nor any Subsidiary Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations and agreements. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(c) **Surrender of unmatured Coupons:** Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of any such missing unmatured Coupon which the sum of principal so paid bears to the total nominal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.

(d) **Payments on business days:** A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a sterling account, in London). No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this Condition 6 falling after the due date. In this Condition 6, "**business day**" means a day on which commercial banks and foreign exchange markets are open for business in London.

(e) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed below these Conditions. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, (ii) a Paying Agent having a specified office in London and/or in any other major European city approved by the Trustee and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC (as amended from time to time) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Bondholders in accordance with Condition 15.

7 Taxation

All payments of principal and interest by or on behalf of the Issuer (or, as the case may be, any Subsidiary Guarantor) in respect of the Bonds and the Coupons (or under any Guarantee) shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by a relevant Tax Jurisdiction (as defined in Condition 5(b)), unless such withholding or deduction is required by law. In that event the Issuer (or, as the case may be, any Subsidiary Guarantor) shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon:

(a) **Other connection:** the holder of which is liable to such Taxes in respect of such Bond or Coupon by reason of his having some connection with the relevant Tax Jurisdiction other than the mere holding of the Bond or Coupon; or

(b) **Presentation more than 30 days after the Relevant Date:** presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

(c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) **Payment by another Paying Agent:** presented for payment by or on behalf of a Bondholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

"**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7 or any undertaking given in addition to or substitution for it under the Trust Deed.

8 Events of Default

If any of the following events (an "**Event of Default**") occurs and is continuing the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their nominal amount together (if applicable) with accrued interest:

(a) **Non-Payment:** the Issuer fails to pay any interest on any of the Bonds when due and such failure continues for a period of 14 days or

(b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee or

(c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any Subsidiary of it fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds U.S.$10,000,000 or its equivalent in any other currency or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Subsidiaries for the payment of money aggregating in excess of U.S.$10,000,000 or its equivalent in other currencies and is not discharged or stayed within 30 days or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, securing indebtedness in an amount equal to or exceeding U.S.$10,000,000 or its equivalent in other currencies and created or assumed by the Issuer or any of its Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrator, manager or other similar person) and is not discharged or stayed within 30 days or

(f) **Insolvency:** the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or materially all of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries or

(g) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer or any Material Subsidiary ceases to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or one or more of its Material Subsidiaries or (iii) in compliance with Condition 3(e) or

(h) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and any Subsidiary Guarantor lawfully to enter into, exercise its or their respective rights and perform and comply with its or their respective obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done or

(i) **Illegality:** it is or will become unlawful for the Issuer or any Subsidiary Guarantor to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed or

(j) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 8 or

(k) **Guarantee:** the Guarantee (if any) is not (or is claimed by any Subsidiary Guarantor for the time being not to be) in full force and effect other than in accordance with Condition 2.

In these Conditions, a "**Material Subsidiary**" means at any time a Subsidiary of the Issuer:

(i) whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated net profits of the Issuer and its consolidated Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries, provided that:

(A) if the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries show a net loss for the relevant financial period then there shall be substituted for the words "net profits" the words "gross revenues" for the purposes of this definition;

(B) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (a)(ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate net profits equal to) not less than 10 per cent. of the consolidated net profits of the Issuer, as calculated as referred to in subparagraph (a)(i) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate net profits equal to) not less than 10 per cent. of the consolidated net profits of the Issuer, as calculated as referred to in subparagraph (a)(i) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (a)(iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

The Issuer shall provide to the Trustee within 14 days of its annual audited financial statements being made available to its members and upon the occurrence of an Event of Default or Potential Event of Default pursuant to Condition 8(f) or 8(g) and in any event within 14 days of a request by the Trustee a certificate signed by two directors of the Issuer addressed to the Trustee that in their opinion a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary which shall, in the absence of manifest error, be conclusive and binding on all parties and upon which the Trustee may rely without liability to any person.

9 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date (as defined in Condition 7).

10 Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of any Paying Agent for the time being in London subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or any relevant Subsidiary Guarantor may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

11 Meetings of Bondholders, Modification, Waiver and Substitution

(a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Subsidiary Guarantors (if any) or the Trustee upon written request of Bondholders holding not less than 10 per cent. in nominal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in nominal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the nominal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the nominal amount of, or interest payable on, the Bonds, (iii) to change the currency of payment of the Bonds or the Coupons, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel any Guarantee or the provisions relating to accession of Subsidiary Guarantors, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed and whether or not they voted on such resolution) and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Bonds for the time being outstanding (a "**Written Resolution**") or (ii) consents given by way of electronic consent through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 90 per cent. in nominal amount for the time being outstanding (an "**Electronic Consent**") shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing or, as the case may be, such consents may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification and Waiver:** The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and the Couponholders and such modification shall be notified to the Bondholders as soon as practicable.

(c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the substitution of certain other entities in place of the Issuer or a Subsidiary Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed, the Bonds and the Coupons. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

(d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer or any Subsidiary Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

12 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer and/or any Subsidiary Guarantor as it may think fit to enforce the terms of the Trust Deed, the Bonds and the Coupons, but it need not take any such proceedings, steps or actions unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-fifth in nominal amount of the Bonds outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder may proceed directly against the Issuer or any Subsidiary Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer, including any Subsidiary Guarantor, without accounting for any profit.

The Trustee may act and rely without liability to Bondholders or Couponholders on a report, confirmation, notice or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to act and rely on any such report, confirmation or certificate or advice and such report, confirmation, notice or certificate or advice shall be binding on the Issuer, any Subsidiary Guarantor, the Trustee, the Bondholders and the Couponholders.

14 Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the

Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

15 Notices

Notices to Bondholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in the United Kingdom. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition 15.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law and Jurisdiction

(a) **Governing Law:** The Trust Deed, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Coupons or any Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Coupons or any Guarantee ("**Proceedings**") may be brought in such courts. Pursuant to the Trust Deed the Issuer has irrevocably submitted to the jurisdiction of such courts.

(c) **Agent for Service of Process:** Pursuant to the Trust Deed, the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Bonds, the Coupons and any Guarantee.

SECTION 12 – SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Bond contains provisions which apply to the Bonds while they are held in global form by the clearing systems, some of which include minor technical modifications to the terms and conditions of the Bonds set out in this Prospectus. The following is a summary of relevant parts of those provisions.

1 Exchange of Global Bonds for Definitive Bonds in limited circumstances

The Global Bond is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Bonds described below if the Global Bond is held on behalf of Euroclear or Clearstream, Luxembourg (each, a "**Clearing System**") and such Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or any of the circumstances in Condition 8 (*Events of Default*) occurs. Thereupon, the holder of the Global Bond may give notice to the Principal Paying Agent of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Global Bond may surrender the Global Bond to or to the order of the Principal Paying Agent. In exchange for the Global Bond, the Issuer shall deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Bonds.

"**Exchange Date**" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the cities in which the relevant Clearing System is located.

2 Payments of principal and interest

Payments of principal and interest in respect of Bonds represented by the Global Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Bond, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bonds. Condition 6(e)(iii) and Condition 7(d) will apply to the Definitive Bonds only. For the purpose of any payments made in respect of the Global Bond, Condition 6(d) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open for business in London.

3 Notices to Bondholders

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a Clearing System, notices to Bondholders may be given by delivery of the relevant notice by electronic message to that Clearing System for communication by it to entitled accountholders in substitution for publication as required by Condition 15. Any such notice shall be deemed to have been given to Bondholders on the day on which such notice is delivered to the relevant Clearing System.

4 Prescription periods for claims against the Issuer

Claims in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

5 Meetings of Bondholders

The holder of the Global Bond shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each £100 in nominal amount of Bonds at any meeting of the Bondholders.

6 Put Option

For so long as all of the Bonds are represented by the Global Bond and the Global Bond is held on behalf of any clearing system, the option of the Bondholders provided for in Condition 5(c) (*Redemption at the option of Bondholders following a Change of Control Put Event*) may be exercised by an accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of the relevant Clearing System (which may include notice being given on his instructions by any relevant Clearing System for them to the Principal Paying Agent by electronic means) of the principal amount of the Bonds in respect of which such option is exercised.

The Issuer shall procure that any exercise of any option or any right under the Bonds, as the case may be, shall be entered in the records of the relevant clearing system and upon any such entry being made, the principal amount of the Bonds represented by the Global Bond shall be adjusted accordingly.

7 Purchase and cancellation of the Bonds

Cancellation of any Bond at the option of the Issuer following its purchase will be effected by reduction in the nominal amount of the Global Bond by endorsement on the relevant part of the Schedule thereto.

8 Trustee's powers

In considering the interests of Bondholders while the Global Bond is held on behalf of a Clearing System, the Trustee may have regard to any information provided to it by such Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Bond and may consider such interests as if such accountholders were the holder of the Global Bond.

9 Euroclear and Clearstream, Luxembourg

References in the Global Bond and this summary to a Clearing System shall be deemed to include references to any other clearing system approved by the Trustee.

SECTION 13 – GLOSSARY OF TERMS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

"**Agency Agreement**"	means the paying agency agreement dated on or around the Issue Date;
"**Ayngaran**"	means Ayngaran International Limited;
"**beneficial owner**"	is a legal term indicating that specific property rights belong to a person even though legal title of the property belongs to another person. A common example is where a beneficial owner is the real owner of funds or securities held by a nominee fund manager or by their stock broker;
"**Board**" or "**Directors**"	means the board of directors of the Issuer or any duly authorised committee thereof;
"**Bondholders**"	means the holders of the Bonds;
"**Bonds**"	means the Issuer's sterling denominated 6.50 per cent. bonds due 2021;
"**CAGR**"	means compound annual growth rate;
"**CBFC**"	means the Indian Central Board of Film Certification;
"**CCI**"	means the Competition Commission of India;
"**CDI**"	means CREST Depository Interest;
"**Cinematograph Act**"	means the Indian Cinematograph Act 1952;
"**Clearstream, Luxembourg**"	means Clearstream Banking, *société anonyme*;
"**Competition Act**"	means the Indian Competition Act of 2002;
"**Conditions**"	means the terms and conditions of the Bonds;
"**Copyright Act**"	means the Indian Copyright Act, 1957;
"**Couponholders**"	means the holders of the Coupons;
"**Coupons**"	means the interest coupons relating to the Bonds;
"**CRBT**"	means caller ring-back tones;
"**CREST**"	means Euroclear UK & Ireland Limited (formerly known as CREST Co Limited);
"**Disclosure and Transparency Rules**"	means the disclosure rules and the transparency rules made by the FCA;
"**DTH**"	means direct to home;
"**Eros India**"	means Eros International Media Limited;
"**Euroclear**"	means Euroclear Bank S.A./N.V.;
"**EU**"	means the European Union;
"**FCA**"	means the United Kingdom Financial Conduct Authority;
"**FICCI Report 2014**"	means the Federation of Indian Chambers of Commerce and Industry (FICCI)-KPMG Indian Media and Entertainment Report 2014;

"**Founders Group**"	means Beech Investments Limited, Eros Ventures Limited, Olympus Foundation, the Lulla Foundation, Arjan Lulla, Kishore Lulla, Vijay Ahuja and Sunil Lulla;
"**FSCS**"	means the Financial Services Compensation Scheme;
"**FSMA**"	means the Financial Services and Markets Act 2000;
"**Global Bond**"	means the global bond representing the Bonds which will be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear on or about the Issue Date;
"**Group**"	means Eros International Plc and its subsidiaries taken as a whole;
"**HBO**"	means Home Box Office;
"**IFRS**"	international financial reporting standards, as adopted by the EU;
"**India**"	means the Republic of India;
"**Indian Stock Exchanges**"	means Bombay Stock Exchange Limited and National Stock Exchange of India Limited;
"**IPTV**"	means internet protocol television;
"**Issuer**"	means Eros International Plc;
"**Issue Date**"	means 15 October 2014;
"**IVR**"	means interactive voice response;
"**Lead Manager**"	means Investec Bank plc;
"**Listing Rules**"	means the listing rules made by the FCA under Part VI of FSMA, as amended from time to time;
"**Maturity Date**"	means 15 October 2021;
"**MiFID**"	means Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction;
"**MVAS**"	means Mobile Value Added Services;
"**New Companies Act**"	means the Indian Companies Act 2013;
"**NYSE**"	means the New York Stock Exchange;
"**Offer Period**"	means the period from the date of this Prospectus to 12 noon (London time) 9 October 2014;
"**Paying Agents**"	means paying agents other than the Principal Paying Agent for the time being;
"**Principal Paying Agent**"	means the principal paying agent for the time being;
"**Prospectus**"	means this document;
"**Prospectus Directive**"	means the Directive 2003/71/EC, as amended;
"**Prospectus Rules**"	means the rules and regulations made by the FCA under Part VI of the FSMA, as amended from time to time;
"**Public Offer**"	means any offer of Bonds that does not fall within an exemption from the requirement to publish a Prospectus under the Prospectus Directive;

"**Relationship Agreement**"	means the 2009 relationship agreement between the Group, Eros India and Eros Worldwide;
"**Rentrak**"	means Rentrak Corporation;
"**RNS**"	means the Regulatory News Service operated by the London Stock Exchange plc;
"**SAP ERP**"	means the enterprise resource planning system provided by the German company SAP AG;
"**Savings Directive**"	means the EC Council Directive 2003/48/EC on the taxation of savings income (as amended from time to time);
"**SDRT**"	means stamp duty reserve tax;
"**SEBI**"	means the Securities and Exchange Board of India;
"**Securities Act**"	means the United States Securities Act of 1933;
"**Sizing Announcement**"	means the announcement that is to be published by the Issuer *via* RNS at the end of the Offer Period, and which will confirm the final issue size;
"**SMS**"	means short message service;
"**Subscription Agreement**"	means the subscription agreement expected to be dated on or about 10 October 2014;
"**SVOD**"	means subscription video on demand;
"**Trademarks Act**"	means the Indian Trade Marks Act, 1999;
"**Trademarks Amendment Act**"	means the Indian Trade Marks (Amendment) Act 2010;
"**Trust Deed**"	means the trust deed dated 15 October 2014;
"**Trustee**"	means U.S. Bank Trustees Limited;
"**UK**" or "**United Kingdom**"	means the United Kingdom of Great Britain and Northern Ireland;
"**U.S.**" or "**United States**"	means the United States of America;
"**Valuable**"	means Valuable Technologies Limited;
"**VCD**"	means video compact discs;
"**VOD**"	means video on demand; and
"**WAP**"	means wireless application protocol.

All references in this document to "**sterling**" and "**£**" refer to the currency of the United Kingdom, all references to "**INR**" or "**Rupee**" refer to the currency of India and all references to "**$**", "**U.S.$**" and "**U.S. dollars**" refer to the currency of the United States of America. References to the singular in this document shall include the plural and vice versa, where the context requires.

SECTION 14 – INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Eros International PLC

We have audited the accompanying consolidated statements of financial position of Eros International PLC and subsidiaries (the “Company”) as of March 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the two years in the period ended March 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Eros International PLC and subsidiaries as of March 31, 2014 and 2013, and the results of their operations and their cash flows for each of the two years in the period ended March 31, 2014, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

/s/ Grant Thornton India LLP

Mumbai, India

June 17, 2014

EROS INTERNATIONAL PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014 AND 2013

	Note	As at March 31 2014	2013
		(in thousands)	
ASSETS			
Non-current assets			
Property, plant and equipment	12	$ 10,166	$ 11,680
Goodwill	13	1,878	1,878
Intangible assets — trade name	13	14,000	14,000
Intangible assets — content	14	577,704	535,304
Intangible assets — others	15	1,515	2,117
Available-for-sale investments	16	30,340	30,385
Trade and other receivables	18	12,056	—
Deferred tax assets	10	77	569
		$ 647,736	$ 595,933
Current assets			
Inventories	17	$ 566	$ 793
Trade and other receivables	18	111,649	93,327
Current tax receivable		611	962
Cash and cash equivalents	20	145,449	107,642
		258,275	202,724
Total assets		$ 906,011	$ 798,657
LIABILITIES			
Current liabilities			
Trade and other payables	19	$ 31,611	$ 28,979
Short-term borrowings	22	92,879	79,902
Current tax payable		4,090	1,846
		$ 128,580	$ 110,727
Non-current liabilities			
Long-term borrowings	22	$ 165,254	$ 165,898

Other long term liabilities		393	357
Derivative financial instruments	23	11,483	16,660
Deferred tax	10	22,260	18,839
		$ 199,390	$ 201,754
Total liabilities		$ 327,970	$ 312,481
EQUITY			
Equity			
Share capital	24	$ 26,322	$ 22,653
Share premium		223,333	159,547
Reserves		342,856	311,315
Other components of equity	27	(39,315)	(29,432)
JSOP reserve	26	(25,505)	(25,505)
Equity attributable to equity holders of Eros International Plc		$ 527,691	$ 438,578
Non-controlling interest		50,350	47,598
Total equity		$ 578,041	$ 486,176
Total liabilities and equity		$ 906,011	$ 798,657

The accompanying notes form an integral part of these financial statements.

EROS INTERNATIONAL PLC

CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	Note	Year ended March 31 2014	2013
		(in thousands, except per share amounts)	
Revenue	4	$ 235,470	$ 215,346
Cost of sales		(132,933)	(134,002)
Gross profit		102,537	81,344
Administrative costs		(42,680)	(26,308)
Operating profit		59,857	55,036
Financing costs	7	(9,910)	(6,202)
Finance income	7	2,393	4,733
Net finance costs	7	(7,517)	(1,469)
Other gains/(losses)	8	(2,353)	(7,989)
Profit before tax		49,987	45,578
Income tax expense	9	(12,843)	(11,913)
Profit for the year	6	$ 37,144	$ 33,665
Attributable to:			
Owners of Eros International Plc		$ 29,861	$ 27,107
Non-controlling interests		7,283	6,558
		$ 37,144	$ 33,665
Earnings per share (cents)	11		
Basic earnings per share		65.5	68.7
Diluted earnings per share		65.2	68.6

The accompanying notes form an integral part of these financial statements.

EROS INTERNATIONAL PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	Note	Year ended March 31 2014	2013
		(in thousands, except per share amounts)	
Profit for the year		$ 37,144	$ 33,665
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Revaluation of property		—	1,726
Items that will be subsequently reclassified to profit or loss			
Available-for-sale financial assets			
Reclassification to profit and loss		—	—
Gain/(loss) arising during the year		—	—
Exchange differences on translating foreign operations		(15,706)	(14,613)
Cash flow hedges			
Reclassification to profit and loss		1,233	—
Gain/(loss) arising during the year		—	—
		$ (14,473)	**$ (14,613)**
Total other comprehensive (loss) for the year		**$ (14,473)**	**$ (12,887)**
Total comprehensive income for the year, net of tax		**$ 22,671**	**$ 20,778**
Attributable to			
Owners of Eros International Plc		19,978	16,194
Non-controlling interests		2,693	4,584

The accompanying notes form an integral part of these financial statements.

EROS INTERNATIONAL PLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	Note	Year ended March 31 2014	Year ended March 31 2013
		(in thousands)	
Cash flow from operating activities			
Profit before tax		**$ 49,987**	**$ 45,578**
Adjustments for:			
Depreciation	12	789	1,003
Share based payment	25	18,421	1,888
Amortization of intangible content assets	14	99,620	101,955
Amortization of other intangible assets	15	578	715
Non-cash items	28	(308)	5,662
Net finance charge	7	7,517	1,469
Movement in trade and other receivables		(32,038)	(21,338)
Movement in inventories		216	254
Movement in trade payables		927	13,634
(Profit)/loss on sale of property, plant and equipment		7	389
Cash generated from operations		145,716	151,209
Interest paid		(9,656)	(4,659)
Income taxes paid		(3,528)	(9,103)
Net cash generated from operating activities		**$ 132,532**	**$ 137,447**
Cash flows from investing activities			
Purchase of property, plant and equipment		$ (102)	$ (86)
Proceeds from disposal of property, plant and equipment		12	88
Purchase of intangible film rights and related content		(163,150)	(186,676)
Purchase of intangible assets others		(112)	(473)
Interest received		2,332	4,819
Net cash used in investing activities		**$ (161,020)**	**$ (182,328)**
Cash flows from financing activities			

Proceeds from disposal of subsidiary shares		$ —	$ 9,435
Net proceeds from issue of share capital		50,608	—
Proceeds from issue of shares by subsidiary		150	596
Dividend to non-controlling interests		—	(770)
Proceeds from issuance of short term debt (term loans)		4,131	—
Proceeds from issuance of short term debt (commercial paper)		—	1,842
Repayment of short term debt (commercial paper)		—	(1,842)
Proceeds/Repayment of short term debt (term loans)		6,343	(6,969)
Proceeds from long-term borrowings		29,830	11,015
Repayment of long-term borrowings		(21,665)	(1,836)
Net cash generated from financing activities		**$ 69,397**	**$ 11,471**
Net (decrease)/increase in cash and cash equivalents		40,909	(33,410)
Effects of exchange rate changes on cash and cash equivalents		(3,102)	(4,370)
Cash and cash equivalents at beginning of year		107,642	145,422
Cash and cash equivalents at end of year	20	**$ 145,449**	**$ 107,642**

The accompanying notes form an integral part of these financial statements.

EROS INTERNATIONAL PLC

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2014

			Other components of equity				Reserves				Equity Attributable to Shareholders		
	Share capital	Share premium account	Currency translation reserve	Available for sale investments	Revaluation reserve	Hedging reserve	Reverse acquisition reserve	Merger reserve	Retained earnings	JSOP reserve	of EROS International PLC	Non-controlling interest	Total equity
							(in thousands)						
Balance as of April 1, 2013	$ 22,653	$159,547	$ (32,742)	$ 5,802	$ 1,528	$ (4,020)	$ (22,752)	$ 62,097	$271,970	$(25,505)	$ 438,578	$ 47,598	$486,176
Profit for the year	—	—	—	—	—	—	—	—	29,861	—	29,861	7,283	37,144
Other comprehensive income/(loss) for the year	—	—	(11,116)	—	—	1,233	—	—	—	—	(9,883)	(4,590)	(14,473)
Total comprehensive income/(loss) for the year	**—**	**—**	**(11,116)**	**—**	**—**	**1,233**	**—**	**—**	**29,861**	**—**	**19,978**	**2,693**	**22,671**
Issue of shares (refer to Note 24)	3,437	47,171	—	—	—	—	—	—	—	—	50,608	—	50,608
Dividend paid by a subsidiary	—	—	—	—	—	—	—	—	—	—	—	15	15
Share based compensation	232	16,615	—	—	—	—	—	—	1,574	—	18,421	—	18,421
Changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	106	—	—	106	44	150

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that do not result in a loss of control													
Balance as of March 31, 2014	**$ 26,322**	**$223,333**	**$ (43,858)**	**$ 5,802**	**$ 1,528**	**$ (2,787)**	**$ (22,752)**	**$ 62,203**	**$303,405**	**$(25,505)**	**$ 527,691**	**$ 50,350**	**$578,041**

During the year ended March 31, 2014 the Group's Indian subsidiary, Eros International Media Limited, issued shares to its employees under an Employee Share Ownership Plan ("ESOP") scheme resulting in an increase in the non-controlling interest in accordance with the policy set out in Note 3.2.

The accompanying notes form an integral part of these financial statements.

EROS INTERNATIONAL PLC

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2013

			Other components of equity				Reserves				Equity Attributable to Shareholders		
	Share capital	**Share premium account**	**Currency translation reserve**	**Available for sale investments**	**Revaluation reserve**	**Hedging reserve**	**Reverse acquisition reserve**	**Merger reserve**	**Retained earnings**	**JSOP reserve**	**of EROS International PLC**	**Non-controlling interest**	**Total equity**
							(in thousands)						
Balance as of April 1, 2012	$ 21,687	$135,008	$ (20,534)	$ 5,802	$ 233	$ (4,020)	$ (22,752)	$ 57,766	$242,975	—	$ 416,165	$ 38,083	$454,248
Profit for the year	—	—	—	—	—	—	—	—	27,107	—	27,107	6,558	33,665
Other comprehensive income/(loss) for the year	—	—	(12,208)	—	1,295	—	—	—	—	—	(10,913)	(1,974)	(12,887)
Total comprehensive income/(loss) for the year	**—**	**—**	**(12,208)**	**—**	**1,295**	**—**	**—**	**—**	**27,107**	**—**	**16,194**	**4,584**	**20,778**
Issues of shares to wholly owned trust (Note 24)	966	24,539	—	—	—	—	—	—	—	(25,505)	—	—	—
Dividend paid by a subsidiary	—	—	—	—	—	—	—	—	—	—		(770)	(770)
Share based compensation	—	—	—	—	—	—	—	—	1,888	—	1,888	—	1,888
Changes in ownership	—	—	—	—	—	—	—	4,331	—	—	4,331	5,701	10,032

interests in subsidiaries that do not result in a loss of control													
Balance as of March 31, 2013	**$ 22,653**	**$159,547**	**$ (32,742)**	**$ 5,802**	**$ 1,528**	**$ (4,020)**	**$ (22,752)**	**$ 62,097**	**$271,970**	**$(25,505)**	**$ 438,578**	**$ 47,598**	**$486,176**

During the year ended March 31, 2013 the Group's Indian subsidiary, Eros International Media Limited, issued shares to its employees under an ESOP scheme resulting in an increase in the non-controlling interest in accordance with the policy set out in Note 3.2.

The accompanying notes form an integral part of these financial statements.

1 NATURE OF OPERATIONS, GENERAL INFORMATION AND BASIS OF PREPARATION

Eros International Plc ("Eros") and its subsidiaries' (together with Eros, the "Group") principal activities include the acquisition, co-production and distribution of Indian films and related content. Eros International Plc is the Group's ultimate parent company. It is incorporated and domiciled in the Isle of Man. The address of Eros International Plc's registered office is Fort Anne, Douglas, Isle of Man IM1 5PD. On November 18, 2013, Eros completed an Initial Public Offering ("IPO") on the New York Stock Exchange ("NYSE") of 5,000,000 'A' ordinary 30p shares, at a price to the public of $11.00 per share, raising $55 million in new capital before underwriting discounts and expenses. (Refer to Note 24)

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board (see Note 35.1). The financial statements have been prepared under the historical cost convention on a going concern basis, with the exception of the revaluation of certain properties and certain financial instruments.

The Group's accounting policies as set out below have been applied consistently throughout the Group to all the periods presented, unless otherwise stated. The functional currency of Eros is U.S. Dollars. The presentation currency of the Group is U.S. Dollars as this is the currency that the majority of its funding and transactions are denominated in. A significant proportion of the Group's trading is denominated in India Rupee ("INR"). However, the Group's major financial liabilities are borrowed in U.S. Dollars and Eros is listed on the NYSE, an international financial market, so the Group continues to use U.S. Dollars as its presentation currency.

The financial statements for the year ended March 31, 2014 were approved by the Eros Board of Directors and authorized for issue on June 17, 2014.

2 GOING CONCERN

The Group meets its day to day working capital requirements and funds its investment in content through a variety of banking arrangements and cash generated from operations. Under the terms of such banking arrangements the Group is able to draw down in the local currencies of its operating businesses. The net foreign currency monetary assets and liabilities position at March 31, 2014 and 2013 are shown in Note 29.

The facilities (as set out in Note 22) are subject to individual covenants which vary but include provisions such as a fixed charge over certain assets, Total Available Facilities against statement of financial position value, net debt against earnings before interest, income, tax expense, depreciation and amortization ("EBITDA"), and a negative pledge that restricts our ability to incur liens, security interests or similar encumbrances or arrangements on our assets. The Group is cash generating before capital expenditures and is in full compliance with the covenants contained in its existing bank Facilities. As at March 31, 2014 the Group had $145.4 million of cash and cash equivalents (2013: $107.6 million), $112.7 million of net debt (2013: $138.2 million) and undrawn amounts under its facilities of $19.8 million (2013: $4.3 million).

The Group is exposed to uncertainties arising from the global economic climate and also in the markets in which it operates. Market conditions could lead to lower than anticipated demand for the Group's products and services and exchange rate volatility could also impact reported performance. The Directors have considered the impact of these and other uncertainties and factored them into their financial forecasts and assessment of covenant headroom. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance (and available mitigating actions), show that the Group will be able to operate within the expected limits of the Facilities and provide headroom against the covenants for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

3 SUMMARY OF ACCOUNTING POLICIES

3.1. Overall Considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. Financial statements are subject to the application of significant accounting estimates and judgments. These are summarized in Note 34.

3.2. Basis of Consolidation

The Group financial statements consolidate those of the Company and entities controlled by the Company and its subsidiary undertakings. Control exists when the Company has existing rights that give the Company the current ability to direct the activities which affect the entity's returns; the Company is exposed to or has rights to a return which may vary depending on the entity's performance; and the Company has the ability to use its powers to affect its own returns from its involvement with the entity.

Unrealized gains on transactions between the Group and its subsidiaries are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Business combinations are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Changes in controlling interest in a subsidiary that do not result in gaining or losing control are not business combinations as defined by IFRS 3. The Group adopts the "equity transaction method" which regards the transaction as a realignment of the interests of the different equity holders in the Group. Under the equity transaction method an increase or decrease in the Group's ownership interest is accounted for as follows:

- the non-controlling component of equity is adjusted to reflect the non-controlling interest revised share of the net carrying value of the subsidiaries net assets;
- the difference between the consideration received or paid and the adjustment to non-controlling interests is debited or credited to a different component of equity — merger reserves;
- no adjustment is made to the carrying amount of goodwill or the subsidiaries' net assets as reported in the consolidated financial statements; and
- no gain or loss is reported in the income statement.

3.3. Segment Reporting

Operating Segments ("IFRS 8") requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Group chief executive officer. The revenues of films are earned over various formats; all such formats are functional activities of filmed entertainment and these activities take place on an integrated basis. The management team reviews the financial information on an integrated basis for the Group as a whole, with respective heads of business for each region and in accordance with IFRS 8, the Company provides a geographical split as it considers that all activities fall within one segment of business which is filmed entertainment. The management team also monitors performance separately for individual films or for at least 12 months after the theatrical release. Certain resources such as publicity and advertising, and the cost of a film are also reviewed globally.

Eros has identified four geographic areas, consisting of its main geographic areas (India, North America and Europe), together with the rest of the world.

3.4. Revenue

Revenue is recognized, net of sales related taxes, when persuasive evidence of an arrangement exists, the fees are fixed or determinable, the product is delivered or services have been rendered and collectability is reasonably assured. The Group considers the terms of each arrangement to determine the appropriate accounting treatment.

The following additional criteria apply in respect of various revenue streams within filmed entertainment:

- **Theatrical** — Contracted minimum guarantees are recognized on the theatrical release date. The Group's share of box office receipts in excess of the minimum guarantee is recognized at the point they are notified to the Group.

- **Television** — License fees received in advance which do not meet all the above criteria are included in deferred income until the above criteria is met.

- **Other** — DVD, CD and video distribution revenue is recognized on the date the product is delivered or if licensed in line with the above criteria. Provision is made for physical returns where applicable. Digital and ancillary media revenues are recognized at the earlier of when the content is accessed or declared. Visual effects, production and other fees for services rendered by the Group and overhead recharges are recognized in the period in which they are earned and the stage of production is used to determine the proportion recognized in the period.

3.5. Goodwill

Goodwill represents the excess of the consideration transferred in a business combination over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Gain on bargain purchase is recognized immediately after acquisition in the consolidated income statement.

3.6. Intangible Assets

Non-Current Intangible assets acquired by the Group are stated at cost less accumulated amortization less impairment loss, if any, except those acquired as part of a business combination, which are shown at fair value at the date of acquisition less accumulated amortization less impairment loss, if any (film production cost and content advances are transferred to film and content rights at the point at which content is first exploited). "Eros" (the "Trade name") is considered to have an indefinite life and is held at cost less impairment.

Content

Investments in films and associated rights, including acquired rights and distribution advances in respect of completed films, are stated at cost less amortization less provision for impairment. Costs include production costs, overhead and capitalized interest costs net of any amounts received from third party investors. A charge is made to write down the cost of completed rights over the estimated useful lives, writing off more in year one which recognizes initial income flows and then the balance over a period of up to nine years, except where the asset is not yet available for exploitation. The average life of the assets is the lesser of 10 years or the remaining life of the content rights. The amortization charge is recognized in the income statement within cost of sales. The determination of useful life is based upon Management's judgment and includes assumptions on the timing and future estimated revenues to be generated by these assets, which are summarized in note 34.3.

Trade name

"Eros" the Trade name is considered to have an indefinite economic life because of the institutional nature of the corporate brand name, its proven ability to maintain market leadership and the Group's commitment to develop, enhance and retain its value. The carrying value is reviewed at least annually for impairment and adjusted to recoverable amount if required.

Others

Other intangible assets, which comprise internally generated and acquired software used within the Group's digital, home entertainment and internal accounting activities, are stated at cost less amortization less provision for impairment. A charge is made to write down the cost of completed rights over the estimated useful lives except where the asset is not yet available for exploitation. The average life of the assets is the lesser of 5 years or the remaining life of the asset. The amortization charge is recognized in the income statement within administrative expenses.

Subsequent expenditure

Expenditure on capitalized intangible assets subsequent to the original expenditure is included only when it increases the future economic benefits embodied in the specific asset to which it relates.

Internally generated assets

An internally generated intangible asset arising from the Group's software development activities that is expected to be completed is recognized only if all the following criteria are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost can be measured reliably.

When these criteria are met and there are appropriate resources to complete development, the expenditure is capitalized at cost. Where these criteria are not met development expenditure is recognized as an expense in the period in which it is incurred. Internally generated intangible assets are amortized over their useful economic life from the date that they start generating future economic benefits.

3.7. Impairment Testing of Goodwill, Other Intangible Assets and Property, Plant and Equipment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which Management monitors the related cash flows.

Goodwill and Trade names are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognized for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit.

Film content costs are stated at the lower of unamortized cost or estimated recoverable amounts. In accordance with IAS 36 Impairment of Assets, film content costs are assessed for indication of impairment on a library basis as the nature of the Group's business, the contracts it has in place and the markets it operates in do not yet make an ongoing individual film evaluation feasible with reasonable certainty.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

3.8. Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Land and freehold buildings are shown at what Management believes to be their fair value, based on, among other things, periodic but at least triennial valuations by an external independent valuer, less subsequent depreciation for freehold buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases are charged against other reserves.

Depreciation is provided to write off the cost of all property, plant and equipment to their residual value as stated below:

	Rate of depreciation % straight line per annum
Freehold Building	2-10
Furniture & Fixtures and Equipment	15-20
Vehicles and Plant & Machinery	15-40

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

3.9. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost in respect of goods for resale is defined as purchase price, including appropriate labor costs and other overheads. Cost in respect of raw materials is purchase price.

Purchase price is assigned using a weighted average basis. Net realizable value is defined as anticipated selling price or anticipated revenue less cost to completion.

3.10. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments which are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

3.11. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction costs) and the redemption value recognized in the income statement within Finance costs over the period of the borrowings using the effective interest method. Finance costs in respect of film productions and other assets which take a substantial period of time to get ready for use or for exploitation are capitalized as part of the asset.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.12. Financial Instruments

Financial assets and financial liabilities are recognized when a Group entity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities (other than financial assets and liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in profit or loss.

A financial instrument is held for trading if:

- it has been acquired principally for the purpose of selling/repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent pattern of short-term profit taking; or
- it is a derivative that is not designated in a hedging relationship.

The fair value of financial instruments denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore for financial instruments that are classified as fair value through profit and loss, the exchange component is recognized in profit and loss through “other gains and losses”.

3.13. Financial Instruments

Financial assets are divided into the following categories:

- financial assets at fair value through profit and loss;
- loans and receivables;

- held-to-maturity investments; and
- available-for-sale financial assets.

Financial assets are assigned to the different categories by management on initial recognition, depending on the nature and purpose of the financial assets. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank and cash balances) are measured subsequent to initial recognition at amortized cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in fair value recognized in other comprehensive income. Gains and losses arising from investments classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale assets, any loss previously recognized in other comprehensive income is transferred to the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment losses recognized previously on debt securities are reversed through the income statement when the increase can be related objectively to an event occurring after the impairment loss was recognized in the income statement.

Where the Group consider that fair value can be reliably measured the fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date. Available-for-sale equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment at the end of each reporting period.

An assessment for impairment is undertaken at least at each statement of financial position date.

A financial asset is derecognized only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

3.14. Financial Liabilities

Financial liabilities are classified as either ‘financial liabilities at fair value through profit or loss’ or ‘other financial liabilities’. Financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading such as a derivative, except for a designated and effective hedging instrument, or if upon initial recognition it is thus designated to eliminate or significantly reduce measurement or recognition inconsistency or it forms part of a contract containing one or more embedded derivatives and the contract is designated as fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value. Any gains or losses arising of held for trading financial liabilities are recognized in profit or loss. Such gains or losses incorporate any interest paid and are included in the “other gains and losses” line item.

Other financial liabilities (including borrowing and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A financial liability is derecognized only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires. Changes in liabilities’ fair value that are reported in profit or loss are included in the income statement within finance costs or finance income.

3.15. Derivative Financial Instruments

The Group uses derivative financial instruments (“derivatives”) to reduce its exposure to interest rate movements.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the profit or loss depends on the nature of the hedge relationship.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedging

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of other reserves. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Cash flow hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

3.16. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligations and can be reliably measured. Provisions are measured at Management's best estimate of the expenditure required to settle the obligations at the statement of financial position date and are discounted to present value where the effect is material.

3.17. Leases

Leases in which significantly all the risks and rewards incidental to ownership are not transferred to the lessee are classified as operating leases. Payments under such leases are charged to the income statement on a straight line basis over the period of the lease.

3.18. Taxation

Taxation on profit and loss comprises current tax and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or other comprehensive income.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the statement of financial position date along with any adjustment relating to tax payable in previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled in the appropriate territory.

Deferred tax in respect of undistributed earnings of subsidiaries is recognized except where the Group is able to control the timing of the reversal of the temporary difference and that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized.

3.19. Employee Benefits

The Group operates defined contribution pension plans and healthcare and insurance plans on behalf of its employees. The amounts due are all expensed as they fall due.

In accordance with IFRS 2 Share Based Payments, the fair value of shares or options granted is recognized as personnel costs with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the recipient becomes unconditionally entitled to payment unless forfeited or surrendered. The Joint Share Ownership Plan ("JSOP") (as described in Note 25) includes non-market based vesting conditions in addition to market based vesting conditions. The fair value of the option includes the effect of market based vesting conditions and excludes the effect of non-market-based vesting conditions.

The fair value of share options granted is measured using the Black Scholes model or a Monte-Carlo simulation model, each taking into account the terms and conditions upon which the grants are made. At each statement of financial position date, the

Group revises its estimate of the number of equity instruments expected to vest as a result of non-market-based vesting conditions. The amount recognized as an expense is adjusted to reflect the revised estimate of the number of equity instruments that are expected to become exercisable, with a corresponding adjustment to equity reserves. None of the Group plans feature any options for cash settlements.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares are allocated to share capital with any excess being recorded as additional paid in capital.

3.20. Foreign Currencies

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated at the prevailing rates of exchange at the statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognized in the income statement in the period in which they arise. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the prevailing rate of exchange at the statement of financial position date. Income and expenses are translated at the monthly average rate. The exchange differences arising from the retranslation of the foreign operations are recognized in other comprehensive income and taken in to the “Translation reserve” in equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the income statement as part of the gain or loss on disposal.

3.21. Transactions Costs Relating to Equity Transactions:

The Group defers costs in issuing or acquiring its own equity instruments to the extent they are incremental costs directly attributable to an equity transaction that otherwise would have been avoided. Such costs are accounted for as a deduction from equity (net of any related income tax benefit) upon completion of the equity transaction. The costs of an equity transaction which is abandoned is recognized as an expense.

3.22. Equity

Equity comprises the following components:

- Share capital – this represents the nominal value of equity shares;
- Share premium – this represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- Currency reserve – this represents the differences arising from translation of investments in overseas subsidiaries;
- Joint Share Ownership Reserve – this represents the cost of shares of Eros held by the employee benefit trust, consolidated as a part of the Group and treated as treasury shares;
- Reverse acquisition reserve – this represents the difference between the required total of the Group’s equity instruments and the reported equity of the legal parent;

- Available-for-sale investments – this represents fair value movement net of impairment loss, if any, recognized since the date of acquisition of investments:

- Revaluation reserve – this represents the fair value movement of land and buildings measured on a fair value basis;

- Hedging reserve – this represents effective portion of change in fair value of derivative instruments designated in a cash flow hedge relationship;

- Merger reserve – this represents the gain/loss recognized as a result of a change in parent undertakings ownership interest in a subsidiary undertaking without loss of control;

- Retained earnings – this represents undistributed earnings of the Group; and

- Non-Controlling Interests – this represents amounts attributable to non-controlling interests as a result of their interests in subsidiary undertakings.

4 BUSINESS SEGMENTAL DATA

The Group acquires, co-produces and distributes Indian films in multiple formats worldwide. Film content is monitored and strategic decisions around the business operations are made based on the film content, whether it is new release or library. Hence, Management identifies only one operating segment in the business, film content. We distribute our film content to the Indian population in India, the South Asian diaspora worldwide and to non-Indian consumers who view Indian films that are subtitled or dubbed in local languages. As a result of these distribution activities, Eros has identified four geographic markets: India, North America, Europe and the Rest of the world.

Revenues are presented based on the region of domicile and by customer location:

	Year ended March 31	
	2014	2013
	(in thousands)	
Revenue by region of domicile		
India	$ 125,062	$ 128,001
Europe	21,152	31,450
North America	13,622	10,797
Rest of the world	75,634	45,098
Total Revenue	$ 235,470	$ 215,346

	Year ended March 31	
	2014	2013
	(in thousands)	
Revenue by customer location		

India	$ 117,647	$ 135,292
Europe	22,245	35,147
North America	14,017	12,678
Rest of the world	81,561	32,229
Total Revenue	$ 235,470	$ 215,346

Revenue of $45,636,000 (2013: $14,460,000) from the United Arab Emirates is included within Rest of the world and revenue of $14,975,000 (2013: $34,945,000) from United Kingdom is included under Europe in the above table.

For the year ended March 31, 2014 and March 31, 2013, no customers accounted for more than 10% of the Group's total revenues.

	India	North America	Europe	Rest of the World
		(in thousands)		
Assets				
As of March 31, 2014	$ 245,887	$ 28	$ 39,618	$ 319,730
As of March 31, 2013	$ 230,143	$ 44	$ 32,672	$ 302,120

Segment assets of $276,865,000 (2013: $272,034,000) in the United Arab Emirates is included under Rest of the world and segment assets of $21,132,000 (2013: $28,014,000) in United Kingdom is included under Europe in the above table.

5 PERSONNEL

	Year ended March 31	
	2014	2013
	(in thousands)	
Salaries	$ 10,413	$ 9,275
Social security and other employment charges	1,116	683
Wages and expenses	11,529	9,958
Share based compensation	18,421	1,888
Pension charges	66	34
Personnel costs	$ 30,016	$ 11,880

	Year ended March 31	
	2014	2013
	(in thousands)	
Key Management Compensation		
Short term benefits	$ 4,753	$ 3,859
Post-employment plans	39	41
Share based compensation	15,796	1,303
	$ 20,588	$ 5,203

Post-employment benefits all related to defined contribution plans/benefit plans.

6 PROFIT FOR THE YEAR

Profit for the year is arrived at after the following charged/(credited) to the income statement:

	Year ended March 31	
	2014	2013
	(in thousands)	
Depreciation of property, plant and equipment	$ 789	$ 1,003
Amortization of other intangible assets	578	715
Amortization of film and content rights	99,620	101,955
Operating lease rentals	973	1,223

7 FINANCE CHARGES AND INCOME

	Year ended March 31	
	2014	2013
	(in thousands)	
Interest on bank overdrafts and loans	$ 17,382	$ 13,720
Profit/(losses) recognized on discontinuation of cash flow hedge accounting	1,233	—
Interest expense on other borrowings	—	—
Total interest expense for financial liabilities not classified at fair value through profit or loss	18,615	13,720
Reclassification of gains on hedging previously recognized in other comprehensive income	—	—
Capitalized interest on filmed content	(8,705)	(7,518)
Total finance costs	9,910	6,202

Less: Interest revenue		
Bank Deposits	(2,393)	(4,206)
Held- to- maturity financial assets	—	(527)
Total finance income	(2,393)	(4,733)
Net finance costs	$ 7,517	$ 1,469

For the year ended March 31, 2014, the capitalization rate of interest was 7.4% (2013: 5.6%).

8 OTHER GAINS AND LOSSES

	Year ended March 31	
	2014	2013
	(in thousands)	
Losses on disposal of property, plant and equipment	$ 7	$ 389
Net foreign exchange (gains)/losses	(647)	1,933
Net (gains)/losses on held for trading financial liabilities	(5,176)	5,667
Reclassification adjustment relating to available-for-sale financial assets	—	—
Transaction costs relating to equity transactions	8,169	—
Others	—	—
	$ 2,353	$ 7,989

The net loss on held for trading financial liabilities in the years ended March 31, 2014 and 2013 principally relate to derivative instruments not designated in a hedging relationship.

The Company incurred $13,583,000 towards the issue and listing of the 'A' ordinary shares of the Company on the NYSE and contemporaneous delisting of AIM listed shares. As the transaction costs incurred relate to more than one transaction, the Company allocated these costs in proportion to the number of existing shares listed on NYSE and the number of shares newly issued. Transactions costs of $8,169,000 attributed towards listing of existing shares are recorded in profit or loss and as a result, $5,414,000 was recorded in equity.

9 INCOME TAX EXPENSE

	Year ended March 31	
	2014	2013
	(in thousands)	
Current tax expense	$ 6,487	$ 7,102
Origination and reversal of temporary differences	6,356	4,811

Provision for income taxes	$ 12,843	$ 11,913

Reconciliation of tax charge

	Year ended March 31	
	2014	2013
	(in thousands)	
Profit before tax	$ 49,987	$ 45,578
Income tax expense at tax rates applicable to individual entities	10,543	9,921
Tax effect of:		
Effect of changes in tax rates on temporary differences brought forward	1,497	—
Items not deductible for tax	741	421
(Increase)/Utilization of tax losses	—	—
Others	62	1,571
Income tax expense	**$** 12,843	**$** 11,913

10 CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets and liabilities

	Year ended March 31, 2014			
	Opening Balance	Recognized in Profit & Loss	Translation Adjustment	Closing Balance
		(in thousands)		
Deferred tax assets:				
Business loss carry forwards	$ 383	$ (343)	$ (40)	$ —
Expenses deductible in future years	17	(19)	2	—
Minimum alternate tax carry- forward	9,661	2,186	(166)	11,681
Property, plant and equipment	122	(45)	—	77
Others	1,879	145	(144)	1,880
Total deferred tax asset	$ 12,062	$ 1,924	$ (348)	$ 13,638
Deferred tax liabilities				
Property, plant and equipment	(310)	(25)	24	(311)
Intangible assets	(29,969)	(8,308)	2,820	(35,457)
Others	(53)	53	(53)	(53)
Total deferred tax liability	$ (30,332)	$ (8,280)	$ 2,791	$ (35,821)

	Year ended March 31, 2014			
	Opening Balance	Recognized in Profit & Loss	Translation Adjustment	Closing Balance
	(in thousands)			
Net deferred tax asset / (liability)	$ (18,270)	$ (6,356)	$ 2,443	$ (22,183)
As at March 31, 2014				
Deferred tax asset				$ 77
Deferred tax liability				$ (22,260)

	Year ended March 31, 2013			
	Opening Balance	Recognized in Profit & Loss	Translation Adjustment	Closing Balance
	(in thousands)			
Deferred tax assets:				
Business loss carry forwards	$ 403	$ 5	$ (25)	$ 383
Expenses deductible in future years	21	2	(6)	17
Minimum alternate tax carry- forward	5,220	4,768	(327)	9,661
Property, plant and equipment	78	45	(1)	122
Others	1,843	131	(95)	1,879
Total deferred tax asset	$ 7,565	$ 4,951	$ (454)	$ 12,062
Deferred tax liabilities				
Property, plant and equipment	(160)	(161)	11	(310)
Intangible assets	(21,787)	(9,548)	1,366	(29,969)
Others	—	(53)	—	(53)
Total deferred tax liability	$ (21,947)	$ (9,762)	$ 1,377	$ (30,332)
Net deferred tax asset / (liability)	$ (14,382)	$ (4,811)	$ 923	$ (18,270)
As at March 31, 2013				
Deferred tax asset				$ 569
Deferred tax liability				$ (18,839)

Deferred tax is calculated in full on all temporary differences under the liability method using the local tax rate of the country in which the timing difference occurs.

The deferred tax assets have been recognized on the basis that there is sufficient certainty of profitability to utilize the available losses and tax credits. No deferred tax liabilities have been provided on the undistributed earnings of its subsidiaries to the extent of $18,942,000 as Eros is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Eros International Media Limited is liable to pay Minimum Alternate Tax (“MAT”) under the Indian Income tax laws. The tax paid under MAT provisions can be carried forward and set-off against future income tax liabilities computed under normal tax provisions within a period of ten years, and has been treated as a deferred tax asset.

In addition to the amount charged in the income statement, no amounts relating to tax have been recognized in other comprehensive income: No amounts relating to tax have been recognized directly in equity.

11 EARNINGS PER SHARE

	2014		2013	
	(in thousands, except number of shares and earnings per share)			
	Basic	Diluted	Basic	Diluted
Earnings				
Earnings attributable to the equity holders of the parent	$ 29,861	$ 29,861	$ 27,107	$ 27,107
Potential dilutive effect related to share based compensation scheme in subsidiary undertaking	—	(141)	—	(23)
Adjusted earnings attributable to equity holders of the parent	$ 29,861	$ 29,720	$ 27,107	$ 27,084
Number of shares				
Weighted average number of shares	45,590,242	45,590,242	39,438,958	39,438,958
Potential dilutive effect related to share based compensation scheme	—	16,525	—	17,457
Adjusted weighted average number of shares	45,590,242	45,606,767	39,438,958	39,456,415
Earnings per share				
Earnings attributable to the equity holders of the parent per share (cents)	65.5	65.2	68.7	68.6

The above table does not split the earnings per share separately for the A ordinary 30p shares and the B ordinary 30p shares as there is no variation in their entitlement to participate in undistributed earnings. All share and per share data provided herein gives effect to the three-for-one stock split conversion, that occurred in November 2013, retroactively.

Options under the JSOP can potentially dilute basic earnings per share and have been included as appropriate in the calculation of diluted earnings per share except where they are anti-dilutive. During the year ended March 31, 2013, 2,000,164 shares were not included in diluted earnings per share.

12 PROPERTY, PLANT AND EQUIPMENT

	Year ended March 31, 2014				
	Land and Building	Furniture, Fittings and Equipment	Vehicles	Plant and Machinery	Total
			(in thousands)		
Opening net carrying amount	$ 10,089	$ 760	$ 327	$ 504	$ 11,680
Exchange differences	(639)	(61)	(29)	(46)	(775)
Additions	—	13	—	55	68
Disposals	—	(64)	(72)	(22)	(158)
Adjustment of Depreciation on disposal	—	63	60	17	140
Depreciation charge	(472)	(128)	(79)	(110)	(789)
Closing net carrying amount	$ 8,978	$ 583	$ 207	$ 398	$ 10,166

	As at March 31, 2014				
			(in thousands)		
Cost or valuation	$ 11,245	$ 1,642	$ 937	$ 2,972	$ 16,796
Accumulated depreciation	(2,267)	(1,059)	(730)	(2,574)	(6,630)
Net carrying amount	$ 8,978	$ 583	$ 207	$ 398	$ 10,166

	Year ended March 31, 2013				
	Land and Building	Furniture, Fittings and Equipment	Vehicles	Plant and Machinery	Total
			(in thousands)		
Opening net carrying amount	$ 9,542	$ 917	$ 456	$ 1,707	$ 12,622
Exchange differences	(524)	(15)	(27)	(106)	(672)
Revaluations	1,726	—	—	—	1,726
Additions	—	16	16	55	87
Disposals	—	(336)	(12)	(1,414)	(1,762)

Adjustment on Depreciation on disposal/revaluation	146	52	9	1,076	1,283
Depreciation charge	(500)	(179)	(115)	(209)	(1,003)
Reclassification adjustments	(301)	305	—	(605)	(601)
Closing net carrying amount	$ 10,089	$ 760	$ 327	$ 504	$ 11,680

	As at March 31, 2013				
	(in thousands)				
Cost or valuation	$ 12,099	$ 2,337	$ 1,702	$ 3,935	$ 20,073
Accumulated depreciation	(2,010)	(1,577)	(1,375)	(3,431)	(8,393)
Net carrying amount	$ 10,089	$ 760	$ 327	$ 504	$ 11,680

Property, Plant and Equipment with a net carrying amount of $10,055,000 (2013: $11,528,000) have been pledged to secure borrowings (see Note 22).

Land and buildings were revalued as at March 31, 2013 by independent valuers, not connected to the Group, on the basis of market value. Fair values were estimated based on recent market transactions, which were then adjusted for specific conditions relating to the land and buildings. As at March 31, 2014, had land and buildings of the Group been carried at historical cost less accumulated depreciation, their carrying amount would have been $7,072,000 (2013: $8,202,000)

13 GOODWILL AND TRADE NAME

	Goodwill	Trade Name
	(in thousands)	
Balance as at March 31, 2014	$ 1,878	$ 14,000
Balance as at March 31, 2013	$ 1,878	$ 14,000

Goodwill has been assessed for impairment at the Group level as the Group is considered as one single cash generating unit and represents the lowest level at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

As of March 31, 2014, for assessing impairment of goodwill, value in use is determined using discounted cash flow method. The estimated cash flows for a period of four years were developed using internal forecasts, and a pre-tax discount rate of 12.1% (2013:11.50%) and terminal growth rate of 4% (2013: 4%).

As of March 31, 2014, for assessing the impairment of the trade name, value in use is measured using the relief from royalty method based on a Royalty of 3% (2013: 3%) on the estimated total revenue for a period of four years and, a pre-tax discount rate of 14.1% (2013: 13.50%) and terminal growth rate of 4% (2013: 4%).

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

The Trade Name is associated with the 'Eros International' and other Eros logos, and is considered to have an indefinite useful life, which view is supported by the intention of the Management to retain the trade name within the business indefinitely.

14 INTANGIBLE CONTENT ASSETS

	Gross Content Assets	Accumulated Amortization	Content Assets
		(in thousands)	
As at March 31, 2014			
Film and content rights	$ 847,095	$ (449,413)	$ 397,682
Content advances	179,605	—	179,605
Film productions	417	—	417
Non-current content assets	$ 1,027,117	$ (449,413)	$ 577,704
As at March 31, 2013			
Film and content rights	$ 766,387	$ (396,034)	$ 370,353
Content advances	163,781	—	163,781
Film productions	1,170	—	1,170
Non-current content assets	$ 931,338	$ (396,034)	$ 535,304

Changes in the content assets are as follows:

	Year ended March 31	
	2014	2013
	(in thousands)	
Film productions		
Opening balance	$ 1,170	$ —
Additions	—	1,170
Changes in foreign currency translation	(113)	—
Transfer to film and content rights	(640)	—
Closing balance	$ 417	$ 1,170

Content advances

	2014	2013
Opening balance	$ 163,781	$ 162,377
Additions (net of impairment loss of $4,081,000 (2013: $2,442,000))	162,495	174,567
Exchange difference	(9,706)	(5,948)
Transfer to film and content rights	(136,965)	(167,215)
Closing balance	$ 179,605	$ 163,781

Film and content rights		
Opening balance	$ 370,353	$ 310,715
Amortization	(99,620)	(101,955)
Adjustments	—	(771)
Exchange difference	(10,656)	(4,851)
Transfer from other content assets	137,605	167,215
Closing balance	$ 397,682	$ 370,353

Intangible content assets with a carrying amount of $203,244,000 (2013: $193,857,000) have been pledged to secure borrowings (see Note 22).

15 OTHER INTANGIBLE ASSETS

Other intangibles comprise of internally generated software used within the Group's digital and home entertainment activities and internal accounting activities.

	Gross	Accumulated Amortization	Net
		(in thousands)	
As at March 31, 2014	$ 4,360	$ (2,845)	$ 1,515
As at March 31, 2013	$ 4,384	$ (2,267)	$ 2,117

The changes in other intangible assets are as follows:

	Year ended March 31	
	2014	2013
	(in thousands)	
Opening balance	$ 2,117	$ 1,870
Additions during the year	84	473

Reclassifications	—	554
Amortization	(578)	(715)
Exchange difference	(108)	(65)
Closing balance	$ 1,515	$ 2,117

Other intangible assets with a carrying amount of $94,000 (2013: $118,000) have been pledged to secure borrowings (see Note 22).

16 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at March 31	
	2014	2013
	(in thousands)	
Triple Com Media Pvt. Limited	$ 423	$ 468
Valuable Technologies Limited	11,097	11,097
LMB Holdings Limited	16,800	16,800
Valuable Innovations Private Limited	2,020	2,020
	$ 30,340	$ 30,385

The investment in Triple Com Media Pvt. Limited ("Triple Com") represents 10% share of the issued share capital of that company. Triple Com is involved in the aggregation and syndication of television and cable media rights in India. In the year ended March 31, 2014, due to the range of potential outcomes in valuing Triple Com, the Board was unable to give, with reasonable certainty, a fair value in the absence of detailed financial and/or valuation related information. Management has therefore held it at cost which equates to the fair value as at March 31, 2012.

Eros acquired an interest in Valuable Technologies Limited ("Valuable") in the year ended March 31, 2009. The Company manages and operates a number of companies within media and entertainment, technology and infrastructure. These companies include UFO Moviez, the leading provider of Digital projection solutions for cinemas in India, Boxtech which is involved with digital movie rentals, and Impact whose business is theatrical ticketing and sales data. As at March 31, 2014, Eros owns 7.21% of Valuable's equity. In the year ended March 31, 2014, due to the range of potential outcomes in valuing Valuable, the Board was unable to give, with reasonable certainty, a fair value in the absence of detailed financial and/or valuation related information. Management has therefore held it at cost which equates to the fair value recognized in the year ended March 31, 2012.

Acacia Investments Holdings Limited ("Acacia") is a dormant holding company and owns 24% of L.M.B Holdings Limited ("LMB") which through its subsidiaries operates two satellite television channels B4U Music and B4U Movies. As of March 31, 2014 and prior, the Group had no Board representation, no involvement in policy decision making, did not provide input in respect of technical know-how and had no material contract with LMB or its subsidiaries nor did they have the power to exert significant influence. As a result Management have historically concluded throughout its ownership that as of March 31, 2014, they did not exert any significant influence over LMB or its subsidiaries. Due to the range of potential outcomes in valuing

LMB, the Board was unable to give, with reasonable certainty, a fair value. Management has therefore held it at cost which equates to the fair value recognized in the year ended March 31, 2012.

In April 2010, Eros acquired a 1.27% interest in Valuable Innovations Private Limited at a total cost of $2,020,000. In the year ended March 31, 2014, due to the range of potential outcomes in valuing Valuable Innovations Private Limited, the Board was unable to give, with reasonable certainty, a fair value in the absence of detailed financial and/or valuation related information. Management have therefore held it at cost.

These investments in unquoted equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose.

17 INVENTORIES

	As at March 31	
	2014	2013
	(in thousands)	
Goods for resale	$ 566	$ 775
Raw materials	—	18
	$ 566	$ 793

During the year ended March 31, 2014, inventory of $880,000 (2013: $1,123,000) was recognized in the income statements as an expense. In each year none of the expense was as a result of the write down of inventories. Inventories with a carrying amount of $351,000 (2013: $426,000) have been pledged as security for certain of the Group's bank overdrafts (see note 22).

18 TRADE AND OTHER RECEIVABLES

	As at March 31	
	2014	2013
	(in thousands)	
Trade accounts receivables	$ 109,933	$ 77,104
Trade accounts receivables reserve	(469)	(759)
Trade accounts receivables net	$ 109,464	$ 76,345
Other receivables	12,721	11,089
Prepaid charges	1,520	5,893
Trade and other receivables	$ 123,705	$ 93,327
Current Trade and other receivables	111,649	93,327

Non Current Trade and other receivables	12,056	—
	$ 123,705	$ 93,327

The age of financial assets that are past due but not impaired were as follows:

	As at March 31	
	2014	2013
	(in thousands)	
Not more than three months	$ 30,216	$ 4,169
More than three months but not more than six months	5,865	738
More than six months but not more than one year	11,250	8,695
More than one year	4,973	1,255
	$ 52,304	$ 14,857

The movements in the trade accounts receivables reserve are as follows:

	Year ended March 31	
	2014	2013
	(in thousands)	
At April 1	$ 759	$ 478
Provisions	2,166	427
Utilizations	(2,456)	(146)
At March 31	$ 469	$ 759

As a result of a renegotiation of certain contracts during the year ended March 31, 2013, $5,500,000 of trade accounts receivables were rescinded and treated as impaired at March 31, 2013. The carrying amount of trade accounts receivables and other receivables are considered a reasonable approximation of fair value. Trade and other receivables with a net carrying amount of $25,482,000 (2013: $26,854,000) have been pledged to secure borrowings (see Note 22).

19 TRADE AND OTHER PAYABLES

	As at March 31	
	2014	2013
	(in thousands)	
Trade accounts payable	$ 10,868	$ 13,694

Accruals & other payables	18,959	12,964
Value added taxes & other taxes payable	1,784	2,321
	$ 31,611	$ 28,979

The Group considers that the carrying amount of trade accounts payable and accruals & other payables approximate their fair value.

20 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consist of cash on hand and balance with banks. Cash and Cash equivalents included in the statement of cash flows comprise amounts in the statement of financial position.

	As at March 31	
	2014	2013
	(in thousands)	
Cash at bank and in hand	145,449	107,642
	$ 145,449	$ 107,642

21 OPERATING LEASES

The minimum lease rentals to be paid under non-cancellable operating leases at March 31 were as follows:

	As at March 31	
	2014	2013
	(in thousands)	
Within one year	$ 684	$ 1,068
Within two to five years	2,001	2,507
	$ 2,685	$ 3,575

The Group leases various offices and warehouses under non-cancellable operating lease agreements.

22 BORROWINGS

An analysis of long-term borrowings is shown in the table below.

	Nominal Interest Rate	Maturity	As at March 31 2014	2013
			(in thousands)	
Asset backed borrowings				
Term Loan	LIBOR+5.5%	2014-15	$ —	$ 928
Term Loan	BPLR+2.75%	2014-15	165	—
Term Loan	LIBOR+8.5%	2014-15	—	1,055
Term Loan	13.3-15%	2014-15	645	633
Term Loan	10-15%	2014-15	38	91
Term Loan	BPLR+1.8%	2016-17	16,650	18,421
Term Loan	BPLR+2.75%	2017-18	4,384	6,401
Term Loan	BPLR+2.75%	2018-19	2,679	—
			$ 24,561	$ 27,529
Other borrowings	10.50%	2021-22	$ 8,516	$ 10,257
Revolving facility	LIBOR +1.90%- 2.90% and Mandatory Cost	2016-17	158,750	150,000
			$ 167,266	$ 160,257
Nominal value of borrowings			$ 191,827	$ 187,786
Cumulative effect of unamortized costs.			(1,716)	(2,767)
Installments due within one year			(24,857)	(19,121)
Long-term borrowings — at amortized cost			$ 165,254	$ 165,898

On July 31, 2013, an additional lender acceded to the revolving credit facility. The additional participation in the facility was $25.0 million. This increased the total facility amount to $167.5 million, following the amortization of $7.5 million which occurred in July 2013. The total facility has now been reduced to $158.75 million following a further amortization of $8.75 million which occurred in January 2014.

Base Rate (“BR”) is the interest rate set by the Bank of England. Bank prime lending rate (“BPLR”) is the Indian equivalent to LIBOR. Asset backed borrowings are secured by fixed and floating charges over certain Group assets.

Analysis of short-term borrowings

	Nominal interest rate (%)	As at March 31 2014	2013
		(in thousands)	
Asset backed borrowings			
Export credit & overdraft	BPLR+1-3.5%	$ 15,695	$ 25,600
Export credit & overdraft	LIBOR+3.5%	23,997	13,997
Short term loan	LIBOR+2.75%	5,500	—
Short term loan	BPLR+2.75%	—	4,605
		$ 45,192	$ 44,202
Unsecured borrowings			
Commercial paper	10.65% – 12.97%	13,320	16,579
Export credit and overdraft	BPLR+3.9%	6,735	—
Short term loan	BPLR+3.5%	2,775	—
Installments due within one year on long-term borrowings		24,857	19,121
Short-term borrowings - at amortized cost		$ 92,879	$ 79,902

Fair value of the long term borrowings as at March 31, 2014 is $179,106,000 (2013: $176,093,000). Carrying amount of short term borrowings approximates fair value. Fair values of long-term financial liabilities have been determined by calculating their present values at the reporting date, using fixed effective market interest rates available to the Companies within the Group.

23 DERIVATIVE FINANCIAL INSTRUMENTS

	As of March 31 2014 Current	2014 Non-current	2013 Current	2013 Non-current
	(in thousands)			
Derivative assets	$ —	$ —	$ —	$ —
Derivative liabilities	$ —	$ (11,483)	$ —	$ (16,660)

The above interest rate derivative instruments are not designated in a hedging relationship. They are carried at fair value through profit or loss account.

24 ISSUED SHARE CAPITAL

	Number of Shares	GBP
		(in thousands)
Authorized		
Ordinary shares of 10p each at March 31, 2013	200,000,000	20,000
A ordinary shares of 30p each at March 31, 2014	57,778,113	17,333
B ordinary shares of 30p each at March 31, 2014	25,555,220	7,667

	Number of Shares			USD
				(in thousands)
Allotted, called up and fully paid	A Ordinary 30p Shares	B Ordinary 30p Shares	Ordinary 10p Shares	
As at March 31, 2013	—	—	124,317,367	22,653
Issue of shares on August 12, 2013	—	—	1,431,000	221
Issue of shares on September 18, 2013	—	—	5,029,935	800
Three-for-one stock split and conversion on November 18, 2013	18,037,710	25,555,220	(130,778,302)	23,674
Issue of shares on November 18, 2013	5,481,630	—	—	2,648
As at March 31, 2014	23,519,340	25,555,220	—	26,322

On August 12, 2013 shares were issued for employee bonus/remuneration and contractual arrangements issued at $3.61 a share based on the mid-market price on August 12, 2013.

On September 18, 2013, shares were issued for employee bonus/remuneration and contractual arrangements issued at $4.02 a share based on the mid-market price on September 18, 2013.

On April 24, 2012, the shareholders approved resolutions effecting certain amendments to the authorized and issued share capital to effect a three-for-one split of the Company's share capital pursuant to which each ordinary share of the Company was subdivided into 3 shares at a par value of GBP 0.30 per share on November 18, 2013. Immediately prior to the listing, all the outstanding ordinary shares were converted into 18,037,710 'A' ordinary shares and 25,555,220 'B' ordinary shares. 'B' ordinary shares are the shares held by the Founders Group (The "Founders Group" refers to Beech Investments Limited, Olympus Foundation, Arjan Lulla, Kishore Lulla, Vijay Ahuja and Sunil Lulla) 'B' ordinary shares are entitled to ten votes each and 'A' ordinary shares are entitled to one vote each on all matters upon which the ordinary shares are entitled to vote. All other rights of the A and B ordinary shares are the same.

On November 18, 2013, the Company completed the initial public offering of its 'A' ordinary shares on the NYSE, pursuant to which the Company issued and sold 5,000,000 'A' ordinary shares at a price of $11.00 per share.

Upon listing, the Company issued 299,812 ‘A’ ordinary shares with a fair market value of $11.00 per share, to satisfy the Share awards given to certain eligible employees, and 181,818 ‘A’ ordinary shares with a fair market value of $11.00 per share, to satisfy certain contractual arrangements between the Company and a Director.

All share and per share amounts presented in the consolidated financial statements have been adjusted on a retroactive basis to reflect the effect of the share split.

25 SHARE BASED COMPENSATION PLANS

The compensation cost recognized with respect to all outstanding plans and by grant of shares, which are all equity settled instruments, is as follows:

	Year ended March 31	
	2014	2013
	(in thousands)	
JSOP	$ 1,075	$ 1,185
IPO India Plan	499	703
Management Scheme (Staff Share Grant)	16,847	—
	$ 18,421	$ 1,888

This charge has been included in administrative costs in the Income statement. The fair value per share for each grant of options and the assumptions used in the calculation are as follows:

	IPO Plan	JSOP Plan	IPO India Plan			
Scheme	June 2006	April 2012	December 2009	August 2010	July 2012	October 2013
Option strike price	GBP 5.28	GBP 7.92	INR 117	INR 91	INR 75	INR 150
Maturity (in years)	10	6	5.25	5.25	7.00	5.00
Expected term (in years)	5	5	4	4	4	4.5
Number of instruments granted	62,438	2,000,164	1,729,512	83,628	571,160	300,000
Share price	GBP 5.17	USD 11.00(1)	INR 175	INR 175	INR 175	INR 145
Expected volatility	25%(2)	34%(3)	75%(2)	60%(2)	25%(4)	35%(4)
Risk free interest rate	4.78%	2.24% to 2.32%	6.3%	6.5%	6.27%	8.57%
Expected dividend	0%	0%	0%	0%	0%	0%

yield						
Average fair value of the granted options at the grant date(5)	GBP 0.63	GBP 0.65	INR 89	INR 78	INR 106	INR 55
Range of fair values of the granted options at the grant date	GBP 0.58-0.68	GBP 0.61-0.78	INR 75-100	INR 66-85	INR 106	INR 55

(1) Following the initial public offering of its 'A' ordinary shares on the NYSE, the strike price of the JSOP Plan shares have been rebased to $11.00 as per the deeds governing these shares.

(2) The expected volatility in respect of the IPO Plan June 2006 in relation to Eros International Plc and Eros International Media Limited in respect of the IPO India Plan December 2009, and August 2010 have been arrived at by taking the weighted average share price movements of three peer companies as neither of these entities' shares were listed at the date of grant.

(3) The expected volatility has been arrived at by the reviewing the implied volatilities of comparable companies to Eros International Plc and the observable historic volatility of these companies.

(4) The expected volatility in respect of the Eros International Media Limited in respect of the IPO India Plan July 2012 and October 2013 are based on the Company's historic volatility.

(5) The fair value of options under the JSOP Plan April 2012 were measured using a Monte-Carlo simulation models. Fair values of options granted under all other schemes are measured using a Black Scholes model.

The IPO Plan

The IPO Plan was provided to grant options to certain senior management involved with the initial public offering of the Company's shares on the AIM. The performance sole criterion attached to the options was met when the Company's shares were accepted for trading on AIM. The options vested annually in one fifth tranches from June 27, 2007.

The table below summarizes the IPO Plan.

	2014		2013	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding on April 1	62,438	GBP 5.28	62,438	GBP 5.28
Lapsed	—	—	—	GBP 5.28
Forfeited by the option holder	—	—	—	—
Outstanding at March 31	62,438	GBP 5.28	62,438	GBP 5.28

Exercisable on March 31	62,438	GBP 5.28	62,438	GBP 5.28

The options outstanding at March 31, 2014 had a weighted average remaining contractual life of two years.

The JSOP Plan

On March 29, 2012, our board of directors approved a joint share ownership program, or JSOP, pursuant to which certain employees and executive Directors of Eros International Limited may acquire shares jointly with the trustee of our Employee Benefit Trust upon receiving a grant by our board of directors to do so.

On April 18, 2012, the Company issued 6,000,493 ordinary shares at an initial value set forth in the deeds governing these shares to the Company's Employee Benefit Trust. Under the deeds governing these shares, each participant will be required to pay a nominal amount to acquire shares and the trustee will be required to pay the Company the remaining market value of such shares, as defined in the relevant deed, at time of acquisition. The consideration for these shares was funded by a loan from the Company to the Employee Benefit Trust, which will be repaid upon demand by the Company, by all cash held by the Employee Benefit Trust within seven days of receipt of such demand and by cash received upon sale of any shares held by the Employee Benefit Trust, within seven days of such sales. These shares are subject to three different vesting and performance conditions set out in separate JSOP deeds. Under two of these deeds, our board of directors may permit up to 20% of the applicable shares in the aggregate to vest after May 31, 2014 subject only to certain share price conditions. On June 5, 2014 our board of directors vested such shares. After May 31, 2015, some or all of the remaining shares under these two deeds will vest automatically only if a specified level of total shareholder return or earnings per share, as applicable, has been met. The shares covered by the third deed automatically vest in their entirety after May 31, 2015, if the specified level of total shareholder return has been met. Until a participant's rights in these shares vest and any share price condition is met, the rights to vote and receive dividends associated with such unvested shares will remain with the trustee. The level of shareholders' return is calculated as a percentage movement in the market price of the shares of Eros from the grant date to vesting date. Level of earnings per share is calculated as a percentage movement in the earnings per share from as at March 31, 2012 to March 31, 2015. These specified levels are agreed for each employee and vary between the employees.

The table below summarizes the JSOP Plan.

	2014		**2013**	
	Number of shares	**Exercise price**	**Number of shares**	**Exercise price**
Outstanding on April 1	2,000,164	$ 11.00	2,000,164	GBP 7.92
Granted	—	—	—	—
Outstanding at March 31	2,000,164	$ 11.00	2,000,164	GBP 7.92
Exercisable on March 31	—	—	—	—

The options outstanding at March 31, 2014 had a weighted average remaining contractual life of eight years.

The IPO India Plan

The Company's subsidiary Eros International Media Limited has instituted an employee share option scheme 'ESOP 2009' (the "IPO India Plan") and eligible to employees and administered by the Compensation Committee of the Board of Directors of Eros International Media Limited. The terms and condition of the IPO India Plan is as follows:

	2014		2013	
	Number of shares of Eros International Media Ltd.	Weighted average exercise price	Number of shares of Eros International Media Ltd.	Weighted average exercise price
Outstanding at April 1	1,176,568	$ 2.06	811,861	$ 2.80
Granted during the year	300,000	2.55	571,160	1.38
Lapsed	(27,036)	2.97	(21,970)	2.96
Exercised	(51,850)	1.66	(184,483)	2.14
Outstanding at March 31	1,397,682	$ 1.99	1,176,568	$ 2.06
Exercisable at March 31	646,474	$ 2.26	312,687	$ 1.87

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 what management believes to be the fair share price, based on, among other things, a valuation by an independent valuer, and will vest:

- 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

The weighted average share price of Eros International Media Limited options at the dates the options were exercised in the year ended March 31, 2014 were $1.66. The options outstanding at March 31, 2014 had a weighted average remaining contractual life of 6 months and a range of exercise prices from $1.25 to $2.90 (weighted average exercise price $1.99).

Management Scheme (Staff Share Grant)

The Management Scheme (Staff Share Grant) cost of $ 16,847,000 represents the cost of shares granted to employees less any amounts paid in respect of the shares issued on August 12, 2013, September 18, 2013 and November 18, 2013.

On August 12, 2013, 1,431,000 unrestricted shares were issued to employees at $3.61 per share based on the mid-market price. These shares had no vesting conditions.

On September 18, 2013, 5,029,935 shares were issued to our CEO and Managing Director at $4.02 per share based on the mid-market price. These shares are restricted and vest over a period of three years on a pro-rata basis and the fair value is being expensed through the income statement over three years from the date of grant.

On November 18, 2013, 299,812 A ordinary shares were granted to eligible employees at $ nil per share. These shares had no vesting conditions. Fair value is measured on the basis of market value as at the date of grant.

As per the contractual terms of the remuneration agreement with our CEO and Managing Director, 181,818 shares worth $ 2,000,000 were issued on November 18, 2013 upon completion of the Company's NYSE listing. Fair value is determined as our share price as at the date of our NYSE listing and is being expensed through the income statement immediately.

The Option Awards

On March 29, 2012, our board of directors approved to grant options for A ordinary shares, or the Option Awards, to employees and Directors of the Company and certain of our subsidiaries. The aggregate number of Option Awards, together with any A ordinary shares issued pursuant to the JSOP, will not exceed 8% of our issued share capital following the offering. On April 17, 2012, we approved to grant to our employees 807,648 ordinary share options with an exercise price equal to the initial public offering price per share. These options will be subject to three different vesting and performance conditions, similar to those described above for the shares issued under the JSOP on April 18, 2012. Our Board of Directors may permit up to 10% of the applicable options to vest after May 31, 2013, and up to an aggregate of 20% of the applicable options to vest after May 31, 2014.

After May 31, 2015, the remaining options subject to these vesting and performance conditions will vest automatically if a specified level of total shareholder return or earnings per share, as applicable, has been met. The third group of options will automatically vest in their entirety after May 31, 2015, if the specified level of total shareholder return has been met. Although approved by the Board, no shares/options have been granted so far.

26 JOINT SHARE OWNERSHIP RESERVE

	(in thousands)
Balance at April 1, 2013	$ (25,505)
Acquired in the year	—
Balance at March 31, 2014	**$ (25,505)**

The joint share ownership reserve represents the cost of shares issued by Eros International Plc and held by the Eros International Employee Benefit trust to satisfy the requirements of the Joint Share Ownership Plan (see Note 24). The number of shares held by the Eros International Employee Benefit Trust at March 31, 2014 was 2,000,164 'A' ordinary shares (2013: 6,000,493 Ordinary 10p shares).

27 OTHER COMPONENTS OF EQUITY

	As at March 31 (in thousands)	
	2014	2013
Movement in Hedging reserve:		
Opening balance	$ (4,020)	$ (4,020)
Loss/(gain) reclassified to profit/loss	1,233	—
Loss/(gain) recognized on cash flow hedge	—	—

Closing balance	$ (2,787)	$ (4,020)
Movement in revaluation reserve:		
Opening balance	$ 1,528	$ 233
Gain recognized on revaluation of property, plant and equipment	—	1,295
Closing balance	$ 1,528	$ 1,528
Movement in Available for sale fair value reserve:		
Opening balance	$ 5,802	$ 5,802
Profit/loss recognized on revaluation of available for sale investment (net), where applicable	—	—
Loss reclassified to profit or loss on sale of available for sale investment (net)	—	—
Closing balance	$ 5,802	$ 5,802
Movement in Foreign Currency Translation Reserves		
Opening balance	$ (32,742)	$ (20,534)
Other comprehensive income/ (loss) due to foreign currency Translation	(11,116)	(12,208)
Closing balance	$ (43,858)	$ (32,742)
Total Other Components of Equity	$ (39,315)	$ (29,432)

28 SIGNIFICANT NON-CASH EXPENSES

Significant non-cash expenses were as follows, except loss on sale of assets, share based compensation, depreciation, derivative interest and amortization.

	As at March 31	
	2014	2013
	(in thousands)	
Net (profit)/loss on held for trading financial liabilities	$ (5,177)	$ 5,667
Reclassification adjustment relating to available-for-sale financial assets	—	—
Content advance impairment	4,081	2,442
Others	788	(2,447)
	$ (308)	$ 5,662

29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has established objectives concerning the holding and use of financial instruments. The underlying basis of these objectives is to manage the financial risks faced by the Group.

Formal policies and guidelines have been set to achieve these objectives. The Group does not enter into speculative arrangements or trade in financial instruments and it is the Group's policy not to enter into complex financial instruments unless there are specific identified risks for which such instruments help mitigate uncertainties.

Management of Capital Risk and Financial Risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of Eros, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and in Notes 20 and 22.

The gearing ratio at the end of the reporting period was as follows

	As at March 31	
	2014	2013
	(in thousands)	
Debt (net of debt issuance cost of $1,716,000 (2013: $2,767,000))	$ 258,133	$ 245,800
Cash and bank balances	145,449	107,642
Net debt	112,684	138,158
Equity	578,041	486,176
Net debt to equity ratio	19.5%	28.4%

The net debt to equity ratio decrease as at March 31, 2014 as compared to March 31, 2013 reflects the additional equity issued during the year offset by the continued investment in film content during the year and working capital fluctuation as well as the impact of foreign exchange movements on the equity base.

Debt is defined as long and short-term borrowings (excluding derivatives). Equity includes all capital and reserves of the Group that are managed as capital.

Categories of financial instruments

	2014	2013
	(in thousands)	
Financial assets		
Available-for-sale investments	$ 30,340	$ 30,385
Loans and receivables excluding prepaid charges and including cash and bank balances	267,634	195,076

	2014	2013
	(in thousands)	
	$ 297,974	$ 225,461
Financial liabilities		
Trade payables excluding value added tax and other tax payables	$ 29,827	$ 26,658
Borrowings	258,133	245,800
Financial Liabilities at fair value through profit or loss		
Derivatives at fair value through profit or loss - held for trading	11,483	16,660
	$ 299,443	$ 289,118

Financial risk management objectives

Based on the operations of the Group throughout the world the Directors consider that the key financial risks that it faces are credit risk, currency risk, liquidity risk and interest rate risk. The objectives under each of these risks are as follows:

- credit risk: minimize the risk of default and concentration.
- currency risk: reduce exposure to foreign exchange movements principally between U.S. dollar, Indian Rupee and GBP.
- liquidity risk: ensure adequate funding to support working capital and future capital expenditure requirements.
- interest rate risk: mitigate risk of significant change in market rates on the cash flow of issued variable rate debt.

Credit Risk

The Group credit risk is principally attributable to its trade receivables, advances and cash balances. As a number of the Group's trading activities require third parties to report revenues due to the Group this risk is not limited to the initial agreed sale or advance amounts. The amounts shown within the statement of financial position sheet in respect of trade receivables and advances are net of allowances for doubtful debts based upon objective evidence that the Group will not be able to collect all amounts due. Trading credit risk is managed on a country by country basis by the use of credit checks on new clients and individual credit limits, where appropriate, together with regular updates on any changes in the trading partner's situation. In a number of cases trading partners will be required to make advance payments or minimum guarantee payments before delivery of any goods. The Group reviews reports received from third parties and as a matter of course reserve the right within the contracts it enters into to request an independent third party audit of the revenue reporting.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group from time to time will have significant concentration of credit risk in relation to individual theatrical releases, television syndication deals or music licenses. This risk is mitigated by contractual terms which seek to stagger receipts and/or the release or airing of content. As at March 31, 2014, 31% (2013: 33%) of trade account receivables were represented by the top five debtors. The maximum exposure to credit risk is that shown within the statement of financial position.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Currency Risk

The Group operates throughout the world with significant operations in India, the British Isles, the United States of America and the United Arab Emirates. As a result it faces both translation and transaction currency risks which are principally mitigated by matching foreign currency revenues and costs wherever possible.

The Group's major revenues are denominated in U.S. Dollars, Indian Rupees and British pounds sterling which are matched where possible to its costs so that these act as an automatic hedge against foreign currency exchange movements.

The Group has identified that it will need to utilize hedge transactions to mitigate any risks in movements between the U.S. Dollar and the Indian Rupee and has adopted an agreed set of principles that will be used when entering into any such transactions. No such transactions have been entered into to date and the Group has managed foreign currency exposure to date by seeking to match foreign currency inflows and outflows as much as possible. Details of the foreign currency borrowings that the Group uses to mitigate risk are shown within Interest Risk disclosures.

As at the statement of financial position date there were no outstanding forward foreign exchange contracts. The Group adopts a policy of borrowing where appropriate in the local currency as a hedge against translation risk. The table below shows the Group's net foreign currency monetary assets and liabilities position in the main foreign currencies as at the year-end:

	Net Balance		
	GBP	INR	Other
		(in thousands)	
As at March 31, 2014	9,588	(36,586)	327
As at March 31, 2013	8,336	(20,993)	269

A uniform decrease of 10% in exchange rates against all foreign currencies in position as of March 31, 2014 would have decrease in the Company's net income before tax by approximately $3,623,000 (2013: $1,236,000) on net income and on equity. An equal and opposite impact would be experienced in the event of an increase by a similar percentage.

Our sensitivity to foreign currency has increased during the year ended March 31, 2014 as a result of an increase in the percentage of liabilities denominated in foreign currency over the comparative period. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves and agreed committed banking facilities. Management of working capital takes account of film release dates and payment terms agreed with customers.

An analysis of short-term and long-term borrowings is set out in Note 22. Set out below is a maturity analysis for non-derivative and derivative financial liabilities. The amounts disclosed are based on contractual undiscounted cash flows. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates as at March 31, in each year.

	Total	Less than 1 year	1-3 years	3-5 years
		(in thousands)		
As at March 31, 2014				
Borrowing principal payments	$ 258,133	$ 92,879	$ 158,872	$ 6,382
Borrowing interest payments	22,217	11,054	10,547	616
Derivative financial instruments	11,483	—	—	11,483
Trade payables	31,611	31, 611	—	—

	Total	Less than 1 year	1-3 years	3-5 years
		(in thousands)		
As at March 31, 2013				
Borrowing principal payments	$ 248,567	$ 79,902	$ 47,800	$120,865
Borrowing interest payments	32,125	10,109	17,920	4,096
Derivative financial instruments	16,660	—	—	16,660
Trade payables	28,979	28,979	—	—

At March 31, 2014, the Group had facilities available of $277,891,000 (2013: $250,053,000) and therefore had net undrawn amounts of $19,757,000 (2013: $4,253,000) available.

Interest Rate Risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed, capped and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated to align with interest rate views to ensure the most cost effective hedging strategies are applied.

Currency, Maturity and Nature of Interest Rate of the Nominal Value of Borrowings

	As at March 31			
	2014	%	2013	%
	(in thousands, except percentages)			
Currency				
U.S. Dollar	$ 195,238	76%	$ 191,342	78

	As at March 31			
	2014	%	2013	%
	(in thousands, except percentages)			
Indian Rupees	62,895	24%	54,458	22
Total	$ 258,133	100%	$ 245,800	100
Maturity				
Due before one year	$ 92,879	36%	$ 79,902	33
Due between one and three years	158,872	62%	46,740	19
Due between four and five years	6,382	2%	119,158	48
	$ 258,133	100%	$ 245,800	100
Nature of rates				
Fixed interest rate	$ 80,165	31%	$ 100,969	41
Floating rate	177,968	69%	144,831	59
Total	$ 258,133	100%	$ 245,800	100

During the current year, the interest exposure was managed through an interest cap on $100 million entered into in 2012. Two written floor contracts each with $100 million notional value were also entered into in 2012.

The effect of these instruments in combination is that the maximum cash outflow is 6% although the written floors mean that should market rates fall below the floor rate, then the interest charged would be twice the floor rate, although never exceeding 6%. Hence $100 million is classified as floating interest rate borrowings as on March 31, 2014 and 2013.

The sensitivity analysis assumes a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the statement of financial position date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

At 1% increase in underlying bank rates would lead to decrease in the Company's net income before tax by $7,518,000 for the year ended March 31, 2014 (2013: $1,448,000) on net income and equity. An equal and opposite impact would be felt if rates fell by 1%.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Under the interest swap contracts, we have agreed to exchange the difference between fixed and floating rate interest amounts calculated on an agreed notional principal amount. Such contracts enable us to mitigate the risk of changing interest rates on the cash flow of issued variable rate debt. The fair value of interest rate derivatives which comprise derivatives at fair value through profit and loss is determined as the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Financial instruments — disclosure of fair value measurement level

Disclosures of fair value measurements are grouped into the following levels:

- Level 1 fair value measurements derived from unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The table below presents assets and liabilities measured at fair value on a recurring basis, they are all category level 2:

Description of type of financial assets	**Gross amount of recognized financial assets**	**Gross amount of recognized financial liabilities offset in the statement of financial position**	**Net amounts financial assets presented in the statement of financial position**
Derivative assets	1,853	(1,853)	—
Total	1,853	(1,853)	—

Description of type of financial liabilities	**Gross amount of recognized financial liabilities**	**Gross amount of recognized financial assets offset in the statement of financial position**	**Net amounts financial liabilities presented in the statement of financial position**
Derivative liabilities	(13,336)	1,853	(11,483)
Total	(13,336)	1,853	(11,483)

Financial assets and liabilities subject to offsetting enforceable master netting arrangements or similar agreements as at March 31, 2014 are as follows:

	Average contract rate	**Notional principal amount**	**Fair value of derivative instrument 2014**	**Fair value of derivative instrument 2013**
			(in thousands)	
2012 Interest Rate Cap	6%	100,000	(1,853)	(2,200)
2012 Interest Rate Floor	0.5% - 3%	100,000	6,668	9,430
2012 Interest Rate Collar	0.5% - 3%	100,000	6,668	9,430
Total			$ 11,483	$ 16,660

None of the above derivative instruments is designated in a hedging relationship. A profit of $5,177,000 (2013: $5,667,000 loss) in respect of the above derivative instruments has been taken to the income statement within other gains and losses. In case of interest rate derivatives involving interest rate options, the fair value has been derived using an appropriate option pricing model.

Reconciliation of Level 3 fair value measurements of financial assets

	Available for – sale of financial assets
	(in thousands)
At March 31, 2014	$ 30,340
At March 31, 2013	$ 30,385

The total gains and losses include an impairment of available-for-sale of financial assets in the year ended March 31, 2014: $Nil (2013: $Nil) of assets still held at the end of the period. All gains and losses included in other comprehensive income related to equity share investments held at the end of each reporting period and are shown as changes of other reserves and translation reserves.

There were no transfers between any Levels in any of the years.

30 CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Eros' material contractual obligations are made up of contracts related to content commitments. Operating lease commitments are disclosed in Note 21.

	Total	1 Year	2 to 5 Years
		(in thousands)	
As at March 31, 2014	$ 180,050	$ 69,999	$ 110,051
As at March 31, 2013	$ 235,935	$ 92,773	$ 143,162

The Group also has certain contractual arrangements in relation to certain contractual content commitments that would require the Group to make payments or provide funding if certain circumstances occur ("contingent guarantees"). The Group expects that these contingent guarantees totaling at March 31, 2014 $94,518,000 (2013: $88,276,000), which are included within the contractual content commitments above, will fall due within the timeframe above.

31 CONTINGENT LIABILITIES

There were no material ongoing litigations at March 31, 2014 and March 31, 2013.

32 RELATED PARTY TRANSACTIONS

	As at March 31,2014	As at March 31,2013
Details of	(in thousands)	

	transaction	Liability	Asset	Liability	Asset
Red Bridge Ltd.	President fees	$ 27	$ —	$ —	$ 50
550 County Avenue	Rent/Deposit	241	135	390	135
Line Cross Limited	Rent/Deposit	—	92	364	—
NextGen Films Pvt Ltd.	Purchase/Sale	—	16,823	—	2,196
Everest Entertainment Pvt. Ltd	Purchase/Sale	—	539	8	604
Lulla Family	Rent/Deposit	65	422	50	509

Pursuant to a lease agreement that expires on February 28, 2015, Eros International Media Limited leases apartments for studio use at Kailash Plaza, 3rd Floor, Opp. Laxmi Industrial Estate, Andheri (W), Mumbai, from Manjula K. Lulla, the wife of Kishore Lulla. Beginning in August 2010, the lease requires Eros International Media Limited to pay $5,000 each month under this lease. Pursuant to a lease that expires in September 30 2015, Eros International Media Limited leases for use as executive accommodations the property Aumkar Bungalow, Gandhi Gram Road, Juhu, Mumbai, from Sunil Lulla (see deposits in the table above).

Pursuant to a lease agreement that expires on March 31, 2015, the Group leases for U.S. corporate offices, the real property at 550 County Avenue, Secaucus, New Jersey, from 550 County Avenue Property Corp, a Delaware corporation owned by Beech Investments and of which our President of Americas Operations Ken Naz serves as a Director. The current lease commenced on April 1, 2010, and requires the Group to pay $11,000 each month.

Pursuant to a lease agreement that expires in March 2018, including renewal periods, the Group leases for U.K. corporate offices, the real property at 13 Manchester Square, London from Linecross Limited, a U.K. company owned indirectly by a discretionary trust of which Kishore Lulla and Sunil Lulla are potential beneficiaries. The current lease commenced on November 19, 2009 and requires us to pay $158,000 each quarter.

Pursuant to an agreement the Group entered into with Redbridge Group Ltd. on June 27, 2006, the Group agreed to pay an annual fee set each year by its Board of Directors of $339,000 and $322,000 in the year ended March 31, 2014 and the year ended March 31, 2013 respectively, for the services of Arjan Lulla, the father of Kishore Lulla and Sunil Lulla, uncle of Vijay Ahuja and Surender Sadhwani and an employee of Redbridge Group Ltd. The agreement makes Arjan Lulla honorary life president and provides for services including attendance at Board meetings, entrepreneurial leadership and assistance in setting the Group's strategy. Redbridge Group Ltd. is an entity owned indirectly by a discretionary trust of which Kishore Lulla and Sunil Lulla are potential beneficiaries.

The Group has engaged in transactions with NextGen Films Pvt. Ltd., an entity owned by the husband of Puja Rajani, sister of Kishore Lulla and Sunil Lulla, each of which involved the purchase and sale of film rights. NextGen Films Pvt. Ltd. sold film rights $23,613,000 and $12,483,000 to the Group in the year ended March 31, 2013 and the year ended March 31, 2014 respectively. NextGen Films Pvt. Ltd. purchased film rights, including production services of $3,923,000 in March 31, 2014 and $3,859,000 from the Group in the year ended March 31, 2013.

The Group also engaged in transactions with Everest Entertainment Pvt. Ltd. entity owned by the brother of Manjula K. Lulla, wife of Kishore Lulla, each of which involved the purchase and sale of film rights. Everest Entertainment Pvt. Ltd. sold film rights of $16,000 and $700 to the Group in the year ended March 31, 2013 and the year ended March 31, 2014 respectively, and purchased from the Group film rights of $Nil in the years ended March 31, 2013 and 2014

During the year the Group has made charitable donations to the Lulla Foundation of $Nil (2013: $21,000), (UK registered charity number 1131141) of which Kishore Lulla is a trustee. The Lulla Foundation's aims are to provide a high quality learning and teaching support for targeted communities currently caught in cycles of poverty so that they can have real opportunities to change their personal futures and their communities.

All of the amounts outstanding are unsecured and will be settled in cash. As at March 31, 2014 Eros India has provided a corporate guarantee to a bank for $26,306,000 (2013: $Nil) in connection with borrowings by NextGen Films Pvt. Ltd in respect of certain film content capital commitments. The Company did not earn any fees to provide financial guarantee. Such guarantee is for a period of up to two years.

33 MAJOR CONSOLIDATED ENTITIES

	Date	Country of Incorporation	% of voting rights held
Eros Network Limited	June 06	U.K.	100
Eros International Limited	June 06	U.K.	100
Eros International USA Inc	June 06	U.S.	100
Eros Music Publishing Limited	June 06	U.K.	100
Eros Worldwide FZ-LLC	June 06	UAE	100
Eros International Media Limited	June 06	India	74.83
Eros International Films Pvt. Limited	June 06	India	100
Eros Pacific Limited	June 06	Fiji	100
Eros Australia Pty Limited	June 06	Australia	100
Big Screen Entertainment Pvt. Limited	January 07	India	64
Copsale Limited	June 06	BVI	100
Ayngaran International Limited	October 07	IOM	51
Ayngaran International UK Limited	October 07	U.K.	51
Ayngaran International Media Pvt. Limited	October 07	India	51
Acacia Investments Holdings Limited	April 08	IOM	100
EyeQube Studios Pvt. Limited	January 08	India	99.99
Belvedere Holdings Pte. Ltd.	March 2010	Singapore	100
Eros International Pte Ltd.	August 2010	Singapore	100
Digicine Pte. Limited	March 2012	Singapore	100
Ayngaran Anak Media Pvt. Limited	October 08	India	51

All of the companies were involved with the distribution of film content and associated media. All the companies are indirectly owned with the exception of Eros Network Limited, Eros Worldwide FZ-LLC and Eros International Pte Ltd.

The Group shareholdings of Eros International Media Ltd (EIML) reduced to 77.98 % on October 14, 2011 from 78.11%, then 77.83% on February 24, 2012 and then 77.80% on April 3, 2012 by the exercise of ESOP by the employees. On December 20, 2012 the Group disposed of 2.8% of the shares it held reducing the ownership to 74.99% and then 74.95% on December 27, 2012 and then 74.88% on February 1, 2013 by the exercise of ESOP by the employees. On January 13, 2014 the Group's shareholdings reduced to 74.83% by the exercise of ESOP by the employees.

In addition to the above the Eros International Plc Employee Benefit Trust, a Jersey based Trust has been consolidated as it is a fully controlled Trust.

34 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are highlighted below:

34.1. Goodwill

The Group tests annually whether goodwill has suffered impairment, in accordance with its accounting policy. The recoverable amount of cash-generating units has been determined based on value in use calculations. These calculations require estimates to be made over revenue growth, margin stability and discount rates 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 goodwill.

34.2. Basis of Consolidation

The Group evaluates arrangements with special purpose vehicles in accordance with of IFRS 10 – Consolidated Financial Statements to establish how transactions with such entities should be accounted for. This requires a judgment over control such that it is exposed, or has rights, to variable returns and can influence the returns attached to the arrangements.

34.3. Intangible Assets

The Group is required to identify and assess the useful life of intangible assets and determine their income generating life. Judgment is required in determining this and then providing an amortization rate to match this life as well as considering the recoverability or conversion of advances made in respect of securing film content or the services of talent associated with film production.

Accounting for the film content requires Management's judgment as it relates to total revenues to be received and costs to be incurred throughout the life of each film or its license period, whichever is the shorter. These judgments are used to determine the amortization of capitalized film content costs. The Group uses a stepped method of amortization on first release film content writing off more in year one which recognizes initial income flows and then the balance over a period of up to nine years. In the case of film content that is acquired by the Group after its initial exploitation, commonly referred to as Library, amortization is spread evenly over the lesser of 10 years or the license period. Management's policy is based upon factors such as historical performance of similar films, the star power of the lead actors and actresses and once released actual results of each film. Management regularly reviews, and revises when necessary, its estimates, which may result in a change in the rate of amortization and/or a write down of the asset to the recoverable amount.

The Trade Name is associated with the 'Eros International' and other Eros logos, and is considered to have an indefinite useful life, which view is supported by the intention of the Management to retain the trade name within the business indefinitely.

The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy. These calculations require judgments and estimates to be made, and, as with Goodwill, in the event of an unforeseen event these judgments and assumptions would need to be revised and the value of the intangible assets could be affected. There may be instances where the useful life of an asset is shortened to reflect the uncertainty of its estimated income generating life. This is particularly the case when acquiring assets in markets that the Group has not previously exploited.

34.4. Valuation of Available-for-Sale Financial Assets

The Group follows the guidance of IAS 39 to determine, where possible, the fair value of its available-for-sale financial assets. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less or more than its cost; the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

34.5. Income Taxes and Deferred Taxation

The Group is subject to income taxes in various jurisdictions. Judgment 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.

Judgment is also used when determining whether the Group should recognize a deferred tax asset, based on whether Management considers there is sufficient certainty in future earnings to justify the carry forward of assets created by tax losses and tax credits.

Judgment is also used when determining whether the Group should recognize a deferred tax liability on undistributed earnings of subsidiaries.

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.

34.6. Share Based Payments

The Group is required to evaluate the terms to determine whether share based payment is equity settled or cash settled. Judgment is required to do this evaluation. Further, the Group is required to measure the fair value of equity settled transactions with employees at the grant date of the equity instruments. The fair value is determined principally by using the Black Scholes model and/or Monte Carlo Simulation Models which require assumptions regarding interest free rates, share price volatility, the expected life of an employee equity instrument and other variables. The basis and assumptions used in these calculations are disclosed within Note 25.

35 ADOPTION OF NEW AND REVISED STANDARDS

35.1. Standards affecting the financial statements

The Group has applied standards IFRS 10 ‘Consolidated Financial Statements’, IFRS 11 ‘Joint Arrangements’ and IFRS 13 ‘ Fair Value Measurements’ effective April 1, 2013. The effect of applying these standards has not resulted in any impact on the classification or accounting treatment of any items within the financial statements, but has led to certain enhanced disclosures.

The Group has applied IFRS 12 “Disclosure of Interest in Other Entities” (“IFRS 12”), a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

Further, in June 2012, IASB published “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance” as amendments to IFRS 10, IFRS 11 and IFRS 12. These amendments are intended to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. These pronouncements were effective for the annual period beginning on or after January 1, 2013.

The Group has applied IFRS 13 Fair Value Measurements which provides a single IFRS framework for measuring fair value and requires disclosure about fair value measurements

35.2. Standards not affecting the reported results nor the financial position

The Group has applied the amendments to IAS 27, "Separate Financial Statements", now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not applicable in the Company's consolidated financial statements.

35.3. Standards, Interpretations and Amendments to Published Standards that are not yet effective

At the date of authorization of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

In November 2009, the IASB issued IFRS 9 "Financial Instruments" ("IFRS 9"), "Classification and Measurement". This standard introduces certain new requirements for classifying and measuring financial assets and liabilities and divides all financial assets that are currently in the scope of IAS 39 into two classifications, those measured at amortized cost and those measured at fair value. In October 2010, the IASB issued a revised version of IFRS 9.

The revised standard adds guidance on the classification and measurement of financial liabilities. IFRS 9 requires entities with financial liabilities designated at fair value through profit or loss to recognize changes in the fair value due to changes in the liability's credit risk in other comprehensive income. However, if recognizing these changes in other comprehensive income creates an accounting mismatch, an entity would present the entire change in fair value within profit or loss. There is no subsequent recycling of the amounts recorded in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity. In November 2013, IASB finalized the new hedge accounting guidance which forms part of IFRS 9. There have been significant changes to the types of transactions eligible for hedge accounting. In addition, the ineffectiveness test was overhauled and replaced with the principle of an 'economic relationship'.

The mandatory effective date for IFRS 9 is removed temporarily and IASB will determine a new mandatory effective date when it has finalized the requirements for all the other phases of the project to replace IAS 39. Earlier application is permitted. We are currently evaluating the impact that this new standard will have on our consolidated financial statements.

In May 2013, the IASB issued an amendment to IAS 36 "Impairment of Assets" to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. This Amendment is effective for annual periods beginning on or after January 1, 2014.

We have evaluated the requirements of the above amendment and do not believe that the adoption of this amendment will have a material effect on our consolidated financial statements.

In May 2014, the IASB issued two amendments with respect to IAS 16 "Property, Plant and Equipment" ("IAS 16") and IAS 38 "Intangible Assets" ("IAS 38") dealing with acceptable methods of depreciation and amortization.

The amended IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. Further the amendment under IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible assets. However this presumption can only be rebutted in two limited circumstances;

a) the intangible is expressed as a measure of revenue i.e. when the predominant limiting factor inherent in an intangible asset is the achievement of a contractually specified revenue threshold; or

b) it can be demonstrated that revenue and the consumption of economic benefits of the intangible assets are highly correlated. In these circumstances, revenue expected to be generated from the intangible assets can be an appropriate basis for amortization of the intangible asset.

The amendments apply prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. We are currently evaluating the impact that this amendment to IAS 16 and IAS 38 will have on our consolidated financial statements.

In May 2014, the IASB issued IFRS 15 “Revenue from Contract with Customers” (“IFRS 15”). IFRS 15 replaces the IAS 11 “Construction Contracts”, IAS 18 “Revenue”, IFRIC 13 “Customer Loyalty Program”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services”. The Standard applies to an entity’s first annual IFRS financial statements for a period beginning on or after January 1, 2017. Early adoption is permitted.

This Standard introduces the requirement to identify performance obligation in customer contracts and to recognize revenue when an entity satisfies the performance obligations in the contract. The Standard permits entities to transition following either a full retrospective approach or a modified retrospective approach.

We are currently evaluating the impact that this standard will have on our consolidated financial statements.

36. SUBSEQUENT EVENTS

On June 9, 2014, Eros International Media Limited (“EIML”) executed a term sheet to acquire controlling stake in Universal Power Systems Private Limited , trading by the name Techzone, a company in mobile Value Added Services within India that has billing integration in place with major telecom operators in India. It is expected that the transaction will conclude within 90 days of execution of the term sheet subject to conditions precedent, and finalisation of the percentage of holdings along with the purchase consideration.

EROS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands)

	Note	June 30, 2014 (unaudited)	March 31, 2014
ASSETS			
Non-current assets			
Property, plant and equipment		$ 9,912	$ 10,166
Goodwill		1,878	1,878
Intangible assets - trade name		14,000	14,000
Intangible assets - content	5	584,010	577,704
Intangible assets - others		1,448	1,515
Available-for-sale financial assets	4	30,340	30,340
Trade receivables and other receivables		6,318	12,056
Deferred tax assets		99	77
Total non-current assets		**$ 648,005**	**$ 647,736**
Current assets			
Inventories		$ 553	$ 566
Trade receivables and other receivables		122,538	111,649
Current tax receivable		272	611
Cash and cash equivalents		135,810	145,449
Total current assets		**259,173**	**258,275**
Total assets		**$ 907,178**	**$ 906,011**
LIABILITIES			
Current liabilities			
Trade and other payables		$ 23,804	$ 31,611
Short-term borrowings	6	97,246	92,879
Current tax payable		4,513	4,090
Total current liabilities		**$ 125,563**	**$ 128,580**
Non-current liabilities			
Long-term borrowings	6	$ 164,699	$ 165,254
Other long-term liabilities		439	393
Derivative financial instruments	4	13,888	11,483
Deferred tax liabilities		23,068	22,260
Total non-current liabilities		**$ 202,094**	**$ 199,390**
Total liabilities		**$ 327,657**	**$ 327,970**
Equity			
Share capital	7	$ 26,340	$ 26,322
Share premium		226,971	223,333
Reserves		340,315	342,856
Other components of equity		(40,286)	(39,315)
JSOP reserve		(25,505)	(25,505)
Equity attributable to equity holders of Eros International Plc		$ 527,835	$ 527,691
Non-controlling interest		51,686	50,350
Total equity		**$ 579,521**	**$ 578,041**
Total liabilities and shareholders’ equity		**$ 907,178**	**$ 906,011**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EROS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in thousands, except per share amounts)

	Note	Three Months Ended June 30, 2014	2013
Revenue	13	**$** 45,362	**$** 40,963
Cost of sales		(33,224)	(28,368)
Gross profit		**12,138**	**12,595**
Administrative costs		(9,966)	(4,425)
Operating profit		**2,172**	**8,170**
Financing costs		(2,473)	(2,358)
Finance income		853	656
Net finance costs		(1,620)	(1,702)
Other (losses)/gains	10	(1,599)	5,500
Profit before tax		**(1,047)**	**11,968**
Income tax expense		(1,541)	(3,123)
(Loss)/profit for the period		**$ (2,588)**	**$ 8,845**
Attributable to:			
Equity holders of Eros International Plc		$ (3,859)	$ 7,612
Non-controlling interest		1,271	1,233
Earnings per share (cents)			
Basic earnings per share	9	(7.9)	19.3
Diluted earnings per share	9	(7.9)	19.2

The accompanying notes are integral part of these unaudited condensed consolidated financial statements.

EROS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited; in thousands)

	Three Months Ended June 30,	
	2014	**2013**
(Loss)/profit for the period	$ (2,588)	$ 8,845
Other comprehensive (loss)/income:		
Items that will be subsequently reclassified to profit and loss		
Exchange differences on translating foreign operations	(1,187)	(13,085)
Cash flow hedges		
Reclassification to profit and loss	201	307
Total other comprehensive loss for the period	$ (986)	$ (12,778)
Total comprehensive loss for the period net of tax	**$ (3,574)**	**$ (3,933)**
Attributable to:		
Equity holders of Eros International Plc	$ (4,830)	$ (963)
Non-controlling interests	1,256	(2,970)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EROS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in thousands)

	Note	Three Months Ended June 30, 2014	2013
Cash flows from operating activities:			
(Loss)/profit before tax		$ (1,047)	$ 11,968
Adjustments for:			
Depreciation		242	184
Share-based payment	8	4,782	466
Amortization of intangibles assets - content	5	26,409	21,903
Amortization of other intangibles assets		66	128
Other non- cash items		2,521	(5,538)
Net finance costs		1,620	1,704
Loss on sale of property, plant and equipment		(3)	-
Changes in trade receivables and other receivables		(5,303)	(1,439)
Changes in Inventories		16	-
Changes in trade payables and other payables		(5,792)	4,171
Cash generated from operations		23,511	33,547
Interest paid		(1,936)	(2,846)
Income taxes paid		(152)	385
Net cash generated from operating activities		**$ 21,423**	**$ 31,086**
Cash flows from investing activities:			
Purchases of property, plant and equipment		(25)	(59)
Proceeds from disposal of property, plant and equipment		46	8
Purchase of intangible film rights and related content		(34,956)	(40,561)
Interest received		250	1,187
Net cash used in investing activities		**$ (34,685)**	**$ (39,425)**
Cash flows from financing activities:			
Proceeds from issue of shares by subsidiary		272	-
Proceeds from short term debt (net)		4,739	29,777
Repayment of long term borrowings		(797)	(22,425)
Net cash generated from financing activities		**$ 4,214**	**$ 7,352**
Net decrease in cash and cash equivalents		**(9,048)**	**(987)**
Effect of exchange rate changes on cash and cash equivalents		(591)	(2,896)
Cash and cash equivalents, beginning of period		145,449	107,642
Cash and cash equivalents, end of period		**$ 135,810**	**$ 103,759**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EROS INTERNATIONAL PLC

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

(Unaudited; in thousands)

			Other components of equity				Reserves						
	Share capital	Share premium account	Currency translation reserve	Available for sale investments	Revaluation reserve	Hedging reserve	Reverse acquisition reserve	Merger reserve	Retained earnings	JSOP reserve	Equity Attributable to Shareholders of EROS International PLC.	Non-controlling interest	Total equity
Balance as of April 1, 2014	$ 26,322	$ 223,333	$ (43,858)	$ 5,802	$ 1,528	$ (2,787)	$ (22,752)	$ 62,203	$ 303,405	$ (25,505)	$ 527,691	$ 50,350	$ 578,041
(Loss)/ Profit for the period	—	—	—	—	—	—	—	—	(3,859)	—	(3,859)	1,271	(2,588)
Other comprehensive (loss)/ income for the period	—	—	(1,172)	—	—	201	—	—	—	—	(971)	(15)	(986)
Total comprehensive (loss)/ income for the period	**—**	**—**	**(1,172)**	**—**	**—**	**201**	**—**	**—**	**(3,859)**	**—**	**(4,830)**	**1,256**	**(3,574)**
Share based compensation	18	3,638	—	—	—	—	—	—	1,126	—	4,782	—	4,782
Changes in ownership interests in subsidiaries that do not result in a loss of control	—	—	—	—	—	—	—	192	—	—	192	80	272
Balance as of June 30, 2014	**$ 26,340**	**$ 226,971**	**$ (45,030)**	**$ 5,802**	**$ 1,528**	**$ (2,586)**	**$ (22,752)**	**$ 62,395**	**$ 300,672**	**$ (25,505)**	**$ 527,835**	**$ 51,686**	**$ 579,521**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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EROS INTERNATIONAL PLC

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013

(Unaudited; in thousands)

			Other components of equity				Reserves						
	Share capital	**Share premium account**	**Currency translation reserve**	**Available for sale investments**	**Revaluation reserve**	**Hedging reserve**	**Reverse acquisition reserve**	**Merger reserve**	**Retained earnings**	**JSOP reserve**	**Equity Attributable to Shareholders of EROS International PLC.**	**Non-controlling interest**	**Total equity**
Balance as of April 1, 2013	$ 22,653	$ 159,547	$ (32,742)	$ 5,802	$ 1,528	$ (4,020)	$ (22,752)	$ 62,097	$ 271,970	$ (25,505)	$ 438,578	$ 47,598	$ 486,176
Profit for the period	—	—	—	—	—	—	—	—	7,612	—	7,612	1,233	8,845
Other comprehensive (loss)/ income for the period	—	—	(8,882)	—	—	307	—	—	—	—	(8,575)	(4,203)	(12,778)
Total comprehensive (loss)/ income for the period	**—**	**—**	**(8,882)**	**—**	**—**	**307**	**—**	**—**	**7,612**	**—**	**(963)**	**(2,970)**	**(3,933)**
Share based compensation	—	—	—	—	—	—	--	—	466	—	466	--	466
Balance as of June 30, 2013	**$ 22,653**	**$ 159,547**	**$ (41,624)**	**$ 5,802**	**$ 1,528**	**$ (3,713)**	**$ (22,752)**	**$ 62,097**	**$ 280,048**	**$ (25,505)**	**438,081**	**$ 44,628**	**$ 482,709**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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EROS INTERNATIONAL PLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PREPARATION

Description of business

Eros International Plc ("Eros") and its subsidiaries' (the "Group") principal activities include the acquisition, co-production and distribution of Indian films and related content. Eros International Plc is the Group's ultimate parent company. It is incorporated and domiciled in the Isle of Man. The address of Eros International Plc's registered office is Fort Anne, Douglas Isle of Man IM1 5PD.

These condensed interim consolidated financial statements are prepared in compliance with International Accounting Standard (IAS) 34, "Interim financial reporting" as issued by International Accounting Standards Board ("IASB"). They do not include all of the information required in annual financial statements in accordance with IFRS, as issued by IASB and should be read in conjunction with the audited consolidated financial statements and related notes for the fiscal year ended March 31, 2014 included within our Prospectus (the "Prospectus") filed with the U.S. Securities and Exchange Commission on July 11, 2014. The condensed interim financial statements for the three months ended June 30, 2014 were approved by the Eros Board of Directors and authorized for the issue on September 24, 2014.

The accounting policies applied are consistent with the policies that were applied for the preparation of the consolidated financial statements for the period ended March 31, 2014.

Accounting and reporting pronouncements not yet adopted

The following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

In July 2014, the IASB issued amendments to IFRS 9 – Financial Instruments that introduce a new impairment model and modify the existing classification and measurements guidance. IFRS 9 as amended in 2014 (IFRS 9 (2014)) is effective for annual periods beginning on or after January 1, 2018, earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

In May 2014, the IASB issued two amendments with respect to IAS 16 "Property, Plant and Equipment" ("IAS 16") and IAS 38 "Intangible Assets" ("IAS 38") dealing with acceptable methods of depreciation and amortization.

The amended IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. Further the amendment under IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of intangible assets. However this presumption can only be rebutted in two limited circumstances;

a) the intangible is expressed as a measure of revenue i.e. when the predominant limiting factor inherent in an intangible asset is the achievement of a contractually specified revenue threshold; or

b) it can be demonstrated that revenue and the consumption of economic benefits of the intangible assets are highly correlated. In these circumstances, revenue expected to be generated from the intangible assets can be an appropriate basis for amortization of the intangible asset.

The amendments apply prospectively and are effective for the annual periods beginning on or after January 1, 2016, with earlier application permitted. The Company is currently evaluating the impact that this amendment to IAS 16 and IAS 38 will have on its consolidated financial statements.

In May 2014, the IASB issued IFRS 15 "Revenue from Contract with Customers" ("IFRS 15"). IFRS 15 replaces the IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Program", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services". The Standard applies to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2017. Early adoption is permitted.

This Standard introduces the requirement to identify performance obligation in customer contracts and to recognize revenue when an entity satisfies the performance obligations in the contract. The Standard permits entities to transition following either a full retrospective approach or a modified retrospective approach.

The Company is currently evaluating the impact that this standard will have on its consolidated financial statements.

2. CONCENTRATIONS RISK

Customers

No individual customer accounted for more than 10% of total consolidated revenues for the three months ended June 30, 2014 and 2013. The Group trade receivable does not represent a significant concentration of credit risk as of June 30, 2014 or March 31, 2014 due to the variety of customers and their dispersion across many geographic areas.

3. SEASONALITY

The Groups' financial position and results of operations for any period fluctuate due to film release schedules. Film Release schedules take account of holidays and festivals in India and elsewhere, competitor film releases and sporting events.

4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities carried at fair value are classified in the following three categories.

- Level 1 - derived from unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The table below presents assets and liabilities measured at fair value on a recurring basis, they are all category level 2:

Description of type of financial assets	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset in the statement of financial position (in thousands)	Net amounts financial assets presented in the statement of financial position
Derivative assets	1,372	(1,372)	—
Total	1,372	(1,372)	—

Description of type of financial liabilities	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset in the statement of financial position (in thousands)	Net amounts financial liabilities presented in the statement of financial position
Derivative liabilities	(15,260)	1,372	(13,888)
Total	(15,260)	1,372	(13,888)

Financial assets and liabilities subject to offsetting enforceable master netting arrangements or similar agreements as at June 30, 2014 are as follows:

	Fair value As at	
	June 30, 2014	March 31, 2014
	(in thousands)	
2012 Interest Rate Cap	(1,372)	(1,853)
2012 Interest Rate Floor	7,630	6,668
2012 Interest Rate Collar	7,630	6,668
Total	$ 13,888	$ 11,483

None of the above derivative instruments is designated in a hedging relationship. A loss of $2,405,000 and a gain of $5,988,000 in the three months ended June 30, 2014 and 2013, respectively, in respect of the above derivative instruments has been taken to the income statement within other gains and losses. In case of interest rate derivatives involving interest rate options, fair value has been derived using an appropriate option pricing model.

Reconciliation of Level 3 fair value measurements of financial assets

	Available for – sale of financial assets
	(in thousands)
At June 30, 2014	$ 30,340
At March 31, 2014	$ 30,340

There were no transfers between any Levels in any of the years.

5. INTANGIBLE CONTENT ASSETS

	Gross Content Assets	Accumulated Amortization	Content Assets
		(in thousands)	
As at June 30, 2014			
Film and content rights	$ 875,483	$ (476,026)	$ 399,457
Content advances	184,553	—	184,553
Film productions	—	—	—
Non-current content assets	$ 1,060,036	$ (476,026)	$ 584,010
As at March 31, 2014			
Film and content rights	$ 847,095	$ (449,413)	$ 397,682
Content advances	179,605	—	179,605
Film productions	417	—	417
Non-current content assets	$ 1,027,117	$ (449,413)	$ 577,704

Changes in the content assets are as follows:

	As at	
	June 30, 2014	March 31, 2014*
	(in thousands)	
Film productions		
Opening balance	$ 417	$ 1,170
Exchange difference	—	(113)
Transfer to film and content rights	(417)	(640)
Closing balance	$ —	$ 417
Content advances		
Opening balance	$ 179,605	$ 163,781
Additions	32,698	162,495

Exchange difference	(35)	(9,706)
Transfer from film productions	417	-
Transfer to film and content rights	(28,132)	(136,965)
Closing balance	$ 184,553	$ 179,605

Film and content rights

Opening balance	$ 397,682	$ 370,353
Amortization	(26,409)	(99,620)
Exchange difference	52	(10,656)
Transfer from other content assets	28,132	137,605
Closing balance	$ 399,457	$ 397,682

* Movements pertain to the year ended March 31, 2014.

6. BORROWINGS

An analysis of borrowings is shown in the table below.

	Nominal Interest Rate	Maturity	As at June 30, 2014	As at March 31, 2014
	%		(in thousands)	
Asset backed borrowings				
Term Loan	BPLR+2.75%	2014-15	—	165
Term Loan	13.3-15%	2014-15	444	645
Term Loan	10-15%	2014-15	31	38
Term Loan	BPLR+1.8%	2016-17	16,645	16,650
Term Loan	BPLR+2.75%	2017-18	4,099	4,384
Term Loan	BPLR+2.75%	2018-19	2,575	2,679
Export credit & overdraft	BPLR+1-3.5%	-	16,466	15,695
Export credit & overdraft	LIBOR+3.5%	-	25,511	23,997
Short term loan	LIBOR+2.75%	-	10,000	5,500
			$ 75,771	$ 69,753
Unsecured borrowings				
Other borrowings	10.50%	2021-22	$ 8,167	$ 8,516
Revolving facility*	LIBOR +1.90% - 2.90%	2016-17	158,750	158,750
Commercial papers	10-13%	-	16,645	13,320
Export credit & overdraft	BPLR+3.9%	-	—	6,735
Export credit & overdraft	13%	-	2,280	—
Short term loan	BPLR+3.5%	-	1,850	2,775

	$ 187,692	$ 190,096

Nominal value of borrowings	$ 263,463	$ 259,849
Cumulative effect of unamortized costs	(1,518)	(1,716)
Installments due within one year and short term borrowings	(97,246)	(92,879)
Long-term borrowings - at amortized cost	$ 164,699	$ 165,254

Base Rate ("BR") is the interest rate set by the Bank of England. Bank prime lending rate ("BPLR") is the Indian equivalent to LIBOR. Asset backed borrowings are secured by fixed and floating charges over certain Group assets.

* Subsequent to June 2014, the facility has been reduced to $ 150 million following a repayment of $8.75 million which occurred in July 2014.

Fair value of the long term borrowing as at June 30, 2014 is $179,701,200 (March 2014: $179,106,000). Fair values of long term financial liabilities have been determined by calculating their present values at the reporting date, using fixed effective market rates available to the Group. Carrying amount of short term borrowings approximates fair value.

7. ISSUED SHARE CAPITAL

	Number of Shares	**GBP**
		(in thousands)
Authorized		
A ordinary shares of 30p each at June 30, 2014 and March 31 2014	57,778,113	17,333
B ordinary shares of 30p each at June 30, 2014 and March 31 2014	25,555,220	7,667

Allotted, called up and fully paid	Number of Shares A Ordinary 30p Shares	B Ordinary 30p Shares	Ordinary 10p Shares	USD (in thousands)
As at March 31, 2013	—	—	124,317,367	22,653
Issue of shares on August 12, 2013	—	—	1,431,000	221
Issue of shares on September 18, 2013	—	—	5,029,935	800
Three-for-one stock split and conversion on November 18, 2013	18,037,710	25,555,220	(130,778,302)	23,674
Issue of shares on November 18, 2013	5,481,630	—	—	2,648
As at March 31, 2014	23,519,340	25,555,220	—	26,322
Shares awarded, yet to be issued*	36,000	—	—	18
As at June 30, 2014	23,555,340	25,555,220	—	26,340

On August 12, 2013 shares were issued for employee bonus/remuneration and contractual arrangements issued at $3.61 a share based on the mid-market price on August 12, 2013.

On September 18, 2013, shares were issued for employee bonus/remuneration and contractual arrangements issued at $4.02 a share based on the mid-market price on September 18, 2013.

On April 24, 2012, the shareholders approved resolutions effecting certain amendments to the authorized and issued share capital to effect a three-for-one split of the Company's share capital pursuant to which each ordinary share of the Company was subdivided into 3 shares at a par value of GBP 0.30 per share on November 18, 2013. Immediately prior to the listing, all the outstanding ordinary shares were converted into 18,037,710 'A' ordinary shares and 25,555,220 'B' ordinary shares. 'B' ordinary shares are the shares held by the Founders Group (The "Founders Group" refers to Beech Investments Limited, Olympus Foundation, Arjan Lulla, Kishore Lulla, Vijay Ahuja and Sunil Lulla) 'B' ordinary shares are entitled to ten votes each and 'A' ordinary shares are entitled to one vote each on all matters upon which the ordinary shares are entitled to vote. All other rights of the A and B ordinary shares are the same.

On November 18, 2013, the Company completed the initial public offering of its 'A' ordinary shares on the NYSE, pursuant to which the Company issued and sold 5,000,000 'A' ordinary shares at a price of $11.00 per share.

Upon listing, the Company issued 299,812 'A' ordinary shares with a fair market value of $11.00 per share, to satisfy the Share awards given to certain eligible employees, and 181,818 'A' ordinary shares with a fair market value of $11.00 per share, to satisfy certain contractual arrangements between the Company and a Director.

All share and per share amounts presented in the consolidated financial statements have been adjusted on a retroactive basis to reflect the effect of the share split.

In July 2014, Eros completed a follow-on offering on the NYSE of 6,787,454 'A' ordinary shares at a price of $14.50 per share to the public, raising $92.0 million in new capital (net of underwriter's commission). The funds were utilized by the Company in adding to existing cash balances and reducing the balances on certain working capital debt facilities.

* In September 2014, 36,000 'A' ordinary shares were issued to fulfill an award to certain independent directors at $15.97 per share, based on the mid market price per share on June 5, 2014.

8. SHARE BASED COMPENSATION PLANS

The compensation cost recognized with respect to all outstanding plans and by grant of shares, which are all equity settled instruments, is as follows:

	Three months ending June 30,	
	2014	2013
	(in thousands)	
JSOP	$ 503	$ 311
IPO India Plan	49	155
Management Scheme (Staff Share Grant)	4,230	-
	$ 4,782	$ 466

On June 5, 2014, the Board of Directors approved a grant of 525,000 'A' Ordinary shares options with a fair market value of $ 14.95 per option, to certain executive directors and members of senior management. These options with nil exercise price will vest subject to certain share price conditions being met on or before May 31, 2015 and employee remaining in service until May 31, 2015. None of the options were forfeited during the period

The vesting and service conditions of all of the other plans are consistent with the arrangements disclosed in the audited consolidated financial statements and related notes included within our Prospectus, subject to changes in respect of share numbers and values based on the three to one share consolidation and the conversion to US dollar based share values based on the exchange rate ruling on the date the shares were listed on the NYSE. This charge has been included in administrative costs in the condensed consolidated statements of operations.

9. EARNINGS PER SHARE

	2014		Three months ended June 30, 2013	
	(in thousands, except number of shares and earnings per share)			
	Basic	Diluted	Basic	Diluted
Earnings				
Earnings attributable to the equity holders of the parent	$ (3,859)	$ (3,859)	$ 7,612	$ 7,612
Potential dilutive effect related to share based compensation scheme in subsidiary undertaking (1)	-	-	-	(33)
Adjusted earnings attributable to equity holders of the parent	$ (3,859)	$ (3,859)	$ 7,612	$ 7,579
Number of shares				
Weighted average number of shares	49,084,450	49,084,450	39,438,958	39,438,958
Potential dilutive effect related to share based compensation scheme (2)	-	-	-	(13,384)
Adjusted weighted average number of shares	49,084,450	49,084,450	39,438,958	39,425,574
Earnings per share				
Earnings attributable to the equity holders of the parent per share (cents)	(7.9)	(7.9)	19.3	19.2

The above table does not split the earnings per share separately for the A Ordinary 30p shares and the B Ordinary 30p shares as there is no variation in their entitlement to participate in undistributed earnings. All share and per share data provided herein gives effect to the three-for-one stock split conversion that occurred in November 2013, retroactively.

Options under the JSOP can potentially dilute basic earnings per share and have been included as appropriate in the calculation of diluted earnings per share except where they are anti-dilutive. During the three months ended June 30, 2013, 2,000,164 shares were not included in diluted earnings per share.

Items not included in the calculation of diluted earnings per share in the three months ended June 30, 2014 due to their anti-dilutive effect were;

(1) $36,000 in respect of the potential dilutive effect related to share based compensation scheme in subsidiary undertakings.

(2) 147,400 shares related to potential dilutive effect related to share based compensation scheme

10. OTHER GAINS AND LOSSES

	Three months ended June 30, 2014	Three months ended June 30, 2013
	(in thousands)	
(Gains)/losses on disposal of property, plant and equipment	$ (3)	$ -
Net foreign exchange (gains)/losses	(803)	489
Net losses/(gains) on held for trading financial liabilities	2,405	(5,989)
	$ 1,599	$ (5,500)

The net loss/gain on held for trading financial liabilities in the three months ended June 30, 2014 and 2013 principally relate to derivative instruments not designated in a hedging relationship.

11. RELATED PARTY

	Details of transaction	As at June 30, 2014 Liability	As at June 30, 2014 Asset	As at March 31, 2014 Liability	As at March 31, 2014 Asset
		(in thousands)			
Red Bridge Ltd.	President fees	$ 20	—	27	—
550 County Avenue	Rent/Deposit	249	135	241	135
Line Cross Limited	Rent/Deposit	72	—	—	92
NextGen Films Pvt Ltd.	Purchase/Sale	—	14,126	—	16,823
Everest Entertainment Pvt. Ltd	Purchase/Sale	—	540	—	539
Lulla Family	Rent/Deposit	89	422	65	422

Pursuant to a lease agreement that expires on February 28, 2015, Eros International Media Limited leases apartments for studio use at Kailash Plaza, 3rd Floor, Opp. Laxmi Industrial Estate, Andheri (W), Mumbai, from Manjula K. Lulla, the wife of Kishore Lulla. Beginning in August 2010, the lease requires Eros International Media Limited to pay $5,000 each month under this lease. Pursuant to a lease that expires in September 30 2015, Eros International Media Limited leases for use as executive accommodations the property Aumkar Bungalow, Gandhi Gram Road, Juhu, Mumbai, from Sunil Lulla (see deposits in the table above).

Pursuant to a lease agreement that expires on March 31, 2015, the Group leases for U.S. corporate offices, the real property at 550 County Avenue, Secaucus, New Jersey, from 550 County Avenue Property Corp, a Delaware corporation owned by Beech Investments and of which our President of Americas Operations Ken Naz serves as a Director. The current lease commenced on April 1, 2010, and requires the Group to pay $11,000 each month.

Pursuant to a lease agreement that expires in March 2018, including renewal periods, the Group leases for U.K. corporate offices, the real property at 13 Manchester Square, London from Linecross Limited, a U.K. company owned indirectly by a discretionary trust of which Kishore Lulla and Sunil Lulla are potential beneficiaries. The current lease commenced on November 19, 2009 and requires the Company to pay $164,000 each quarter.

Pursuant to an agreement the Group entered into with Redbridge Group Ltd. on June 27, 2006, the Group agreed to pay $83,500 in the three months ended June 30, 2014 an annual fee set each year by its Board of Directors of $339,000, in the year ended March 31, 2014, for the services of Arjan Lulla, the father of Kishore Lulla and Sunil Lulla, uncle of Vijay Ahuja and Surender Sadhwani and an employee of Redbridge Group Ltd. The agreement makes Arjan Lulla honorary life president and provides for services including attendance at Board meetings, entrepreneurial leadership and assistance in setting the Group's strategy. Redbridge Group Ltd. is an entity owned indirectly by a discretionary trust of which Kishore Lulla and Sunil Lulla are potential beneficiaries.

The Group has engaged in transactions with NextGen Films Pvt. Ltd, an entity owned by the husband of Puja Rajani, sister of Kishore Lulla and Sunil Lulla, each of which involved the purchase and sale of film rights. NextGen Films Pvt. Ltd. sold film rights of $2,798,000 and $Nil to the Group in the three months ended June 30, 2014 and 2013 respectively. NextGen Films Pvt. Ltd. purchased film rights, including production services of $Nil and $1,239,000 in the three months ended June 30, 2014 and 2013 respectively.

The Group also engaged in transactions with Everest Entertainment Pvt. Ltd. entity owned by the brother of Manjula K. Lulla, wife of Kishore Lulla, each of which involved the purchase and sale of film rights. Everest Entertainment Pvt. Ltd. sold film rights of $Nil and $1,000 to the Group in the three months ended June 30, 2014 and 2013 respectively.

All of the amounts outstanding are unsecured and will be settled in cash. As at June 30, 2014, the Group has provided a corporate guarantee to banks for $33,805,000 (March 31, 2014: $26,306,000) in connection with borrowings by NextGen Films Pvt. Ltd in respect of certain film content capital commitments. The Group did not earn any fees to provide the financial guarantee. This guarantee is for a period of up to two years.

12. CONTRACTUAL OBLIGATIONS

	Total	1 Year	2 to 5 Years
		(in thousands)	
As at June 30, 2014	$ 166,661	$ 68,337	$ 98,324
As at March 31, 2014	$ 180,050	$ 69,999	$ 110,051

The Group also has certain contractual arrangements in relation to certain contractual content commitments that would require the Group to make payments or provide funding if certain circumstances occur ("contingent guarantees"). The Group expects that these contingent guarantees totalling at June 30, 2014 $101,763,000 (March 31, 2014: $94,518,000), which are included within the contractual content commitments above, will fall due within the timeframe above.

13. BUSINESS SEGMENTAL DATA

The Group acquires, co-produces and distributes Indian films in multiple formats worldwide. Film content is monitored and strategic decisions around the business operations are made based on the film content, whether it is new release or library. Hence, Management identifies only one operating segment in the business, film content. The Company distributes its film content to the Indian population in India, the South Asian diaspora worldwide and to non-Indian consumers who view Indian films that are subtitled or dubbed in local languages. As a result of these distribution activities, Eros has identified four geographic markets: India, North America, Europe and the Rest of the world. Revenues are presented based on customer location:

	Three months ended June 30,	
	2014	2013

	(in thousands)	
Revenue by customer location		
India	$ 24,854	$ 22,269
Europe	7,415	2,143
North America	1,542	3,254
Rest of the world	11,551	13,297
Total Revenue	$ 45,362	$ 40,963

	India	North America	Europe	Rest of the World
		(in thousands)		
Assets				
As of June 30, 2014	$ 245,733	$ 24	$ 38,977	$ 326,514
As of March 31, 2014	$ 245,887	$ 28	$ 39,618	$ 319,730

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