



Eros International Media Limited

Conference Call Transcript May 30, 2011

Moderator Ladies and gentlemen good afternoon and welcome to the Q4FY11 results conference call of Eros International Media Limited. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need any assistance during this conference call, you may signal an operator by pressing * and then 0 on your touch tone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Ravi Sathe of Citigate Dewe Rogerson, thank you and over to you sir.

Ravi Sathe Good afternoon everyone and thank you for joining us on Eros International Media Limited Q4FY2011 results conference call. On behalf of the management Team of Eros International Media Limited, we would like to extend a very warm welcome to all of you. We have with us Mr. Kishore Lulla, Executive Director of Eros International, Mr. Sunil Lulla, Managing Director and Mr. Kamal Jain Group CFO.

We will begin the call with a brief opening remark from the management following which we will have the forum open for an interactive question and answer session.

Before we begin this call, I would like to point out that some statements made in this call may be forward looking and disclaimer to this effect has been sent out in the conference call invite.

I would now like to invite Mr. Kishore Lulla to make the opening remarks.

Kishore Lulla Good afternoon everyone. A very warm welcome to everyone present and thank you for joining us to discuss Eros International Media Limited operating and financial performance for the year ended March 31st, 2011.

Eros International has established itself as a leading global company in the Indian Film Entertainment Industry which has enabled it to attain a formidable lead in the sector. This has been a result of our well-diversified business model built through co production, acquisitions, and distribution of Hindi and other Indian language films across multiple channels such as theatres, television, and digital media platforms.

Moving on to the company's performance in 2011. Our business segments continued to show improvement. I believe that our robust business model combined with our distinct strategy has enabled us to build a strong foundation and create a unique position for ourselves in the Indian media and entertainment space.

Our company has successfully evolved over a period of time and has displayed healthy growth trajectory in the last few years. Such consistent progress can be attributable to

our presence in the entertainment sector for over 3 decades which has enabled us to develop long standing relationships in the industry. Build a strong 1100 plus film libraries that can be exploited across various formats, diversify our reach across the globe through our extensive distribution network and adopt a portfolio approach to films. As the industry continues to evolve, Eros International is poised to outpace this growth given the focus business approach and strategic capabilities.

FY2011 has been special for us since we got listed in the Indian exchange. We took some initiatives to improve our business through innovation and technology which enables us to efficiently manage our cost and enhance our profitability. In addition we believe that we held our market position extremely well and also fortified our market share by expanding our film portfolio to include movies having mass audience appeal across all the demographics around the world.

Moving on, let me brief you on the operational developments across our business segments during FY2011. We released 77 films across Hindi and regional languages which is by far the highest by any player in the sector. Some of our theatrical successes such as Houseful, Golmaal 3, Endhiran, and Dabaang contributed significantly to our revenue and profits. There was considerable contribution for more regional releases as well. This was primarily due to the mass appeal of our films along with the increase in trust among the audiences to watch quality content.

One of the key highlights of this year has been our 1100 plus scheme content library which enhanced our margins and also enabled us to diversify our revenue. And reduce reliance on the new releases. Also the introduction of digital asset management facilitated us to effectively exploit our content library across various platforms such as home entertainment, new media, satellite licensing, etc. Going forward considering the demand for quality content across different formats, we expect increase contribution in revenue and profitability from our film library. Moving on the thrust in DTH digital cable has led to a commendable growth in the satellite licensing segment with proliferation in the number of movie channels across India in regional languages. The demand for quality film content is increasing. Hence Eros International has remarkable lead to leverage on this opportunity due to its diverse and differentiated film content library along with its strong preliminary slate. Further this quarter saw increase contribution from TV licensing segment due to the high demand for satellite movies of movies by Hindi GEC to showcase new movie premiers and regain viewership to the lost world cup 2011.

With regards to mobile telecom, this sector is currently undergoing a significant change considering the competition and the technological change with 3G operations taking off. We have taken substantial actions towards capitalizing on the opportunities proposed by the dynamic operating environment through the expansion of our film catalogue rights to include audio-visual rights, digitization of the film content and expansion of the distribution network into the digital domain. Looking ahead our primary focus will be towards consolidating the content market and extending our content library to strengthen our negotiating powers in this segment.

FY 2011 also witnessed increase demand for VFX in domestic as well as International films. This has resulted in some prominent projects been delivered by EyeQube, our VFX facility studio currently EyeQube is working on projects such as Desi Boys, RA One and Rana.

Now let me briefly take you through the financial performance. We have witnessed a consistent growth in revenues and profits during the year. In FY2011, our total income was 7,159.2 million, an increase of 9.6% compared to 6,535 million in FY2010. Our net profits for the year improved by 43.1% and stood at 1,182.1 million as compared to 826.2 million in FY2010.

We are very confident that the next fiscal year will be equally exciting as we anticipate strong traction across all our businesses and expect a robust operational and financial performance. This will be largely driven by our diversified movie slate comprising of Shahrukh Khan's 'Ra One', Hrithik Roshan's 'Zindagi Na Milegi Dobara', Shahid Kapoor's 'Mausam', Saif Ali Khan's 'Agent Vinod', Akshay Kumar's 'Desi Boyz', Ranbir Kapoor's 'RockStar', Salman Khan's 'Ready', 'Murder 2' and most awaited Tamil release 'Rana'.

Moreover, factors such as increase in the number of multiplexes, digitization of the theatres, robust growth in satellite licensing and ancillary business such as home entertainment and new media are likely to enhance our revenue predictability and ensure sustainability in our earnings.

Overall, we remain confident about our business prospects over the long term and I believe that we are in this unique position to achieve sustainable growth while leveraging on our strength and enhancing our competencies. Also considering the numerous initiatives being implemented combined with strong operating foundation of our business, we enter the new financial year with great optimism.

I would now like to hand over to Mr. Kamal Jain, our Group CFO who will take you through our financial performance.

Kamal Jain

Thank you Kishore and good afternoon. Thank you all for joining us today. I am pleased to report the financial performance for the year ended March 2011.

FY2011 has been one of the most prolific and exciting year for Eros International. Let me take this opportunity once again to reiterate our distinct and dynamic business model had enabled us to report yet another year of financial and operating progress. I believe that the business decisions taken over the last few quarters are yielding favorable results for the company and this drives us to focus on strengthening our foundation and framework to achieve greater milestones over the next several years.

Let me now discuss the operations and financial performance for the financial year ended 31st March 2011. Our total income for FY2011 stood at Rs.7,159.2 million. This translates to 9.6% increase over 6,535 million in FY2010. I would like to highlight that the healthy performance witnessed is largely attributable to our co strategy of scaling the business vertically by doing high profile films which are reasonably priced. Also our delisting strategy through content pre sales to various revenue streams has helped us in maximizing the monetization. The box office success of movies such as 'Housefull', 'Golmaal 3', 'Endhiran', and 'Dabaang' has also helped us in improving the performance at top line and bottom line.

Moving ahead, with respect to the profitability for FY2011, EBIT was 1,612.7 million compared to 1,212.6 million in FY 2010, an increase of 33%. Our EBIT margins for the year stood at 22.5% versus 18.6% in FY2010. The improvement in margin is primarily on account of the strong traction in media and satellite licensing, lower direct cost due to brand apps, increase use of digital distribution and bundling of new releases with films from existing catalogue.

For the quarter the margin is slightly low as compared to the annual margins due to low revenue quarter and thus the cost abortion was not optimum. The financial performance for quarter 4, 2011 has been reflective of the company's strategy to consciously limit the number of high profile movies released during the quarter due to the ICC world cup hosted in the sub continent. Further our company's performance is best monitored on annual basis due to the dynamic nature of the operating environment rather than looking at only at the quarter numbers of the quarter margins.

Our PAT for the year ended 31st March 2011 stood at 1182.1 million witnessing a growth of 43.1%. When compared to Rs.826.2 million in FY2010. The corresponding PAT margins were at 16.5% and 12.6% respectively.

In essence we are pleased with the way our business has developed over the past few years. Much of the growth can be accredited to the niche we have carved out for ourselves in the entertainment sector by being the largest content aggregator. We are confident that our robust business model, innovative growth strategy and strong moving slates across Hindi, Tamil and other languages will provide a substantial impetus for FY2012. Moreover we strongly believe that the developments in the Indian media and entertainment sector will continue to provide us the momentum to deliver consistent performance in the coming years.

This brings to the end of the discussion. We would now be glad to take your suggestions and answers any questions that you would like to discuss.

- Moderator** Thank you very much. Our first question is from the lien of Sanjeev Hota from Sharekhan. Please go ahead.
- Sanjeev Hota** Could you share the revenue details from the India theatrical overseas, television rights and other media in Q4FY11.
- Kamal Jain** Yes Sanjeev. Generally the revenues from various sectors have more or less remained the same, constantly around 35-40% is what we have got from theatrical, about 25% from satellite, around 25-30% from overseas and the balance 10% from others. Which has more or less largely remained the same throughout the year, leaving one or two quarters even.
- Sanjeev Hota** What kind of traction are we going to see in FY12, and is anything going to change on the new media side?
- Kamal Jain** As we already have mentioned in the opening remarks, We are definitely looking forward to it. We already digitalized our content through digital asset management and we are looking forward to a good growth in new media revenues etc. We are looking at maximizing monetization through our digital library which is standing at more than, 1100 films overall as of now.
- Sanjeev Hota** In Q4, the other expenditures have moved sharply on a sequential basis. What is the status over there?
- Kamal Jain** For the other expenditure which you are looking at, we didn't have the ESOPS that time. Firstly, ESOPS was a part of our expenditure and secondly, there is a slightly higher expenditure on the legal side which is a one off due to the guild which is related to anti-piracy. The general expenditure towards legalities is a one-off. There is nothing specific that is happening on an on-going basis.
- Sanjeev Hota** What are the one off charges, if you could tell me the absolute numbers?
- Kamal Jain** As I said the legal expenditures for the quarter which is one of our assets related to anti-piracy and competition commission and those kinds of stuffs which is a step taken by the group as a guild.
- Sanjeev Hota** So incremental factors in the other expenditure constitutes of legal expenditure?
- Kamal Jain** Yes. It may not be repeated again. It is a one off.

Sanjeev Hota What kind of margins will we see in FY12, given that we are confident in terms of production as well as the media side.

Kamal Jain We have had 22.5% EBIT margins this year and we are confident of posting higher margins in coming years, specifically in FY12 may be about 10-15% higher than what we had this year.

Sanjeev Hota What is the amortization cost during the quarter?

Kamal Jain On a consolidated basis, it is about 44 crores.

Sanjeev Hota In Q4, the tax rate has been on the lower side. What kind of tax rate will there be in FY12?

Kamal Jain Taxation is basically, since you follow 9A, 9B, so what happens in 9A, 9B because you get a tax credit on the taxation basis and there are some profits which are covered under the MAT. So this particular quarter we have lower revenue as we have seen it. So the cost has remained over there, because of that, you can see the 9A, 9B credit is coming in resultant to that the Amity credit is also coming. So that's why you can see a tax credit on this quarter.

Sanjeev Hota Sir, what can we look forward to in FY12?

Kamal Jain We will have a normal cycle of tax, the average tax rate for us is at about 26-28%. So that would more or less remain the same.

Sanjeev Hota Okay, and what was the free cash flow generated during the Q4 & FY11 together?

Kamal Jain Generally we are free cash flow positive. Since last year till this year, we have been free cash flow positive.

Sanjeev Hota Can you share the numbers please?

Kamal Jain I don't have the numbers right now with me.

Sanjeev Hota Okay.

Moderator Thank you. Our next question is from the line of Srinivas Sheshadri from RBS equities. Please go ahead.

Srinivas Sheshadri My first question is with respect to some of the new movies you have signed. The release mentions Ready and Murder 2. Just wanted to check in terms of the costing for these kinds of acquisitions, how have they trended compared to what you have done previously in the year. Have the costs significantly gone up or has it been in the same ball park? Any quantification would be very helpful.

Kishore Lulla I think we are not seeing any increased cost. In fact going forward, the trend has been consistent with the last year. In the similar trends to how we have been entering in contract with the co productions.

Srinivas Sheshadri Since these 2 movies appeared to be more of a late stage acquisition, would the pricing to that extent be higher, as we have quick return on investments?

Kishore Lulla It is all about the de-risking strategies and the presales through which how much we can generate. Hence when it entered in the late stage, we saw the opportunity of how much

could we recover on these 2 movies. On the basis of the investment on return, we entered into the contract.

- Srinivas Sheshadri** For these movies, did you acquire end to end rights or some of the rights were not acquired.
- Kishore Lulla** Some of the rights were excluded because it was a last minute acquisition.
- Srinivas Sheshadri** Which rights are these?
- Kishore Lulla** Music was excluded.
- Srinivas Sheshadri** Satellite is included in this deal?
- Kishore Lulla** Satellite and music were syndicated. The rest were all acquired.
- Srinivas Sheshadri** The second thing is, Kamal mentioned that we should see higher margins in FY12, he mentioned it was 10-15%. Was it an increase in operating profit or the margin going up from 22.5-30%?
- Kishore Lulla** He mentioned 22.5% is our current EBIT margins plus 10-15% increase on that will take us more than 24% on the EBIT margins..For FY12, the management is bullish and is in line with the expectations with whatever the analyst consensus is, which is 30-35% growth in the current FY11 numbers.
- Srinivas Sheshadri** That is on the top-line or the PAT?
- Kishore Lulla** Eros always talk of cash flows of PAT.
- Srinivas Sheshadri** In terms of the relationship agreement, that we have entered and now it's been sometime since the relationship agreement has been stable. Are we envisaging any change in terms of the international transfer pricing rights?
- Kishore Lulla** Not at all.
- Srinivas Sheshadri** So we should model the same over the next 2-3 years. Now that we are in the first quarter of FY11, normally we enter into deals may be one and a half years prior to the release. So what kind of visibility we have in FY13 pipeline. Because we see 2-3 movies listed in the release slate, but beyond that, based on the current discussions, is the FY13 pipeline going to be bigger than FY12 or is FY12 a year where we saw too many opportunities. Should we see a stable business compared to FY12, in FY13.
- Kishore Lulla** I think as we said earlier, the company is always looking at getting into more regional space like Bengali, Telegu and other states or so. We have about 70-80% visibility for our FY13 slate and there are about 24 projects under development which will get green-lit in the next 2 or 3 quarters, increasing the visibility for FY2013. You will see Eros foraying into Bengali, Telegu and some Malayalam movies as well. We have identified some regional state.
- Srinivas Sheshadri** For Telegu there are some reasonably big sized budget movies. So are we looking at those kinds of opportunities or will these be smaller by nature?

Kishore Lulla It will be combination of both. It will depend entirely on how the strategy of de-risking works and how much presale we can achieve on this slate. We will not take risk, though Bengali and other movies are very small and the returns are quite high.

Srinivas Sheshadri And in terms of the Hindi big budget, should we model a same number of movies or more movies in FY13. Would the emphasis be more on that?

Kishore Lulla At the moment, the same, but in the next one or two quarters, we will have more visibility as the projects keep green-lighting..

Srinivas Sheshadri Thanks.

Moderator Thank you. Our next question is from the line of Amit Kumar from Kotak Securities. Please go ahead.

Amit Kumar How is the new media market actually playing out? We have already seen the details of cyber base in the country touching almost 30 million odd subscribers. So for some of the larger movies, that we have done last year, Houseful or Golmaal 3, do we have some sense on what sort of response did these movies generate in terms of number of hits on the overall DTH platform. If we could get some sense on that, that's part 1. Part 2 of the question really pertains to the fact that so far we have been selling the DTH rights along with the cable and satellite telecast rights for a particular movie. When do you expect the video on demand segment to become significant enough, when we can probably dealing these two and sell it out separately and probably improve realizations through that mode or is that something that you are looking at all.

Kishore Lulla Definitely a very good question. It depends. Last year some movies which were syndicated without the DTH right through the satellite channel was when there was a syndication model as the numbers and returns were also increasing from the DTH platforms. But when it came to the last syndication deals which we announced for about 2400 million out of which 50-60% has been delivered into the FY2011 and the rest was carried forward to the next quarter. When we looked at the growth of those DTH platforms, hits and downloads, ZEE, Sony or Star, suggested to give us that amount of revenue well upfront on the top of the cost of the syndication rights for satellite. So DTH rights were included in the 2400 million. There is a mechanism whereby we can share it if it increases further. But as far as the new media and digital rights are concerned, we are seeing a lot of growth from the mobile and digital cable sector as well as monetization of the content to IPTV platform and the internet. Our YouTube channel has already crossed the 3.5 million mark per day and that is giving us advertising revenue.. We are syndicating the old library rights to the mobile operator and launching some audio cinema of our library for digital cable and 3G. Hope, I am able to answer your query.

Amit Kumar Okay. For any of these movies, lets say Houseful or Golmaal 3, would you have any sense of how many hits they would have generated in terms of number of households watching these movies with regards to video on demand channels or various DTH operators. Is that data opaque to you at this point in time.

Kishore Lulla I don't have an idea of how much Households generate but I think it should be in the region of 20-30 lakhs and it is growing.

Amit Kumar Thank you.

Moderator Thank you. Our next question is from the line of Jigar Shah from Kim Eng Securities. Please go ahead.

Jigar Shah My question is pertaining to the schedule of releases and the revenue that you book. Now how is it going to be in the current year? Can you give some idea about the pattern of your revenues considering that there is going to be a larger number of releases and substantial growth in the income?

Kamal Jain Actually as far as the revenue booking policy is concerned, we have been quite consistent on that as the theatrical revenue was generally booked at the time of either the release of the film or the release of the film in case it is MG or it's a direct release. As far as the satellite is concerned on the delivery of the digibetas or tapes to the satellite channels and similarly for music and others. As far as the revenue booking and the system is concerned it is absolutely consistent over a last 4-5 years. It more or less remains the same as far as the coming year is concerned. As per the release dates which you already have seen in the recent release, when the movie gets released accordingly to that particular quarter, the revenue would be booked into as per the revenue booking policies.

Jigar Shah I just want to go a little bit deeper in to that. I know a lot of dates have been given already but can you purely split the theatrical revenues in to 4 quarters? I think last year, your Q3 was significantly big. Q1 was also reasonably good. Do you see this year's Q1 to be as good as last year's Q1 or better.

Kamal Jain As far as the releases are concerned, we have already included in the result release. There are a couple of movies like 'Game' which was released, due to which partial revenues got split in Q4 FY2011 and Q1 FY2012. Similarly for other releases, we have other 4-5 movie releases like Chalo Dilli, Always Kabhi Kabhi and a few more. In terms of the releases we have lined-up for this particular quarter, will be booked in to the current quarter. As you rightly mentioned, this year possibly, quarter 2 and quarter 3 would be significant quarters, because most of the films like, Zindagi Mile Na Dohara and Mausam will be released in Q2 FY2012. Then for Q3 FY2012 movies like RA. One, Desi Boys, and Agent Vinod will be released. So more or less, Q2 FY2012 and Q3 FY2012 will be large as compared to Q1 FY2011 which benefited from the release of 'Houseful' which was launched immediately after the IPL.

Jigar Shah The other point I wanted you to make was considering whatever media reports, etc., which we have seen about Rajinikanth. What happens to Rana? Does the release get postponed to the next year FY13?

Kishore Lulla Rajinikanth's Rana was scheduled for FY13 anyway. The Shooting was scheduled from July onwards and at the moment what I understand from Rajinikanth's family, is that he is very stable and hopefully if he checks out from the hospital, he is going to stick to his schedule of July. That's what we have been told. So it will be scheduled for release in FY13 as planned. For FY12, Rana was never been taken into account.

Jigar Shah For satellite rights related and other revenues, I mean how do you see the situation in the current year?

Kishore Lulla We have full visibility of satellite rights. We have already announced that the slate for this year has totally been syndicated for overseas which is with the parent as satellite rights has been sold.

Jigar Shah Have you announced any deal with any channel because I haven't come across any.

Kishore Lulla This was last year only. It was the 2400 million deal we had last year.

Jigar Shah Okay so will be delivering this year and then booking it.

Kishore Lulla Yes.

Jigar Shah Thank you very much.

Moderator Thank you. Our next question is from the line of Ritesh Poladia from RBS. Please go ahead.

Ritesh Poladia Can we have cash from operation for this quarter as well as for the full year?

Kamal Jain As far as cash from operation is concerned, for this particular quarter, I would rather go by the annualized basis. So we have cash from operations before working capital changes from 573 crores for the full year 2010-11.

Ritesh Poladia And after working capital?

Kamal Jain As far as our industry is concerned we generally quote cash flow from operations before working capital changes because working capital changes generally have a negating effect of advances given and advances received. So generally this is very large in size. So it is better to consider the figure before working capital changes.

Ritesh Poladia So what would be the same for last year?

Kamal Jain Last year was about 515 crores.

Ritesh Poladia Okay thank you.

Moderator Thank you. Our next question is from the line of Sapna Sanghvi from OHM Group. Please go ahead.

Mayur Gathani Sir you mentioned the EBIT margins currently are 22.5 and they could go up around 25 plus in this year. Am I correct?

Kamal Jain Yeah.

Mayur Gathani And do you have PAT growth of approximately 30%.

Kamal Jain Over 30% yes.

Mayur Gathani You have a release slate of around 77 films this year in FY11, so what's the plan for FY12 and what constitutes Bollywood of this?

Kishore Lulla Bollywood normally would be 14-15 releases and the rest would be regional.

Mayur Gathani And what is the plan like any number you have in mind for this year or no?

Kishore Lulla I think we have disclosed the full slate. We have already locked in a slate for this year FY12 and we are developing more regional films for this year. Next year we are foraying in Bengali, Malayalam, and Telegu.

Mayur Gathani Okay, what percentage of revenue comprises ex-Bollywood? Let's say like 50 movies would be coming from ex-Bollywood right? So what percentage contribution comes from there?

Kamal Jain Actually if you see overall basis, generally 15-20% is the revenue what we get from others.

Mayur Gathani And how is that growing, how do you see it in the next couple of years?

Kamal Jain That's also growing. In fact, this particular year we had a good run in terms of Tamil. A few good films is what we have seen this year. So there is a growth in line to what we have for Bollywood. That number stands at around 20-25%.

Mayur Gathani Okay so there also the model followed is the same, co-production?

Kishore Lulla **It's the** same model or either acquisition.

Mayur Gathani Okay.

Moderator Thank you. Our next question is from the line of Ashwini Mamwatkar from Karvy. Please go ahead.

Ashwini Mamwatkar On April 15th there was an announcement that you have digitalized your entire movie library. How much of the movie was digitalized earlier?

Kishore Lulla What we announced was that the digitization DAM has been implemented. There are different processes of digitization. One negative could take 3 months to digitize frame by frame or we could just transfer it from a digibeta to a digital file without improving the quality, whereby we can deliver it online. So as far as online is concerned which is a straight transfer, we have fully digitized the library. Ss far as frame to frame is concerned it takes time to get into blue ray and to different formats hence about 20% of the library has been digitized.

Ashwini Mamwatkar Alright, thank you.

Moderator Thank you. Our next question is from the line of K.C. Suri from Span Capital. Please go ahead.

K.C. Suri With regards to the DAM project how much is the amount we plan to spend for digitizing the whole library?

Kishore Lulla I think it will be in the maximum timespan of 2 years with a CapEx of about 10 crore.

K.C. Suri And with regards to the visibility on the slate, would you be able to share the quantum of revenues you have been able to lock in for the current year?

Kishore Lulla Sure. As I earlier said, the full television syndication revenue has been locked in for this year. With the relationship agreement, with Eros PLC the overseas revenue has been locked in, so roughly about 50-60% of the revenue has been visible.

K.C. Suri And what would that number be in absolute terms?

Kamal Jain The overall content CapEx which we generally spend over a period of time stands around what we have done this year, about 536 crores, That would more or less increase slightly this year, may be closer to 600 crore. Kishore says that it is between 50-70% which is what we have already locked in.

K.C. Suri The EyeQube business, what's the size of that business right now?

Kishore Lulla	About 25 crores.
K.C. Suri	And what kind of margins does that enjoy?
Kishore Lulla	about 30% margins.
K.C. Suri	Okay thank you.
Moderator	Thank you. Our next question is from the line of Sanjeev Hota from Sharekhan. Please go ahead.
Sanjeev Hota	Kamal is there any change in the plan for the content CapEx we have earlier planned which stands at Rs. 1000 crore for 18 months? Any change in the CapEx front?
Kamal Jain	It more or less remains the same in the line of what we have said in the last con call.
Sanjeev Hota	If you could give us a gross block figure for FY11.
Kamal Jain	The gross block for total assets stands at Rs. 379 crore.
Sanjeev Hota	In the balance sheet the provision has risen sharply in FY11. What is the reason for it to move from 101 crore to 42 crore. In addition to that, what is the reason for the inventory to shift from 408 crores to 54 crore?
Kamal Jain	Most of the assessments have been completed. This is on account of the income tax provision. So most of the assessments have already been completed, and that is why the provisions have reduced.
Sanjeev Hota	And inventories from 41 crores to 5 crores?
Kamal Jain	What we show is on account of movies which we directly produce ourselves. So those movies are work-in-progress. We show that in the inventory. Last year Toonpur inventory was directly produced by us. There is no movie, which is not on production with us for this year so that's why you can see a low inventory this year.
Sanjeev Hota	We are hardly getting any yield from our cash that is satated in the books, so most of the cash and investment lies in the current account.
Kamal Jain	No. The cash what you see is either into FD, which is cash lying either in FD or lying in the current account, which are basically transfers from project-to-project.
Sanjeev Hota	What kind of yield are you looking at because we are hardly getting anything.
Kamal Jain	As far as the fixed deposits are concerned, we generally have FD in excess of about 7.5-8%.
Sanjeev Hota	Okay.
Moderator	Thank you. Our next question is from the line of Amit Kumar from Kotak Securities. Please go ahead.
Amit Kumar	What are the movie advances on the books of Eros currently for FY12-13?

Kishore Lulla	About 465 crores.
Amit Kumar	And how much of this is being funded by the PLC, what are the PLC advances.
Kishore Lulla	The PLC advances as we mentioned earlier has been reducing constantly and this year it stands at 230 crores.
Amit Kumar	And finally just wanted to get a sense of how the Tamil business is? How has Endhiran performed in this particular year and what are the opportunities that we see in that business in FY12 and 13. We have seen a massive political change coming in to Tamil Nadu. How does that impact Eros because there have been a lot of news items related to Tamil Nadu movie business in a lot of business newspapers. Does that have any role to play on Eros's Tamil business at all or not?
Kishore Lulla	Amit, Eros business doesn't depend at all on any political climate due to the model that we have built. Our model actually is similar to last year. I believe we will have predictability of the revenue and more visibility of the slate for the next one and a half to two years. So the model totally remains the identical, similar to how it was when we met and discussed.
Amit Kumar	Okay great.
Moderator	Thank you. Our next question is from the line of Sapna Sanghvi from OHM Group. Please go ahead.
Mayur Gathani	Wanted some inputs on EyeQube. Are we doing some more work in Hollywood or is it only related to movies that we co-produce?
Kishore Lulla	No we are definitely servicing our movies which are being co-produced and also some Hollywood movies like TRON last year, some movies like Moby Dick and other small B grade movies in Hollywood. But the big A grade movie was TRON. The other movie I believe Arabian Nights is another big movie that has come to us. Hopefully, that should convert into a contract. The movie should trigger by the end of the year. Once that happens we'll announce to the market.
Mayur Gathani	Okay, so how do we see this pipeline do we see as a major revenue contributor going forward because it seems to be a big business in Hollywood at least if not in Bollywood?
Kishore Lulla	At the moment, the consensus from the analysts in the market is that this is a small contributor to the Eros Business, but going forward, it could become a big vertical. So these are opportunities existing for us.
Mayur Gathani	And some light on the gaming. Are you developing games?.
Kishore Lulla	No. I want to clarify that we don't want to develop games for us. We will not utilise any CapEx as Eros to develop any games. What we are doing is we are looking at joint ventures with the companies who will develop games for us. Hence this will be joint venture, on a revenue share or on a royalty basis whereby all the CapEx will be put by the other partner and we will license the rights to it and against to some MG or revenue share as we go forward.
Mayur Gathani	Okay fair enough.

Moderator	Thank you. Our next question is from the line of Sanjeev Hota from Sharekhan. Please go ahead.
Sanjeev Hota	I wanted the gross block as of March 2011, the numbers that have been given I think the net block for the year.
Kamal Jain	I don't have the numbers with me right now. I will certainly give it to you.
Sanjeev Hota	Not a problem. Thanks a lot.
Moderator	Thank you. As there are no further questions at this time, I would like to hand this floor over to Mr. Kishore Lulla for closing comments.
Kishore Lulla	Thank you. It gives me immense pleasure to interact with you on a regular basis, to address your questions and comments on Eros International. We hope to have your valuable support on a continued basis as we move ahead. And if you have any further queries, we would be available outside of this forum as well. On behalf of the management, I once again thank you for taking the time to join us on this call. Thank you very much. Have a nice day.
Moderator	Thank you very much. On behalf of Eros International media limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.

Note: This is a transcription and may contain transcription errors. The Company takes no responsibility of such errors, although the transcript has been edited to ensure high level of accuracy.