Exhibit 5
Eros: Continued Subsidiary Sales and Expensive Debt Further Our Reasons for Concern

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Last week, we released a report on GeoInvesting.com that highlighted what we believed to be some critical warnings signs ahead of Eros International's (NYSE:EROS) upcoming annual report. Among other things, those warning signs included the fact that Eros recently sold off or pledged over 23% of its stake in its primary Indian subsidiary. Only hours after our report, Eros continued to validate our concerns.

Company Continues to Sell Stake in its Main Subsidiary

On Friday, Eros Worldwide FZ made a block sale on the open market of 1.244m shares of Eros International Media Limited (“EIML”), representing 1.32% of the company (based on Eros’s July 7th filing showing EIML had 94,450,278 shares outstanding). There are no public filings by the company reporting this sale that we were able to locate. We found the details of the sale from NSE bulk deals data which shows the sale occurred Friday July 14th.

We believe that the company could have, in fact, sold more than the 1.244 million shares in total on that day, but the NSE only recorded that one particular block sale.
This sale is significant as we believe it also means that for the first time, Eros, by our calculation, holds less than 50% of the voting rights of its EIML shares. As of the same July 7th filing above, Eros Worldwide held 27.31% of the shares carrying voting rights. In addition, Eros Digital Private Limited held 23.18% of EIML for a combined 50.49% voting stake, as of that date. After this 1.32% sale on Friday, the company holds voting rights to only 49.17% of EIML, dipping below the 50% threshold for the first time.

For some context, as of the company’s last 20-F filing on page F-47, we see that it held 74.4% of the voting rights for EIML. At the time, there were no share encumbrances, which we can see from EIML’s series of encumbrance filings starting April 5th of this year which confirm that at the time “Nil” shares were encumbered. In short, by our estimates, the company went from 74.4% total voting control in last year’s filing to Eros FZ’s voting control dropping due to sales and encumbrances by a total of 25.23%.

**Eros Just Issued New Senior Secured Debt Carrying a 13.75% Interest Rate**

Additionally, we were able to locate details of Eros’s recent massive share pledge of 7.41% of EIML from 7/5/2017. The pledge announcement stated that it was “Collateral for loan taken by the subsidiary company”.

On 7/13/2017, (last Thursday) several new filings popped up for Universal Power Systems Private Limited, a subsidiary of EIML. The subsidiary borrowed 70 crore (700 million rupees) which corresponds to about $11.2 million USD. In exchange for the loan, shares of EIML were pledged in addition to other collateral of Universal Power Systems Private Limited. The loan is senior secured bearing a current interest rate of 13.75% and is due in 20 months.
Needless to say, 13.75% on a senior secured note is a rate that is no way indicative of confidence. It also likely reflects the company’s need for new borrowings. Given that fresh senior debt is being issued at this rate, we believe it also calls into question the viability of any plans for a low-rate revolving facility (for working capital or refinancing purposes) or of any meaningful recovery on junior debt in case of an event of default.

How Much Time Can the Company Buy?

Since our note on EROS released in March of this year questioning the company’s liquidity, EROS appears to us to have taken no meaningful steps to alleviate any of the concerns that we raised. In fact, the company has done just the opposite, in our opinion, making almost the exact moves that a company in a liquidity crisis would be expected to make.

We have seen this story before and we believe the record has to stop at some point. Right now, the question is only how long the song and dance can last before EROS has tapped all of its possible resources for leverage. When it reaches the end of that road, and if at that point the company is still not able to generate meaningful cash, things could get ugly very quickly.
The bond market is often looked at as the smart money on the street. With EROS pricing a senior secured note at a 13.75% interest-rate, the bond market has already made up its mind about how risky the company truly could be and how much it needs capital. How long until the equity market realizes the same and reprices the stock accordingly?

**Equity Disclosure:** short EROS, at time of article

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