

August 4, 2010

CARE ASSIGNS 'CARE IPO GRADE 4' TO THE PROPOSED IPO OF EROS INTERNATIONAL MEDIA LTD.**Grading Assigned**

Instrument	Amount (Rs. crore)	Grading ¹	Remarks
Initial Public Offer	Up to Rs.350 cr	'IPO Grade 4'	Initial Grading

Grading Rationale

The grading derives strength from the experience of the promoters & management in the business, agreement for sale of international rights with & interest free advances from Eros International Group, well established business with sustained revenues & profitability margins, high interest coverage & low gearing ratios. The grading further takes into account large & diversified content library of film titles with increasing presence in regional markets in India, tie-ups with renowned production houses, strong distribution network of EIML and favorable demand for Bollywood movies in the international markets.

The grading is however constrained by EIML's dependence on group companies for funding, increasing presence in co-production/production, growing competition from established players, dependence on vagaries of box office performance and working capital intensive nature of the industry.

Company Profile

EIML was incorporated in 1977 and is a step down subsidiary of Eros International Plc (listed on AIMS exchange). EIML sources all Indian film content for the Eros Group and exploit such content across formats within India, Nepal and Bhutan & the international rights are sold to overseas affiliates. EIML is also engaged co-production/production activity.

During FY10 on standalone basis, EIML posted sales of Rs.534.57 crore and PAT of Rs.51.58 crore. On consolidated basis, EIML posted sales of Rs.640.88 crore and PAT of Rs.83.18 crore in FY10.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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¹Complete definition of the grading assigned is available at www.careratings.com and in other CARE Publications

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