MZSK
& Associates
Chartered Accountants

Mumbai
Pune
New Delhi
Aurangabad
Hyderabad

www.bdo.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DQ Entertainment (International) Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DQ Entertainment (International) Limited (hereinafter referred to as "the Holding Company")and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled entity comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act")that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

MZSK & ASSOCIATES ★ HYDERABAD ★ CHARTERED ACCOUNTANTS

Hyderabad | Suite 211, Block II, White House, Begumpet,
Hyderabad - 500 016. India.
Tel : +91-40-40404003, 40404005

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled entity as at 31st March, 2015, and their consolidated profits and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of **DQ Entertainment (Ireland) Limited (subsidiary)** whose financial statements reflect total assets of Rs.620,39,24,984 as at 31st March, 2015, total revenues of Rs. 60,17,54,575 and net cash flows amounting to Rs.67,04,53,601for the year ended on that date and **DQ Entertainment (International) Films Limited (Joint Venture)** whose financial statements reflect total assets of Rs.26,65,68,936 as at 31st March, 2015, total revenues of Rs. Nil and net cash flows amounting to Rs. Nil for the year ended on that date respectively, as considered in the consolidated financial statements. These financial statements have been audited by other

auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and jointly controlled entity, and our report in terms of sub-sections (3) and of Section 143 of the Act, insofar as it relates to the this subsidiary and jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, is not applicable for the subsidiary and Joint Venture audited by other auditors as the entities are located outside India. For the subsidiary companies incorporated in India the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, is not applicable. Hence we do not give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company and subsidiaries incorporated in India, as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and Indian Subsidiaries, none of the directors of the Holding company and Indian Subsidiaries are disqualified as on 31st March, 2015 from being appointed as a director in



terms of Section 164 (2) of the Act. In respect of the foreign subsidiary and the foreign joint venture the provisions of Section 164(2) of the Act are not applicable.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entity - Refer Note 27(c) to the consolidated financial statements.

ii. The Group and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India

For MZSK & Associates
Chartered Accountants
Firm Registration No. 105047W

MZSK & ASSOCIATES ★ HYDERABAD ★ CHARTERED ACCOUNTANTS

Ananthakrishnan G
Partner
Membership No. 205226

Place : Hyderabad
Date : 27th May 2015