MZSK
& Associates
Chartered Accountants

Mumbai
Pune
New Delhi
[redacted]
Aurangabad
Hyderabad

INDEPENDENT AUDITOR'S REPORT

To the Members of DQ Entertainment (International) Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of DQ Entertainment (International) Limited ("the Company"),which comprise the Balance Sheet as at 31st March,2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our 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 thereunder.

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 standalone financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 Company has in place an adequate internal financial controls system over financial reporting 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 Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report 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.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone 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) In our opinion, there are no matters that may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 27(c) to the standalone financial statements.

ii. There are no 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 Company.

2. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure', a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Ananthakrishnan G
Partner
Membership No. 205226

Place : Hyderabad
Date : 27th May 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of DQ Entertainment (International) Limited on the financial statements for the year ended March 31st,2015]

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

ii. The Company is involved in the business of rendering services. Accordingly, the requirements of paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions stated in paragraph 3 (iii) (a) and (b) of the order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any continuing failure to correct any major weakness in the internal control system of the Company.

v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on 31st March, 2015 and the Company has not accepted any deposits during the year.

vi. The provisions of sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the order are not applicable to the Company.

vii. (a) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which were outstanding, as at 31st March, 2015 for a period of more than six months from the date they became payable are as follows:



Name of the statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act 1961	Income Tax	48,376,199	AY 2013-14	March 2013	Not yet paid
Income Tax Act 1961	Income Tax	83,640,965	AY 2014-15	March 2014	Not yet paid
Income Tax Act 1961	Income Tax	87,758,359	AY 2015-16	March 2015	Not yet paid
EPF Act 1952	Provident fund (Employers Contribution)	24,682,206	FY 2014-15	July 2014 to March 2015	Not yet paid

(b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax	Transfer Pricing	1,05,11,254	AY 2008-09	ITAT
Income Tax	Transfer Pricing	1,33,95,971	AY 2010-11	ITAT
Income Tax	Withholding tax on International Transactions	96,42,147	AY 2005-06, 2006-07 & 2007-08	Hon'ble High Court
Service Tax	Interest & Penalty Proceedings on import payments	1,32,01,091	FY 2006-07 to 2008-09	CESTAT
Service Tax	Tax Liability on Import of Production Services	3,15,08,245	FY 2006-07 to 2010-11	Commissioner (Appeals)
	TOTAL	**7,82,58,708**		

(c) There are no amounts due to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 and rules made thereunder.

viii. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

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ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

x. In our opinion, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

xi. The Company has not obtained any term loans during the year.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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



Ananthakrishnan G
Partner
Membership No.205226

Place : Hyderabad
Date : 27th May 2015