DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

644, Aurora colony, Road No.3, Banjara Hills, Hyderabad - 5000 034. INDIA
Tel: +91-40-23553726 & 27 Fax:+91-40-23552594
CIN: L92113TG2007PLC053585

May 30, 2015

The Manager (Listing) Department of Corporate Services **Bombay Stock Exchange Limited** P J Towers, Dalal Street, Mumbai - 400 001. Company Code: 533176 (BSE)	The Manager (Listing), **National Stock Exchange of India Limited,** "Exchange Plaza" Bandra - Kurla Complex Mumbai- 400 051. Company Code: DQE (NSE)

Dear Sir/Madam,

Sub: - Outcome of the Board Meeting held on May 27, 2015
Ref: - Script Code - 533176

(i) Kindly note that, the Board of Directors of the Company in their meeting held on May 27, 2015 have *interalia,* approved the audited financial results for the year ended March 31, 2015 alongwith all the reports related thereto.

Kindly find attached herewith the above mentioned **financials** in the format prescribed under the listing agreement alongwith the **Audit report** and a copy of the **Chairman's Statement.**

(ii) Mr. K. Balasubramanian has communicated his inability to continue with the Board, as he is settled abroad and hence, would not be able to participate in the regular Board process. The Board has accepted his resignation at the Board meeting with effect from May 27, 2015. Further, Mr. Girish Kulkarni and Mr. Neelesh Wagle (alternate director to Mr. Girish Kulkarni), have conveyed their inability to continue with the Board of the Company due to preoccupations, with effect from May 27, 2015. The Board places on record its sincere appreciation for the valuable contribution and guidance provided by them during their tenure as the Independent Directors of the Company.

(iii)The Board has approved the new code of conduct for prevention of insider trading in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Kindly take the above on record and do the needful.

Thanking you
Yours truly,

For DQ Entertainment (International) Limited

Sindhu M.S.
Company Secretary

DQ Entertainment (International) Limited * Hyderabad

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

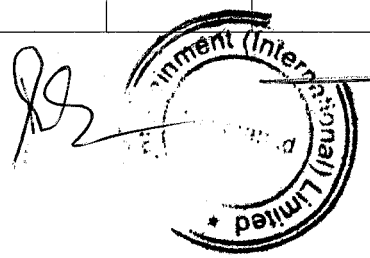
Ananthakrishnan G
Partner
Membership No. 205226

Place : Hyderabad
Date : 27th May 2015

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034
Audited Consolidated Financial Results for the year ended 31 March 2015

(Rs in million)

Sl. No	Particulars	For Quarter ended 31 March 2015	For Quarter ended 31 December 2014	For Quarter ended 31 March 2014	For Year ended 31 March 2015	For Year ended 31 March 2014
		(Un-Audited)	(Un-Audited)	(Un-audited)	(Audited)	(Audited)
1	Net Income from Operations	758.10	457.10	1,018.27	1,947.98	2,396.79
2	Expenditure					
a	Production Expenses	167.51	9.51	156.92	216.29	192.50
b	Employee Expenses	135.85	181.47	133.49	637.11	719.56
c	Other Expenses	409.02	59.26	217.22	574.64	246.92
d	Depreciation, Amortisation and Impairment	200.59	75.63	263.34	432.24	552.99
e	Expenses transferred to Capital Account	(59.96)	(40.03)	(0.35)	(195.79)	(0.35)
	Total Expenses [2a to 2e)]	**853.01**	**285.84**	**770.62**	**1,664.49**	**1,711.62**
3	(Loss) /Profit from Operations before Other Income, Interest and Finance expense and Exceptional Items [1 -2]	(94.91)	171.26	247.65	283.49	685.17
4	Other Income	5.08	1.68	3.30	12.69	14.47
5	(Loss) / Profit before Interest and Finance expense and Exceptional Items [3+ 4]	**(89.83)**	**172.94**	**250.95**	**296.18**	**699.64**
6	Interest and Finance Expenses	167.81	108.98	66.64	427.26	251.65
7	(Loss) / Profit after Interest and Finance expense but before Exceptional Items [5 - 6]	**(257.64)**	**63.96**	**184.31**	**(131.08)**	**447.99**
8	Exceptional items *	39.48	37.61	(92.12)	-	-
9	(Loss) / Profit from Ordinary Activities before tax [7 8]	**(218.16)**	**101.57**	**92.19**	**(131.08)**	**447.99**
10	Less: Tax expense	45.09	59.20	(54.38)	66.05	20.29
11	(Loss) / Profit from Ordinary Activities after tax [9 - 10]	**(263.25)**	**42.37**	**146.57**	**(197.13)**	**427.70**
12	Extraordinary Item	-	-	-	-	-
13	(Loss) / Profit for the period [11-12]	**(263.25)**	**42.37**	**146.57**	**(197.13)**	**427.70**
14	Paid-up equity share capital [Face value Rs.10 per share]	792.83	792.83	792.83	792.83	792.83
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	4,249.16
16	Earnings Per Share [Face value Rs.10 per share] (not annualised/ in ₹)					
	a) Basic	(3.32)	0.53	1.85	(2.49)	5.39
	b) Diluted	(3.32)	0.53	1.85	(2.49)	5.39
17	Public Shareholding					
	a) Number of Shares	19,820,782	19,820,782	19,820,782	19,820,782	19,820,782
	b) Percentage of shareholding	25%	25%	25%	25%	25%
	c) Shares held by custodians against depository receipts	-	-	-	-	-
18	Promoters and Promoter group Shareholding					
	a) Pledged / Encumbered - No. of Shares	59,461,972	59,461,972	-	59,461,972	-
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	100.00%	100.00%	-	100.00%	-
	Percentage of shareholding (as a % of the total share capital of the company)	75.00%	75.00%	-	75.00%	-
	b) Non encumbered - No. of Shares	246	246	59,462,218	246	59,462,218
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	0.00%	0.00%	100%	0.00%	100%
	Percentage of shares (as a % of the total share capital of the company)	0.00%	0.00%	75%	0.00%	75%
	c) Shares held by custodians against depository receipts	-	-	-	-	-



DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Consolidated Segment Revenue and Results

(Rs in million)

Particulars	For Quarter ended 31 March 2015	For Quarter ended 31 December 2014	For Quarter ended 31 March 2014	For Year ended 31 March 2015	For Year ended 31 March 2014
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)	(Audited)
Segment Revenue					
Animation	698.67	226.10	803.15	1,423.41	1,873.42
Distribution	59.43	231.00	215.12	524.57	523.37
Net Income from Operations	**758.10**	**457.10**	**1,018.27**	**1,947.98**	**2,396.79**
Segment Results -Profit/(loss)					
Animation	338.77	199.26	517.70	702.70	926.54
Distribution	(125.27)	153.70	12.49	136.69	153.20
Unallocated	(263.85)	(142.40)	(371.36)	(543.21)	(380.10)
Segment Results before Interest and Finance Expense and Tax Expenses	**(50.35)**	**210.56**	**158.83**	**296.18**	**699.64**
Interest and Finance Expense	(167.81)	(108.98)	(66.64)	(427.26)	(251.65)
Profit / (Loss) before tax	**(218.16)**	**101.58**	**92.19**	**(131.08)**	**447.99**
Tax expense	45.09	59.20	(54.38)	66.05	20.29
Profit / (Loss) for the period	**(263.25)**	**42.38**	**146.57**	**(197.13)**	**427.70**
Capital Employed					
Animation	(1,213.01)	2,785.29	2,246.73	(1,213.01)	2,246.73
Distribution	5,167.58	6,319.40	6,031.86	5,167.58	6,031.86
Unallocated	519.08	(4,159.48)	(3,236.60)	519.08	(3,236.60)
Total	4,473.65	**4,945.21**	**5,041.99**	**4,473.65**	**5,041.99**

DQ Entertainment (International) Limited Hyderabad

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Notes:

1) Audited Consolidated Statement of Assets and Liabilities as at 31 March 2015

(Rs in million)

Particulars	as at 31 March 2015	as at 31 March 2014
	(Audited)	(Audited)
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share capital	792.83	792.83
(b) Reserves and surplus	3,680.82	4,249.16
	4,473.65	**5,041.99**
(2) Non-Current Liabilities		
(a) Long-term borrowings	3,049.40	1,389.55
(b) Deferred tax liabilities (Net)	-	74.85
(c) Other long term liabilities	290.11	357.26
(d) Long term provisions	114.34	116.14
	3,453.85	**1,937.80**
(3) Current Liabilities		
(a) Short term borrowings	798.81	889.31
(b) Trade payables	441.60	422.81
(c) Other current liabilities:		
(i) Current maturity of long term borrowings	495.50	383.40
(ii) Others	360.30	384.91
(d) Short term provisions	256.10	206.92
	2,352.31	**2,287.35**
Total	**10,279.81**	**9,267.14**
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed assets		
(i) Tangible assets	48.87	147.00
(ii) Intangible assets	1,627.24	1,332.35
(iii) Capital work-in-progress	1.17	1.17
(iv) Intangible asset under construction	3,654.30	4,386.54
(b) Deferred Tax Assets (Net)	21.65	-
(c) Long-term loans and advances	219.49	322.97
(d) Other non-current assets	68.68	91.37
	5,641.40	**6,281.40**
(2) Current Assets		
(a) Trade receivables	3,419.68	2,598.00
(b) Cash and bank balances	678.72	10.90
(c) Short-term loans and advances	273.30	56.54
(d) Other Current Assets - Unbilled revenue	266.71	320.30
	4,638.41	**2,985.74**
Total	**10,279.81**	**9,267.14**

DQ Entertainment (International) Limited Hyderabad

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

2) The consolidated financial statement for the quarter and year ended March 31, 2015 have been taken on record by the Board of Directors at its meeting held on 27th May 2015. The statutory auditors have expressed an unqualified audit opinion on the consolidated financial statement for the year ended 31 March 2015

3) The figures of last quarters are the balance in figures between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year.

4) The financial results are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on "Consolidated Financial Statements" mandated by Section 133 of the Act Read with Rule 7 of the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India.

5) Pursuant to Clause 41 of the Listing Agreement, the Company opted to publish only the Consolidated Results of the Company. Investor can view the Standalone results of the Company on the Company's website "www.dqentertainment.com" as well as the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

6) Certain Standalone Information of the Company.

Particulars	For Quarter ended 31 March 2015	For Quarter ended 31 December 2014	For Quarter ended 31 March 2014	For Year ended 31 March 2015	For Year ended 31 March 2014
	(Un-Audited)	(Un-Audited)	(Un-audited)	(Audited)	(Audited)
Net Income from Operations	731.59	414.27	663.32	1,815.65	1,798.10
Profit / (Loss) before tax	110.65	181.98	117.56	356.02	377.38
Profit / (Loss) after tax	65.55	122.79	178.41	289.97	363.56

7) Effective from April 1, 2014 the company has revised the useful life of the fixed asset based on the schedule II to the companies act 2013, for the purposes of providing depreciation on fixed asset. Accordingly the carrying amount of the assets as on April 1 2014 has been depreciated over remaining revised useful life of the fixed assets. Further an amount of Rs. 44.79 mn (Net of Deferred taxes Rs 30.25 mn) representing the carrying amount of the asset with revised useful life as NIL has been charged to the opening balance of retained earnings as on April 1, 2014.

8) Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter and year ended March 31, 2015.

Nature of complaints	Opening Balance	Received during the quarter	Disposed during the quarter	Closing Balance
Investor complaints	-	-	-	-

9) Corresponding year and quarter end figures have been regrouped / reclassified wherever necessary.

DQ Entertainment (International) Limited Hyderabad

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.

MZSK & ASSOCIATES ★ HYDERABAD ★ CHARTERED ACCOUNTANTS

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

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.

MZSK & ASSOCIATES * HYDERABAD * CHARTERED ACCOUNTANTS

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

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034
Audited Standalone Financial Results for the quarter and year ended 31 March 2015

(Rs in million)

Sl. No	Particulars	For Quarter ended 31 March 2015	For Quarter ended 31 December 2014	For Quarter ended 31 March 2014	For Year ended 31 March 2015	For Year ended 31 March 2014
		(Un-Audited)	(Un-Audited)	(Un-audited)	(Audited)	(Audited)
1	Net Income from Operations	731.59	414.27	663.32	1,815.65	1,798.10
2	Expenditure					
a	Production Expenses	92.37	8.49	5.22	116.84	37.40
b	Employee Expenses	135.07	180.51	132.61	633.71	716.23
c	Other Expenses	39.45	37.15	(298.88)	140.70	181.43
d	Depreciation, Amortisation and Impairment	178.35	57.12	251.53	366.63	509.14
e	Expenses transferred to Capital Account	-	-	89.11	-	-
	Total Expenses [2a to 2e)]	**445.24**	**283.27**	**179.59**	**1,257.88**	**1,444.20**
3	Profit / (Loss) from Operations before Other Income, Interest and Finance expense and Exceptional Items [1 -2]	286.35	131.00	483.73	557.77	353.90
4	Other Income	6.22	6.83	8.34	29.61	39.55
5	Profit / (Loss) before Interest and Finance expense and Exceptional Items [3+ 4]	**292.57**	**137.83**	**492.07**	**587.38**	**393.45**
6	Interest and Finance Expenses	49.57	46.91	49.35	207.34	196.24
7	Profit / (Loss) after Interest and Finance expense but before Exceptional Items [5 - 6]	**243.00**	**90.92**	**442.72**	**380.04**	**197.21**
8	Exceptional items*	(132.34)	91.06	(325.16)	(24.00)	180.18
9	Profit / (Loss) from Ordinary Activities before tax [7 - 8]	**110.66**	**181.98**	**117.56**	**356.04**	**377.39**
10	Less: Tax expense	45.09	59.20	(60.85)	66.05	13.82
11	Profit / (Loss) from Ordinary Activities after tax [9 - 10]	**65.57**	**122.78**	**178.41**	**289.99**	**363.57**
12	Extraordinary Item	-	-	-	-	-
13	Profit / (Loss) for the period [11-12]	**65.57**	**122.78**	**178.41**	**289.99**	**363.57**
14	Paid-up equity share capital [Face value Rs.10 per share]	792.83	792.83	792.83	792.83	792.83
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	3,444.42
16	Earnings Per Share [Face value Rs.10 per share] (not annualised/ in `)					
	a) Basic	0.83	1.55	2.25	3.66	4.59
	b) Diluted	0.83	1.55	2.25	3.66	4.59
17	Public Shareholding					
	a) Number of Shares	19,820,782	19,820,782	19,820,782	19,820,782	19,820,782
	b) Percentage of shareholding	25%	25%	25%	25%	25%
	c) Shares held by custodians against depository receipts	-	-	-	-	-
18	Promoters and Promoter group Shareholding					
	a) Pledged / Encumbered - No. of Shares	59,461,972	59,461,972	-	59,461,972	-
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	100.00%	100.00%	-	100.00%	-
	Percentage of shareholding (as a % of the total share capital of the company)	75.00%	75.00%	-	75.00%	-
	b) Non encumbered - No. of Shares	246	246	59,462,218	246	59,462,218
	Percentage of shares (as a % of the total share holding of promoter and promoter group)	0.00%	0.00%	100%	0.00%	100%
	Percentage of shares (as a % of the total share capital of the company)	0.00%	0.00%	75%	0.00%	75%
	c) Shares held by custodians against depository receipts	-	-	-	-	-

DQ Entertainment (International) Limited Hyderabad

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Standalone Segment Revenue and Results

(Rs in million)

Particulars	For Quarter ended 31 March 2015	For Quarter ended 31 December 2014	For Quarter ended 31 March 2014	For Year ended 31 March 2015	For Year ended 31 March 2014
	(Un-Audited)	(Un-Audited)	(Un-audited)	(Audited)	(Audited)
Segment Revenue					
Animation	714.09	398.20	656.45	1,725.84	1,638.28
Distribution	17.50	16.07	6.87	89.81	159.82
Net Income from Operations	**731.59**	**414.27**	**663.32**	**1,815.65**	**1,798.10**
Segment Results -Profit/(loss)					
Animation	565.17	236.54	522.71	1,104.58	846.51
Distribution	(144.97)	(42.72)	(215.69)	(232.47)	(198.23)
Unallocated	(259.97)	35.07	(140.11)	(308.73)	(74.65)
Segment Results before Interest and Finance Expense and Tax Expenses	**160.23**	**228.89**	**166.91**	**563.38**	**573.63**
Interest and Finance Expense	(49.57)	(46.91)	(49.35)	(207.34)	(196.24)
Profit / (Loss) before tax	**110.66**	**181.98**	**117.56**	**356.04**	**377.39**
Tax expense	45.09	59.20	(60.85)	66.05	13.82
Profit / (Loss) for the period	**65.57**	**122.78**	**178.41**	**289.99**	**363.57**
Capital Employed					
Animation	3,385.58	2,913.16	2,557.94	3,385.58	2,557.94
Distribution	898.29	1,703.26	1,605.35	898.29	1,605.35
Unallocated	198.57	(322.32)	73.96	198.57	73.96
Total	**4,482.44**	**4,294.10**	**4,237.25**	**4,482.44**	**4,237.25**

DQ Entertainment (International) Limited Hyderabad

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Notes:

1) Audited Standalone Statement of Assets and Liabilities as at 31 March 2015

(Rs in million)

Particulars	as at 31 March 2015 (Audited)	as at 31 March 2014 (Audited)
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share capital	792.83	792.83
(b) Reserves and surplus	3,689.61	3,444.42
	4,482.44	**4,237.25**
(2) Non-Current Liabilities		
(a) Long-term borrowings	208.93	583.67
(b) Long term provisions	114.34	116.14
	323.27	**699.81**
(3) Current Liabilities		
(a) Short term borrowings	539.13	574.88
(b) Trade payables	149.57	61.38
(c) Other current liabilities:		
(i) Current maturity of long term borrowings	117.02	189.01
(ii) Others	366.83	302.27
(d) Short term provisions	263.18	207.69
	1,435.73	**1,335.23**
Total	**6,241.44**	**6,272.29**
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed assets		
(i) Tangible assets	86.56	147.00
(ii) Intangible assets	898.07	980.16
(iii) Capital work-in-progress	1.17	1.17
(iv) Intangible asset under construction	339.15	417.90
(b) Non-current investments	1,256.95	1,256.95
(c) Deferred tax asset (Net)	21.65	(74.85)
(d) Long-term loans and advances	178.74	537.24
(e) Other non-current assets	68.68	91.37
	2,850.97	**3,356.94**
(2) Current Assets		
(a) Trade receivables	3,096.53	2,673.18
(b) Cash and bank balances	1.18	2.13
(c) Short-term loans and advances	8.90	6.94
(d) Other Current Assets - Unbilled revenue	283.86	233.10
	3,390.47	**2,915.35**
Total	**6,241.44**	**6,272.29**

DQ Entertainment (International) Limited * Hyderabad

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

2) The financial statements for the quarter and year ended March 31, 2015 have been taken on record by the Board of Directors at its meeting held on 27 May 2015. The statutory auditors have expressed an unqualified audit opinion on the financial statement for year ended 31 March 2015.

3) The figures of last quarters are the balance in figures between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year.

Nature of complaints	Opening Balance	Received during the quarter	Disposed during the quarter	Closing Balance
Investor compliances	-	-	-	-

5) Effective from April 1, 2014 the company has revised the useful life of the fixed asset based on the schedule II to the companies act 2013, for the purposes of providing depreciation on fixed asset. Accordingly the carrying amount of the assets as on April 1 2014 has been depreciated over remaining revised useful life of the fixed assets. Further an amount of Rs. 44.79 mn (Net of Deferred taxes Rs 30.25 mn) representing the carrying amount of the asset with revised useful life as NIL has been charged to the opening balance of retained earnings as on April 1, 2014.

6) *Exceptional items are notional foreign exchange gain / (loss) arisen on foreign exchange fluctuation calculated on translation of monetary items as per Accounting Standered -11

7) Corresponding year and quarter end figures have been regrouped / reclassified wherever necessary.

DQ Entertainment (International) Limited * Hyderabad

DQ Entertainment (International) Limited

Audited Financial results for the year ended 31 March 2015

DQ Entertainment (International) Limited a leading animation, gaming entertainment production and distribution company, today announces its audited results for the year ended 31 March 2015.

Financial highlights for the year ended 31 March 2015:

Rs in Mn

	31 March 2015	31 March 2014
Revenue	1948	2398
EBITDA	1067	1004
Adjusted Profit before tax*	220	213
Adjusted Profit after Tax*	155	193
Cash & Cash Equivalent	679	11

** The adjusted Profit before tax and Profit after tax is after eliminating the notional foreign exchange loss (gain) on restatement of monetary values on the reporting date.*

One of the significant reason for the reduction in turnover is due to change in the business model in the case of development and production of its own IP's. Earlier the company was producing the IP through a special purpose vehicle and recognizing production revenue. But from the financial year 2014-15, the Company is directly doing the production and capitalizing the costs of its own IP's and will only recognize the distribution revenue on completion of the project and delivery to the broadcasters. Slowdown in production and delay in the start of new projects on account of difficult market conditions has also affected the production in the year under review.

However, due to cost efficiencies, earnings before interest, depreciation and tax and foreign exchange is up by 6% compared to last year

The Company has recovered till date INR 1500 mn in receivables, till date. The balance debtors are paying up the amounts as committed. The Company is now very hopeful of recovering most of the very old outstanding debtors in the current financial year.

Operating Highlights:

- DQE has completed the production and delivery of "Lassie and Friends", co-produced with Dream Works Classics USA and Super Prod France. It is airing successfully on international networks such as TF1 France, Telequebec Canada, ZDF Germany, Sun TV India, Media Corp Singapore, Noga Israel and several other networks globally.

- DQE's VFX foray has been successful and the division has contracted and delivered high quality VFX for several domestic feature films.

- DQE's feature film division has closed a US$30m Print and Advertisement deal on a proposed theatrical release scheduled for autumn 2017.Jungle Book has attracted important Distribution & Sales agents in USA & Europe. Distribution contracts are under negotiations.

- The Licensing and Distribution division has negotiated 37 audio visual distribution deals and 14 licensing and merchandising deals worth US$6.29m in the year to 31 March 2015, and a further US$4m worth is in the pipeline.

- Power Kids and Tiny Toons, DQE's digital channels, have recorded an average of 150,000 daily online views, resulting in increased revenues through both these channels.

- DQE has developed capabilities to exploit the latest advancements in technology and geared to meet increased demand for high quality stereoscopic, 2K and 4K content and is currently producing a unique hybrid CGI show combining live action with CGI animation called 7 Dwarfs and me.

Animation Industry Scenario

The animation industry is growing globally and production activity for the animation sector from 2013-15 has been increasing in various markets at a CAGR of almost 18-20% (Source: FICCI – KPMG Indian Media and Entertainment Industry Report 2015).

The good news is that animated feature films are a robust and thriving part of the entertainment industry and are expected to continue to provide great family entertainment for many years to come. Similarly the demand for animated content on most children's and family channels has been consistently growing combined with support in the form of tax incentives,

rebates, production financing as well as co-production treaties between various countries, further fuelling the growth.

In November 2014, the Academy of Motion Picture Arts and Sciences announced that 20 animated films were submitted for the Oscars, which is a reflection of the demand for animated content internationally.

The year has been characterized by consolidation and realignment with mergers of several leading companies in this sector such as Epitome Picture and Nerd Corp with DHX Media, Micro Images by Technicolor, USA. Synergy from combined resources and production of high quality and innovative content is expected to result from such mergers.

The industry has been witnessing a transformation empowered by technological advancements, new delivery platforms and increasing diversity in content, like never before. The media and entertainment industry is undergoing a deep transformation. New platforms and ways to access and consume entertainment are redefining the rules of the game. On the other hand, newer delivery platforms impose new challenges relating to rights management, delivery formats and consumption behavior. We are focused on adapting our business model with strategies to remain competitive at a global scale.

Flexibility, adaptability and scalability have become more critical than ever. Our focus on developing IP ownership for global audiences with international marquee partners has forged the way for additional revenue streams to accelerate growth and profitability.

Fund Raising

DQE recently secured up to US$50m from the issue of senior secured convertible bonds, mainly to fund the development and production of Intellectual Properties and co-production projects currently in the pipeline for production over the next two years, which are set out above.

Our Business Divisions

In order to map our specialized offerings better with the market opportunities, we have streamlined our business divisions into Animation, VFX, Digital, and Licensing and Distribution.

1) **Animation**

Our teams continue to deliver high quality CGI and traditional TV series. In FY 2014-15 we have completed the production of several high quality shows and also commenced several new productions. These include 'Sheriff Callies Wild West', a work-for-hire series being produced for Disney Junior and '7 Dwarfs and Me', a hybrid and unique TV show combining CGI characters and backgrounds with live action sequences with real actors which is being produced with Method Animation France.

Some of the other projects in production include Peter Pan season II, Miles from Tomorrow Land, Popples, Seven Dwarfs and Me and Shabiyat, while production of new IPs such as 5 & IT, Super 4, the second season of Robin Hood - Mischief in Sherwood, Wind in the Willows and Pinocchio – The After Story, will commence soon.

Many more such programs are being developed and we are in the process of signing contracts with leading international channels for development of some more IPs by DQE. DQE currently has a production order book worth approximately $76 million for the next 30 months.

Completed Projects

Robin Hood, Mischief in Sherwood (Season 1) — 52 x 11' - CGI TV series with Method Animation and TF1 France, ZDF Germany, ATV Turkey, DeA Kids Italy.

Lassie & Friends — 52 x 11' 2D HD TV series with Dreamworks Classic Media USA, Super Prod & TF1 France, ZDF Germany.

Little Prince - Season 3 — 26 x 22' CGI TV series with Method Animation.

Ongoing Projects

Peter Pan Season 2 — 26 x 22' CGI TV series with ZDF Germany, De Agostini Italy, Method Animation and France TV

Miles from tomorrow land — 22 X 22' CGI for Disney junior, USA

Popples — 52 x 11' CGI for Saban Group, USA

Lady Bug — 4 x 11' CGI with Zag Toons, USA

Sheriff Callie Wild West — 52 x 11' CGI for Disney junior, USA

7 Dwarfs & Me — 52 x 11' live action and CGI with ZDF, FTV, RAI and Method Animation, France

Shabiyate season 10 - 15 x 13' CGI TV series with Fanar Productions, UAE

Hive Season II - TV series with Lupus Films UK

Chimpoo & Simpoo - 26 x 22' 2D TV series with ZeeQ Network, India

Projects in pipeline

Jungle Book Season 3 - CGI TV Series with Story Board Animation and ZDF Germany

Eshafan - 15 x 13' 2D series with Fanar Productions, UAE

PegHeads - 52 x 11' CGI[-i?] with Story Animation LLC, Florida

Pio the Chick - 2D TV series with RAI, Italy and Gruppo Alcuni

5 & IT - 52 x 11' CGI TV Series with Disney / Method

Robin Hood season 2 - 52 x 11' - CGI TV series with Method Animation

2) Visual Effects ("VFX")

The foray by your company into VFX for live action films has been successful with the team successfully producing VFX for several domestic live action films. The VFX pipeline has been strengthened with the addition of highly skilled talent, ready to take on international VFX film works in the near future. The Company has completed 5 projects in VFX and three more in production.

3) Licensing and Distribution

DQE has been distributing and licensing content owned and produced by the Company as well as co-produced content for which we hold rights in certain territories. The performance has been satisfactory with more than 37 audio visual distribution deals and 14 licensing and merchandising deals worth US$6.29 m signed in FY 14-15 and US$ 4.0m worth and more in the pipeline.

Going forward we strive to focus more on the revenues derived from licensing and merchandising for our owned and co-owned properties. With the recently concluded deal with Discovery family channel in the United States, we are confident of achieving success in this market which represents a large potential in terms of licensing revenues globally.

4) Digital

Among many other initiatives, our digital kids entertainment channels launched during the last quarter of 2014 have gathered momentum and are generating revenues. Power Kids and Tiny Toonz are expanding their subscriber bases on a continual basis. Power Kids showcases animated content for children aged five and above, whereas Tiny Toonz is aimed at younger children. Both channels have now started to gain traction and have witnessed over 150,000 average daily online views resulting in increased revenues through both these channels.

Review of Financial Performance

Although our revenues are down by nearly 23% as compared to the previous year, our earnings before tax, finance costs and foreign exchange increased by 33% as compared to the previous year. This is because of the various cost efficiency measures taken by the Company. The EBITDA margin also improved from 43% in the previous year to 58% in FY 15 under review.

Our Commitment

The key to our success has been our associates, comprising of a team of young, creative, dynamic and innovative professionals determined to excel. We as a team are always committed to our shareholders, bankers, customers and to everyone associated with our Company. We aim, with your continued support, to excel in the global competitive landscape and look forward to better times ahead.

Tapaas Chakravarti
CMD & CEO