

# **M/s ANIL JAGETIYA & CO.**

## **CHARTERED ACCOUNTANT**

107, ORBIT INDUSTRIAL ESTATE,  
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### **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF AYNGARAN INTERNATIONAL MAURITIUS LIMITED,**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **AYNGARAN INTERNATIONAL MAURITIUS LIMITED**, which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, 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 Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company 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. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 there under.

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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;

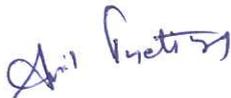
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.

## Report on other Legal and Regulatory Requirements

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 appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid 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 written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position,
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Anil Jagetiya & Co.,  
Chartered Accountants  
Firm Reg. No.: 129433W



Anil Kumar Jagetiya  
Proprietor  
M. No.: 114991



Place: Mumbai

Dated: 28 MAY 2015

**Ayngaran International Mauritius Limited**  
**Balance Sheet as at 31 March 2015**

(Amount in Rs.)

Particulars		Note No.	As on 31 March 2015	As on 31 March 2014
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' Funds</b>				
	(a) Share Capital	1	291,428	291,428
	(b) Reserves and Surplus	2	273,654,641	216,523,456
<b>2 Non-Current Liabilities</b>				
	(a) Other Long Term Liabilities	3	1,225,440,422	1,180,693,087
<b>3 Current Liabilities</b>				
	(a) Trade Payables		17,880,031	17,226,676
	(b) Other Current Liabilities	4	209,199,966	118,286,722
	(c) Short-Term Provisions	5	7,207,792	6,944,597
<b>TOTAL</b>			<b>1,733,674,279</b>	<b>1,539,965,967</b>
<b>II. ASSETS</b>				
<b>Non-Current Assets</b>				
<b>1 (a) Fixed Assets</b>				
	(i) Intangible Assets	6	134,793,669	82,735,680
	(b) Non-Current Investments	7	219,000	219,000
<b>2 Current Assets</b>				
	(a) Trade Receivables	8	1,477,212,191	1,175,338,813
	(b) Cash and Cash Equivalents	9	56,051	54,005
	(c) Short-Term Loans and Advances	10	121,393,368	281,618,469
<b>TOTAL</b>			<b>1,733,674,279</b>	<b>1,539,965,967</b>

Note 1 to 16 forms an integral part of the financial statements

As per our report of even date attached

**For Anil Jagetiya & Company**  
**Chartered Accountants**  
**Firm Registration No : 129433W**

*Anil Jagetiya*



**Anil Kumar Jagetiya**  
**Proprietor**  
**Membership No : 114991**

**For and on behalf of the Board of Directors**

*[Signature]*

**Director**

**Place: Mumbai**  
**Date: 28 May 2015**

Ayngaran International Mauritius Limited  
Profit and Loss Statement for the Year ended 31 March 2015

(Amount in Rs.)

Particulars	Note No.	For Year ended 31 March 2015	For Year ended 31 March 2014
I. Revenue from Operations	11	252,117,788	15,428,787
II. Other Income		-	-
<b>III. Total Revenue (I + II)</b>		<b>252,117,788</b>	<b>15,428,787</b>
<b>IV. Expenses:</b>			
Purchases/Operating Expenses	12	203,762,209	78,070,709
Purchases of Stock-in-Trade			
Changes in inventories of finished goods work-in-progress and Stock-in-Trade			
Employee benefits expense			
Finance costs			
Other Expenses	13	-	332,850
<b>Total Expenses</b>		<b>203,762,209</b>	<b>78,403,559</b>
<b>V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>48,355,579</b>	<b>(62,974,772)</b>
VI. Exceptional items		-	-
<b>VII. Profit/(Loss) before extraordinary items and tax (V - VI)</b>		<b>48,355,579</b>	<b>(62,974,772)</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit/(Loss) before tax (VII- VIII)</b>		<b>48,355,579</b>	<b>(62,974,772)</b>
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>XI Profit/(Loss) for the period from continuing operations</b>		<b>48,355,579</b>	<b>(62,974,772)</b>
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
<b>XIV Profit/(Loss) from Discontinuing operations (after tax)</b>		<b>-</b>	<b>-</b>
<b>XV Profit/(Loss) for the period</b>		<b>48,355,579</b>	<b>(62,974,772)</b>
XVI Earnings Per Equity Share:			
(1) Basic		6,579	(8,568)
(2) Diluted		6,579	(8,568)

Note 1 to 16 forms an integral part of the financial statements

As per our report of even date attached

For Anil Jagetiya & Company  
Chartered Accountants  
Firm Registration No : 129433W

Anil Kumar Jagetiya  
Proprietor  
Membership No : 114991



For and on behalf of the Board of Directors

*(Signature)*

Director

Place: Mumbai  
Date: 28 May 2015

## **I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the applicable Accounting Standards as notified under the Companies Act, 2013.

## **II. USE OF ESTIMATES**

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future period's results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

## **III. SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Revenue Recognition**

Sale of rights is recognized on effective delivery of materials to customers as per terms of the sale agreements.

### **(b) Fixed Assets and Depreciation/Amortization**

#### **Tangible Assets:**

Company does not have any tangible fixed Assets.

#### **Intangible Assets and amortization:**

Investment in film and associated rights are recorded at their acquisition costs less accumulated amortisation and impairment losses, if any. Cost includes acquisition and production cost, subsequent overflows of such cost to the Company, direct overhead cost and capitalised interest. These rights are amortised over the estimated useful lives, writing off more in year one which recognizes initial income flows and then the balance over a period of up to nine years, or the remaining life of the content rights, whichever is less. In case these rights are not exploited along with or prior to the first domestic theatrical release, proportionate cost of such right is carried forward to be written off as and when such right is commercially exploited.

In the case of film content that is acquired by the Company after its initial exploitation, commonly referred to as catalogue rights, amortization is spread evenly over the lower of ten years or the license period. Management's estimate is based upon factors such as historical performance of similar films, the star power of the lead actors and actresses and once released actual results of each film.

The management regularly reviews, and revises when necessary, its estimates, which may result in a change in the rate of amortization and/or a write down of the asset to the recoverable amount.

### **(c) Foreign Exchange Transactions**

Foreign currency assets and liabilities are recorded at the rates of exchange at the end of the year. Items related to profit and loss account are converted based on the average price. Monetary items are converted based on the closing rate at the end of the year. Non monetary items are converted based on closing rate at the end of the year. Gain/Loss on account of translation is transferred to foreign exchange translation reserve account.

### **(d) Investments**

Noncurrent investments are carried at cost. However, provision for diminution in the value of investments, if any, is made to recognize a decline, other than temporary in nature.

## **Ayngaran International Mauritius Limited**

### **(e) Inventories**

Company does not have any inventories.

### **(f) Taxes on Income**

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws of the country of origin.

### **(g) Provisions and contingencies**

Provisions are recognized when there is present legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are measured at the management's best estimate of the outflow required to settle the obligations at the Balance Sheet date.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Ayngaran International Mauritius Limited

IV. Notes to Financial Statements

Note 1: Share Capital

a) Authorised ,issued,subscribed and paid up share capital

(Amount in Rs.)

Particulars	As on31 March 2015		As on 31 March 2014	
	Number	Amount	Number	Amount
<b>Authorised</b> 7350 Equity Shares of USD 1 each	7,350	291,428	7,350	291,428
<b>Issued</b> 7350 Equity Shares of USD 1 each	7,350	291,428	7,350	291,428
<b>Subscribed &amp; Paid up</b> 7350 Equity Shares of USD 1 each	7,350	291,428	7,350	291,428
<b>Total</b>	<b>7,350</b>	<b>291,428</b>	<b>7,350</b>	<b>291,428</b>

b) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As on31 March 2015		As on 31 March 2014	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	7,350	291,428	7,350	291,428
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	7,350	291,428	7,350	291,428

c) Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As on31 March 2015		As on 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Ayngaran International IOM Ltd	7,350	100%	7,350	100%

Ayngaran International Mauritius Limited

Note 2: Reserves and Surplus

(Amount in Rs.)

Particulars	As on 31 March 2015	As on 31 March 2014
<b>a. Foreign Currency Translation Reserves</b>		
Opening Balance	68,254,628	40,944,220
(+) Current Period Transfer	8,775,605	27,310,408
Closing Balance	77,030,234	68,254,628
<b>b. Surplus</b>		
Opening balance	148,268,828	211,243,600
(+) Net Profit/(Net Loss) For the Period	48,355,579	(62,974,772)
Closing Balance	196,624,407	148,268,828
<b>Total</b>	<b>273,654,641</b>	<b>216,523,456</b>

Note 3: Other Long Term Liabilities

(Amount in Rs.)

Particulars	As on 31 March 2015	As on 31 March 2014
Advances received	1,225,440,422	1,180,693,087
<b>Total</b>	<b>1,225,440,422</b>	<b>1,180,693,087</b>

Note 4: Other Current Liabilities

(Amount in Rs.)

Particulars	As on 31 March 2015	As on 31 March 2014
Advance from related parties	207,823,162	116,960,193
Advance from Customer	1,376,804	1,326,530
<b>Total</b>	<b>209,199,966</b>	<b>118,286,722</b>

Note 5: Short Term Provisions

(Amount in Rs.)

Particulars	As on 31 March 2015	As on 31 March 2014
Corporate taxes	7,207,792	6,944,597
<b>Total</b>	<b>7,207,792</b>	<b>6,944,597</b>

Ayngaran International Mauritius Limited

Note 6: Fixed Assets

Name of the Assets	Gross Block						Depreciation/Amortisation			Net Block	
	As on 01.04.2014	Additions /( Deletions)	Translation Difference	As on 31.03.2015	As on 01.04.2014	For the year ended 31.03.2015	Translation Difference	As on 31.03.2015	As on 31.03.2015	As on 31.03.2014	
Film Licensing Rights	1,360,256,029	252,117,788	56,763,806	1,669,137,623	1,277,520,349	203,762,209	53,061,397	1,534,343,955	134,793,669	82,735,680	
<b>Total</b>	<b>1,360,256,029</b>	<b>252,117,788</b>	<b>56,763,806</b>	<b>1,669,137,623</b>	<b>1,277,520,349</b>	<b>203,762,209</b>	<b>53,061,397</b>	<b>1,534,343,955</b>	<b>134,793,669</b>	<b>82,735,680</b>	

(Amount in Rs.)

**Ayngaran International Mauritius Limited**

**Note 7: Non-current investments**

(Amount in Rs.)

Particulars	As on 31 March 2015	As on 31 March 2014
<b>Long-term, Non trade, Unquoted at cost unless stated otherwise</b>		
Investment in subsidiaries: Ayngaran International Media Pvt Ltd (21,900 (Previous Year 21,900) equity shares of Rs. 10 each, fully paid-up)	219,000	219,000
<b>Total</b>	<b>219,000</b>	<b>219,000</b>

**Note 8: Trade Receivables**

(Amount in Rs.)

Particulars	As on 31 March 2015	As on 31 March 2014
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Unsecured, considered good	257,640,643	1,160,026,995
	<b>257,640,643</b>	<b>1,160,026,995</b>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,219,571,548	15,311,818
	<b>1,219,571,548</b>	<b>15,311,818</b>
<b>Total</b>	<b>1,477,212,191</b>	<b>1,175,338,813</b>

**Note 9: Cash and Cash Equivalents**

(Amount in Rs.)

Particulars	As on 31 March 2015	As on 31 March 2014
Balances with Banks-in current accounts	56,051	54,005
<b>Total</b>	<b>56,051</b>	<b>54,005</b>

**Note 10: Short-Term Loans and Advances**

(Amount in Rs.)

Particulars	As on 31 March 2015	As on 31 March 2014
Advances to related parties: Unsecured, considered good	121,393,368	281,618,469
<b>Total</b>	<b>121,393,368</b>	<b>281,618,469</b>

Ayngaran International Mauritius Limited

Note 11: Revenue from Operations

(Amount in Rs.)

Particulars	For Year ended 31 March 2015	For Year ended 31 March 2014
Sale of film rights	252,117,788	15,020,900
<b>Total</b>	<b>252,117,788</b>	<b>15,020,900</b>

Note 12: Cost of Materials Consumed

(Amount in Rs.)

Particulars	For Year ended 31 March 2015	For Year ended 31 March 2014
Purchase of Film Rights	-	14,239,813
Amortization of film rights	203,762,209	47,204,620
<b>Total</b>	<b>203,762,209</b>	<b>61,444,433</b>

Note 13: Other Expenses

(Amount in Rs.)

Particulars	For Year ended 31 March 2015	For Year ended 31 March 2014
Professional & Legal Expenses	-	330,460
<b>Total</b>	<b>-</b>	<b>330,460</b>

**Ayngaran International Mauritius Limited**

**Note 14: Related party information**

In accordance with the requirement of Accounting Standard 18 i.e. "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the details of related party transactions are given below :

**a. List of related parties:**

<b>Nature of relationship</b>	<b>Name of related parties</b>
Ultimate Holding company	Eros International PLC
Step up Holding Company and their step down subsidiaries	Eros Worldwide FZ-LLC, Dubai Eros International Media Limited Copsale Limited
Holding Company	Ayngaran Internation Limited, Isle of Man
Subsidiary Company	Ayngaran International Media Private Limited Ayngaran Anak Media Private Limited
Fellow subsidiaries and their step down subsidiaries	Ayngaran International (UK) Limited
Entities under common control	Eros International Limited United Kingdom Eros International Films Private Limited Digicine PTE Limited, Singapore
Key Managerial Personal	Mr. Karunamoorthy Mr. Andrew Heffernan
Firm in which KMP / Relatives of KMP can exercise significant influence	Ayngaran International Films Pvt Ltd Ayngaran International

**b. Transactions with related parties:**

(Amount in Rs.)

<b>Particulars</b>	<b>Holding</b>	<b>Step up Holding Company and their step down subsidiaries</b>	<b>Entities under common control</b>	<b>Fellow Subsidiaries and their step down Subsidiaries</b>	<b>Subsidiary Company</b>	<b>Total</b>
Purchase of Film rights	- (-)	- (-)	- (-)	- (-)	25,21,17,788 (555,496)	25,21,17,788 (555,496)
Sales	- (-)	- (-)	- (15,129,525)	25,21,17,788 (299,262)	- (-)	25,21,17,788 (15,428,787)
<b>Balance Outstanding at the end of the year</b>	1,22,54,40,422 (1,180,693,087)	- (-)	1,01,68,182 (17,089,781)	12,87,18,060 (116,960,193)	8,64,30,271 (-)	1,45,07,56,935 (1,314,743,061)
Dues to Related parties	- (-)	27,42,76,200 (264,260,920)	1,55,83,875 (1,50,14,825)	1,18,73,52,116 (89,60,63,068)	- (164,658,277)	1,47,72,12,191 (25,50,41,019)

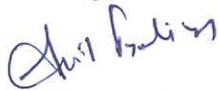
Note: Figures in brackets represent previous year figures

**Ayngaran International Mauritius Limited**

**Note 15:** Balances of certain trade receivables, loans and advances and trade payables in respect of certain films are subject to confirmation/reconciliation and subsequent adjustment, if any. In the opinion of the management such adjustments are not likely to be material.

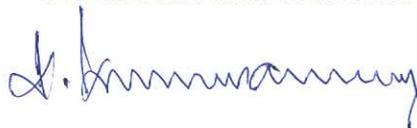
**Note 16:** Previous year figures have been regrouped wherever necessary.

**For Anil Jagetiya & Company  
Chartered Accountants  
Firm Reg No: 129433W**

  
**Anil Kumar Jagetiya  
Proprietor  
Membership No: 114991**



**For and on behalf of the Board of Directors**



**Director**

**Place: Mumbai  
Date: 28 May 2015**