

M/s ANIL JAGETIYA & CO.

CHARTERED ACCOUNTANT

107, ORBIT INDUSTRIAL ESTATE,
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGICINE PTE LIMITED,

Report on the Financial Statements

We have audited the accompanying financial statements of **DIGICINE PTE 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;

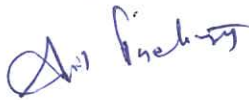
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.

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

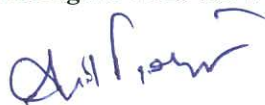
Digicine PTE Limited
Balance Sheet as at 31 March 2015

(Amount in Rs)

Particulars		Note No.	As at 31 March 2015	As at 31 March 2014
I.	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	(a) Share Capital	1	4,045	4,045
	(b) Reserves And Surplus	2	127,970,779	7,195,416
2	Non-Current Liabilities			
	(a) Deferred tax liabilities (Net)		24,576,020	-
	(b) Other Long Term Liabilities	3	3,204,044	3,118,048
3	Current Liabilities			
	(a) Trade Payables		1,606,697,513	1,441,423,200
	(b) Other Current Liabilities	4	687,883	379,805
	(c) Short-Term Provisions	5	-	495,009
	TOTAL		1,763,140,284	1,452,615,522
II.	ASSETS			
	Non-Current Assets			
1	(a) Fixed Assets			
	(i) Intangible Assets	6	885,164,100	998,485,863
2	Current Assets			
	(a) Current investments			
	(a) Trade Receivables	7	863,970,030	451,946,233
	(b) Cash and Cash Equivalents	8	14,006,154	2,183,427
	TOTAL		1,763,140,284	1,452,615,522

Note 1 to 15 forms an integral part of the financial statements.
As per our report of even date

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



Anil Kumar Jagetiya
Proprietor
Membership No : 114991



For and on Behalf of the Board



Director

Place: Mumbai
Dated: 28 May 2015

Digicine PTE Limited
Statement of Profit and Loss for the year ended 31 March 2015

(Amount in Rs)

Particulars		Note No.	For the year Ended 31 March 2015	For the year Ended 31 March 2014
I.	Revenue from Operations	9	498,060,437	455,398,703
II.	Other Income	10	50,072	-
III.	Total Revenue (I + II)		498,110,509	455,398,703
IV.	Expenses:			
	Purchases/Operating Expenses	11	355,161,031	446,320,988
	Other Expenses	12	808,595	290,160
	Total Expenses		355,969,626	446,611,148
V.	Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		142,140,883	8,787,555
VI.	Exceptional items		-	-
VII.	Profit/(Loss) before extraordinary items and tax (V - VI)		142,140,883	8,787,555
VIII.	Extraordinary Items		-	-
IX.	Profit/(Loss) before tax (VII- VIII)		142,140,883	8,787,555
X	Tax expense:			
	(1) Current tax		(502,069)	498,790
	(2) Deferred tax		24,140,685	-
XI	Profit (Loss) for the period from continuing operations (IX-X)		118,502,267	8,288,765
XII	Profit/(loss) from Discontinuing operations (after tax)		-	-
XIII	Profit/ (Loss) for the period		118,502,267	8,288,765
XIV	Earnings Per Equity Share: (Face value of USD 1 each)			
	Basic and diluted earnings per equity share		1,185,023	82,888

Note 1 to 15 forms an integral part of the financial statements.
As per our report of even date

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

Anil Kumar Jagetiya
Proprietor
Membership No : 114991



For and on Behalf of the Board

Director

Place: Mumbai
Dated: 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:

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) 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.

IV. Notes to Financial Statements

Note 1: Share Capital

(Amount in Rs.)

Share Capital	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Authorised 100 Equity Shares of USD 1 each	100	4045	100	4045
Issued 100 Equity Shares of USD 1 each	100	4045	100	4045
Subscribed & Paid up 100 Equity Shares of USD 1 each	100	4045	100	4045
Total	100	4045	100	4045

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	100	4,045	100	4,045
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	100	4,045	100	4,045

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

Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Eros International Media Ltd.	100.00	100%	100.00	100%

Digicine PTE Ltd**Note 2: Reserves and Surplus****(Amount in Rs)**

Particulars	As at 31 March 2015	As at 31 March 2014
a. Foreign Currency Transalation Reserves		
Opening Balance	(157,375)	313
(+) Current Year Transfer	2,273,097	(157,688)
Closing Balance	2,115,722	(157,375)
b. Surplus		
Opening balance	7,352,791	(935,974)
(+) Net Profit/(Net Loss) For the Period	118,502,267	8,288,765
Closing Balance	125,855,058	7,352,791
Total	127,970,779	7,195,416

Note 3: Other Long Term Liabilities**(Amount in Rs)**

Particulars	As at 31 March 2015	As at 31 March 2014
Advance Received	3,204,044	3,118,048
Total	3,204,044	3,118,048

Note 4: Other Current Liabilities**(Amount in Rs)**

Particulars	As at 31 March 2015	As at 31 March 2014
Expenses payable	687,883	379,805
Total	687,883	379,805

Note 5**Short Term Provisions****(Amount in Rs)**

Particulars	As at 31 March 2015	As at 31 March 2014
Corporate taxes	-	495,009
Total	-	495,009

Digicine PTE Ltd

Note 6: Fixed Assets

Name of the Assets	Gross Block			Accumulated Amortisation				Net Block	
	Cost as at 01.04.2014	Additions	Translation Diff.	Cost as at 31.03.2015	As at 01.04.2014	For year ended 31.03.2015	Translation Diff.	As at 31.03.2015	As on 31.03.2014
Film Licensing Rights	1,441,423,200	-	54,628,800	1,496,052,000	442,937,338	146,974,611	20,975,951	885,164,100	998,485,863
Total	1,441,423,200	-	54,628,800	1,496,052,000	442,937,338	146,974,611	20,975,951	885,164,100	998,485,863
Previous year	759,990,446	605,181,000	76,251,754	1,441,423,200	-	446,320,988	(3,383,650)	998,485,863	

(Amount in Rs.)

Digicine PTE Ltd**Note 7: Trade Receivables****(Amount in Rs)**

Particulars	As at 31 March 2015	As at 31 March 2014
Overdue for a period exceeding six months from the date they are due for payment	381,493,260	-
Unsecured, considered good	482,476,770	451,946,233
Total	863,970,030	451,946,233

Note 8: Cash and Cash Equivalents**(Amount in Rs)**

Particulars	As at 31 March 2015	As at 31 March 2014
Balances with banks in current accounts	14,006,154	2,183,427
Total	14,006,154	2,183,427

Digicine PTE Ltd**Note 9: Revenue from Operations****(Amount in Rs)**

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Sale of Film Rights	498,060,437	455,398,703
Total	498,060,437	455,398,703

Note 10: Other income**(Amount in Rs)**

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Foreign exchange gain (net)	50,072	-
Total	50,072	-

Note 11: Purchases / Operating Expenses**(Amount in Rs)**

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Amortization of film rights	146,974,611	446,320,988
Film Right Cost	208,186,420	-
Total	355,161,031	446,320,988

Note 12: Other Expenses**(Amount in Rs)**

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Professional fees	684,645	340,092
Foreign Exchange Loss (net)	-	(83,857)
Bank Charges	122,154	33,925
Miscellaneous expenses	1,796	-
Total	808,595	290,160

Digicine PTE Limited**Note 13: 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:

Nature of relationship	Name of related parties
Ultimate holding company	Eros International PLC
Step up Holding Company	Eros Worldwide FZ-LLC, Dubai
Holding Company	Eros International Media Limited
Fellow subsidiaries and their step down subsidiaries	Copsale Limited Ayngaran International Limited (Isle of Man) Ayngaran International UK Limited Ayngaran International Mauritius Limited
Entities under common control	Eros International Limited United Kingdom

b. Transactions with related parties:

(Amount in Rs.)					
Particulars	Holding Company	Entities under Common Control	Step up Holding Company	Fellow Subsidiaries and their step down Subsidiaries	Total
Purchase of Film rights	- (-)	208,186,420 (30,25,90,500)	- (28,74,60,975)	- (1,51,29,525)	208,186,420 (60,51,81,000)
Sales	- (15,12,953)	- (-)	- (-)	- (-)	- (15,12,953)
Inter Corporate Loans/Advances Taken	- (24,49,896)	- (-)	- (-)	- (-)	- (24,49,896)
Inter Corporate Loans/Advances Repayment	- (-)	- (-)	- (-)	- (-)	- (-)
<u>Balance Outstanding at the end of the year</u> Dues to Related Parties	32,04,044 (31,18,048)	21,19,40,700 (30,02,96,500)	1,37,91,72,938 (1,12,61,11,875)	1,55,83,875 (1,50,14,825)	1,60,99,01,557 (1,44,45,41,248)
Dues from Related Parties	- (-)	- (-)	- (-)	15,58,388 (15,01,483)	15,58,388 (15,01,483)

Digicine PTE Limited

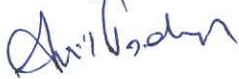
Note 14: Balances of certain trade receivables, loans and advances and trade payables in respect of certain films are subject to confirmation/reconciliation and subsequent adjustment, if any. In the opinion of the management such adjustments are not likely to be material.

Note 15: 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