

**Auditors' Report to the Board of Directors DQ Entertainment (International) Limited on the Consolidated Financial Statements:**

We have audited the attached Consolidated Balance sheet of DQ Entertainment (International) Limited ("the Company") and its subsidiary as at 31st March, 2011, and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs. 1,981,828,117 as at 31<sup>st</sup> March 2011, total revenues of Rs. 486,879,660 and net cash inflows aggregating to Rs. 221,168,800 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by another auditor whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in the consolidated financial statements in respect of the subsidiary, is based solely on the report of the other auditor.



Without qualifying our report, we draw attention to Note No.6 (b) of Schedule 17(II) forming part of accounts wherein the basis of recognition of deferred tax asset on unabsorbed depreciation has been explained.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, as notified under the Companies (Accounting Standards) Rules, 2006. Based on our audit and on consideration of the separate audit reports on the standalone financial statements of the company and the subsidiary and to the best of our information and according to the explanations given to us, in our opinion, the consolidated financial statements read together with the attached schedules, Significant accounting policies and other notes forming part of the consolidated accounts, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31st March 2011;
- b) In the case of the Consolidated Profit & Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary for the year ended on that date.

For **HARIBHAKTI & CO.**

Chartered Accountants  
Firm Regn. No. 103523 W

  
**G. Ananthakrishnan**  
Partner  
M.No. 205226

Place: Hyderabad  
Date : 10.08.2011

