

**Registered number: 5957372**

**AYNGARAN INTERNATIONAL (UK) LTD  
REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2011**

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**AYNGARAN INTERNATIONAL (UK) LTD  
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FOR THE YEAR ENDED 31ST MARCH 2011**

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## **AYNGARAN INTERNATIONAL (UK) LTD**

### **Company Information**

#### **Directors**

K Karunamoorthy  
R Manickavasagar  
A Heffernan

#### **Secretary**

A Mavinkurve

#### **Registered Office**

Milner House  
13 Manchester Square  
London  
W1U 3PP

#### **Registration Number**

5957372

#### **Auditors**

Chris Seeromben & Co  
409 Whitehorse Road,  
Thornton Heath,  
London,  
CR7 8SD

**AYNGARAN INTERNATIONAL (UK) LTD**  
**DIRECTORS' REPORT**

The directors present their report and the financial statements of the company for the year ended 31st March 2011

**PRINCIPAL ACTIVITY**

The principal activity of the company during the year under review was production of motion pictures and video and worldwide sale and distribution of the screening rights

**REVIEW OF BUSINESS**

The directors consider the profit achieved on ordinary activities to be satisfactory. The directors consider the future of the company to be secure.

**DIRECTORS**

The Directors who served during the year are as stated below

K Karunamoorthy

R Manickavasagar

A Heffernan

J Deshpande (resigned 31st December 2010)

None of the directors has any beneficial interests in the share capital of the company

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors have considered all principal risks and uncertainties and do not envisage any problem in the future

**GOING CONCERN AND LIQUIDITY RISK**

The directors do not envisage any going concern or liquidity problems because of the ongoing support of the Holding Company

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

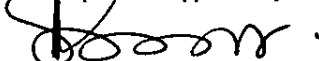
- there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

**AUDITORS**

Chris Seeromben & Co offers themselves for re-appointment as auditors in accordance with Section 485 of the Companies Act 2006

**BOARD APPROVAL**

This report was approved by the Board on 28<sup>th</sup> DEC 2011 2011 and signed on its behalf by



Rohan Manickavasagar  
Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYNGARAN INTERNATIONAL (UK) LTD**

We have audited the financial statements of Ayangaran International (UK) Ltd for the year ended 31 March 2011 set out on pages 4 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

-give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,

-have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

-have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

-adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

-the financial statements are not in agreement with the accounting records and returns, or

-certain disclosures of directors' remuneration specified by law are not made, or

-we have not received all the information and explanations we require for our audit.



Paramananda Seeromben FCCA (Senior Statutory Auditor)

for and on behalf of Chris Seeromben & Co

Chartered Certified Accountants

And Statutory Auditors

409 Whitehorse Road,

Thornton Heath, CR7 8SD

Date

28/12/2011

**AYNGARAN INTERNATIONAL ( UK) LTD**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.**

		<b>2011</b>	<b>2010</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Turnover		8,154,979	3,807,723
Cost of sales		<u>(7496608)</u>	<u>(3055885)</u>
Gross profit		658,371	751,838
Distribution costs		(44484)	(59242)
Administrative expenses		<u>(603128)</u>	<u>(655921)</u>
Operating profit	2	10,759	36,675
Interest payable		<u>(3818)</u>	<u>(1707)</u>
Profit on ordinary activities before taxation		6,941	34,968
Taxation	3	<u>(4719)</u>	<u>(8709)</u>
Profit on ordinary activities after taxation		<u><u>2,222</u></u>	<u><u>26,259</u></u>

All transactions arise from continuing operations

The company has no recognised gains and losses other than the profit for the above period

The notes on pages 6 to 8 form an integral part of these financial statements

**AYNGARAN INTERNATIONAL (UK) LTD**  
**BALANCE SHEET AS AT 31ST MARCH 2011**

	Notes	2011	2010
		£	£
<b>FIXED ASSETS</b>			
Intangible Fixed Assets	4	1,765,953	1,456,754
Tangible Fixed Assets	5	<u>35,823</u>	<u>54,949</u>
		<u>1,801,776</u>	<u>1,511,703</u>
<b>CURRENT ASSETS</b>			
Stocks		194,804	176,656
Debtors	6	4,985,883	5,563,204
Cash at Bank and in hand		<u>24,297</u>	<u>10,786</u>
		<u>5,204,984</u>	<u>5,750,646</u>
<b>CREDITORS</b> Amounts falling due within one year	7	<u>(690,1273)</u>	<u>(715,9084)</u>
<b>NET CURRENT LIABILITIES</b>		(169,6289)	(140,8438)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>105,487</u></u>	<u><u>103,265</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1	1
Profit and loss account	9	<u>105,486</u>	<u>103,264</u>
<b>Shareholders Funds</b>	10	<u><u>105,487</u></u>	<u><u>103,265</u></u>

These financial statements were approved by the Board of Directors on 28th Dec, 2011 and were signed on its behalf by



Rohan Manickavasagar  
Director

Company registration number 5957372

The notes on pages 6 to 8 form an integral part of these financial statements

## **AYNGARAN INTERNATIONAL (UK) LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2011**

#### **1 BASIS OF PREPARATION**

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

The financial statements present information about the company as an individual undertaking. Being an indirect subsidiary, the accounts are consolidated in Eros International PLC, the ultimate parent company.

#### **Turnover and revenue recognition**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year and derives from the provision of goods falling within the company's ordinary activities. The revenue is recognised for the services as the services are performed.

#### **Cash flow Statement**

The directors have taken the advantage of exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statement on the grounds that the company is a subsidiary company and ultimate parent publishes a consolidated cash flow statement.

#### **Film and Audio/Video Licensing Rights (Contents)**

Investments in films and associated rights, including acquired rights and distribution advances in respect of completed films, are stated at cost less amortisation less provision for impairment. A charge is made to write down the cost of completed rights over the estimated useful lives except where the asset is not yet available for exploitation.

#### **Amortisation Film and Audio/Video Licensing Rights**

The company's policy in amortising intangible assets is as follows:

The amortisation charge is recognised in the income statement within cost of sales.

Film Licensing rights are divided into 3 groups-Theatrical, DVD and TV & Satellite in the ratio of 50:30:20. Theatrical rights are amortised 100% in the first year while DVD and TV rights are amortised at the rate of 50% in the first year, 30% in the second year and 20% in the third year. Audio and Licensing Rights are amortised over 10 years. Blue Ray Technology: 25% straight line.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down cost less estimated residual value of all tangible fixed assets. The rates applicable are:

Motor Vehicle: 20% straight line  
Equipment: 20% straight line

Stocks which comprise videos and DVDs are valued at the lower of cost and net realisable value of each of item or group of items, after making due allowance for obsolete and slow moving items.

#### **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item, otherwise such gains and losses are recognised in the income statement.

#### **Deferred taxation**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation balances are not discounted.



**AYNGARAN INTERNATIONAL (UK) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2011**

**2 OPERATING PROFIT**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging		
Directors' emoluments	124,873	124,872
Amortisation of intangible fixed assets	6,078,228	1,658,740
Depreciation of tangible fixed assets	19,570	16,037
Auditors' remuneration	6 500	5,000
Net foreign exchange ( gain)	<u>(83436)</u>	<u>(58725)</u>

**3 TAXATION**

	<b>2,011</b>	<b>2,010</b>
	<b>£</b>	<b>£</b>
UK Corporation Tax	<u>4,719</u>	<u>8,709</u>

**4 INTANGIBLE FIXED ASSETS**

	<b>Audio Rights</b>	<b>Film Rights</b>	<b>Bluray</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1st April 2010	131,418	6,404,123	91,500	6,627,041
Additions	-	6,371,503	15,924	6,387,427
At 31st March 2011	<u>131,418</u>	<u>12,775,626</u>	<u>107,424</u>	<u>13,014,468</u>
<b>Depreciation</b>				
At 1st April 2010	29,915	5,103,772	36,600	5,170,287
Charge for the year	13,141	6,029,081	36,006	6,078,228
At 31st March 2011	<u>43,056</u>	<u>11,132,853</u>	<u>72,606</u>	<u>11,248,515</u>
<b>Net Book Value,</b>				
At 31st March 2011	<u>88,362</u>	<u>1,642,773</u>	<u>34,818</u>	<u>1,765,953</u>
At 31st March 2010	<u>101,503</u>	<u>1,300,351</u>	<u>54,900</u>	<u>1,456 754</u>

**5 TANGIBLE FIXED ASSETS**

	<b>Motor Vehicle</b>	<b>Equipment</b>	<b>Plant &amp;</b>	<b>Total</b>
	<b>£</b>	<b>Fixtures &amp; fittings</b>	<b>Machinery</b>	<b>£</b>
<b>Cost</b>				
At 1st April 2010	2,500	11,619	74,858	88,977
Additions	-	444	-	444
At 31st March 2011	<u>2,500</u>	<u>12,063</u>	<u>74,858</u>	<u>89,421</u>
<b>Depreciation</b>				
At 1st April 2010	1,500	4,964	27,564	34,028
Charge for the year	500	2,743	16,327	19,570
At 31st March 2011	<u>2,000</u>	<u>7,707</u>	<u>43,891</u>	<u>53,598</u>
<b>Net Book Value:</b>				
At 31st March 2011	<u>500</u>	<u>4,356</u>	<u>30,967</u>	<u>35,823</u>
At 31st March 2010	<u>1,000</u>	<u>6 655</u>	<u>47,294</u>	<u>54,949</u>

**AYNGARAN INTERNATIONAL (UK) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2011**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>6 DEBTORS</b>		
Trade debtors	1,316,625	1,387,237
Advances to group undertakings	3,642,008	4,056,555
Other debtors	-	205
Prepayments and accrued income	27,250	119,207
	<u>4,985,883</u>	<u>5,563,204</u>

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>7 CREDITORS:</b> Amounts falling due within one year		
Bank overdraft	29482	-
Trade creditors	965,771	168,699
Amounts owed to group undertakings	5,722,717	6,801,309
Social security and other taxes	68,032	59,916
Directors' accounts	86,379	105,223
Other creditors	28,892	23,937
	<u>6,901,273</u>	<u>7,159,084</u>

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>8 CALLED UP SHARE CAPITAL</b>		
<b>Authorised</b>		
1000 ordinary shares of £1 each	<u>1000</u>	<u>1000</u>
<b>Allotted issued and fully paid</b>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>9 RESERVES</b>		
At 1st April 2010	103,264	77,005
Profit for the year	2,222	26,259
At 31st March 2011	<u>105,486</u>	<u>103,264</u>

	<b>2,011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>		
Profit for the year	2,222	26,259
Opening shareholders' funds	103,265	77,006
Closing shareholders' funds	<u>105,487</u>	<u>103,265</u>

**11 RELATED PARTY DISCLOSURES**

The company has claimed exemption under FRS 8 not to disclose transactions between members of the group

**12 ULTIMATE PARENT UNDERTAKING**

Ayngaran International Ltd (registered in the Isle of Man) is the holding company of Ayngaran International (UK) Ltd and the ultimate holding company is Eros International PLC (registered in the Isle of Man)

**AYNGARAN INTERNATIONAL (UK) LTD**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Turnover	<u>8,154,979</u>	<u>3,807,723</u>
<b>COST OF SALES</b>		
Opening stocks	176,656	205,733
Purchases	1,406,588	1,338,952
Amortisation film & audio rights	6,042,222	1,635,865
Amortisation Blue Ray & other	36,006	22,875
Film & video censor	<u>29,940</u>	<u>29,116</u>
	7,691,412	3,232,541
Closing stocks	<u>(194,804)</u>	<u>(176,656)</u>
	7,496,608	3,055,885
Gross Profit	658,371	751,838
<b>Distribution costs</b>		
Freight and carriage	<u>(44,484)</u>	<u>(59,242)</u>
	613,887	692,596
<b>Administrative expenses</b>		
Wages and salaries	259,722	250,050
Directors' remuneration	124,873	124,872
Employer's NI contributions	22,730	21,384
Rent	33,400	33,100
Rates	11,689	11,689
Light and heat	7,036	9,486
Repairs and maintenance	9,621	4,839
Printing, postage and stationery	12,229	12,314
Courier services	5,587	1,382
Bad debts	102,032	93,987
Advertising	15,664	18,461
Telephone	20,719	20,210
Licence fees	-	28,837
Motor expenses	2,406	2,925
Travelling and subsistence	7,781	15,272
Legal and professional fees	5,000	18,294
Audit and accountancy fees	6,500	5,000
(Profit) on exchange	(83,436)	(58,725)
Bank charges	8,070	8,862
Bank interest	3,818	1,707
Credit card charges	7,657	6,156
General expenses	4,278	11,489
Depreciation	<u>19,570</u>	<u>16,037</u>
	606,946	657,628
<b>PROFIT ON ORDINARY ACTIVITIES</b>	<u>6,941</u>	<u>34,968</u>