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

October 6, 2016

To,

The Manager (Listing) Department of Corporate Services **BSE 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: Annual report for the year 2015-16

Pursuant to Reg. 34 of SEBI (Listing Obligations and Disclosure Requirements Regulations) 2015, we enclose herewith Annual report for the year 2015-2016 duly approved and adopted by the members in the 9th Annual General Meeting (AGM) held on Friday, September 30, 2016 at 2.30 p.m. IST at Hotel 'The Plaza', 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad - 500 016.

This is for your information and records, please.

Thanking you,

Yours faithfully,
For **DQ Entertainment (International) Limited**

DQ Entertainment (International) Limited Hyderabad

Sachin Guha
(Company Secretary)

Encl: as above

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

Annual Report – 2016

Imagination and Beyond

DQE IP'S

ON THE MOVE

CONTENTS

COMPANY INFORMATION

DIRECTORS

Tapaas Chakravarti
Chairman, Managing Director and Chief Executive Officer

Rashida Adenwala
Professional and Non – Independent Director

S. Sundar
Non – Executive and Independent Director

B. N. Sirish
Non – Executive and Independent Director

Auknoor Goutam
Non – Executive and Independent Director

REGISTERED OFFICE

644, Aurora Colony, Road No. 3,
Banjara Hills, Hyderabad – 500 034
Telephone: +91-40-23553726&27
Fax No. +91-40-23552594
Website: www.dqentertainment.com
CIN No: L92113TG2007PLC053585

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B, Plot No 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally Hyderabad - 500 032.
Telephone: +91 40 6716 2222
Facsimile: +91 40 2300 1153
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

STATUTORY AUDITORS

M/s MZSK & Associates,
Chartered Accountants
Suite 211, Block II, White House,
Begumpet, Hyderabad – 500 016.

COMPANY SECRETARY

Sachin Guha
644, Aurora Colony,
Road No.3, Banjara Hills,
Hyderabad – 500 034.

BOARD OF DIRECTORS

TAPAAS CHAKRAVARTI
CMD & CEO

Tapaas Chakravarti has nearly three decades of experience in overall management of Corporate Affairs. He is the founder promoter of the Company. Tapaas began his career with Sandoz India Limited (now Novartis, a Swiss Multinational) and later joined STP Limited, an infrastructure company. Tapaas has held senior positions in Sales and Projects at Coats of India, (a British multinational). He was Head of Special Projects for Sriram Group where he developed countrywide contract manufacturing activities. Tapaas is a science graduate with Post Graduate Qualification in Business Management.

He is a part of several national and international charitable organizations such as eg. AGAPE, India, Figli Del Mondo, Italy.

He is also an active member on the Board of the Indo-British Partnership and is a member of the Young Presidents Organization.

He has been awarded “Hall of Fame-Life Time Achievement Award” in the World Animation and VFX summit held in Los Angeles in the year 2013.

RASHIDA ADENWALA
Professional
Non-Independent Director

Rashida Adenwala has distinguished exposure and over two decades of experience in legal, corporate affairs, primary & secondary markets, private equity deals, corporate governance, finance & internal audit. She has been associated with DQ Entertainment since its foundation. She is founder partner of R & A Associates, a Practicing Company Secretaries firm established in 1996.

She is a certified trainer on Corporate Governance from the Global Corporate Governance Forum, an initiative of the International Financial Corporation. She has been conferred with Honorary ‘IPA Proficiency Award” in the year 2014.

CA S.SUNDAR SRINIVASA RAGHAVAN
Non-Executive
Independent Director

CA S.Sundar Srinivasa Raghavan is the founder-partner of the Chartered Accountant firm S Sonny Associates based in Chennai, started in 1986. A Fellow Chartered Accountant, Sundar has over twenty years of post-qualification professional practice experience to his credit.

His key focus area is Statutory Audit and Internal Audit of Government Organizations,Public Sector Undertakings, Private Limited Companies apart from Public Sector and Private Sector Banks. He also has extensive exposure to Systems Audit, Credit Audit, Computer-to-Computer Link and Internet Based transaction Facility Audit. His firm is empanelled with Comptroller & Auditor General of India and RBI, among others. His firm is one of the Central Statutory Auditors of Syndicate Bank.

He was Chairman of Audit Committee of Chennai Central Co-Operative Bank Ltd., Tiruvannamalai District Central Co-operative Bank Ltd., Vellore District Central Co-operative Bank Ltd., and Kancheepuram District Central Co-operative Bank Ltd.

CA B.N. SIRISH
Non-Executive
Independent Director

CA B. N. Sirish is the founder partner of the Chartered Accountant firm M/s. Sirish & Co based in Hyderabad, started in 1989. He has experience of more than 25 years in the profession of Chartered Accountancy. His key focus areas are Statutory audits, Internal audits, Bank Branch Audits, Direct Taxes including international taxation, Indirect Taxes, NRI taxation, Foreign Collaborations Appeals, Management Advisory Services, Start-up Mentoring, Tax retainer and assignments for Public Sector Undertakings.

He has pursued Diploma course in Information Systems Audit-ISA and a Certificate course in International Taxation from the Institute of Chartered Accountants of India. He is a member of A.P. Tax Bar Association and International Fiscal Association.

AUKNOOR GOUTAM
Non-Executive
Independent Director

Auknoor Goutam has over 24 years of experience in Corporate - Leadership, Project Management, Human Resources Management, Administration, Operations, Finance, Technology adaptation, Strategy, Planning and alignment.

He has pursued executive education from Harvard Business School, Stanford Business School, India Institute of Management, Indian School of Business and Woxsen Business School, Corporate Directorship Certification from World Council for Corporate Governance, United Kingdom, Masters in Life sciences, MBA in Finance, Bachelors in Law, PG Diploma in Television production and Diploma in professional Photography.

He was awarded Professor Emeritus and Honorary Doctorate in Digital Film Technology from International University, Missouri, USA.

He has nearly three decades of experience in starting up to standing out technology adaptation and implementation, in education domain in India and USA. He has pioneered e-learning technology for Medical Education Content in India with a blend of 2D and 3D Animations.

DIRECTORS' REPORT

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Ninth Annual Report on the business and operations of DQ Entertainment (International) Limited ("the Company" or DQE India) together with the Audited Statement of Accounts for the financial year ended March 31, 2016.

1. FINANCIAL RESULTS

During the year under review, performance of your company was as under:

INR in Mn

Particulars	Standalone		Consolidated	
	For the year ended	For the year ended	For the year ended	For the year ended
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Income from Production	1,645	1,726	1,643	1,423
Income from Distribution	65	90	461	525
Other Income	196	29	533	13
Total Income	**1,906**	**1,845**	**2,637**	**1,961**
Total Expenditure	1,583	1,489	2,256	2,092
Profit before tax	**323**	**356**	**381**	**(131)**
Tax Expense (Current Tax+ Deferred Tax [Net of MAT credit entitlement])	82	66	82	66
Profit after tax	**241**	**290**	**299**	**(197)**

Standalone: Profit before tax and Profit after tax includes the exceptional item by way of notional foreign exchange of approximately INR 169 Mn for the period ended 31st March 2016 (2015: INR (24) Mn) as well as Bad debts write off / provisioning for bad debts to the tune of INR 103.76 Mn (2015: INR 0.78 Mn)

Consolidated: Profit before tax and Profit after tax includes the exceptional item by way of notional foreign exchange of approximately INR 312 Mn for the period ended 31st March 2016 (2015: INR (351) Mn) as well as Bad debts write off / provisioning for bad debts to the tune of INR 373.01 Mn (2015: INR 0.78 Mn)

After adjustment of the notional loss and gain as well as the bad debts write off / provision, the profit before tax and profit after tax is as under for the consolidated financials:

INR in Mn

	31 March 2016	31 March 2015
Adjusted Profit before tax	443	221
Adjusted Profit after Tax	361	155
Cash & Cash Equivalent	204	747

2. PERFORMANCE AND OPERATIONS

The financial year 2015-16 saw the beginning of the turnaround in the operations after very difficult period from 2012 -13 onwards. Slowly and steadily your company is receiving new orders and the development of its own IP's is also progressing well.

Income from operations in 2015-16 on a consolidated basis was INR 2,104 Mn as compared to INR 1,948 Mn over the same period last year, an increase of 8%, which is indeed very encouraging.

The Company earned a profit before tax of INR 381 Mn as compared to a loss of INR (131) Mn over the same period last year, while profit after tax was INR 299 Mn, compared to a loss after tax of INR (197) Mn over the same period last year. However after considering the adjustments of exceptional items the profit after tax for the current year is INR 361 mn as compared to INR 155 mn in the previous year. There is a decrease of Adjusted EBITDA which is INR 891 Mn, compared to adjusted EBITDA of INR 1,067 Mn over the same period last year as a result of the write-off / provision made for debtors to the tune of INR 373 mn.

All efforts are being made to collect the old outstanding. In some of the cases we have made good progress while some parties are still struggling to get the financing in place. However, we have confirmations from all parties that they are committed to pay their dues.

As of now, we have a strong visibility of orders for production for next 18-24 months.

BUSINESS REVIEW:

Our focus on improving operational efficiencies and the consolidation of artistic and technical skill sets continues, with productivity improvements being recognized across all processes of production.

Operating Highlights for FY 2015-16:

Animation:

- Successfully completed and delivered our proprietary production 'The New Adventures of Peter Pan' season II with production partners Method Animation and other coproduction partners ZDF Germany, France Television, Telequebec and DeA Kids.

- Completed and delivered Popples - TV series, a co-production with Zag Toons, Saban Brands USA and Method Animation, France, which has debuted on Netflix world-wide.

- Another notable spin off 'The Jungle Book the Christmas movie' was also delivered during the year. It has suitable length for TV features, DVD release and online SVOD.

- Disney projects under production are: Miles from tomorrow land season II, Sheriff Callie's Wild West season II, The Hive - Season 2, Puppy Dog Tales and Mickey Road Racers.

- Other service projects that were in production include Black Beauty, Magic Lamp, Persian Gift, Rainbow City, Magic Wand and Dream land.

- Projects which commenced production include Zak Storm- TV series, Super 4 - TV series,

- Commenced production of Our own IP's The Jungle Book season III, 5&IT TV series, Jungle Book Halloween Special, Peter Pan Christmas Special and other spin offs.

- Seven Dwarfs and Me, produced by Method Animation and supported by DQE, ZDF, RAI and France TV a hybrid show combining high quality CGI with live action footage is nearing completion.

- Several co-production and service agreement were finalized during the year to name a few Robinhood Season II Co pro with Method Animation, Sammy 2 being produced by Zag Toons, USA and Method Animation, France, Pio the Chick TV series, an adaptation from Pulcino Pio (the hugely successful online musical sensation with more than a billion views) with the main producer Rai Commercial, Italy in partnership with Italian producer Gruppo Alcuni and Planeta Jr, Italy.

VFX:

- DQE's VFX division was involved in elements of this year's highly acclaimed films, SS Rajamouli's 'Bahubali' and Gunasekhar's 'Rudrama Devi'. DQE VFX team is currently working on Telugu/Tamil bilingual starring Nagarjuna & Karthi directed by Paidipally Vamshi. Complex sequences for Dil Raju's Krishnastami and Sai Dharam Tej's new movie Thikka are under production.

Distribution:

- DQE's licensing and distribution division has achieved a turnover of INR 461 Mn during 2015-16. Several deals are under negotiation and the revenue is expected to substantially increase in the current financial year.

- The Company's digital platforms continue to perform satisfactorily and are gaining traction with third party properties soon being hosted on 'Power Kids' and 'Tiny Toonz' channels.

3. DIVIDEND

Considering the current expansion plans as well as the financial health of the Company, the Board has not recommended any dividend to the equity shareholders for the financial year 2015 -16.

4. SHARE CAPITAL

The authorized share capital of the Company as on 31st March, 2016 was Rs. 800,000,000/- divided into 80,000,000 equity shares of Rs.10/- each and paid-up capital was Rs. 792,830,000/- divided into 79,283,000 equity shares of Rs.10/- each.

The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015] is presented in a separate section forming part of the Annual Report.

6. CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under the SEBI (LODR) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

The declaration by CEO/CFO that the Board Members and Senior Management Personnel have complied with the Code of Conduct forms part of the Annual Report.

7. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) – 21 on Consolidated Financial Statements read with AS – 23 on Accounting for Investments in Associates and AS – 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statements are provided in the Annual Report.

8. DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3) (C) OF THE COMPANIES ACT, 2013

Your Directors state that:

a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a 'going concern' basis;

e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

9. TRANSACTIONS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

Pursuant to Reg. 23(8) of SEBI (LODR) Regulations, 2015, the material related party transactions entered into prior to the date of notification of SEBI (LODR) Regulations, 2015 and which are likely to continue beyond such date are placed for approval before the members at the ensuing Annual General meeting.

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure I in Form AOC-2 and the same forms part of this report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http:// www.dqentertainment.com/ Investors.aspx

10. EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure II in Form MGT-9, which forms part of this report.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of the CSR activities, the Company intends to initiate projects aimed at promoting quality education and employability for vulnerable sections of society, either directly or through DQ Smile Foundation.

Due to financial liquidity issues faced by the Company, the Board was unable to spend any amount on CSR activities during the year.

The CSR Policy may be accessed on the Company's website and can be viewed on http:// www.dqentertainment.com/Investors.aspx.

The CSR annual report is attached separately and forms part of this report as Annexure III.

12. RISK MANAGEMENT

The Company is exposed to inherent uncertainties owing to the sectors in which it operates. The Company's Risk Management process focuses on ensuring that these risks are identified on a timely basis and addressed. The Company has developed and implemented a Risk Management policy, which includes:

- ensuring that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated and managed;
- establishing a framework for the company's risk management process and to ensure the group wide implementation;
- ensuring systematic and uniform assessment of risks related with the intellectual property and production services rendered;
- enabling compliance with appropriate regulations, wherever applicable, through the adoption of best practices and
- assuring business growth with financial stability.

The Risk Management Policy was reviewed and approved by the Audit Committee. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

13. INTERNAL FINANCIAL CONTROLS

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The details on the internal control system are more elaborately explained in the Management's Discussion and Analysis Report.

14. DIRECTORS & KEY MANAGERIAL PERSONNEL

a. Appointment

Mr. B.N.Sirish and Mr. Auknoor Goutam were appointed as Independent Directors for a period of five years with effect from 30th September 2015, by the members of the Company in the 8th Annual General Meeting (AGM) held on September 30, 2015 pursuant to the provisions of Section 149 & 152 of Companies Act 2013.

The Board at its meeting held on August 12, 2016 appointed Mr. Sachin Guha as Company Secretary and Compliance Officer of the Company w.e.f. August 23, 2016.

b. Retirement by rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Rashida Adenwala, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re–appointment.

c. Resignation

Ms. Sindhu M.S. resigned as Company Secretary & Compliance Officer with effect from March 28, 2016. The Board places on record its gratitude for the services rendered by Ms. Sindhu M.S. during her association with the Company.

d. Board evaluation

Pursuant to the provisions of the Act, the SEBI (LODR) Regulations, 2015 and the policy adopted by the Company for performance evaluation, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees i.e., Audit, Nomination & Remuneration, Stakeholders' Relationship and Corporate Social Responsibility.

The performance of the Board and Committees was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board/committee composition and structure, effectiveness of Board/committee processes, information and functioning, etc.

The Board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive Directors and non-executive Directors.

e. Board Diversity

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, http:// www.dqentertainment.com/Investors.aspx

f. Policy on Directors' Appointment, Remuneration and Other Details

The Company's policy on Directors' appointment, remuneration and other matters as provided in Section 178(3) of the Act is given as Annexure IV, which forms part of this report.

g. Familiarization programme of Independent Directors

The details of programme for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, and related matters are put up on the website of the Company at the link http:// www.dqentertainment.com/Investors.aspx

Further, at the time of appointment of an independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director. The format of the letter of appointment is available on our website, http:// www.dqentertainment.com/Investors.aspx.

h. Declaration by Independent Directors

The Company has received necessary declaration from each independent Director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

15. MEETINGS OF THE BOARD

During the Financial Year 2015-16, four meetings of the Board of Directors of the Company were held during the year on May 27, 2015, August 13, 2015, November 9, 2015 and February 12, 2016. For further details, please refer report on Corporate Governance of this Annual Report.

16. AUDITORS AND AUDITORS' REPORT

a. Statutory Auditors

Your Company has at its Annual General Meeting held on September 30, 2014, appointed M/s. MZSK & Associates, Chartered Accountants, Hyderabad, as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment M/s. MZSK & Associates, Chartered Accountants, Hyderabad, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Auditors' Report does not contain any qualification, reservation or adverse remark. No frauds have been reported by the auditors in terms of Section 143(12) of the Act. The Statutory Auditors indicated in their Audit Report on delay in repayment of Bank loans and interest thereon. Due to the financial limitations, the Company was unable to repay its loan and interest in time during the year. However, the Company has applied and requested the Banks to restate its payment schedule.

b. Secretarial Auditors

Mr. R. Ramakrishna Gupta of M/s. PI & Associates, Practicing Company Secretaries, New Delhi, was appointed by the Board to conduct the secretarial audit of the Company for the financial year 2015 – 16, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report forms part of the Annual Report as Annexure V to the Board's report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

17. COMMITTEES

The Board has formed the following Committees:

(i) Audit Committee
(ii) Nomination and Remuneration Committee
(iii) Corporate Social Responsibility Committee
(iv) Stakeholders Relationship Committee

The details of the membership and attendance of the meetings of the above Committees of the Board are included in the Corporate Governance Report, which forms part of this report.

18. VIGIL MECHANISM

As part of our corporate governance practices, the Company has formulated a Whistle Blower Policy to provide Vigil Mechanism for employees including Directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and SEBI (LODR) Regulations, 2015. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link- http:// www.dqentertainment.com/Investors.aspx

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

20. DEPOSITS

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

21. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

The particulars as prescribed under Sub–section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are given hereunder:

(i) Energy Conservation: The operations of the Company involve low energy consumption. The Company has undertaken various energy efficient practices to conserve energy and strengthened the Company's commitment towards becoming an environment friendly organisation.

(ii) Technology Absorption: We have developed in-house plug-ins to maximize technology absorption at minimal cost. The Company produces majority of the content in the 3D stereoscopic technology which is the latest offering in the entertainment industry.

(iii) Research & Development: The Company constantly endeavors to be more efficient and effective in planning of production activities for achieving and maintaining the highest standards of quality.

(iv) Foreign Exchange Earnings and Outgo

Amount in INR

Particulars	For the year ended	For the year ended
	31March16	31March15
Earnings in Foreign Currency		
Income from production	1,627,126,687	1,710,690,035
Others income	5,056,040	16,944,309
Distribution Income	62,271,448	87,500,989
Expenditure in Foreign Exchange		
(Subject to deduction of tax where applicable)		
Overseas business travel	3,240,388	7,163,715
Production Expenses	14,818,925	525,142
Consultancy and other expenses	21,293,228	2,003,344
Financial Charges	-	9,959,515

Note: The above figures have been extracted from standalone financial statements, both for current and previous year.

22. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended is provided as **Annexure VI** to the Board's report.

The information required pursuant to Section 197(12) of the Act read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, in respect of the employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company upto the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

23. GOING CONCERN

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

24. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2014

Your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

25. DETAILS OF SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

DQ Entertainment (Ireland) Limited is the wholly owned subsidiary of the Company in Ireland. Further, there has been no material change in the nature of the business of the subsidiary. During the year, DQ Entertainment USA LLC was incorporated as wholly owned subsidiary of DQ Entertainment (Ireland) Limited in USA.

The Company's two Indian subsidiaries - DQ Powerkidz Private Limited and DQE ITES Park Private Limited have been, on an application by the company, struck off by the Registrar of Companies on October 15, 2015.

DQ Entertainment (International) Films Limited is a Joint Venture between DQ Entertainment (International) Limited and DQ Entertainment plc, which was formed for the production and distribution of the Jungle Book Feature Film. The sharing ratio of DQE Plc is 60% and DQE India is 40% in the JV. The objective to form the JV was to benefit from the synergies of both the companies and to ensure that the interests of all the stakeholders are aligned.

There are no associate companies of DQE India within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). Method Animation S.A.S. is an associate company of DQ Entertainment plc, the Ultimate Holding Company.

Further, the report on the performance and financial position of the subsidiary and Joint venture and salient features of the financial statements in the prescribed form AOC – I is annexed as Annexure VII to the Boards report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of its subsidiary, DQ Entertainment (Ireland) Limited, are available on the Company website.

The policy for determining Material Subsidiaries is disclosed on the company's website and is accessible on http:// www.dqentertainment.com/Investors.aspx.

26. GREEN INITIATIVE

Electronic copies of the Annual Report 2015 –16 and Notice of the 9th Annual General Meeting are sent to all members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2016 and the Notice of the 9th Annual General Meeting are sent in the permitted mode. Members requiring physical copies can send a request to the Company.

We encourage the other shareholders and request them to support us on this nationwide Green Initiative by registering/updating their email addresses with their Depository Participant(s) as required for receiving the notices and other documents via email.

The Company provides e–voting facility to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice. The instructions for e–voting are provided in the Notice.

27. ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and co–operation received from the banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by every member of the DQE family.

Hyderabad
August 12, 2016

For and on behalf of the Board
DQ Entertainment (International) Limited

Tapaas Chakravarti
CMD & CEO

FORM NO. AOC-2

Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1	Details of contracts of arrangements or transactions not at arm's length basis:									
Sr. No.	Name(s)of the related party	Nature of relationship	Nature of Transaction	Duration of the transactions	Salient features of the Transactions	Transactions value	Justification for transaction	Date(s) of approval by the Board	Amount paid as advances	Date of special resolution
1	NIL	NIL	NIL	NIL	NA	NIL	NIL	NIL	NIL	NIL

2	Details of material contracts or arrangement or transactions at arm's length basis:							
Sr. No.	Name(s) of the related party	Nature of relationship	Duration of the transactions	Nature of Transaction	Transactions value	Amount paid as Advances	Date(s) of approval by the Board	Date of special resolution
1.	DQ Entertainment (Ireland) Limited	Wholly owned Subsidiary	April 2015 – March 2016	Pre- Production / Production Services	507,383,699	-	The related party transactions are in ordinary course of business and are at arm's length basis. These are reported to the Audit Committee at their quarterly meetings.	The material related party transactions were approved by the members through Postal Ballot process on 31st March 2015.
				Professional services	4,889,355	-		
				TOTAL	**512,273,054**	-		
2.	Method Animation S.A.S.	Associate Company	April 2015 - March 2016	Development, production and distribution of the animated series	355,853,187	-	The related party transactions are in ordinary course of business and are at arm's length basis. These are reported to the Audit Committee at their quarterly meetings.	The material related party transactions were approved by the members vide Postal Ballot on 31st March 2015.

Hyderabad
August 12, 2016

For and on behalf of the Board

Tapas Chakravarti
CMD & CEO

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
As on 31.03.2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	**L92113TG2007PLC053585**
ii)	Registration Date	13/04/2007
iii)	Name of the Company	DQ Entertainment (International) Limited
iv)	Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company
v)	Address of the Registered Office and contact details	644, Aurora Colony, Road No.3, Banjara Hills, Hyderabad-500 034, Telangana Tel No. +91-40-23553726 & 27 Fax: +91-40-23552594
vi)	Whether listed company Yes / No	Yes
vii)	Name, address and contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana Tel No. +91-40-67161585

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Animation	5911	96.19%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name & Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable section
1.	DQ Entertainment (Mauritius) Limited	-	Holding	75	2(46)
2.	DQ Entertainment (Ireland) Limited	-	Subsidiary	100	2(87)
3.	DQ Entertainment USA LLC	-	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2015				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	246	0	246	0.00	246	0	246	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**246**	**0**	**246**	**0.00**	**246**	**0**	**246**	**0.00**	**0.00**
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	59461972	0	59461972	75.00	59461972	0	59461972	75.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	**59461972**	**0**	**59461972**	**75.00**	**59461972**	**0**	**59461972**	**75.00**	**0.00**
	Total A=A(1)+A(2) :	**59462218**	**0**	**59462218**	**75.00**	**59462218**	**0**	**59462218**	**75.00**	**0.00**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	1232978	0	1232978	1.56	714864	0	714864	0.90	-0.66
(b)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00

(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	27922	0	27922	0.04	27922	0	27922	0.04	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	**1260900**	**0**	**1260900**	**1.59**	**742786**	**0**	**742786**	**0.94**	**-0.65**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	6211714	0	6211714	7.83	6747716	0	6747716	8.51	0.68
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	6685897	3	6685900	8.43	6525566	3	6525569	8.23	-0.20
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4707117	0	4707117	5.94	5226162	0	5226162	6.59	0.65
(c)	Others									
	CLEARING MEMBERS	270191	0	270191	0.34	38104	0	38104	0.05	-0.29
	NON RESIDENT INDIANS	556336	0	556336	0.70	411821	0	411821	0.52	0.18
	FOREIGN COMPANIES	0	128624	128624	0.16	0	128624	128624	0.16	0.00
	Sub-Total B(2) :	**18431255**	**128627**	**18559882**	**23.41**	**18949369**	**128627**	**19077996**	**24.06**	**0.65**
	Total B=B(1)+B(2) :	**19692155**	**128627**	**19820782**	**25.00**	**19692155**	**128627**	**19820782**	**25.00**	**0.00**
	Total (A+B) :	**79154373**	**128627**	**79283000**	**100.00**	**79154373**	**128627**	**79283000**	**100.00**	**0.00**
(d)	**Shares held by custodians for ADRs & GDRs**	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C):	**79154373**	**128627**	**79283000**	**100.00**	**79154373**	**128627**	**79283000**	**100.00**	-

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 1/04/2015			Shareholding at the end of the year 31/03/2016			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	DQ Entertainment (Mauritius) Limited	59461972	75	75	59461972	75	75	0
2.	Tapaas Chakravarti	41	0	0	41	0	0	0
3	Rashmi Chakravarti	41	0	0	41	0	0	0
4.	Nivedita Chakravarti	41	0	0	41	0	0	0
5.	Sumedha Saraogi	41	0	0	41	0	0	0
6.	A Ramakrishna	41	0	0	41	0	0	0
7.	N Laxminarayana	41	0	0	41	0	0	0
	Total	**59462218**	**75**	**75**	**59462218**	**75**	**75**	**0**

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No change in Promoter Shareholding

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl no.	For Each of the top 10 shareholders	Shareholding at the beginning of the year 01/04/2015		Cumulative shareholding during the year 31/03/2016	
		No of shares	% of total shares of the company	No.of shares	% of total shares of the Company
1.	Uno Metals Ltd				
	At the beginning of the year	2240000	2.83	2240000	2.83
	At the End of the year			2240000	2.83
2.	AKG Finvest Ltd				
	At the beginning of the year	1720000	2.17	1720000	2.17
	At the End of the year			1720000	2.17
3.	Birla Sun Life Trustee Company Private Limited				
	At the beginning of the year	1232978	1.56	1232978	1.56
	Sale on 08.01.2016	240000	0.30	992978	1.25
	Sale on 26.02.2016	17537	0.02	975441	1.23
	Sale on 04.03.2016	196577	0.25	778864	0.98
	Sale on 11.03.2016	64000	0.08	714864	0.90
	At the End of the year			714864	0.90
4.	Dhulipala Srikanth				
	At the beginning of the year	450000	0.56	450000	0.56
	Sale on 08.01.2016	150000	0.19	300000	0.38
	At the End of the year			300000	0.38
5.	Rajesh Sachdeva				
	At the beginning of the year	251402	0.32	251402	0.32
	Sale on 25.03.2016	20500	0.03	230902	0.29
	Sale on 31.03.2016	28500	0.04	202402	0.26
	At the End of the year			202402	0.26
6.	Samianka Foods Pvt Ltd				
	At the beginning of the year	165123	0.21	165123	0.21
	Sale on 14.08.2015	5000	0.01	160123	0.20
	Sale on 30.10.2015	160123	0.20	0	0.00
	At the End of the year			0	0.00
7.	Jamson Securities Pvt Ltd				
	At the beginning of the year	155000	0.20	155000	0.20
	At the End of the year			155000	0.20

8.	Pothiwala Share And Securities Pvt. Ltd.				
	At the beginning of the year	150599	0.19	150599	0.19
	Purchase on 01.05.15	3000	0.00	153599	0.19
	Purchase on 08.05.15	500	0.00	154099	0.19
	Purchase on 22.05.15	650	0.00	154749	0.20
	Sale on 29.05.2015	1680	0.00	153069	0.19
	Sale on 05.06.15	201	0.00	152868	0.19
	Sale on 12.06.15	9000	0.01	143868	0.18
	Purchase on 10.07.15	145	0.00	144013	0.18
	Purchase on 14.08.15	15000	0.02	159013	0.20
	Sale on 05.02.2016	6000	0.01	153013	0.19
	Sale on 12.02.2016	23816	0.03	129197	0.16
	Sale on 19.02.2016	24636	0.03	104561	0.13
	Sale on 26.02.2016	4561	0.01	100000	0.13
	Sale on 11.03.2016	7500	0.01	92500	0.12
	Sale on 31.03.2016	500	0.00	92000	0.12
	At the End of the year			92000	0.12
9.	Ginni Finance Pvt Ltd				
	At the beginning of the year	147400	0.19	147400	0.19
	Sale on 01.05.2015	10000	0.01	137400	0.17
	Sale on 22.05.2015	12751	0.02	124649	0.16
	Sale on 29.05.2015	29229	0.04	95420	0.12
	Sale on 05.06.2015	55420	0.07	40000	0.05
	Sale on 12.06.2015	40000	0.05	0	0.00
	At the End of the year			0	0.00
10.	Nikhil Vora				
	At the beginning of the year	146821	0.19	146821	0.19
	Sale on 17.04.2015	1821	0.00	145000	0.18
	Purchase on 15.01.2016	80000	0.10	225000	0.28
	Sale on 05.02.2016	5000	0.01	220000	0.28
	Sale on 26.02.2016	150000	0.19	70000	0.09
	At the End of the year			70000	0.09

(v) Shareholding of Directors and Key Managerial Personnel:

Sl no.	For Each of the Directors & KMP	Shareholding at the beginning of the year 01/04/2015		Shareholding at the end of the year 31/03/2016	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	Mr.Tapaas Chakravarti, CMD & CEO				
	At the beginning of the year	41	0	41	0
	At the End of the year			41	0
2.	Mr. Sanjay Choudhary, CFO				
	At the beginning of the year	1	0	1	0
	At the End of the year			1	0

No other Director/KMP holds any shares in the Company

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

INR in Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 8,114.72 0 0	 536.04 0 0	 0 0 0	 8,650.76 0 0
Total (i+ii+iii)	**8,114.72**	**536.04**	**0**	**8,650.76**
Change in Indebtedness during the financial year • Addition • Reduction	 82.35 977.71	 0 306.00	 0	 82.35 1,283.71
Net Change	(895.36)	(306.00)	0	(1,201.36)
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 7,136.98 82.38	 230.04 0	 0 0	 7,367.02 82.38
Total (i+ii+iii)	**7,219.36**	**230.04**	0	**7,449.40**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in INR

Sl. No.	**Particulars of Remuneration**	**Name of MD/ WTD/Manager**
		Mr. Tapaas Chakravarti (CMD &CEO)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	4,032,000 1,008,000 -
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify.	7,791,165
5.	Others, please specify	-
	Total (A)	**12,831,165**
	Ceiling as per the Act (@ 5% of profits calculated under Section 198 of the Companies Act, 2013).	16,821,857

B. Remuneration to other directors:

Amount in INR

Sl.	Particulars of Remuneration	Name of Directors			Total Amount
		Fee for attending board/ committee meetings	Commission	Professional fee	
1.	Independent Directors	-	-	-	-
	Mr. K. Balasubramanian*	-	-	-	-
	Mr. Girish Kulkarni*	-	-	-	-
	Mr. Neelesh Wagle* (Alternate director to Mr. Girish Kulkarni)	-	-	-	-
	Mr. V. Santhanaraman**	40,000	-	-	40,000
	Mr. S. Sundar	1,60,000	-	-	1,60,000
	Mr. B.N.Sirish***	1,05,000	-	-	1,05,000
	Mr. Auknoor Goutam***	75,000	-	-	75,000
	Total (1)	**340,000**	**-**	**-**	**340,000**
2.	Professional Non- Independent Director	-	-	-	-
	Ms. Rashida Adenwala	-	-	1,20,000	1,20,000
	Total (2)	**-**	**-**	**1,20,000**	**1,20,000**
	Total (B)=(1+2)	**3,80,000**	**-**	**1,20,000**	**5,00,000**
	Total Managerial Remuneration	**3,80,000**	**-**	**1,20,000**	**5,00,000**
	Overall Ceiling as per the Act (@ 1% of profits calculated under Section 198 of the Companies Act, 2013)	-	-	-	33,64,371

* Resigned w.e.f. May 27, 2015
** Resigned w.e.f. August 5, 2015
*** Appointed w.e.f. August 13, 2015

C. Remuneration to key managerial personnel other than MD/Manager/WTD

Amount in INR

Sl. no.	Particulars of	Company Secretary*	CFO	TOTAL
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	946,617	5,244,600	6,191,217
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	**946,617**	**5,284,200**	**6,230,817**

**Resigned w.e.f. March 28, 2016*

VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES:

There are no penalties/punishment/compounding of offences against the Company and its Directors and Officers for the year ended on 31st March, 2016.

Hyderabad
August 12, 2016

Tapadas Chakravarti
CMD & CEO

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

As prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:

As per the CSR Policy of the Company, currently the CSR focus area for DQE is - promotion within the broad theme, specific areas such as school education, work shop on parenting skill, women empowerment, free medical camps, support to old aged homes and orphanage.
The policy can be viewed on http:// www.dqentertainment.com/Investors.aspx. under the head "Corporate Governance".

2. **The Composition of the CSR Committee during the year:**
(i) Mr. S. Sundar - Chairman
(ii) Mr.Tapaas Chakravarti
(iii) Ms.Rashida Adenwala

3. **Average net profit of the Company for last three financial years (2012-2013 to 2014-2015):** Rs. 341,171,449/-

4. **Prescribed CSR expenditure (two per cent of the amount as in item 3 above):** Rs. 68,23,429/-

5. **Details of CSR spend during the financial year:**
(a) Total amount to be spent for the financial year: Rs. 68,23,429/-
(b) Amount unspent, if any: Refer Note 6

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects or Activities identified	Sector in which the Project is covered	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or program wise	Amount spent on the projects of programs Direct expenditure / Overheads on programs or projects	Cumulative Expenditure upto the reporting period	Amount spent Directly or through Implementing agency
				(Rs.)	(Rs.)	(Rs.)	(Rs.)
	-	-	-	-	-	-	-

6. In case the Company has failed to spend two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

As part of the CSR activities, the Company intends to initiate projects aimed at promoting quality education and employability for vulnerable sections of society, either directly or through DQ Smile Foundation. Due to financial liquidity issues faced by the Company, the Board was unable to spend any amount on CSR activities during the year.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, would be in compliance with CSR objectives and Policy of the Company.

Hyderabad
August 12, 2016

Tapaas Chakravarti
CMD & CEO

S. Sundar
Chairman – CSR Committee

NOMINATION & REMUNERATION POLICY

1. OBJECTIVE AND PURPOSE OF THE POLICY:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.

- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the entertainment industry.

- To carry out evaluation of the performance of directors, as well as Key Managerial and Senior Management Personnel.

- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage

2. DEFINITIONS:

- **Board** means Board of directors of the Company.

- **Directors** means directors of the Company.

- **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

- **Company** means DQ Entertainment (International) Limited.

- **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013.

- **Key Managerial Personnel** (KMP) means-
  (i) Executive Chairman and / or Managing director;
  (ii) Whole-time director;
  (iii) Chief Financial Officer;
  (iv) Company Secretary;
  (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

- **Senior Management** means personnel of the Company occupying the position of Chief Operating Officer (COO) or Vice President including Vice President of any division of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

3. APPLICABILITY

The Policy is applicable to
- Directors (Executive and Non- Executive)
- Key Managerial Personnel
- Senior Management Personnel

4. SCOPE OF THE COMMITTEE

The Committee shall:

• Formulate the criteria for determining qualifications, positive attributes and independence of a director.

• Identify persons who are qualified to become director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

• Recommend to the Board, appointment and removal of director, KMP and Senior Management Personnel.

5. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

• Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP or at Senior Management level and recommend to the Board his / her appointment.

2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. The Company shall not appoint or continue the employment of any person as Whole-time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

• Term / Tenure:

1. Managing director/Whole-time director:
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing director or Executive director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent director:
An Independent director shall hold office for a term up to a maximum of five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent director shall hold office for more than two consecutive terms, but such Independent director shall be eligible for appointment after expiry of three years of ceasing to become an Independent director. Provided that an Independent director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent director it should be ensured that number of Boards on which such Independent director serves is restricted to seven listed companies as an Independent director and three listed companies as an Independent director in case such person is serving as a Whole-time director of a listed company.

• Evaluation:

The Committee shall carry out evaluation of performance of every director, KMP and Senior Management Personnel at regular intervals (yearly).

• Removal:
Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

• Retirement:
The director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

6. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

• General:

1. The remuneration / compensation / commission etc. to the Whole-time director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to the Whole-time director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.

3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time director.

4. Where any insurance is taken by the Company on behalf of its Whole-time director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

• Remuneration to Whole-time / Executive / Managing director, KMP and Senior Management Personnel:

1. Fixed pay:
The Whole-time director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess remuneration:
If any Whole-time director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non- Executive / Independent director:**

1. Remuneration / Commission:
The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. Sitting Fees:
The Non- Executive / Independent director may receive remuneration by way of fees for attending meetings of Board or Audit Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Commission:
Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:
An Independent director shall not be entitled to any stock option of the Company.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
DQ Entertainment (International) Limited
644, Aurora Colony,
Road No. 3, Banjara Hills,
Hyderabad, Telangana – 500034,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DQ ENTERTAINMENT (INTERNATIONAL) LIMITED (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment. However there were no instances of External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The erstwhile Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit period)

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014; (Not applicable to the Company during the Audit Period)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

(vi) Relying on the representations given by the Company and its officers with regard to other laws specifically applicable to the Company and its compliance and the limited review done by us, we opine that the Company has complied with the following laws;

- Software Technology Parks Scheme;
- Special Economic Zones Act, 2005;
- The Special Economic Zone Rules, 2006;
- Copyright Act, 1957;
- Trademarks Act, 1999;
- Information Technology Act, 2000;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) The erstwhile Listing Agreement entered into by the Company with Bombay Stock Exchange, National Stock Exchange and the Securities and Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from 1st of December, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
Adequate notice of at least seven days is given to all directors to schedule the Board Meetings, the agenda and detailed notes on agenda were generally sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period;

i. The Company has Obtained Members approval in the 08th Annual General Meeting by way of Special resolution for Alteration of Articles of Association of the Company to bring in line with Companies Act, 2013.

For and Behalf of
PI & Associates

R. Ramakrishna Gupta
Partner
FCS No.: 5523
C P No.: 6696
Office No. T 202, Technopolis,
1-10-74/B, Above Ratnadeep Super Market,
Chikoti Gardens, Begumpet, Hyderabad - 500 016.

Date: 12th August, 2016
Place: Hyderabad

This report is to be read with our letter of even date, which is annexed as "Annexure – A" and forms an integral part of this report.

To,
The Members,
DQ Entertainment (International) Limited,
644, Aurora Colony, Road No. 3,
Banjara Hills, Hyderabad,
Telangana – 500 034.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of DQ Entertainment (International) Limited ("the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

7. We have relied up on the information provided by the Management with respect to related party transactions for its compliance.

For and Behalf of
PI & Associates

R. Ramakrishna Gupta
Partner
FCS No.: 5523
C P No.: 6696
Office No. T 202, Technopolis,
1-10-74/B, Above Ratnadeep Super Market,
Chikoti Gardens, Begumpet, Hyderabad - 500 016.

Date: 12th August, 2016
Place: Hyderabad

Information required under Section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended

a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Non - Executive Directors	Ratio to median remuneration
Mr. S. Sundar	-
Mr. B.N.Sirish	-
Mr. Auknoor Goutam	-
Professional Director	
Ms. Rashida Adenwala	4
Executive Director	
Mr. Tapaas Chakravarti	421

b. The percentage increase in remuneration of each Director, chief executive officer, chief financial officer, company secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. S. Sundar	-
Mr. B.N.Sirish	-
Mr. Auknoor Goutam	-
Mr. Tapaas Chakravarti	-
Ms. Rashida Adenwala	-
Mr. Sanjay Choudhary, Chief Financial Officer	-
Ms. Sindhu M.S., Company Secretary*	-

***Resigned w.e.f. March 28, 2016**

c. The percentage increase in the median remuneration of employees in the financial year: 15.5%

d. The number of permanent employees on the rolls of Company as on March 31, 2016: 1263

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
There was an annual appraisal hike of 14.03% effective July'15 and large number of Senior Artists recruitments.

f. Affirmation that the remuneration is as per the remuneration policy of the Company:
The Company affirms remuneration is as per the remuneration policy of the Company.

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 as amended)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

1. Name of the subsidiary	: **DQ Entertainment (Ireland) Limited**
2. The date since when subsidiary was acquired	: November 12, 2008
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	: March 31, 2016
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	: Euro & INR 75.06
5. Share capital	: INR1,167,503,270 (17,266,315 Shares of Euro 1 each)
6. Reserves & Surplus	: INR 289,182,558
7. Total assets	: INR 6,908,955,306
8. Total Liabilities	: INR 5,452,269,478
9. Investments	: NIL
10. Turnover	: INR 955,655,463
11. Profit/(Loss) before taxation	: INR (59,728,199)
12. Provision for taxation	: NIL
13. Profit/(Loss) after taxation	: INR (59,728,199)
14. Proposed Dividend	: NIL
15. Extent of shareholding	: 100%

NOTES:
1. DQ Entertainment USA LLC, a wholly owned subsidiary company of DQ Entertainment (Ireland) Limited was incorporated during the year and has not yet commenced any operations.

2. DQ Powerkidz Private Limited and DQE ITES Park Private Limited, subsidiaries of the company, have been, on an application by the company, struck off by the Registrar of Companies on October 15, 2015.

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	DQ Entertainment (International) Films Limited (Joint Venture)
1. Latest audited Balance Sheet Date	March 31, 2016
2. Date on which the Associate or Joint venture was associated or acquired	November 19, 2012
3. Shares of Associate/Joint Ventures held by the company on the year end	
Number of shares	1,155,553 Shares of Euro 1 each
Amount of Investment in Associates/Joint Venture	Rs. 89,245,345
Extend of Holding %	29%
4. Description of how there is significant influence	DQ Entertainment (International) Films Limited is a Joint Venture between DQ Entertainment (International) Limited and DQ Entertainment plc. The sharing ratio of DQE Plc is 60% and DQE India is 40% in the JV.
5. Reason why the associate/joint venture is not Consolidated	Consolidated
6. Networth attributable to Shareholding as per latest audited Balance Sheet	Rs.(426,721)
7. Profit / Loss for the year	Rs.(83,260,288)
i. Considered in Consolidation	YES
i. Not Considered in Consolidation	NO

For MZSK & Associates
Chartered Accountants
FRN 105047 W

For and on behalf of the Board

Ananthakrishnan G
Partner
(M.No 205226)

Tapaas Chakravarti
(CMD & CEO)

S.Sundar
(Director)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 12.08.2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

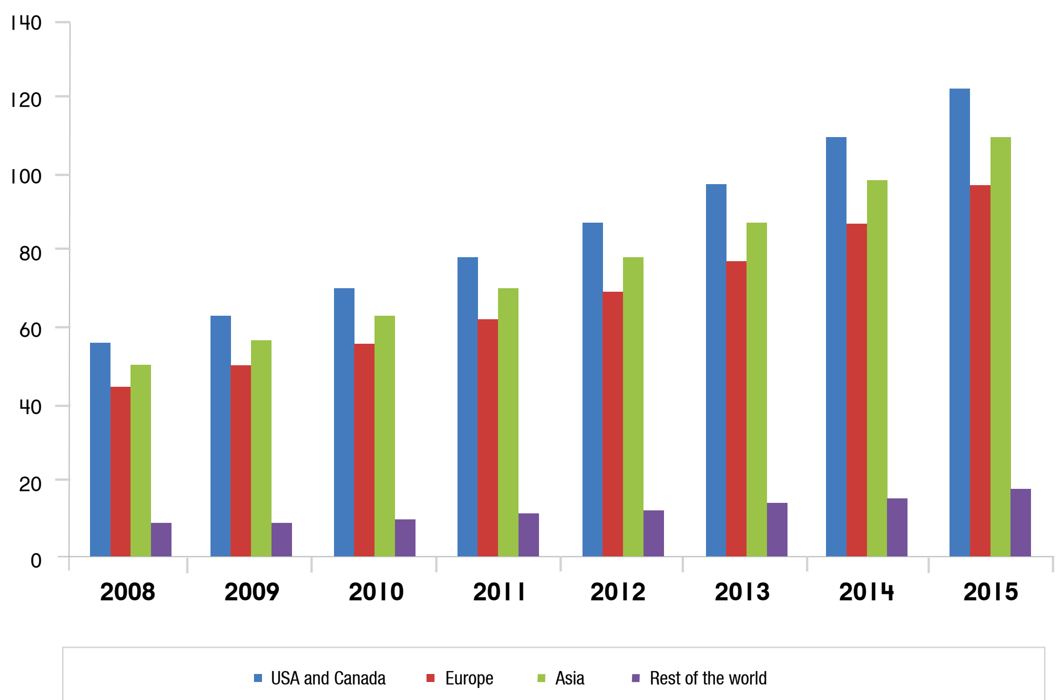
A. INDUSTRY STRUCTURE & DEVELOPMENT

The rapid advancement of technology has made computer animation available to the masses and the animation industry is one of the growing industries. The demand for animated entertainment has expanded with the increase in broadcasting hours by cable and satellite TV along with the growing popularity of the Internet. In the past, animation series were aimed at children aged nine and below. In recent years however, TV stations have been producing animation series for teenagers, adults and the whole family. Animation series like The Simpsons and King of the Hill have been successfully aired on primetime TV.

Licensing operations for T-shirts, caps and other items have also been a major source of revenue for animation companies. In Japan, several successful computer games have crossed over and have become animated series like Pokemon, Monster Farm, Power Stone and Detective Conan. More broadly speaking, animation is increasingly used in video games, and movies are also increasingly reliant on animation and computer graphic special effects.

The size of the global animation industry was about USD 244 billion in 2015. The major animation markets include the United States, Canada, Japan, China, France, Britain, Korea and Germany. Most of the segments in the animation industry are growing at the rate of 5% YoY.

Geograhical break-up of Global Animation Industry (US $ Billion)

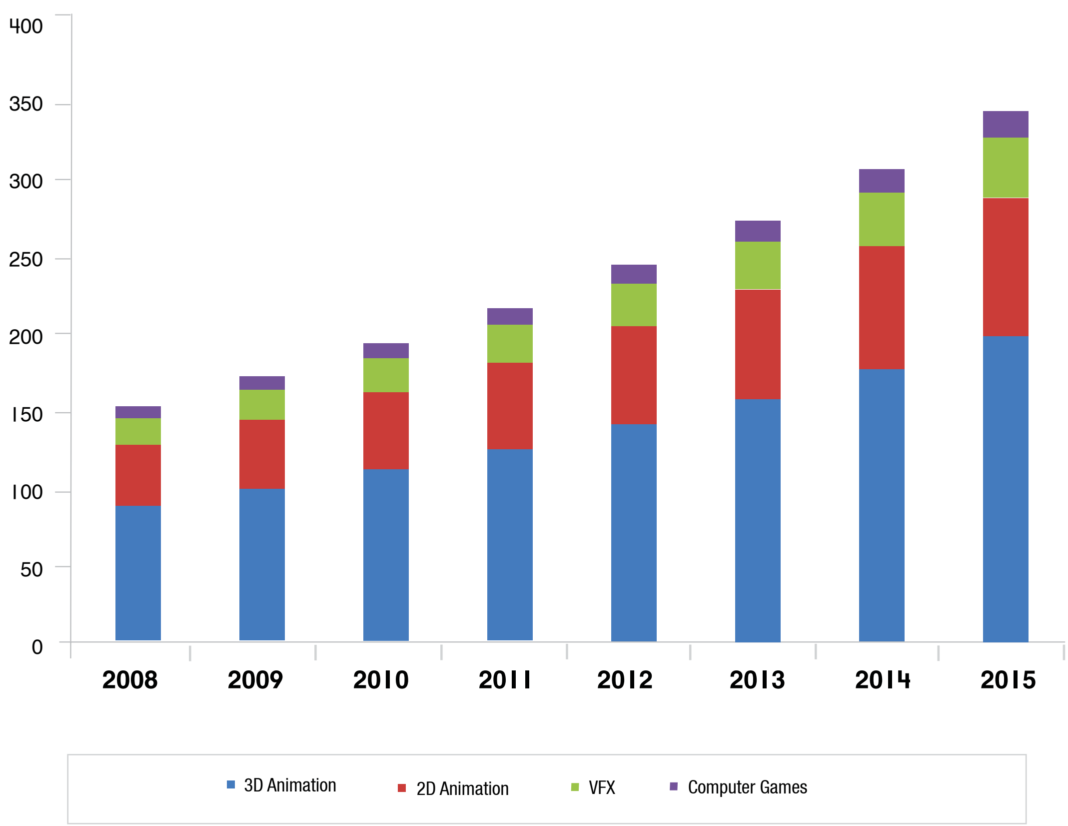


Source: Global Animation Industry Report

There are four major trends driving the global animation industry: 1) digital distribution, 2) production outsourcing, 3) the increasing market share gained by Indian and Chinese animation companies, and 4) increasing global M&A activity in recent years. The multinational studios leverage various forms of partnership, coproduction and joint ventures with global partners. Co-production has emerged as a popular strategy for studios in many countries. Funding flows for co-production, from Hollywood to other countries and vice versa are very common. As coproduction has increased, animation studios in China and India have become popular co-production partners of studios in Europe, Japan, and North America.

Another key trend we are witnessing is the outsourcing of animation content to Asia. This market is increasingly being tapped by North American and European film and television program producers. The major factor behind this shift of computer animation production to the Asia/Pacific region continues to be the availability of low cost, powerful computer animation platforms and much lower labour rates in the Asian and Pacific Rim countries compared to North America and Europe. In 2D animation, labor accounts for 70-80% of total costs. Even for 3D animation, in which software and hardware play an important role, labor still accounts for approximately 60% of total costs. Content for film and TV production, including movies for television and home videos, is the main consumer of animation services, accounting for half of total global computer animation production today. Web animation, enabled by the increasing global availability of broadband internet, has the potential to grow to a large segment as well.

Break–up of the global animation industry based on market segments (US $ Billion)



Source: Global Animation Industry Report

B. INDIAN ANIMATION SECTOR

The Indian animation industry comprises of independent animation studios like DQ Entertainment and Green Gold Animation, Indian divisions of international studios like Rhythm and Hues and Technicolor, animation divisions of large Indian houses like Tata Elxsi and Reliance Animation and several small independent studios. It is estimated that there are about 300 animation companies in India employing more than 15,000 people with nearly a quarter working as freelance animators.

India's animation industry is almost as old as its movie industry; the world's biggest in terms of revenue. In 1956, a local movie studio invited a Disney animator to train them, and a year later, India's first animated production The Banyan Deer was made. Over the years, studios have generated their own animated movies, ranging from 2008's box office flop Roadside Romeo, a 3-D cartoon movie jointly produced by Yash Raj films and Disney, to this year's hit war epic Bahubali, India's costliest film on record.

India's animation industry generated revenues to the tune of Rs.51.1 billion in 2015, marking a growth rate of 13.8 percent, according to a FICCI-KPMG report.

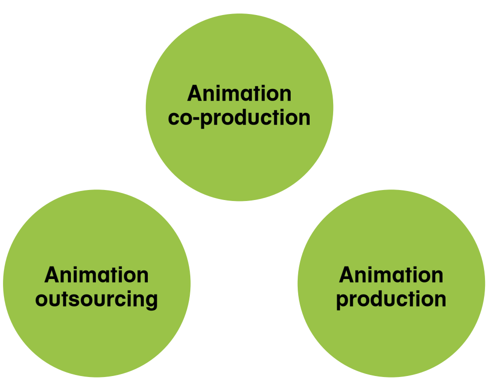
INR in Billions

Segments	2011	2012	2013	2014	2015	CAGR % 2011-2015	Growth in 2015
Animation services	7.1	7.6	8.0	8.1	8.3	4.0%	2.5%
Animation production	4.2	4.5	4.7	5.1	5.6	7.5	9.8
VFX	6.2	7.7	9.3	11.3	14.4	23.5	27.4
Post-production	13.5	15.5	17.7	20.4	22.8	14.0	11.8
Total	31.0	35.3	39.7	44.9	51.1	13.3	13.8

Source: FICCI-KPMG India Report 2016

Today, India has nearly 300 animation, 40 VFX and 85 game development studios with more than 15,000 professionals working for them. These studios have experienced a mix of content production, outsourced animation services and collaborative animation services. Over the last decade, the Indian animation industry has moved up the value chain from a traditional outsourcing model to creating its own intellectual property and co-productions. Also, 2015 saw a larger intake of local content by the kids' entertainment channels including the regional players. However, despite the push towards local content, Indian animation studios continue to be vital partners to animation studios across the globe for outsourcing and co-production work.

Animation Business Models in India



Source: FICCI-KPMG India Report 2016

With India bagging its first ever award at Annecy in 2015, the world' oldest, largest and most prestigious animation film festival, the animation industry is slowly recognising the potential that India has from a creative perspective. The animation industry faces a talent crunch, and trained and talented people are the need of the hour. With the changing mindset of the audience, animation has the potential to become one of the most sought-after mediums for entertainment and storytelling in India but this would need a strong push from the government in the form of incentives, and an evolved mindset and approach of the creators.

CONTENT PRODUCTION AND INTELLECTUAL PROPERTY CREATION

Evolution of content production and Intellectual Property (IP) creation as a segment of Indian animation industry over the past few years has passed by without much attention; however, government initiatives like 'Make in India' and 'Digital India' have provided a renewed focus to the industry and garnered interest of all industry professionals, from animation studios to broadcasters.

Animation studios now look to own and co-produce content, depicting a move from traditional outsourcing model. For long-term growth and sustainability, studios should create content and IPs, which can enable them to generate higher revenues and profitability. This can also help them create characters and themes that have a longer shelf life and can be monetised through various avenues, including merchandising. Over the last few years, one of the most noted shift among audiences too has been an increasing penchant towards local characters and stories, be it films, television or digital mediums such as YouTube. With the advent of smartphones and the impending thrust towards a digital ecosystem including broadband and 4G rollout, content will be a key resource.

Globally, more than seven of the top 100 grossing movies at the box office in 2015 were animated movies. Over the years, performance of animation movies like 'Kung Fu Panda', 'How to Train Your Dragon 2', 'Rio 2', 'Minions' etc. indicates that the potential market for animated films in India is yet to be fully realised.

Box office collection in India for international animation movies in 2015 and 2014

Movie	Year	Gross collections (in INR millions)	Movie	Year	Gross collections (in INR millions)
Minions	2015	173	How to Train Your Dragon 2	2014	169
Inside out	2015	94	Rio 2	2014	144
Hotel Transylvania 2	2015	44	Big Hero 6	2014	30
Home	2015	34	The LEGO Movie	2014	16
The Good Dinosaur	2015	30	Planes: Fire & Rescue	2014	9
The SpongeBob Movie: Sponge Out of Water	2015	12	Mr. Peabody & Sherman	2014	9
			Penguins of Madagascar	2014	97

Source: www.boxofficemojo.com, FICCI-KPMG India Report 2016

Television is probably one of the largest consumers of animation content created in India, though other mediums such as films and online broadcasting are also picking up. Kid's genre accounted for 5.6 per cent viewership over the period Week 41, 2015 to Week 7, 2016. As per the Broadcast Audience Research Council, India (BARC), most viewed top 10 shows – kids genre were mostly locally made shows with the exception of 'Doraemon'; 'Motu Patlu' was most viewed show during the period.

LICENSING AND MERCHANDISING ('L&M')

Licensing and Merchandising (L&M) is a sizeable business globally, the Walt Disney Company is probably the largest character licensor in the world. India's L&M industry is making its presence felt and is poised to grow significantly in the coming years. Industry experts estimate that the Indian L&M market is currently projected at approximately INR 30,000 to 35,000 million and is growing at more than 12 per cent year-on-year.

The L&M business has two models, one where IPs are not owned by the channel and they acquire rights for a particular tenure while paying royalty to the IP owner. Second, TV broadcasters create their own brands and hence own the IP rights enabling them to create consumer products and distribute it themselves. Animation characters with strong brand values can be used for successful partnership with other brands, products and movies. The trend of partnership and collaboration with other brands is on an upsurge. Many product brands from FMCG, auto, insurance and others are proactively using characters like 'Chhota Bheem', 'Motu Patlu', 'Kris', etc for marketing campaigns.

The popularity of certain characters extends beyond TV screens to products, such as back-to-school products, accessories, toys, collectibles, clothing, footwear, bags and much more. Currently, L&M contributes mere 10 to 15 percent of the overall business revenues; however, this segment is poised to grow further in the coming years.

Key Challenges under L&M segment
India's animation L&M business despite several positive factors faces key challenges that they need to overcome in order to realise their full potential.

1. India is a diverse country, having multiple choices and preferences which would differ in terms of characters, type and size of merchandise.

2. There is no special law in India to deal with any issues related to character licensing. Hence, any concern is dealt with by taking into consideration trademarks, copyrights and common law principles.

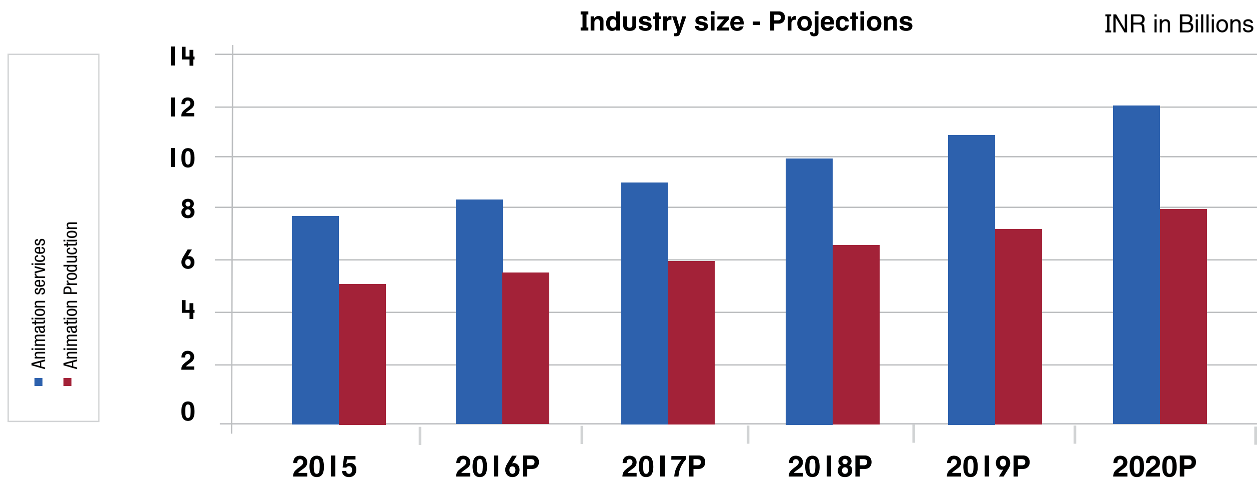
3. Piracy is a serious challenge that has crept into character licensing too.

Animation branding and L&M as a segment is currently under-exploited. This segment, if effectively and efficiently tapped, can become an important part of long-term growth strategy of broadcasters and studios.

OUTSOURCED ANIMATION SERVICES

According to a recent study, about 90 per cent of all American television animation is produced in Asia. The pre-production is done in the United States or other European countries, after which, the package is sent to Asia for production. The work is sent back to the U.S.A. or other headquarter countries for post-production. Typical for an Indian animation studio, outsourcing work from countries across the world is the first step as outsourcing animation has led to the creating and nurturing of a local industry; as the infrastructure is built up, equipment is put into place and skills are transferred. Also, the model is less risky compared to making its own content as the studios either gets paid based on efforts on a time and material basis or on a fixed fees basis for the project.

However, over the last few years, Indian studios are competing with other Asian and Far East countries like China, Malaysia, Philippines and Thailand for outsourcing work. Despite increased competition, Indian studios continue to be an important strategic partner for its global counterparts. A young Indian studio Assemblage, for example, worked on the films 'Norm of the North' and 'Blinky Bill-The Movie', production of which was entirely done in India. Also, few studios continued to deliver high-quality work for many Hollywood animation top grossers such as 'Shaun The Sheep'.



Source: FICCI-KPMG India Report 2016

CO-PRODUCTION ANIMATION SERVICES

Co-productions are collaborative efforts between studios in India and abroad with different core competencies that leverage on each other's expertise while sharing Intellectual Property Rights (IPRs) and revenues. The focus of Indian studios entering into such strategic alliances is to establish a presence in the global animation market. The key attraction of a treaty of co-production is that it qualifies as a national production in each of the partner nation and can access benefits that are available to the local film and television industry in each country. The co-production agreements seek to achieve economic, cultural and diplomatic goals and benefits accruing from such agreements include tax concessions, government financial assistance, and inclusion in domestic television broadcast quotas.

In 2015, India signed co-production treaties with South Korea. India already has similar agreements with China, Brazil, New Zealand, and in Europe with Italy, Poland, France, Germany, Spain and the U.K.

DQ Entertainment is already a veteran in co-production animation services. At present DQE and Method Animation, have entered into a co-production agreement for a TV series '5 & IT'. DQ Entertainment will also be co-producing the third season of 'The Jungle Book' along with France's Ellipsanime and will be supported and co-produced by ZDFE, Germany; ZDFTV, Germany and PIWI (Canal+), France.

Though there are few shows and movies which were co-produced in India, the overall potential of this segment remains untapped.

ANIMATION & DIGITAL PLATFORM

Today digital medium or the so called third medium or new media has earned good recognition to broadcast quality content. While the Indian government's thrust on digital medium through the initiative 'Digital India' has brought the medium to the center stage, many start-ups and entrepreneurs in the animation sector for the past few years were successfully using these platforms. Use of digital platforms has many advantages viz., they are less regulated in terms of censorship; a studio can explore various genres without any prejudice in terms of acceptability; there are no restrictions on amount of content or channels a studio can have; the content can be easily accessed on variety of mediums such as mobiles, tablets, etc. And finally, on these platforms large amount of content is being uploaded every second and content can gain popularity and go viral every minute.

Recent focus of the Indian government on digital technology can in future years increase the reach of internet and it's connectivity. Many animation studios have started monetising content on digital platforms mainly through revenue share with the platform (e.g. YouTube, Netflix) and through sponsorship.

On similar grounds DQE YouTube channels, Power Kids and Tiny Toonz, have been launched in association with Whacked Out Media (WOM). The channels have started to gain traction among our young digital audiences.

C. BUSINESS STRATEGY

DQE has established itself as a global premier animation studio by offering a full range of products and services in animation production, co-production, and intellectual property development. The Company designs and produces animation and visual effects for feature films, television, and video in 2D, 3D, and digital animation formats. In addition, the Company has expertise in creating in-game animation for next generation consoles, PC, mobile, and online games.

DQE's strategy is focused on becoming a global independent media company with a comprehensive portfolio of iconic brands and intellectual property supported by a technologically advanced and cost-effective production platform. DQE is developing content that is platform independent, has global appeal and that benefit from an expanding global licensing and distribution infrastructure. The overall strategy focuses on developing a 360-degree global monetization strategy across TV networks and online distribution, mobile applications, gaming, feature films, and merchandising.

DQE continues to benefit from its cross-border relationships with global television networks and production partners. DQE's global licensing and distribution efforts have become increasingly successful and are generating long-term value for DQE and its brand. The Company's sales team is focused on negotiating new deals across its IP and co-production portfolios. Going forward, DQE plans to increase its growth in global licensing and distribution through untapped geographies such as China, Latin America, North America and Eastern Europe.

D. OUR BUSINESS DIVISIONS

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

I. ANIMATION

DQE's animation division creates, designs, and produces animation and visual effects content for feature films, television, video (in 2D and 3D), and digital and online media. DQE is focused on providing higher-margin services by gradually shifting from production services towards content providing and intellectual property (IP) development.

DQE has co-produced with numerous major players in the media & entertainment (M&E) industry in Europe, US and Asia, some of which include: Walt Disney Group, Rai Commercial, ZeeQ Network India, Zag Toons, Method Animation, Saban Group, Wild Canary, France TV Group, ZDF (Zweites Deutsches Fernsehen) TV, JCC (Al Jazeera Children's Channel) TV, Telequebec, De Agostini, Cartoon Network group, and many others.

In the FY 2015-16 we concluded the production of several high quality shows and also commenced several new productions.

Production successfully completed and delivered

- **Popples** - TV series 52x12' with Saban Group, USA
- **Miles From Tomorrow Land** - Season I , TV series 30x22' with Wild Canary, USA
- **Sheriff Callie's Wild West** - Season I, TV series 30x22' with Wild Canary, USA
- **The New Adventures of Peter Pan** - Season II, TV series 26x22' with ZDF Germany, De Agostini Italy, Method Animation and France TV
- **Lady Bug** - Season I, TV series 52x11' with ZAGTOONS and Method Animation, France
- **Chimpoo & Shimpoo** - TV series 26x22' with ZeeQ Network India

Projects in production

- **Robin Hood** - Mischief in Sherwood - Season II, TV series 52x11' with Method Animation, France; De Agostini Italy
- **5 & IT** - TV Series 52x11' with Disney Germany and Method Animation, France
- **The Jungle Book** - Season III, TV series 52x11' with Elipsanime France and ZDF Germany
- **Sammy 2** - TV series 52x12' being produced by Zag Toons S.A.R.L, USA and Method Animation France
- **Mickey Mouse Roadster Racer** - TV series 26x22' with Disney Junior, USA
- **Zak Storm** - TV series 39x23' with Zag Toons S.A.R.L., USA and Method Animation, France
- **Seven Dwarfs & Me** - TV series 26x23' Hybrid Show, with Method Animation, France
- **Super 4** - TV series 52x12' with Method Animation, France

- **Miles From Tomorrow Land** – Season II & III, TV series 30x22’ with Wild Canary USA
- **Puppy Dog Tales** - TV series 9x23’ with Wild Canary USA
- **Peter Pan X Mas Special** 32’ Feature Film with Method Animation France
- **Pulcino Pio** - TV series 52x11’ with RAICOM Italy and Gruppo Alcuni
- **Peter Pan** - 90’ Digital Feature Film

In addition to the above projects we have more than 12 Projects in pipeline which are in the advances stage of negotiation and likely to commence production in the next 6 to 9 months.

Visual Effects (“VFX”):
In the past year, the Company’s VFX division has completed several exceptional VFX projects for the Indian feature film industry namely Bahubhali, Rudrama Devi, Akhil, Oopiri/Thozha. Complex sequences for Dil Raju’s Krishnastami and Sai Dharam Tej’s new movie Thikka are under production.

DQE’s feature film division:
DQE has entered into an executive producer agreement with Amasia Entertainment LLC, USA, an independent motion picture entertainment company owned by Michael Helfant and Bradley Gallo for the production of Mowgli’s Adventure as 3D Stereoscopic Feature Film. They will assist DQE with seeking to secure a prints and advertising credit facility, a distribution deal with a US Distributor, international distribution deals and arrange for the financing, as well as select and negotiate celebrity casts of the main characters of the feature. Amasia will also advise on marketing and promotion and support strategic production relationships of the film. Pre-sales discussions are on in various international territories which will contribute to the closure of the production budget.

A prints and advertising credit facility term sheet has been signed with Panda Media Fund and a domestic US distribution deal is close to being finalized with a leading US distributor. International distribution is being discussed with E-One, Rai cinema and others who have indicated an interest in distribution.

DQE is also producing 3D Digital Features for Limited release as a spin off of its own IP’s. The first in production is Peter Pan followed by others.

II. LICENSING AND DISTRIBUTION

Broadcasting/ Merchandising / Licensing:
DQE’s licensing and distribution efforts are proving increasingly successful on a global scale and have created long-term and sustained value for the Company by forging new partnerships across various markets, platforms and product categories. The team has concluded several global and regional deals for apparels, toys, games, books, home video, cutlery, stationery and many other products.

Our series ‘The Jungle Book’ and ‘The New adventures of Peter Pan’ continue to perform well across leading networks and are listed amongst the top rated shows on Euro Data TV and Ratings Watch in EU and Canada, on networks such as KIKA, TF1, Telequebec, Canal Plus, TV3 & TVE Spain, SIC Portugal, Televisa (VOD service in Latin America) Globosat Brazil etc. Several other agreements for The Jungle Book season 2 and re-license of season I in various territories were concluded.

Digital
YouTube channels, Power Kids and Tiny Toonz, launched in association with Whacked Out Media (WOM) has been performing well with steady revenues. Power Kids showcases animated content for children 5 years and above while Tiny Toonz TV is for kids less than 5 years of age. The channels have collectively received over 62 million views in the year with the combined total number of watch time in minutes on both these channels being well over 427 million.

DQE also plans to launch its content and games on other popular digital platforms such as the Google play store, Amazon, and iTunes. After the launch of The Jungle Book and Peter Pan games, Intel Inc. has shown interest in DQE's app portfolio and has offered to port DQE applications on to their platform. Intel has also given DQE access to their pre-launch platforms for this purpose. Opera, which now has over 60 million monthly visitors, has asked DQE to distribute their games through the Opera Mobile store.

E. RISKS AND MITIGATION MEASURES

Some of DQE's key risks and their corresponding mitigation strategy have been highlighted below.

Since, DQE more than 90% of the revenues are generated from global sales it is exposed to various risks and uncertainties and also has access to opportunities through its global presence. The Group's performance, future prospects and cash flow generation could be materially impacted by any of these risks or opportunities.

- Our revenues are cyclical while expenses mostly fixed hence there could be significant fluctuations in the profitability on a quarter on quarter basis.

- We may not be able to sustain our previous profit margins or levels of profitability.

- The economic environment, pricing pressures, and decreased employee utilization rates could negatively impact our revenues and operating results.

- Our revenues are highly dependent on clients primarily located in the North America and Europe an economic slowdown or other factors that affect the economic health these countries may affect our business.

- Foreign exchange rates fluctuations and variation in interest rates may affect the results of our operations.

  DQE has been operating in volatile business environment for more than a decade and its business model has evolved to deal with changes in the business outlook of its clients.

  Global clients prefer outsourcing and India is a preferred destination for outsourcing because of its compelling value proposition across people and technology.

  Animation companies including DQE have been operating under competitive environment for several years. The said risks has been largely mitigated on account of the business model adopted by DQE whereby the reliance on pure outsourcing work has considerably been reduced and the focus has been shifted to the development its own content and through co-production deals.

  DQE has a well-established hedging plan which has been followed consistently over the past years.

  Hedging is used to undertake and protect the company from unfavorable currency movements wherever its feels so necessary & the company does not undertake any speculative hedging. Majority of its revenue is contributed by its export activities & a substantial portion of overall cost is incurred abroad which provides as a natural hedge.

  The Company has a Treasury department which seeks advice from expert professionals and banks helping it in its hedging decisions.

- Our success depends largely upon our highly-skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.

- Wage pressures in India and the hiring of employees outside/outsourcing may prevent us from sustaining some of our competitive advantage and may reduce our profit margins.

  Strategic manpower planning secures access to people with the right expertise at the right time. Recruitment can take place both externally and internally, and internal recruitment and job rotation are facilitated by a job portal.

- A large part of our revenues is dependent on our top clients and the loss of any one of our major clients could significantly impact our business.

- Our failure to complete the deliveries of projects within budget and on time, may negatively affect our profitability.

  The Company has deep domain knowledge, skilled workforce, delivery capabilities and efficient sales force, and relationship managers to help retain its competitive positioning amongst peers. DQE's content creation is managed via a highly efficient and proprietary production and tracking system that significantly improves resource optimization. Against the backdrop of shrinking budgets and the recent global economic crisis, the Company has sustained qualitative growth in terms of content production and distribution, and has capitalized on opportunities in the global entertainment market place.

- The Global Animation industry is highly competitive with competition arising from both the domestic and the global players having sizable presence in low cost geographies, deep pockets, strong client relationships, In house and captive services companies etc.The stiff competition can lead to pressure on pricing, vendor consolidation and hence can impact company growth and Profitability.

  DQE has received production, pre-production, and distribution work for animation and other content by several major media conglomerates such as Disney and Viacom. DQE aims to encompass more functions in the animation industry value chain through backward and forward integration to include pre- and post-production services, in addition to its traditional production services business. By integrating vertically, DQE can leverage its talent and expertise more effectively, lowering overall production costs and increasing profit margins.

F. OPPORTUNITIES & THREATS

Future Potential
There is indeed scope for animation companies to grow in India. Animation is no longer a 'sunrise' industry; it has begun expansion in different directions primarily due to factors such as growth of the overall M&E industry, the potential newer consumption segments like education and gaming, and the recognition of India as an outsourcing destination. Business models too are changing, at present; many Indian companies are graduating from traditional outsourcing to a co-production model. Besides this, custom content development is expected to grow into a larger segment, going forward.

DQE expects interactive online games to become more popular as global bandwidth increases. This will further drive demand for DQE's production services, especially in the area of interactive 3D games.

Production Outsourcing Due to Cost Optimization:
The main reasons for overseas players outsourcing work to India are cost effectiveness, availability of a large pool of low-cost and high-quality artists and large English speaking workforce which effectively overcomes the language barrier.

Newer Animation technology trends to dominate the future market fueling growth:

- Colour 3D printing,
- Non-Photorealistic Rendering (NPR)
- Projection mapping
- Virtual Reality (VR) and Augmented Reality (AR)

These are emerging as important tools for technology companies, content providers and animation/VFX players. These tools will further fuel the demand for animated content in various other segments such as education, greeting cards, presentations etc.

Key challenges faced by Animation Industry

Lack of education and skilled workforce

As Local IP creation and high end outsourcing work for western studios are expected to be key drivers of growth for the Animation, Visual Effects, Gaming, and Comics (AVGC) sector, majority of the incremental employment is expected to be in pre-production and marketing with highly skilled job roles such as storyboarding, content creation, design, planning and promotion. In the absence of adequate supply of talent, finding highly skilled professionals is a major challenge to sustain growth.

Many companies in the sector hire regular graduate students at the entry level who are expected to learn on the job. Due to the lack of a formal and credible training ecosystem, an option available is that of unregulated training providers – who lack quality, teach an outdated curriculum and are mostly ill-equipped to handle demands of the industry.

Complicated and time-consuming process

Animation is not a quick and easy process. It involves a complete visualisation of the campaign and a process of storytelling that needs to be worked out before production can be commenced. The genre needs more time and labour.

Lack of funding and subsidies

Despite a vast talented and potential pool, India does not produce a high percentage of animation films globally as it lacks funding unlike western film makers which have huge subsidies available for production. The industry demands an initial high investment and this poses a major setback as most investors are taken aback by the numbers game.

Insufficient government support

The industry would benefit if measures such as reservation of a certain number of hours of domestically produced content on channels, 'must-carry' clause for kid's channels and tax benefits and treaties are provided by the government.

Intellectual Property protection

Outsourcers have always been concerned with the protection of their IP in India as we have failed to take stern action against IP infringement. The IP policy needs to be strengthened and companies operating in the outsourcing sphere need to take stringent steps to protect clients' IP rights.

G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The adequacy of the internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company is monitored by the Internal Audit team both internal and external. Based on the report, the Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Audit Committee also met the Company's Statutory Auditors to ascertain their views on financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls and systems followed by the Company. The Management acted upon the observations and suggestions of the Audit Committee.

DQE has policies, procedures, control frameworks and management systems in place that map into the definition of Internal Financial Controls as detailed in the Companies Act, 2013. These have been established at the entity and process levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording of financial and operational information.

Internal Financial Controls that encompass the policies, processes and monitoring systems for assessing and mitigating operational, financial and compliance risks and controls over related party transactions, substantially exist. The Board reviews and certifies the effectiveness of the internal control mechanism over financial reporting, adherence to the code of conduct and Company's policies for which they are responsible and also the compliance to established procedures relating to financial or commercial transactions.

The CEO & CFO certification provided in the CEO & CFO certification section of the Annual Report discusses the adequacy of internal control system and their adequacy.

H. HUMAN RESOURCES

Please refer to the HR Section of the Annual Report for a detailed discussion on human resources.

I. OUTLOOK FOR THE FUTURE

We have made a significant start to 2016 with several new shows being finalized and going into production. Our clear goal is of transforming our animation pipeline to achieve higher efficiencies in production. Several key initiatives have been successfully implemented to this end including completion of our new state-of-the-art studio and the strengthening of our production team. The production as well as distribution teams have been working hard together to build on each other's strengths in producing and distributing high quality content. Two new series are in development and expected to launch in Cannes in October'16. We look forward to communicating with shareholders on the future success of the organization.

CONSOLIDATED FINANCIALS - SEGMENTAL ANALYSIS

A. Equity and Liabilities

I. Shareholder funds

a. Share Capital: The authorized share capital is Rs.800.00 million divided into 80,000,000 equity shares of Rs.10/- each. The issued, subscribed and paid up equity share capital is Rs.792.83 million divided into 79,283,000 equity shares of face value Rs.10/- each as at March 31, 2016. During the year there is no movement in share capital.

b. Reserves and Surplus: The Reserves and Surplus has increased from Rs. 3,680.82 million to Rs. 4,302.29 million, an increase of Rs.621.47 million. The increase is on account of current year profit of Rs.299.40 million, and increase in foreign currency translation of Rs. 322.07 million.

II. Non-current Liabilities

a. Long term borrowings: The borrowings are classified based on its maturity period. Loans that are due for repayment within one year from 31 March 2016 are classified under current liabilities as 'current maturity of long term borrowings' and the balance are placed under 'long term borrowings'. The total amount of long term borrowings including current maturity value are Rs. 3,516.17 million as on 31st March 2016 as against Rs. 3,279.67 million for the corresponding period in previous year a net increase by Rs. 236.50 million. This increase is on account of new loans from banks obtained to the tune of Rs. 184.52 million and an issue of fresh bond in lieu of interest PIK of Rs. 211.46 million. These additional borrowings are offset by repayments made during current year to the extent of Rs.318.28 million, and the differential movement of Rs.158.80 million is due to the impact of foreign exchange difference on reinstatement of loans and translation adjustment.

b. Other Long term liabilities: The other long term liabilities include liabilities to the extent of Rs. 12.48 million in the nature of minimum guarantee & distribution payable for the distribution rights obtained.

c. Long term provisions: The long term provisions consist of the provisions for employee benefits viz., gratuity, leave encashment and sick leave which are valued as per Accounting Standard 15.

III. Current Liabilities

a. Short term borrowings: The short term borrowings are towards working capital needs as on 31st March 2016 and the outstanding amount stands at Rs. 1,034.61 million.

b. Trade Payable: It mainly includes the Sundry creditors for services and expenses

c. Other current liabilities: It consists of Current maturities of long term borrowings to the extent of Rs. 881.47 million, Unearned revenue of Rs. 306.10 million, Statutory dues payable of Rs. 272.17 million, Income received in Advance of Rs.188.40 million, Salary payable - Rs. 60.99 million, Other current liabilities for services - Rs.35.53 million, Advance from customers of Rs.20.34 million, Interest accrued of Rs. 8.45 million.

d. Short term provisions: It consists of current portion of employee benefits, provision for taxation (net) and provision for retakes.

B. ASSETS

I. Non-current Assets

a. Fixed Assets:

i. Tangible Assets: Tangible assets consist of Plant & Machinery, Office equipment's, Furniture, Fixtures & Interiors, Vehicles and Leasehold improvements. The Net block of tangible assets as on 31 March 2016 is Rs. 116.89 million as against Rs. 86.56 million in previous year. During the year the Company added assets worth of Rs. 65.31 million and sold/written off of assets worth Rs. 0.91 million.

ii. Intangible Assets: Intangible assets consist of distribution rights to the extent of Rs. 3,920.89 million and computer software to the extent of Rs.273.33 million. During the year the company capitalized intangible assets to the extent of Rs.918.06 million. The Net block of intangible assets is Rs.2,161.05 million as against Rs.1,589.55 million in previous year.

iii. The capital work in progress is towards land development and there is no movement in it during current year.

iv. Intangible asset under construction – It consists of intangible assets in development / production. These assets once fully developed / produced, they shall be capitalized and then amortized. As on 31 March 2016 Rs.4,783.94 millions are in Intangible assets under construction as against Rs. 3,654.30 million in the previous year.

b. Deferred Tax Asset: There is a deferred tax asset of Rs. 67.56 million as on 31 March 2016 as against Rs. 21.65 million for the corresponding period in previous year. The increase in the deferred tax asset of Rs. 96.50 million is mainly due to recognition of deferred tax asset on fixed assets as on 31st March 2015.

c. Long term loans and advances: It consists of capital advances to vendors, security deposits, long term prepaid expenses, claims receivable and MAT credit entitlement. Long term loans and advances as on 31 March 2016 is Rs. 202.83 million as against Rs. 219.49 million during the previous year.

II. Current Assets

a. Trade Receivable: All receivables are good and where ever required management has provided for provision for doubtful debts (trade receivables are net of provision for bad and doubtful debts). Total receivables as on 31 March 2016 is Rs. 3,169.18 million as against Rs. 3,419.68 million in the previous year. Receivables more than 180 days for the current year amounted to Rs. 2,857.75 million. Out of said receivables the Company has recovered an amount of Rs. 269.93 mn till 12th August 2016.

b. Cash and bank balances: Consists of balances with banks in current account & monies held in deposit against guarantees to customs authorities, Remittance in transit, Cash on hand. The balance as at 31 March 2016 is Rs. 204.33 million as against the balance of Rs. 747.40 million of previous year.

c. Short term loan and advances: It consists of interest accrued on deposits, advance tax paid other advances and current portion of prepaid expenses. The balance as at March 2016 is Rs. 273.30 million as against Rs. 56.54 million of previous year.

d. Other current assets: It consist of unbilled revenue of Rs.359.78 million which contains revenue pertaining to projects for which work is in progress, but invoice is not raised as the prescribed milestones as per the agreement are not achieved.

RESULT OF OPERATIONS

1. Segmental Analysis

Revenue and expenses directly attributable to segments are reported under each reportable primary segment. The following table presents each segment's revenue as a percentage of total revenue and each segments result i.e. operating profit (excluding unallocated expenses) as a percentage of total segment result.

	Segmental revenue				Segment results			
	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015
	₹ in millions		% of revenue		₹ in millions		% of segmental results	
Animation	1642.85	1423.41	78.08	73.07	729.38	702.70	122.86	83.72
Distribution	461.14	524.57	21.92	26.93	(135.71)	136.69	(22.86)	16.28
Total	2103.99	1947.98	100	100	593.67	839.39	100	100
Unallocated expenses	-	-	-	-	378.63	(543.21)	-	-
Interest and finance expense	-	-	-	-	(590.89)	(427.26)	-	-
Profit before tax	-	-	-	-	381.41	(131.08)	-	-

2. Revenue

In the year 2015-16, the revenues have increased by 8% to Rs. 2,103.99 million from Rs. 1,947.98 million in financial year 2014-15.

Animation revenue has increased by 15.42% from Rs. 1,423.41 million in 2014-15 to Rs.1,642.85 million in 2015-16 and distribution revenue has decreased by 12.09% from Rs. 524.57 million in 2014-15 to Rs. 461.14 million in 2015 -16.

3. Expenses:

Production expenses: Production expenses have decreased from Rs.216.29 million in financial years 2014-15 to Rs.110.55 million in the financial year 2015-16. The decrease is mainly due to the projects outsourced to third parties have decreased.

Personnel Costs: The breakup of personnel costs is as follows

₹ in millions

Personal Costs	31 March 2016	31 March 2015
Salaries and wages	478.60	550.08
Contribution to provident fund	29.44	35.82
Staff welfare expenses	5.46	5.59
Gratuity	22.86	37.84
Compensated absences	4.96	7.78
Total	**541.32**	**637.11**

The decrease in personal cost during the current year was due to reduction in the average manpower by 433 associates during the year. As on 31st March 2016 the average numbers of associates employed are 1068 as compared to 1501 associates in previous year.

Administrative and Other Expenses:
Primarily consist of Professional and consultancy charges, Repairs and Maintenance, Rates and taxes, Auditors remuneration, Selling and distribution expenses, Directors remuneration, Travelling and conveyance expenses etc. While there is a foreign exchange gain in the current year which is grouped in other income, there was a loss in previous year which is grouped in administrative expenses. The increase in administrative expenses is mainly due to bad debts and provision for bad and doubtful debts charged is Rs. 373.01 million as at 31 March 2016 as against Rs. 0.78 million as at 31 March 2015 and the professional and consultancy charges have gone up by Rs. 79.11 millions.

Interest and Financial Charges:
Consist of Interest on borrowings (both term loans and working capital loans), Bank charges etc. Interest and Financial Charges have increased from Rs. 427.26 million in 2014-15 to Rs.590.89 million in 2015-16. The increase is on account of, new loans and interest on bond issued.

Depreciation and Amortization:

₹ in millions

Depreciation and Amortization	31 March 2016	31 March 2015
Tangible Assets	34.89	41.92
Intangible Assets	417.45	390.32
Total	452.34	432.24

Increase in depreciation & amortization cost is mainly on account increase in impairment of intangible assets. During the year ended 31 March 2016 Rs. 130.90 million is the impairment charge in intangible assets as against Rs. 117.80 million in previous years. The remaining increase is mainly due to new addition of assets.

4. Profit before interest, depreciation and tax ("PBIDT")
The PBIDT for the year under review stands at Rs.1,424.64 million as compared to Rs.728.43 million in the previous year. PBIDT as a % of total revenue has increased from 37.15% in the previous year to 54.02% for the current year ended 31 March 2016. The increase in PBIDT is mainly due to increase in revenues by around 8% and decrease in production and man power cost over the previous year ended 31 March 2015.

5. Profit after tax:
During the year there is a profit after tax of Rs. 299.37 million, as against a loss of Rs. (197.13) million in 2014-15. The profit during the year is mainly due to increase in revenues and decrease in production and man power cost over the previous year 2014-15.

Disclosure of Accounting Treatment:

In the preparation of financial statements, no treatment different from that prescribed in the Accounting Standards has been followed.

NOTE: Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

HUMAN RESOURCES

HUMAN RESOURCES AT DQE

The Fast Phased World is ever Fascinated by Innovation's. Our Continuous Thrust for "The Best" made us implement Quarterly Performance Reviews much ahead than rest of the World…And now, comes the next Big Thing:

DQE PERFORMANCE INCENTIVE SCHEME

As we believe that Happy People Make Happy Organizations.

- Hatim Adenwala, Senior Vice President - HR

HR @ DQE

The HR Department at DQE has always been striving to maintain the right equilibrium among the desires of the workforce and the goals of business to lead and establish a disciplined and a sustained model. We just do not stop with the philosophy of "Seeing is Believing", we always have our ears open and we have faith in listening and valuing to the opinions of our internal customers.

Our motive is to keep Systems and Practices as transparent as possible so that the workforce is well informed and clear on what is expected from them and are confident on what they would gain for every minute of their extended effort and hard work.

OUR CURRENT CHALLENGES:

From the employee front, with the overall increased cost of living, the focus is inclined towards a better pay as they are not able to achieve the personal and financial goals.

On the other hand, with increased competitors and project execution costs, the pricing and budgets are being limited to safeguard the essential profitability and sustainability.

Obviously, the path leads to increased targets which normally lead to an imbalance in work & personal life followed by job dissatisfaction and finally results in high Employee turnover.

OUR CURRENT STRATEGY TO OVERCOME THE CHALLENGES

After a thorough research on the available best practices, we have designed and implemented the DQE Performance Incentive Scheme as a trail run and found it adequate in overcoming the challenges.

THE DQE INCENTIVE SCHEME:

BUDGET OPTIMIZATION:
Witnessing the influence of competitive pricing the focal point is the budget optimization where we cannot allow any budget deviations and every preventive measure is always better than a corrective one. Hence we started at the basic point on what can be the maximum operational budget that can be spent in executing a certain project leveraging all the overheads and the margins.
The final budget workings are converted into "Points". So, every project is associated with the total number of Points that are essential to complete the same without any further deviations. These points are distributed among all the tasks involved in that project based on the complexity and criticality of the task.

An exclusive technical panel appointed by the Senior Management will be working on allocation of Points for each task involved so as to have transparency in effort calculations.

WORK ALLOCATION & EXECUTION:
In spite of various robust systems that one might implement, as long as the effort estimate and assignment happens with more involvement of individuals rather than a third party, there is always room for biasedness' which no Organization can entertain.

In the Point System, as the estimate is being done by the exclusive panel, the value of every point is same. In terms of assignment of the tasks, every individual will have their target in terms of points per month and as value of every point is same, there is no chance of any disparity or personal interests in this method.

To ensure that every individual is allotted with sufficient work to exhibit their caliber, teams are downsized to give scope for every individual to work more and earn more.

WORK PROGRESS & REVIEW:
Every completed task by the individuals will be submitted for the review and approval of the internal Creative and Technical Team and further by the Client where the actual vis-à-vis the requirements are checked and approved.
On the other side, all the details pertaining to allocation to execution along with re-takes and approvals are handled, monitored and captured by the Production team with the aid of the internal ERP's and work tracking systems.

PERFORMANCE LINKED REWARDS:
Over a period of time, the bottom line of the performance rewards gets side tracked and losses the sanity if not handled in the right manner, it is very sensitive and crucial to ensure that the hard work is recognized and appreciated.

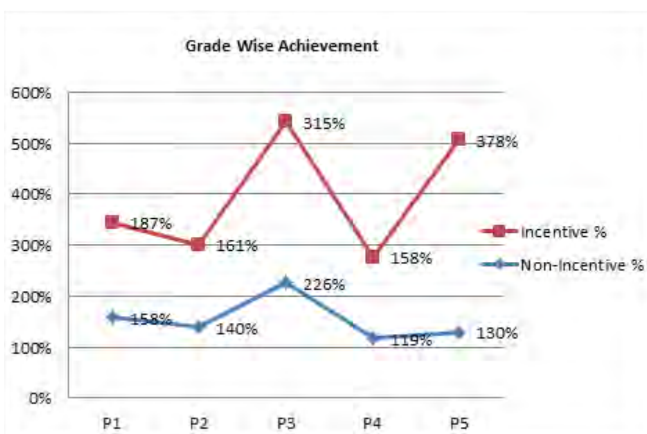
With DQE Performance Incentive Scheme in place, every Employee earning over and above their target per month will be paid extra money as per the extra points delivered along with their regular salary.

IMPACT OF "DQE PERFORMANCE INCENTIVE SCHEME" IN ADDRESSING THE CHALLENGES:

The Incentive Scheme was implemented from September 2015 starting with Animation process as a trial run and later all the other major departments were covered after witnessing certain positive signs which are given below:

- On an average, the overall per artist achievement in Animation Department for all grades has increased by 35%.
- Overall the per month average delivery of Animation team has increased by 120%.
- The exit analysis depicts a 10% dip in the number of exits due to Salary/Career Opportunities and the overall retention rate has gone up by 25% as compared to the data of last financial year.

It was evident that the number of Incentive Earners are increasing month on month from the date of implementation which speaks about the confidence the whole system has gained over the period.



DQE PERFORMANCE INCENTIVE SCHEME – IN A NUTSHELL

Challenge	Solution	Monitoring Authority
Budget Optimization	Based on the budget, every Project/ Task is converted into Points	An exclusive Technical Panel appointed by the Senior Management
Work Allocation & Execution	Targets are Cost Based and hence teams are downsized to give scope for every individual to work more and earn more	• Production Management • Human Resource & MIS
Work Progress & Review	Internal and External Approvals for the completed task against the actual requirements	• Creative Supervisors • Client • Production Management • Tracking System
Performance Linked Rewards	Every extra POINT achieved by the individual above their actual target per month is converted into value and is paid in the same month	• Human Resource • Finance & Accounts

HIGHLIGHTS OF ASSOCIATE WELFARE ACTIVITIES FY2015-16

- Mega Health Camp organized in tie up with ESI in April, 2015 where around 540 employees got benefited and several medical tests (BP, RBS, EYE, ECG, HIV,HBSAG,HCV, HB,WBC & TROP T) were done at free of cost.
- General Health Check-up Camp in association with Yashoda Hospitals in July, 2015 where 430 employees took medical examination free of cost.
- Free Eye Vision Check-up Cards were distributed to all the employees working in Hyderabad location in tie up with Dr. Agarwals Eye Hospital. This helped many Employees and their family members to avail free checkups.

HIGHLIGHTS OF TRAINING & DEVELOPMENT - I LEAD FY2015-16

- Training Sessions on 3D Maya were conducted for 2D associates who were later migrated to 3D division based on their upgraded skills, knowledge and performance.
- Two Workshops on “Acting Skills for Animators” were conducted in DLF and HOA business units where 60 Animators were imparted training.
- 19 Associates from Middle Management group attended a Workshop on “You Can Do More” conducted in ISB, Gachibowli.
- A Training Session on “Tell the Story through Camera and Lighting Language” was conducted for Associates from Artist group.
- A Training Session on “Lighting Skills” was conducted for all Lighting Artists where they were trained about the tips and different perspectives on Lighting.
- 3 Workshops on “Persona – First Step to Success” were conducted for Middle Management Group, covering 75 Associates.
- Associates from Middle Management group attended a Workshop on “Art of Selling” conducted in ISB, Gachibowli.
- A Workshop on “HR Interviewing Selection Skills and Appraisal Management” was conducted for HR Team.

CORPORATE SOCIAL RESPONSIBILITY

Set up in 2008, DQ Smile Foundation is a non-profit initiative of DQ Entertainment (International) Limited, Hyderabad. Driven by its philosophy, "The happiest people are not those getting more, but those giving more". We endeavor to make a positive contribution to the underprivileged and economically poor communities of the society, by supporting a wide range of socio-economic, educational and health benefits.

HIGHLIGHTS OF DQ SMILE FOUNDATION (DQSF) FY2015-16

DONATION AND ACTIVITIES AT SUKANYA

On 25th May 2015 at "SUKANYA", a home for underprivileged girls at Kolkata with a total number of 60 inmates, we have conducted competitions like drawing and dancing. The inmates were awarded for best performances in group dance and drawing competition. DQ Smile Foundation also donated essential commodities like Rice, Dal, Wheat flour, Sugar, Cooking Oil etc. and also a ceiling fan.

DONATION OF SCHOOL UNIFORMS

On 30th July 2015, the DQSF team distributed school uniforms to children of Alpha School at Jubilee Hills, Hyderabad. This school is unique in the sense that education is free and students are children of poor laborers, migrant workers and the like. This school is run by Ms. Shobha Rani, who is doing a great service along with a few young men and women who are volunteering as teachers. The school has about 100 students and all of them under the age of 10.

BLOOD DONATION CAMP IN DQE

DQSF and Lions Club of Hyderabad Cosmo together organized a Blood Donation Camp at DQ, DLF on 28th August 2015. More than 100 Associates donated blood on this occasion. All the Donors were felicitated with Certificates.

DONATION DRIVE IN SUPPORT OF CHENNAI FLOOD VICTIMS

The drive organized by DQSF in support of Chennai Flood victims in the first week of Dec 2015 was a huge success. Associates and their families contributed a lot of items like rice bags, dal, oil, wheat flour, biscuits for children, blankets and clothes for men and women, tea powder, sugar, salt and other essential commodities. All these items were sent via trucks to the flood affected areas in association with The Times of India and were distributed in Cuddalore district of Tamil Nadu.

MAKE A WISH PROGRAMME AT THE HOME FOR THE AGED

Every year during Christmas DQSF conducts “Make a Wish Programme” at the Home for the Aged. The Programme witnesses larger participation from DQSF and its Associates. The programme includes cultural events like carols, drama and dance for the inmates of the Home for the Aged. This is also the time when the caretakers and nuns of the Home are distributed gifts as a token of gratitude for their selfless service to all the inmates.

ORIENTATION SESSION FOR THE STUDENTS AND TEACHERS OF THE GOVT. PRIMARY SCHOOL, SHAIKPET, HYDERABAD

The school has around 510 students and 12 teachers. DQSF along with Ms. Manisha Dayanand and Ms. Spandana, addressed the children and teachers separately. The importance of being good, need for discipline in daily life and being regular to school were stressed upon while talking to the students. From the teachers, we were able to understand the problems faced by them in their day-to-day activities. An interactive session was conducted with 150 of the kids actively participating.

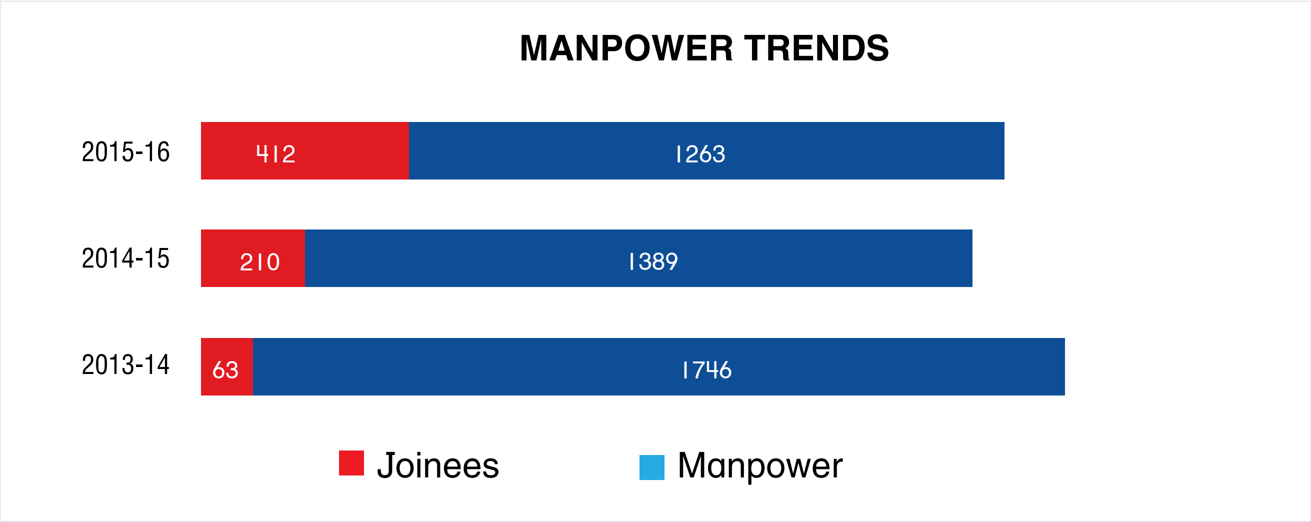
RIGHT PARENTING SKILLS AT VARIOUS GOVERNMENT SCHOOLS IN HYDERABAD

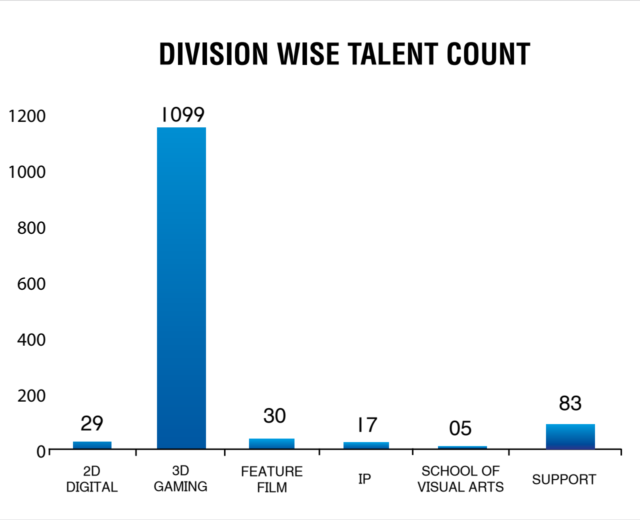
Since 2012, DQSF has been conducting many Workshops at various Government Schools on “Importance of Right Parenting Skills”. Till date more than 2000 parents have been benefited by these workshops.

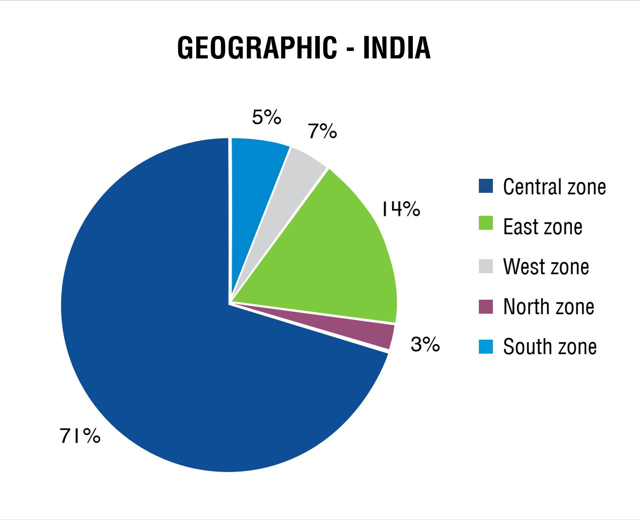
The motive behind these sessions is to train the parents of lower income group on all Life Skills for betterment in their living standards. The most common topics that are addressed are importance of educating girls, inculcating good habits in children, controlling anger, avoid smoking and drinking in front of the kids, creating a suitable atmosphere for kids to study and grow, sibling rivalry, maintaining good relations within the family and neighbors, spending quality time with children and telling them about the good things in life, to develop as role models and also necessary stress bursting exercises.

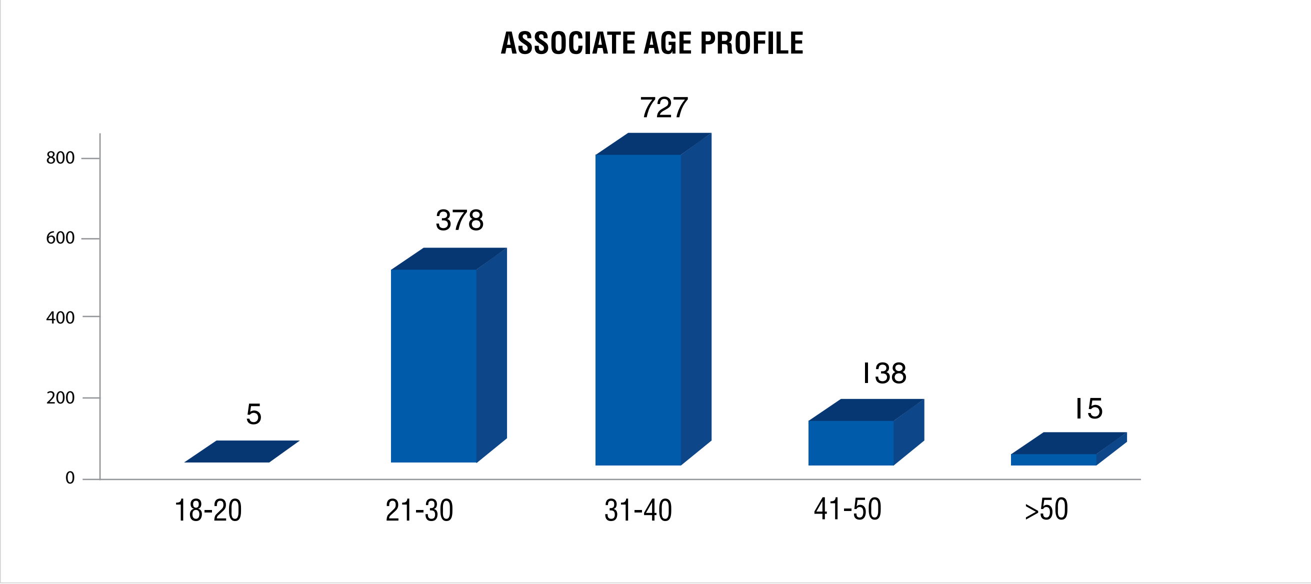
In the current financial year, these workshops were conducted in four different Government Schools at NBT Nagar – Banjara Hills, BJR Nagar – Film Nagar, Shaikpet and Ambedkar Nagar in Hyderabad where around 380 parents participated.

DEMOGRAPHICS (AS ON MARCH 31ST 2016):









ASSOCIATE ENGAGEMENT ACTIVITIES FY2015-16



International Animation Day Celebration @ DLF, LT & HOA

Fun Friday @ HOA

Fun Friday @ KOLKATA

Fun Friday @ DLF


Women's Day Celebrations @ DLF

Balloon Blasting @ DLF

Fun Friday @ KOLKATA

Fun Friday @ HOA

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate governance in the Company is a value-based framework to manage the Company affairs in a fair and transparent manner, without undue restraints, for efficient conduct of its business, so as to meet the aspirations of shareholders, employees and society at large.

These are articulated through Company's Code of Conduct, Corporate Governance Guidelines and charters of various sub-committees of the Board. The Company is in compliance with the requirements stipulated under SEBI (LODR) Regulations, 2015 with regard to corporate governance.

2. CODE OF CONDUCT:

In its pursuit for excellence, the Company has a code of conduct for Board Members and Senior Management team and a code of conduct for prevention of Insider Trading in Securities of the Company. The copies of both these codes are available on the Company's website. All the Board members and Senior Management personnel have affirmed compliance with the code for the financial year ending 31st March 2016.

3. BOARD OF DIRECTORS:

(i) As on March 31, 2016, the Company has 5 Directors. Of the 5 Directors, three (i.e. 60%) are Independent and Non-Executive Directors. The composition of the Board is in conformity with SEBI (LODR) Regulations, 2015.

(ii) None of the Directors on the Board hold Directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2016 have been made by the Directors.

(iii) Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under SEBI (LODR) Regulations, 2015 and Section 149 of the Act. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company. Details of familiarization programme of Independent Directors are available on the website of the Company at the link http:// www.dqentertainment.com/Investors.aspx

(iv) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company and there are no inter-se relationships between any of the Directors.

(v) Four (4) Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows: May 27, 2015; August 13, 2015; November 9, 2015 and February 12, 2016. The Board has periodically reviewed compliance reports of all laws applicable to the Company, prepared by the Company and appropriate steps taken by the Company, where applicable.

(vi) None of the independent Directors are serving as independent Directors in more than seven listed companies.

(vii) Except for Mr. Tapaas Chakravarti, who holds 41 shares as nominee of DQ Entertainment (Mauritius) Limited, none of the Directors hold any shares in the Company. The Company has not issued any shares or convertible debentures to Directors.

(viii) The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2016 are given herein below:

Name of Director	Category	Number of Board meetings during the year 2015-16		Whether attended last AGM held on September 30, 2015	Number of Directorships in other Public Companies ^	Number of Committee position held in other Public Companies #	
		Held	Attended			Chairman	Member
Mr. Tapaas Chakravarti DIN 00559533	Promoter, Executive	4	3$	No	Nil	Nil	Nil
Ms. Rashida Adenwala DIN 00008212	Non Independent, Professional	4	4	Yes	Nil	Nil	Nil
Mr. S. Sundar DIN 03170456	Independent, Non- Executive	4	4	Yes	Nil	Nil	Nil
Mr.V. Santhanaraman DIN 00212334 (Resigned w.e.f. August 5, 2015)	Independent, Non- Executive	4	1	-	-	-	-
Mr. K. Balasubramanian DIN 00009132 (Resigned w.e.f. May 27, 2015)	Independent, Non- Executive	4	0	-	-	-	-
Mr. Girish Kulkarni DIN 00062382 (Resigned w.e.f. May 27, 2015)	Independent, Non- Executive	4	0	-	-	-	-
Mr. Neelesh Wagle DIN 00062436 (Alternate Director to Mr. Girish) (Resigned w.e.f. May 27, 2015)	Independent, Non- Executive	4	0	-	-	-	-
Mr. B.N.Sirish DIN 02023568 (Appointed w.e.f. August 13, 2015)	Independent, Non- Executive	4	3	Yes	Nil	Nil	Nil
Mr. Auknoor Goutam DIN 02652304 (Appointed w.e.f. August 13, 2015)	Independent, Non- Executive	4	3	No	Nil	Nil	Nil

$ Meeting held on February 12, 2016 was attended by audio means, hence was not counted for quorum

^ Other Directorships do not include Directorships of private limited companies, Section 8 companies and of companies incorporated outside India.

Chairmanships / memberships of Board committees shall include only audit committee and stakeholders' relationship committee.

4. AUDIT COMMITTEE:

The composition of the Audit committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Mr. S. Sundar (Chairman)	Independent, Non-Executive	4	4
Mr. Santhanaraman (Resigned w.e.f. August 5, 2015)	Independent, Non-Executive	4	1
Mr. B.N.Sirish (Appointed w.e.f. August 13, 2015)	Independent, Non-Executive	4	2
Ms. Rashida Adenwala	Non - Independent, Professional	4	4

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management financial reporting process, to ensure accurate and timely disclosures with the highest level of transparency, integrity and quality.

All the Audit Committee members are financially literate and bring in expertise in the fields of finance, economics and management. Also, the Chief Financial Officer, the Statutory Auditors and Internal Auditors attend the Committee meetings as invitees.

The Audit Committee shall carry out role and review of information as stipulated in Part C of Schedule II of SEBI (LODR) Regulations, 2015. The scope of activity of the Committee is also in consonance with the provisions of Section 177 of the Companies Act, 2013. The role of the Audit Committee is broadly as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

    a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013

    b. Changes, if any, in accounting policies and practices and reasons for the same

    c. Major accounting entries involving estimates based on the exercise of judgment by management

    d. Significant adjustments made in the financial statements arising out of audit findings

    e. Compliance with listing and other legal requirements relating to financial statements

    f. Disclosure of any related party transactions

    g. Modified opinion(s) in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the Company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee met four times during the year May 27, 2015; August 13, 2015; November 9, 2015 and February 12, 2016. The gap between two meetings did not exceed 120 days and the necessary quorum was present for all the meetings.

5. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Mr. S. Sundar (Chairman)	Independent, Non-Executive	2	2
Mr. Santhanaraman (Resigned w.e.f. August 5, 2015)	Independent, Non-Executive	2	-
Mr. Goutam Auknoor (Appointed w.e.f. August 13, 2015)	Independent, Non-Executive	2	1
Ms. Rashida Adenwala	Non - Independent, Professional	2	2

The Nomination and Remuneration Committee has been empowered with the role and functions as per the provisions specified under sub-part A of Part D of Schedule II of SEBI (LODR) Regulations, 2015 including the appointment and finalizing the remuneration of senior level employees of our Company. The purpose of the Committee is to monitor the Company's nomination process of the senior level management and to identity and review the individuals capable of serving in the Board level or senior management team of the company.

The terms of reference of Nomination and Remuneration Committee include:

1. Formulation of the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;

2. Formulation of criteria for evaluation of Independent Directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Performance evaluation criteria for Independent Directors:

The Nomination & Remuneration Committee and the Board evaluated the performance of Independent Directors in terms of the provisions of the Act, the SEBI (LODR) Regulations, 2015 and the policy adopted by the Company for performance evaluation. The criteria for evaluation included attendance, level of participation, commitment, effective management of relationship with stakeholders, independence of judgement, integrity and maintenance of confidentiality by Independent Directors.

6. DETAILS OF REMUNERATION TO DIRECTORS:

(i) All the non-executive Directors of the Company are paid sitting fees @ Rs. 25,000/- (Rupees twenty five thousand) for attending every meeting of the Board of Directors and Rs. 15,000/- (Rupees fifteen thousand) for committee meeting.

(ii) The criteria for making payment to Non-executive Directors are contained in Nomination & Remuneration policy of the Company, which forms part of the Board's report as Annexure III.

(iii) The details of the salary paid to the executive/non-executive Directors of the Company are as follows:

(a) Remuneration to whole-time Director of the Company:

Name of the Director	Salary and allowances (Rs.)	Other perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Tapaas Chakravarti	4,032,000	1,008,000	7,791,165	12,831,165

(b) Remuneration paid to non-whole time Directors of the Company:

Name of the Director	Sitting fees (Rs.)	Professional fees (Rs.)	Total (Rs.)
Mr. S. Sundar	1,60,000	-	1,60,000
Mr. B.N.Sirish	1,05,000	-	1,05,000
Mr. Auknoor Goutam	75,000	-	75,000
Ms. Rashida Adenwala	-	120,000	120,000
Total	**340,000**	**120,000**	**4,60,000**

(iv) No stock options were granted to the Directors during the financial year 2015-16.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee of the Company comprises of the following members:

(i) Mr. S. Sundar - Chairman (Independent, Non-Executive)
(ii) Mr.Tapaas Chakravarti - Member (Promoter, Executive)
(iii) Ms.Rashida Adenwala - Member (Non - Independent, Professional)

One meeting of the Committee was held during the year on February 11, 2016 which was attended by all the committee members.

The terms of reference of Corporate Social Responsibility Committee include:

1. Demonstrate commitment to the common good through responsible business practices and good governance.

2. Set high standards of quality in the delivery of services in the social realm.

3. Engender a sense of empathy and equity among employees of DQE to motivate them to give back to the society

8. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Committee is entrusted with the responsibility to resolve the grievances of stakeholders and strengthening of Investor relations. The Committee comprises:

(i) Mr.S. Sundar -Chairman (Non-Executive Director)
(ii) Mr. Tapaas Chakravarti - Member
(iii) Ms. Rashida Adenwala - Member

The Committee performs inter alia the role/functions as set out in sub-part B of Part D of Schedule II of SEBI (LODR) Regulations, 2015 and includes:

(i) Investor relations and redressal of shareholders grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc.;

(ii) Oversee the performance of Registrar and Transfer Agents; and

(iii) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Details of investor complaints received and resolved from April, 2015 to March, 2016 are as follows

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	9	9	0

9. GENERAL BODY MEETINGS:

(i) Location and time where last three Annual General Meetings held:

Year	Date	Venue	Time	Special Resolution(s) passed
2014-15	30.09.2015	Hotel 'The Plaza', 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad – 500 016	2.30 p.m.	Alteration of Articles of Association
2013-14	30.09.2014	Hotel Haritha Plaza 6-3-870, Balayogi Paryatak Bhavan,Greenlands,Begumpet	2.30 p.m.	Nil
2012-13	27.09.2013	Hotel NKM's Grand 6-3- 563/31/1, Somajiguda, Erramanzil, Hyderabad.	2.30 p.m.	Nil

(ii) Postal Ballot: No resolution was passed through postal ballot during the year.

(iii) No resolution is proposed to be conducted through postal ballot at the ensuing AGM.

10. MEANS OF COMMUNICATION:

The quarterly, half-yearly and annual financial results are generally published in Financial Express/Business Standard (national dailies) and in Nava Telangana (vernacular (Telugu) daily).

The Annual Report and the financial results are also displayed on the Company's website www.dqentertainment.com.

The official press releases of the Company are sent to all the stock exchanges where the shares of the Company are listed through e-mail for information of the public at large and are also posted on the Company's website.

11. GENERAL SHAREHOLDER INFORMATION:

(i) Annual General Meeting
Date: Friday, September 30, 2016
Time: 2.30 p.m.
Venue: 'The Plaza', 6-3-870,
Balayogi Paryatak Bhavan, Begumpet,
Hyderabad - 500 016.

(ii) The financial year of the Company is from April 01 to March 31 of the following year.

(iii) Listed at:
BSE Limited, Floor 25, P. J. Towers, Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.

Listing fees for the financial year 2015-16 has been paid to all the Stock Exchanges, where the shares of the Company are listed.

(iv) Stock Codes/Symbol at BSE Limited: 533176 and National Stock Exchange of India Limited: DQE

(v) Date of Book Closure: 24th day of September 2016 to 30th day of September 2016.

(vi) Market Price Data & Performance in comparison to Broad based indices i.e., SENSEX, NIFTY

The equity shares of the Company were listed on the BSE Limited (BSE) on March 29, 2010.

The equity shares of the Company were listed on the National Stock Exchange of India (NSE) Limited on June 20, 2011.

The monthly high and low of the market price of the equity shares of the Company having a face value of Rs.10/- each on the BSE & NSE for the period from April 1, 2015 to March 31, 2016 and comparison of performance to broad based indices i.e., SENSEX, NIFTY are as follows:

	BSE SENSEX		DQ share price on BSE		No. of shares traded	Turnover (Rs. in lacs)
Month	High Price	Low Price	High Price	Low Price		
April 2015	29,094.61	26,897.54	27.50	21.75	4542	111.77
May 2015	28,071.16	26,423.99	26.30	18.50	3686	116.23
June 2015	27,968.75	26,307.07	22.75	18.25	1831	204.46
July 2015	28,578.33	27,416.39	23.00	19.60	2514	103.39
August 2015	28,417.59	25,298.42	23.15	16.65	5620	198.23
September 2015	26,471.82	24,833.54	19.85	15.50	1314	34.27
October 2015	27,618.14	26,168.71	25.45	17.50	4256	133.16
November 2015	26,824.30	25,451.42	24.80	20.75	1365	86.26
December 2015	26,256.42	24,867.73	38.00	23.45	17474	831.66
January 2016	26,197.27	23,839.76	47.55	26.90	25372	1665.40
February 2016	25,002.32	22,494.61	35.60	17.90	4128	164.52
March 2016	25,479.62	23,133.18	22.40	18.65	4363	161.48

	NSE NIFTY		DQ share price on NSE		No. of shares traded	Turnover (Rs. in lacs)
Month	High Price	Low Price	High Price	Low Price		
April 2015	8844.80	8144.75	27.50	21.25	781080	194.14
May 2015	8489.55	7997.15	26.45	18.65	832511	189.40
June 2015	8467.15	7940.30	22.75	18.25	825168	164.85
July 2015	8654.75	8315.40	23.55	19.45	927152	197.86
August 2015	8621.55	7667.25	23.30	16.10	1465871	303.58
September 2015	8055.00	7539.50	19.60	16.10	587374	102.77
October 2015	8336.30	7930.65	25.50	17.30	1164009	261.93
November 2015	8116.10	7714.15	24.80	20.00	507532	117.25
December 2015	7979.30	7551.05	37.95	23.25	5136083	1593.14
January 2016	7972.55	7241.50	47.60	26.75	8738282	3586.47
February 2016	7600.45	6825.80	35.75	17.95	1637507	401.10
March 2016	7777.60	7035.10	22.45	18.10	1446222	296.96

(vii) Registrar and Transfer Agents & Place for Acceptance of Documents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana
Tel No. +91-40-67161585 Facsimile: +91 40 2342 0814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

(viii) Share Transfer System

Transfer of demat shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Karvy at the above mentioned address.

Transfer of shares in physical form is normally processed within fifteen days from the date of receipt, if the documents are complete in all respects.

(ix) Shareholding Pattern of the Company & Distribution of shareholding as on March 31, 2016

Shareholding pattern as on March 31, 2016

Category code	Category of shareholder	No. of shareholders	Total No. of shares	As a percentage of (A+B+C)
(A)	Promoter And Promoter Group			
(1)	Indian	6	246	0.00
(2)	Foreign	1	59461972	75.00
	Total shareholding of promoter and promoter group	**7**	**59462218**	**75.00**
(B)	Public Shareholding			
(1)	Institutions	4	871410	1.10
(2)	Non-Institutions	14883	18949372	23.90
	Total public shareholding	**14887**	**19820782**	**25.00**
(C)	Shares held by custodians, against which Depository Receipts have been issued			
(1)	Promoter and Promoter Group	-	-	-
(2)	Public	-	-	-
	GRAND TOTAL (A+B+C) :	**14894**	**79283000**	**100.00**

Distribution of shareholding as on March 31, 2016

S. No.	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	12008	80.62	16605020.00	2.09
2	5001 - 10000	1263	8.48	10752700.00	1.36
3	10001 - 20000	700	4.70	11066430.00	1.40
4	20001 - 30000	231	1.55	6122980.00	0.77
5	30001 - 40000	140	0.94	5085940.00	0.64
6	40001 - 50000	139	0.93	6615980.00	0.83
7	50001 - 100000	214	1.44	16251170.00	2.05
8	100001 & ABOVE	199	1.34	720329780.00	90.86
	Total:	14894	100.00	792830000.00	100.00

(x) Dematerialisation of shares & liquidity

As on March 31, 2016, 79,154,373 equity shares amounting to 99.84% of the paid-up equity capital of the Company are held in dematerialized form. The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Company's equity shares are regularly traded on BSE & NSE, in dematerialised form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE656K01010.

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

As on March 31, 2016, the Company did not have any outstanding GDRs /ADRs /Warrants or any Convertible instruments.

(xii) Location of offices/production centers

Sr.No	Type of Property/Location	Primary Use
1.	Municipal Nos. 8-2-268/1/A and 8-2-268/1/A/2N, Plot no 644, Aurora Colony, Road No 3, Banjara Hills, Hyderabad 500034	Registered/ Corporate office
2.	Municipal No. 8-2-268/10/D/1, Plot No 554, Road No 3, Banjara Hills, Hyderabad 500034	Finance & Accounts
3.	Plot No. 5, Survey No. 403/151/2, Shaikpet Village, Women's Co-operative Housing, society, Road No. 2 Banjara Hills, Hyderabad -500039.	Production Centre
4.	DLF Cybercity, SEZ Zone, Block-3, Ground floor, APHB Colony, Gachibowli, Hyderabad – 500 019	Production Centre
5.	Module No 312-315, SDF Building, Salt Lake Electronics Complex, Software Technology Park Zone, Sector V, Bidhan Nagar, Kolkata 700091	Production Centre
6.	Plot No.5, Block-BP, Sector V, Salt Lake, Bidhannagar, Kolkata-7000 91.	DQ School of Visual Arts

(xiii) Name and designation of Compliance Officer:
Ms. Sindhu M.S., Company Secretary was the Compliance officer and she has resigned on 28.03.2016. The Company has now appointed Mr. Sachin Guha, Company Secretary at Board meeting held on 12.08.2016 with effect from 23.08.2016. He is now the compliance officer of the Company.

(xiv) Address for correspondence:
DQ Entertainment (International) Limited
644, Aurora Colony,
Road No.3, Banjara Hills,
Hyderabad - 500 034,
Telengana, India.
Ph. No: 0091-40-23553726 & 27,
Fax: 0091-40-23552594.
Email ID: investors@dqentertainment.com

12. OTHER DISCLOSURES:

(i) All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http:// www.dqentertainment.com/Investors.aspx

There were no materially significant related party transactions that may have potential conflict with the interests of the company at large.

(ii) There were no instances of non-compliance of any matter relating to the capital markets during the year under review. Hence, there have been no penalties, strictures imposed by SEBI / Stock Exchanges or any other statutory authorities on matters related to capital market during the last three years.

(iii) The Company has formulated a Whistle Blower Policy to provide Vigil Mechanism for employees including Directors of the Company to report genuine concerns. We affirm that no personnel have been denied access to the Audit Committee during the year under review.

(iv) We have complied with the mandatory requirements of the Corporate Governance as specified hereinabove. The following non-mandatory requirements were also complied with:

(a) The company is in the regime of financial statements with unmodified audit opinion.

(b) The Internal auditor of the company reports directly to the audit committee.

(v) Policy on material subsidiaries is available on the website of the Company at this link http:// www.dqentertainment.com/Investors.aspx.

NOTE: Disclosures with respect to Demat suspense account/unclaimed suspense account are not applicable as there are no shares in demat suspense account/unclaimed suspense account.

DECLARATION

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Tapaas Chakravarti, CMD & CEO of the Company hereby declare that all members of the Board of Directors and Senior Management Personnel have affirmed compliance with DQ Entertainment (International) Limited Code of Conduct for the year ended March 31, 2016.

Hyderabad
August 12, 2016

Tapaas Chakravarti
CMD & CEO

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members of
DQ Entertainment (International) Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by DQ Entertainment (International) Limited (“the Company”) for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement entered by the Company with the stock exchange(s) for the period from April 1st 2015 to 30th November, 2015 and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period from the period December 1st 2015 to March 31st 2016.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the said listing agreement/listing regulations.

We state that in respect of Investor grievances received during the year ended 31st March, 2016, no investor grievances are pending against the Company as per the records of the company. We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

(R.Ramkrishna Gupta)
FCS No : 5527
CP No : 6696

Company Secretary in Practice

Place : Hyderabad
Date : 12th August, 2016

CEO & CFO CERTIFICATION

To
The Board of Directors
DQ Entertainment (International) Limited
Hyderabad.

We, Tapaas Chakravarti, Chairman, Managing Director and Chief Executive Officer, and Sanjay Choudhary, Chief Financial Officer of DQ Entertainment (International) Limited, to the best of our knowledge and belief, certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

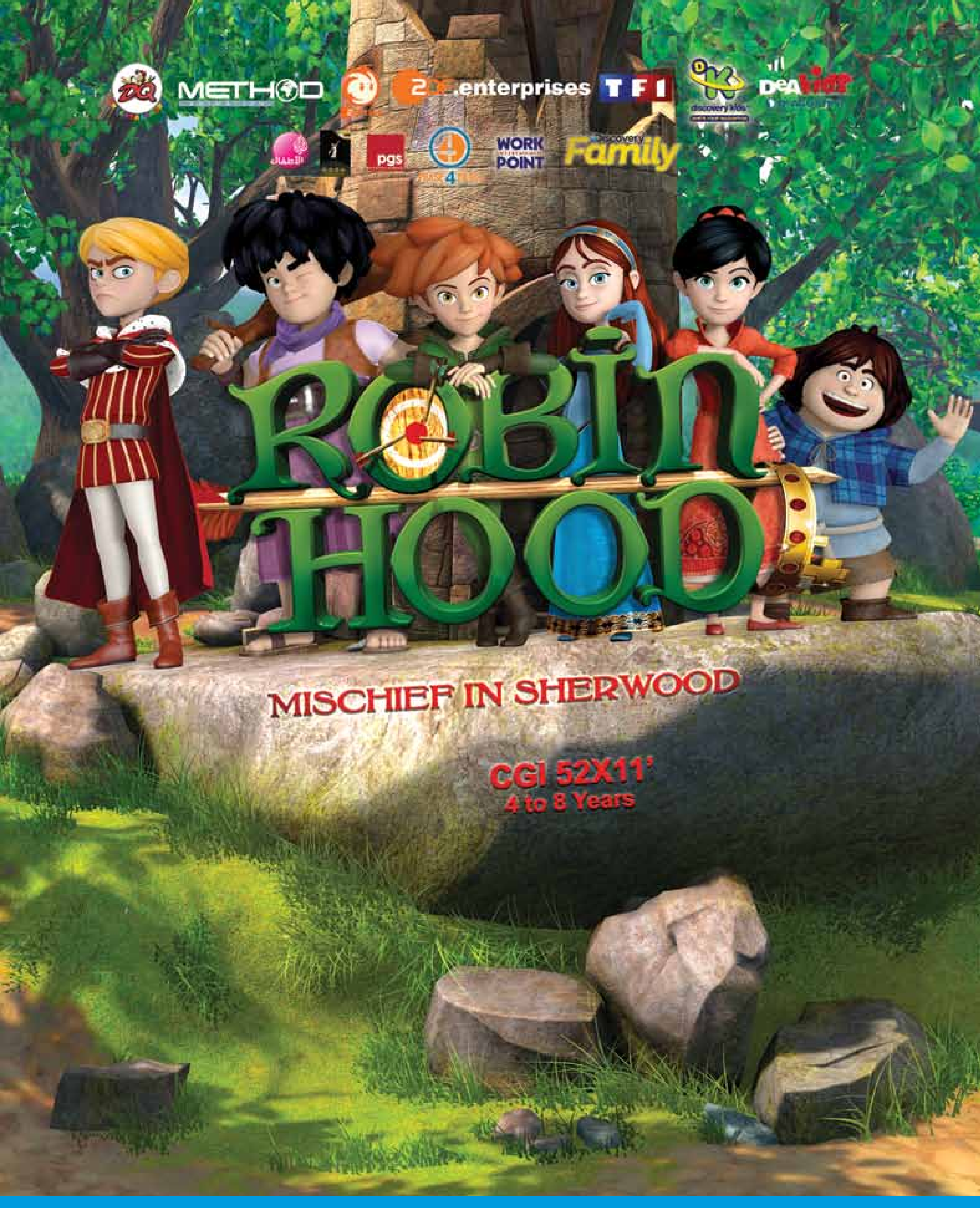
D. We have indicated to the auditors and the Audit committee

(1) significant changes, if any, in internal control over financial reporting during the year;

(2) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Hyderabad	**Tapaas Chakravarti**	**Sanjay Choudhary**
August 12, 2016	CMD & CEO	Chief Financial Officer



AUDITORS' REPORT

INDEPENDENT AUDITORS' 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, 2016, 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.

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. 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, 2016, and its profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTERS

We draw attention to the following matters in the Notes to the standalone financial statements:

a) We draw attention to Note 15 to the audited financial statements with regard to receivables which are due for more than 1 year. The balances have been confirmed by the parties and collections have also been made in many accounts. The management has also evaluated the dues and has made provision for debts considered doubtful. There is significant uncertainty and judgment involved in establishing both the timing and level of the future payment patterns of these trade receivables. In view of the significance of this uncertainty we consider that it should be drawn to your attention.

Our opinion is not modified in respect of this matter.

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) The matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) The emphasis of matter relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph above.

(h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

(i) 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 25(c) to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure B', 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 : 30th May 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF DQ ENTERTAINMENT (INTERNATIONAL) LIMITED ("the Company")

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

To the Members of DQ Entertainment (International) Limited ("the Company")

We have audited the internal financial controls over financial reporting of DQ Entertainment (International) Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

EXPLANATORY PARAGRAPH

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated 30th May 2016 expressed an unqualified opinion.

For MZSK & Associates
Chartered Accountants
Firm Registration No.105047W

Ananthakrishnan G
Partner
Membership No.205226

Place : Hyderabad
Date : 30th May 2016

ANNEXURE B 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 2016]

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

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, Limited Liability Partnerships (LLP) 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) to (c) of the order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

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, 2016 and the Company has not accepted any deposits during the year.

vi. The provisions of sub-section (1) of section 148 of the Act 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) Undisputed statutory dues including 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 have not been regularly deposited with the appropriate authorities and there has been a delay in few cases.

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, 2016 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act 1961	Income Tax	7,55,48,709	AY 2014-15	March 2014	Not yet paid
Income Tax Act 1961	Income Tax	10,47,91,373	AY 2015-16	March 2015	Not yet paid
Income Tax Act 1961	Income Tax	7,67,75,235	AY 2016-17	September 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 (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Transfer Pricing	83,95,971	AY 2010-11	ITAT
Income Tax	Transfer Pricing	2,09,32,264	AY 2011-12	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	**8,36,79,718**		

viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to the financial institution, bank or debenture holders. The details of such default are as follows:

Particulars	Amount of default as at 31st March, 2016	Period of default	Remarks, if any
i) Name of the lenders in case of:			
Bank:			
1. Andhra Bank FITL	18,13,333	Jan-2016	Default of Principal repayment
	7,10,701	Jan to Mar 2016	Default of Interest repayment
2. Andhra Bank TL	2,19,00,000	Mar-2016	Default of Principal repayment
	75,04,985	Jan to Mar 2016	Default of Interest repayment
TOTAL	**3,19,29,019**		

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x. 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 material fraud by the Company or on the Company by its officers or employees during the course of our audit.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For MZSK & Associates
Chartered Accountants
Firm Registration No.105047W

Ananthakrishnan G
Partner
Membership No.205226

Place : Hyderabad
Date : 30th May 2016

Balance Sheet as at 31 March 2016

Amount in ₹

		As at		As at	
	Notes	31 March 2016		31 March 2015	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	792,830,000		792,830,000	
(b) Reserves and Surplus	4	3,930,984,152		3,689,605,257	
			4,723,814,152		4,482,435,257
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	5	112,721,434		208,925,532	
(b) Long Term Provisions	7	127,901,484		114,335,529	
			240,622,918		323,261,061
(3) Current Liabilities					
(a) Short Term Borrowings	8	504,163,157		539,133,385	
(b) Trade Payables	9	146,883,709		149,568,696	
(c) Other Current Liabilities:					
(i) Current maturity of long term borrowings		119,817,431		117,017,279	
(ii) Others	10	853,948,367		502,649,993	
(d) Short Term Provisions	11	156,091,780		131,126,543	
			1,780,904,444		1,439,495,896
Total			**6,745,341,514**		**6,245,192,214**
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed assets	12				
(i) Tangible assets		116,850,378		86,558,416	
(ii) Intangible assets		836,820,240		898,069,639	
(iii) Capital work-in-progress		1,166,745		1,166,745	
(iv) Intangible asset under construction	12.1	100,744,301		339,152,239	
(b) Non-current investments	13	1,167,503,270		1,256,948,595	
(c) Deferred tax Assets (Net)	6	67,561,341		21,645,483	
(d) Long-term loans and advances	14	202,831,681		178,738,795	
			2,493,477,956		2,782,279,912

(2) Current Assets					
(a) Trade receivables	15	3,830,156,112		3,096,527,421	
(b) Cash and bank balances	16	89,502,526		69,860,076	
(c) Short-term loans and advances	17	8,489,717		8,900,255	
(d) Other Current Assets - Unbilled revenue		323,715,203		287,624,550	
			4,251,863,558		3,462,912,302
Total			**6,745,341,514**		**6,245,192,214**
Significant accounting policies	1				
Notes to accounts	2-37				

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

For MZSK & Associates
Chartered Accountants
FRN 105047 W

Tapaas Chakravarti
(CMD & CEO)

S.Sundar
(Director)

Ananthakrishnan G
Partner
(M.No 205226)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30.05.2016

Statement of Profit and Loss for the year ended 31 March 2016

Amount in ₹

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
Income:			
Revenue from operations	18	1,710,437,139	1,815,650,965
Other income	19	195,565,246	29,608,706
Total revenue		**1,906,002,385**	**1,845,259,671**
Expenses:			
Production expenses	20	90,672,638	116,844,565
Personnel cost	21	537,686,411	633,714,387
Administrative and other expenses	22	443,520,007	164,703,319
Finance cost	23	144,594,290	207,338,409
Depreciation and amortisation expenses	12	366,107,276	366,634,642
		1,582,580,622	**1,489,235,322**
Profit before tax		**323,421,763**	**356,024,349**
Tax expense:			
Current tax		(133,442,131)	(106,981,335)
Earlier year taxes		-	17,850,399
Less: MAT credit entitlement		5,483,406	17,025,482
Less: MAT credit entitlement earlier year		-	(90,447,315)
Deferred tax		45,915,857	96,497,931
Profit after Tax		**241,378,895**	**289,969,511**
Earnings Per Equity Share (Refer Note 33)			
Basic -		3.04	3.66
Diluted -		3.04	3.66
Significant accounting policies	1		
Notes to accounts	2 - 37		

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

For MZSK & Associates
Chartered Accountants
FRN 105047 W

Tapaas Chakravarti
(CMD & CEO)

S.Sundar
(Director)

Ananthakrishnan G
Partner
(M.No 205226)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30.05.2016

Cash Flow Statement for the year ended 31 March 2016

Amount in ₹

		31 March 2016		31 March 2015	
A	**Cash flow from Operating Activities**				
	Profit Before Tax		323,421,763		356,024,349
	Adjustments for				
	Depreciation and amortisation	366,107,276		366,634,642	
	Interest income	(6,227,566)		(17,963,517)	
	Liabilities no longer required written back	(1,402,596)		(3,247,404)	
	Provision for bad and doubtful debts and other non cash items	192,976,971		-	
	Loss on investment in subsidiary	199,980		-	
	Interest expenses	108,579,826		177,030,921	
	(Profit) / Loss on sale of fixed assets	(315,781)		(3,250,776)	
	Unrealised (gain)/loss due to exchange differences	(157,995,312)		39,779,858	
			501,922,798		558,983,724
	Operating profit before working capital changes		825,344,561		915,008,073
	Adjustments for changes in				
	Trade and other receivables	*(426,352,041)*		*(214,935,358)*	
	Trade payables, other liabilities and provisions	(3,787,443)		147,790,273	
		(430,139,484)		(67,145,085)	
	Income tax paid	(56,500,000)		(17,022,282)	
			(486,639,484)		(84,167,367)
	Net Cash from Operating activities		**338,705,077**		**830,840,706**
B	**Cash flow from Investing Activities**				
	Purchase of fixed assets - Tangibles	(65,264,287)		(8,077,551)	
	Purchase of fixed assets - Intangible	(31,561,844)		(180,428,095)	
	Proceeds from Sale of fixed assets	400,011		3,906,459	
	Proceeds/(Investments) in maturity of long term deposits	-		91,369,728	
	Interest received on deposits with banks and other deposits etc.,	6,079,327		17,908,343	
	Net Cash used in Investing activities		(90,346,793)		(75,321,116)

C	**Cash flow from Financing Activities**				
	Interest and financing charges paid	(100,341,659)		(176,384,806)	
	Repayment of term loans	(124,003,946)		(475,663,629)	
	Inflow/(outflow) on account of working capital Loans (Net)	(4,370,229)		(35,744,646)	
	Net Cash from Financing activities		**(228,715,834)**		**(687,793,081)**
	Net increase/(decrease) in cash and cash				
	equivalents (A+B+C)		**19,642,450**		**67,726,509**
	Cash and cash equivalents as at the beginning of the year		**69,860,076**		**2,133,567**
	Net foreign exchange difference		-		-
	Cash and cash equivalents as at the end of the year		**89,502,526**		**69,860,076**
	(refer note 16)				

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

For MZSK & Associates
Chartered Accountants
FRN 105047 W

Tapaas Chakravarti
(CMD & CEO)

S.Sundar
(Director)

Ananthakrishnan G
Partner
(M.No 205226)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30.05.2016

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Accounting Policies and Notes on Accounts

I. Significant Accounting Policies

a) Basis for Preparation of Financial Statements:
These financial statements are prepared under the historical cost convention on accrual basis in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as at the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets:
Fixed assets are stated at cost, less accumulated depreciation / amortization and impairment if any. Costs include all expenses incurred to bring the assets to its present location and condition.

Distribution rights represent the cost incurred on acquisition /development of animation contents for exploitation.

Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed asset (including expenditure during construction) that are not yet ready for their intended use before the balance sheet date.

Capital work-in-progress also includes Direct or indirect expenses incurred on the Development of Projects in order to create Intellectual Property or Content, which are exploited on any form of media, as an intangible asset under development in accordance with AS 26 (intangible assets). In the event, the project is not scheduled for production within three years, or project is abandoned, the carrying value of the Development Rights would be expensed in the year in which such project is discontinued or abandoned.

d) Depreciation and Amortization:
Depreciation on fixed assets other than leasehold improvements is provided on straight-line method based on useful life as per schedule II of the Companies Act 2013 are as follows:

Hardware & Software (CGI*)	3 years
Hardware & Software(Others)	3 years
Generators	10 years
Office Equipment	5 years
Furniture & Fixtures	10 years
Vehicles	8 years

*Computer Generated Imagery

Individual assets costing less than Rs.5,000 are fully depreciated in the period of purchase. Where the aggregate actual cost of individual items of Plant and Machinery costing Rs.5, 000 or less constitutes more than 10% of the total actual cost of Plant and Machinery, depreciation is provided at normal rates stated above.

Leasehold improvements are amortized over the primary period of lease.

Distribution Rights are amortized over the period of the rights or ten years whichever is lower.

e) Investment:
Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments are stated at the lower of cost and fair value.

f) Revenue Recognition:

(i) Production Revenue :
Revenue represents amounts receivable for production and is recognised in the profit and loss account in proportion to the stage of completion of the transaction at the date of the balance sheet. The stage of completion can be measured reliably and is assessed by reference to work completed as of the date of the balance sheet. The company uses the services performed to date as a percentage of total services to be performed as the method for determining the stage of completion. Where services are in progress and where the amounts invoiced exceed the revenue recognised, the excess is shown as advance from customers. Where the revenue recognized exceeds the invoiced amount, the amounts are classified as unbilled revenue.

The stage of completion for each episode is estimated by the management at the onset of the series by breaking each episode into specific activities and estimating the efforts required for the completion of each activity. Revenue is then allocated to each activity based on the proportion of efforts required to complete the activity in relation to the overall estimated efforts. Management's estimates of the efforts required in relation to the stage of completion, determined at the onset of the series, are revisited at the date of the balance sheet and any material deviations from the initial estimate are recognised in the profit and loss account. The company's services are performed by a determinable number of acts over the duration of the project and hence revenue is not recognised on a straight-line basis. Contract costs that are not probable of being recovered are recognised as an expense immediately.

(ii) Distribution Revenue:
Revenue from the licensing of distribution rights where there is an ongoing performance obligation is recognized on a straight line basis over the term of the licensing agreement and in the case of the license fee from co-production rights on the date declared by the licensee. Revenue from the licensing of distribution rights under a non-cancellable contract, which permits the licensee to freely exploit those rights and where the Company has no remaining obligations to perform, is recognised at the time of sale.

(iii) Training Revenue:
Training Revenue is recognized over the period of instruction.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iv) Dividends and Interest income:
Dividends are recorded when the right to receive payment is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Foreign Currency Transactions:

(i) Initial Recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined

(iii) Exchange Differences
Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(h) Employee benefits

i) Post-employment benefit plans

Post-employment benefits are recognized as an expense in the Profit and Loss Account for the year in which the employee has rendered services.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur.

ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave.

iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

(i) Public Issue related expenses

Public issue related expenses are recognised as an expense in the profit and loss account in the year in which the expenses are incurred.

(j) Taxation

i) Provision for Income Tax is made on the assessable income, at the applicable tax rates, in accordance with the provisions of the Income-tax Act, 1961. Income derived from the animation division and related services are exempt under section 10AA of the Income-tax Act, 1961 up to 31st March 2015. The Company has provided tax on its other taxable income earned during the year.

ii) Minimum Alternate Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

iii) Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

(k) Provision for retakes

Provisions for retakes are recognised wherever they are considered to be material. Retakes include creative changes to the final product delivered to the customer, performed on the specific request of the customer at the Company's own cost. Requests for retakes from customers are expected to be received by the Company within a period of three months from the final delivery.

(l) Leases

Lease payments for assets taken on Operating Lease are recognized in the Profit and Loss Account over the lease term in accordance with the Accounting Standard 19 – Leases.

(m) Earnings per Share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 – EPS.

- Basic Earnings per Equity Share has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the period.

- Diluted Earnings per Equity Share has been computed using the weighted average number of Equity Shares and dilutive potential Equity Shares outstanding during the period except where the results are anti dilutive.

(n) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is possible that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

(o) Impairment

The carrying amounts of the Company's assets, other than Unbilled Revenue and deferred tax assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes on accounts for the year ended 31 March 2016

2. Company overview:

The company is engaged in the business of providing services relating to animation production for television and film production companies and rendering training for acquiring skills for production services in relation to the production of animation television series and movies. The Company also does licensing of programmed distribution rights to broadcasters, television channels and home video distributors.

3. Share Capital:

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Authorised		
80,000,000 Equity shares of Rs.10/- each (31.03.2015: 80,000,000 shares of Rs.10/- each)	800,000,000	800,000,000
	800,000,000	800,000,000
Issued, Subscribed and Paid up		
79,283,000 Equity shares of Rs.10/- each fully paid up (31.03.2015: 79,283,000 Equity shares of Rs.10/- each fully paid up)	792,830,000	792,830,000
	792,830,000	**792,830,000**

3.1 Reconciliation of the number of shares

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Opening balance	79,283,000	79,283,000
Closing balance	**79,283,000**	**79,283,000**

3.2 Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each share holder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subjected to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Further, 75% of the shares of DQ Entertainment (Intl.) Ltd., have been pledged with the Bond Holders i.e. OL Masters at DQ Mauritius Limited.

3.3 During the year, there was change of control in DQ Entertainment Plc (DQE Plc or the Ultimate Holding Company) as well as at DQ Entertainment (Mauritius) Ltd (DQE Mauritius or the Holding Company), due to which a default event was triggered in the case of bond agreement between OL Masters (Bond holders) and DQE Mauritius. In consequence of this the bond holders have issued a notice to DQE Mauritius and reserved a right to take any remedial action as they may deem fit.

3.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the company.

75% of the shares i.e.59,462,218 Equity Shares of Rs.10/- each fully paid up are held by the holding company DQ Entertainment (Mauritius) Limited. The ultimate holding company is DQ Entertainment Plc.

3.5 Details of shares held by holding company and ultimate holding company.

75% of the shares i.e.59,462,218 Equity Shares of Rs.10/- each fully paid up are held by the holding company DQ Entertainment (Mauritius) Limited. The ultimate holding company is DQ Entertainment Plc.

3.6 Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2016):

Particulars	Year (Aggregate No. of Shares)				
	31 March 16	31 March 15	31 March 14	31 March 13	31 March 12
Bonus shares *	Nil	Nil	Nil	Nil	Nil

* These shares are fully paid up by capitalisation from Securities Premium Account.

4. Reserves and Surplus

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Capital redemption Reserve	1,763,860	1,763,860
Securities premium Account	1,946,676,687	1,946,676,687
General reserve	5,487,393	5,487,393
Profit and loss Account		
Balance brought forward	1,734,877,317	1,489,697,936
Less: Additional Depreciation adjusted As per new Companies Act 2013**	-	(44,790,130)
Add: Profit for the year	241,378,895	289,969,511
Closing balance	1,976,256,212	1,734,877,317
Other Reserves		
Capital subsidy *	800,000	800,000
	3,930,984,152	**3,689,605,257**

* Erstwhile DQ Entertainment Limited was sanctioned a Capital subsidy of Rs. 800,000 (31.03.2015: Rs.800,000) under clause 7(f) of ICT Incentive policy of the Government of Andhra Pradesh

** Refer note 12 for depreciation adjustment

5. Long Term Borrowings

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Term loans - Secured		
From banks	112,721,434	208,925,532
	112,721,434	**208,925,532**

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5.1 Nature of Security and terms of repayment for secured borrowings:

Nature of Security	Terms of Repayment
The term loans from bank for Rs.100,460,595 (31.03.2015: Rs. 188,160,590) are secured by First pari passu charge on fixed asstes of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	14 Qtrly Installments from Mar 2015. BR Plus 3.75%+.50% P.A payable monthly
The term loans from bank for Rs.10,879,997 (31.03.2015: Rs. 18,133,335) are secured by First pari passu charge on fixed asstes of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	15 Qtrly Installments from Jan 2015. BR Plus 3.75%+.50% P.A payable monthly
The term loans from bank for Rs. 1,380,842 (31.03.2015: Rs. 2,631,607) is secured by hypothecation of vehicles.	Repayable over a period of 3 years from the date of disbursements. Interest rate on these loan is 10.25% p.a. Effective

6. Deferred Tax

The major components of the Deferred Tax (net) are as under :

Amount in ₹

Timing Differences	(Liability) / Asset at 31 March 2015 (Rs.)	Current year (Charge) / Credit (Rs.)	(Liability) / Asset at 31 March 2016 (Rs.)
Depreciation	(49,135,835)	23,505,021	(25,630,814)
Gratuity	36,219,901	3,567,569	39,787,470
Leave encashment	12,205,262	(1,349,803)	10,855,459
Sick leaves	716,730	28,312	745,042
Provision for doubtful debts	21,639,425	20,164,759	41,804,184
Deferred Tax (Liability)/Assets - Net	**21,645,483**	**45,915,858**	**67,561,341**

Note: Deferred tax assets and deferred tax liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

7. Long Term Provisions

Amount in ₹

Particulars	As at	
	31 March 2016	**31 March 2015**
Provision for employee benefits (Refer Note 32)	127,901,484	114,335,529
	127,901,484	**114,335,529**

8. Short Term Borrowings

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Working capital loans repayable on demand from banks - Secured	481,159,321	485,529,549
Loans and advances from related parties - Un-secured	23,003,836	53,603,836
	504,163,157	**539,133,385**

8.1 Nature of Security and terms of payment for secured short term borrowings:

Nature of Security	Terms of Repayment
The working capital loans from bank for Rs. 13,430,431 (31.03.2015: Rs. 38,577,428) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with base rate plus 3.50% P.A. Payable monthly
The working capital loans from bank for Rs. 116,172,940 (31.03.2015: Rs. 98,809,131) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with base Rate plus 3.75% p.a. payable monthly
The working capital loans from bank for Rs. 351,555,380 (31.03.2015: Rs. 348,142,990) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with SBAR plus 4.00%

9. Trade Payables

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Sundry creditors		
for services	132,193,551	128,532,377
for others	14,690,158	21,036,319
	146,883,709	**149,568,696**

10. Other Current Liabilities - Others

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Others:		
Interest accrued but not due	22,478	-
Interest accrued and due to banks	8,215,689	-
Other Payables:		
Statutory dues payable	272,172,686	203,536,204
Income received in advance	188,399,180	214,718,595
Advance from customers	1,048,768	7,600,674
Unearned revenue	306,099,909	3,769,786
Employee benefits payable	60,991,513	59,477,357
Services	16,998,144	13,547,377
	853,948,367	**502,649,993**

11. Short Term Provisions

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Provision for employee benefits (Refer Note: 32)	20,584,330	30,241,974
Others:		
Taxation (Net of TDS receivables/with holding tax of Rs. 18,488,584 (31.03.2015: Rs. 17,022,282))	114,739,670	87,523,672
Retakes (Refer Note 1(k)		
Opening balance	13,360,897	13,026,379
Add: Additional provision for the year	7,406,883	13,865,159
Less: Utilised during the year (including reversals)	-	(13,530,641)
Closing balance	20,767,780	13,360,897
	156,091,780	**131,126,543**

12. Please refer page number 110 for schedule on Fixed Assets.

13. Non Current Investment

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Other Investments:		
Investment in Equity Instruments- at cost - Unquoted		
In 100% wholly owned subsidiary company -DQ Entertainment (Ireland) Limited	1,167,503,270	1,167,503,270
(17,266,315 (31.03.2015 : 17,266,315) ordinary shares of face value Euro 1, fully paid)		
In 100% wholly owned subsidiary company - DQ ITES Park Private Limited	-	99,990
(Nil (31.03.2015 : 9,999) ordinary shares of face value Rs. 10/- fully paid)		
In 100% wholly owned subsidiary company -DQ Powerkidz Private Ltd.	-	99,990
(Nil (31.03.2015 : 9,999) ordinary shares of face value Rs. 10/- fully paid)		
Investment in DQ Entertainment (International) Films Limited	89,245,345	89,245,345
(1,155,553 (31.03.2015:1,155,553) ordinary shares of face value Euro.1/- fully paid)		
Less: Provision for diminution in value of investment in DQE Films	**(89,245,345)**	
	1,167,503,270	1,256,948,595
Aggregate amount of quoted investments and Market Value thereof	-	-
Aggregate amount of unquoted investments	1,167,503,270	1,256,948,595
Aggregate provision for diminution in the value of investments	(89,245,345)	-

14. Long Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
(Unsecured, Considered Good)		
Security deposits	11,394,265	11,019,265
Other advances:		
Prepaid expenses	1,259	1,999
Claims receivable	39,781,014	21,545,794
MAT credit entitlement	151,655,143	146,171,737
	202,831,681	**178,738,795**

15. Trade Receivable

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
(Unsecured)		
A)Debts outstanding for a period exceeding six months		
Considered good	3,062,341,092	2,318,342,427
Considered doubtful	120,793,414	63,664,091
B)Other debts	-	-
Considered good	767,815,020	778,184,994
Considered doubtful	-	-
	3,950,949,526	3,160,191,512
Less: Provision for bad and doubtful debts	(120,793,414)	(63,664,091)
	3,830,156,112	3,096,527,421

Receivables include amounts which are due for more than a year of Rs. 2,566.17 Mn. The company is following up with the customers to make early collection. There are no disputes with the customers and the balances have been confirmed by them. The customers have also expressed their willingness to settle the balances. The management has also evaluated the dues and has made provision for debts considered doubtful. The payments are delayed in view of the prevailing market & industry conditions in Europe and other places where the customers are located. In the opinion of the management these balances are good and are fully recoverable.

16. Cash and Bank Balances

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
a) Cash and Cash Equivalents:		
Balances with Banks		
Current Accounts	925,268	1,146,352
Deposit Accounts	88,477,301	68,684,777
Cash on hand	99,957	28,947
	89,502,526	**69,860,076**
Balances with bank held as margin money deposits against guarantees and customs authorities	88,477,301	68,684,777

Cash and cash equivalants as of 31 March 2016 and 31 March 2015 includes restricted bank balances of Rs. 88,477,301 and Rs. 68,684,777, respectively. The restrictions are primarily on account bank balances held as margin money deposits against guarantees and customs authorities

17. Short Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
(Unsecured considered good)		
Interest accrued on deposits	148,239	97,697
Other advances	4,969,897	4,964,427
Prepaid expenses	3,371,581	3,838,131
	8,489,717	**8,900,255**

18. Revenue from Operations

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Production : Export	1,627,126,687	1,710,690,035
: Domestic	18,075,742	15,153,418
Distribution income	65,234,710	89,807,512
	1,710,437,139	**1,815,650,965**

19. Other Income

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Interest Income and others (including TDS of Rs. 619,629 (31.03.2015: Rs.624,102))	6,227,566	17,963,517
Profit on sale of fixed assets	315,781	3,250,776
Liabilities no longer required written back	14,928,691	3,247,404
Foreign exchange fluctuation gain (net)	168,863,717	-
Miscellaneous income	5,229,491	5,147,009
	195,565,246	**29,608,706**

20. Production Expenses

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Production expenses - Direct	64,159,391	89,198,653
Power and fuel	26,513,247	27,645,912
	90,672,638	**116,844,565**

21. Personnel Costs

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Salaries and wages	474,973,827	546,685,403
Contribution to provident fund	29,440,757	35,822,391
Staff welfare expenses	5,459,754	5,585,084
Gratuity*	22,855,600	37,840,474
Compensated absences*	4,956,473	7,781,035
	537,686,411	**633,714,387**

* Please refer note 32

22. Administrative and Other Expenses

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Communication expenses	4,526,856	4,945,997
Printing and stationery	2,483,559	3,054,095
Professional and consultancy charges	102,345,931	25,103,690
Repairs and Maintenance :		-
Building	7,240,082	7,157,668
Plant and Machinery	12,069,071	8,990,534
Others	8,870,413	3,857,756
Insurance	1,694,573	1,104,727
Business promotion	6,168,066	5,675,839
Rates and taxes	9,758,150	3,138,427
Rent	50,571,747	31,009,180
Auditors remuneration	2,450,000	2,450,000
Directors remuneration	13,331,165	13,291,165
Selling and distribution expenses	4,309,820	10,065,498
Travelling and conveyance expenses	17,388,735	10,843,706
Bad debts	28,772	776,668
Diminution in Value of Investment	89,245,345	-
Provision for bad and doubtful debts (net)	103,731,626	-
Foreign Exchange Fluctuation Loss (net)	-	23,992,824
Miscellaneous expenses	7,306,096	9,245,545
	443,520,007	**164,703,319**

23. Finance Costs

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Interest on borrowings		
Terms loans	41,704,461	83,479,889
Working capital loan	66,875,365	93,551,032
Loss on Forward Contract	998,234	-
Bank charges	1,998,460	4,878,685
Interest on Others	33,017,770	25,428,803
	144,594,290	207,338,409

24. The company's operations are conducted in units set up in Software Technology Parks (STPs) and Special Economic Zones (SEZs). Income from SEZs is fully exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions. Currently tax provision on book profit is provided as per the provisions of section 115JB (MAT) of the Income tax act, 1961.

25

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Contingent Liabilities (to the extent not provided for)		
a) Bonds executed in favour of customs and excise authorities	866,250	2,770,049
b) Letters of Credit (includes guarantee on behalf of DQ Entertainment Ireland Rs. 1,066,729,152 (31.03.2015: 1,038,704,364)	1,066,729,152	1,038,704,364
c) Demand Disputed on appeal		
1. Income Tax	38,970,382	33,549,372
2. Service Tax	44,709,336	44,709,336
The company has fair chances of succeding in the appeals and Therefore doesnot expect any liability to materialise		

26

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Earnings in Foreign Currency - Accrual basis		
Income from production (net of unbilled)	1,627,126,687	1,710,690,035
Other income	5,056,040	16,944,309
Distribution Income	62,271,448	87,500,989

27

Particulars	For the year ended	
	31 March 2016	31 March 2015
Expenditure in Foreign currency - Accrual basis		
(Subject to deduction of tax where applicable)		
Overseas business travel	3,240,388	7,163,715
Production Expenses	14,818,925	525,142
Consultancy, commission, storage systems and other expenses	21,293,228	2,003,344
Financial Charges	-	9,959,515
TOTAL	**39,352,541**	**19,651,716**

28

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Payment to auditors as:		
Audit fees	2,250,000	2,250,000
Tax audit	150,000	150,000
Others	50,000	50,000
	2,450,000	**2,450,000**

29

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Directors remuneration		
Salaries and allowances	4,032,000	4,032,000
Other perquisite	1,008,000	1,008,000
Commission	7,791,165	7,791,165
	12,831,165	12,831,165
Remuneration to Non - Whole-time Director		
Sitting fees	380,000	340,000
Professional fees	120,000	120,000
Total remuneration	**13,331,165**	**13,291,165**

The above figure does not include provision for gratuity and leave encashment liability actuarially valued as separate figure are not available

30. Related party disclosures

30.1 Related parties and their relationships

i) Holding and Subsidiary Companies

a. DQ Entertainment (Mauritius) Limited - Holding company
b. DQ Entertainment Plc - Parent of holding company
c. DQ Entertainment (Ireland) Limited - Subsidiary company
d. DQ Entertainment USA, LLC- Subsidiary of Subsidiary company
e. DQ Entertainment (International) Films Limited - Joint Venture company by DQE India and DQE Plc.

ii) Key Management Personnel

Mr. Tapaas Chakravarti - Managing Director & Chief Executive Officer
Mr. Sanjay Choudhary - Chief Financial Officer

iii) Relatives of Key Management Personnel with whom the Company had transactions during the year -

Mrs. Rashmi Chakravarti (wife of Mr. Tapaas Chakravarti)
Ms. Nivedita Chakravarti (Daughter of Mr. Tapaas Chakravarti)”

iv) Associate of the Ultimate Holding Company

Method Animation SAS

v) Firm in which a Director is a partner

R & A Associates

vi) Relative of a Director

Hatim Adenwala - Senior Vice president Human Resources

30.2 Transactions with above in the ordinary course of business

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
i) Subsidiary Company		
Production consultancy provided to DQ Entertainment (Ireland) Limited	507,383,699	406,586,015
Professional consultancy & Others to DQ Entertainment (Ireland) Limited	4,889,355	16,944,317
ii) Key Management Personnel		
Loan (re-paid)/ taken - Managing Director & Chief Executive Officer	(30,600,000)	36,103,836
Remuneration	12,831,165	12,831,165
iii) Relative of Key Management Personnel and Director		
Remuneration	8,592,000	8,442,000
iv) Associate of the Ultimate Holding Company		
Revenue from Animation	349,649,577	95,621,401
Revenue from Distribution	6,203,610	37,508,203
v) Professional fee to a Director	120,000	120,000
Professional fee to a Firm in which a Director is a partner	4,200,000	4,200,000

30.3 Balances outstanding

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
i) Ultimate Holding Company		
Amount receivable at year end - DQ Entertainment Plc	1,634,825	1,535,750
ii) Subsidiary Company		
Amount receivable at year end - DQ Entertainment (Ireland) Limited	1,217,131,042	690,639,130
iii) Key management personnel		
Amount payable to Managing Director & Chief Executive Officer	23,003,836	53,603,836
iv) Associate of the Ultimate Holding Company		
Amounts receivable	232,942,189	221,232,377

31. Leases

The Company's leasing arrangement is in respect of operating lease for premises. The Company has exclusive right to cancel the lease with prior notice. The aggregate lease rents payable are charged as rent in the Profit and Loss Account. The aggregate amount of Lease rentals charged to Profit and Loss account is Rs. 28,087,293 (31.03.2015: Rs. 26,743,544).

32. Employee benefits as required under Accounting Standard 15:

The following table lists out disclosure requirements laid down under the Accounting Standard 15:

Amount in ₹

Particulars	Year ending 31 March 2016		Year ending 31 March 2015	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Present Value of DBO at the beginning of the year	29,941,362	85,808,411	34,726,399	90,150,976
Current Service Cost	(1,988,351)	9,678,700	(4,785,037)	10,589,647
Interest Cost	2,335,427	6,693,060	3,160,102	8,203,740
Actuarial Losses /(Gains)	2,609,397	3,483,840	3,438,941	(1,704,958)
Benefits paid	(4,944,824)	(20,484,805)	(6,599,043)	(21,430,994)
Present Value of DBO at the end of the year	**27,953,011**	**85,179,206**	**29,941,362**	**85,808,411**
Expense Recognized in the statements of Profit & Loss account for the year ended				
Current Service Cost	(1,988,351)	9,678,700	(4,785,037)	10,589,647
Interest Cost	2,335,427	6,693,060	3,160,102	8,203,740
(Gain) / Actuarial Losses	2,609,397	3,483,840	3,438,941	(1,704,958)
Expense recognized in the Statement of Profit and loss account	**2,956,473**	**19,855,600**	**1,814,006**	**17,088,429**
Actual Contribution and Benefit Payments				
Actual Benefit Payments	4,944,824	20,484,805	6,599,043	21,430,994
Actual Contributions	-	-	-	-
Assumptions				
Discount Rate %	7.90%	7.90%	7.80%	7.80%
Salary Escalation %	4.00%	4.00%	4.00%	4.00%

33 Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Earnings Per Share (EPS)		
a) Net Profit available for Equity Shareholders	241,378,895	289,969,511
b) Nominal Value Per Share	10	10
c) Basic Earning Per Share	3.04	3.66
d) Diluted Earning Per Share	3.04	3.66
	No's	No's
e) Weighted Average number of Equity Shares for Basic EPS	79,283,000	79,283,000
f) Weighted Average number of Equity Shares for Diluted EPS	79,283,000	79,283,000

34. Segmental Reporting as per Accounting standard 17:

34.1 Business Segment

The Company comprises the following main business segments:

Animation:
The production services rendered to production houses and training rendered for acquiring skills for production services in relation to the production of animation television series and movies.

Distribution:
The revenue generated from the exploitation of the distribution rights of animated television series and movies acquired by the Company.

The segment information for the year ended 31 March 2016 is as follows: Amount in ₹

	Animation	Distribution	Total
Revenue from operation	1,645,202,429	65,234,710	1,710,437,139
	1,725,843,453	*89,807,512*	*1,815,650,965*
Total Revenue	**1,645,202,429**	**65,234,710**	**1,710,437,139**
	1,725,843,453	*89,807,512*	*1,815,650,965*
Depreciation and Amortisation	39,111,301	322,609,659	361,720,960
		316,975,689	*316,975,689*
Segment result	751,601,127	(260,773,836)	490,827,291
	1,104,584,745	*(232,466,417)*	*872,118,328*
Unallocated expenses			(22,811,238)
			(308,755,570)
Operating Profit			468,016,053
			563,362,758
Net financing costs			(144,594,290)
			(207,338,409)
Income Tax expense			(82,042,868)

			(66,054,838)
Profit after tax			**241,378,895**
			289,969,511
Segment assets	4,281,839,448	1,093,684,356	5,375,523,804
	4,348,418,822	*1,478,268,700*	*5,826,687,522*
Unallocated assets			1,369,817,710
			418,504,692
Total assets			**6,745,341,514**
			6,245,192,214
Segment liabilities	1,111,588,877	189,057,204	1,300,646,081
	962,838,556	*579,980,207*	*1,542,818,763*
Unallocated liabilities			720,881,281
			219,938,194
Total liabilities			**2,021,527,362**
			1,762,756,957
Capital expenditure			
Tangible Fixed Assets			65,264,287
			8,077,551
Intangible Assets			269,969,782
			261,470,050

Note: Figures in italics represent previous year

34.2 Geographical Segment

Revenue from geographic segments based on domicile of the customers is outlined below:

Amount in ₹

	America	Europe	Others	Total
Revenue from operation				
Animation	729,093,740	740,101,575	176,007,114	1,645,202,429
	735,530,373	*618,663,932*	*371,649,148*	*1,725,843,453*
Distribution	11,196,203	27,647,967	26,390,540	65,234,710
	9,601,689	*56,345,909*	*23,859,914*	*89,807,512*
Total Revenue	740,289,943	767,749,542	202,397,654	1,710,437,139
	745,132,062	*675,009,841*	*395,509,062*	*1,815,650,964*
Total Assets	1,189,620,305	1,670,984,721	3,884,736,488	6,745,341,514
	869,731,734	*3,683,580,674*	*1,691,879,805*	*6,245,192,214*
Capital expenditure				
Tangible Fixed Assets				65,264,287
				8,077,551
Intangible Assets				269,969,782
				261,470,050

Note: Figures in italics represent previous year

35. Commitments

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	349,488,527	243,194,412

36. Amount Spent on Corporate Social Responsibility

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
(a) Gross amount required to be spent by the company during financial year.	6,823,429	6,809,232
(b) Amount spent during the financial year.	-	-

The company has not spent 2% of the average net profit of the last three financial years towards its CSR expenditure for the year. The Company has formulated the CSR policy and constituted the CSR committee. The company has also identified the activities proposed to be undertaken. The company expects to spend the amount on its CSR activities during the FY 2016-17

37. Figures of previous year have been regrouped/rearranged/reclassified wherever necessary to conform to the current year presentation.

Vide our report of date attached

For and on behalf of the Board

For MZSK & Associates
Chartered Accountants
FRN 105047 W

Tapaas Chakravarti
(CMD & CEO)

S.Sundar
(Director)

Ananthakrishnan G
Partner
(M.No 205226)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30.05.2016

Schedules forming part of the Balance Sheet
12. Fixed Assets.

Amount in ₹

Particulars	Gross Block				Depreciation/Amortisation					Net Block	
	As at 1 April 2015	Additions	Deletions/ write off	As at 31 March 2016	As at 1 April 2015	For the year	Deletions/ write off	Adjusment*	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible Assets											
Leasehold land	14,350,000	-	-	14,350,000	2,819,681	414,196	-	-	3,233,877	11,116,123	11,530,319
Leasehold improvements	17,190,000	1,217,040	-	18,407,040	13,609,623	1,676,131	-		15,285,754	3,121,286	3,580,377
Plant & Machinery	721,497,469	60,320,224	-	781,817,693	670,544,119	27,997,965			698,542,084	83,275,609	50,953,350
Office equipments	12,025,529	75,600	-	12,101,129	7,613,158	1,603,302			9,216,460	2,884,669	4,412,371
Furniture, Fixtures & Interiors	28,407,751	3,651,423	-	32,059,174	19,880,794	2,171,416	130	-	22,052,080	10,007,094	8,526,957
Vehicles	14,849,833		910,810	13,939,023	7,294,791	1,025,009	826,374	-	7,493,426	6,445,597	7,555,042
Total	**808,320,582**	**65,264,287**	**910,810**	**872,674,059**	**721,762,166**	**34,888,019**	**826,504**	**-**	**755,823,681**	**116,850,378**	**86,558,416**
Intangible Assets											
Distribution rights**	1,998,870,772	269,855,672	-	2,268,726,444	1,124,339,741	322,472,587		-	1,446,812,328	821,914,116	874,531,031
Computer software	273,213,519	114,110	-	273,327,629	249,674,911	8,746,670	76		258,421,505	14,906,124	23,538,608
Total	**2,272,084,291**	**269,969,782**	**-**	**2,542,054,073**	**1,374,014,652**	**331,219,257**	**76**	**-**	**1,705,233,833**	**836,820,240**	**898,069,639**
Grand Total	**3,080,404,873**	**335,234,069**	**910,810**	**3,414,728,132**	**2,095,776,818**	**366,107,276**	**826,580**	**-**	**2,461,057,514**	**953,670,618**	**984,628,055**
Previous year figures	*3,066,333,591*	*269,547,601*	*255,476,319*	*3,080,404,873*	*1,939,172,676*	*366,634,642*	*254,820,636*	*44,790,136*	*2,095,776,818*	*984,628,055*	-

Adjustment*

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.

Distribution Rights**

Distribution rights represent the costs incurred in acquiring distribution rights. The Company started acquiring these rights from the year 2003-04 and till date 41 series (31.03.2015: 40) of Animation rights have been acquired for different territories across the globe. The Company has performed testing for impairment of distribution rights which resulted in an impairment loss of Rs. 130,902,337 (31.03.2015: Rs.117,797, 871) on account of recoverable amount of distribution rights being less than its carrying amount. The accumulated Impairment Loss as at 31.03.2016 on distribution rights amounted to Rs. 527,521,032 (31.03.2015: Rs.396,618,695).

Distribution Rights for Nil series (31.03.2015: 4) with gross block of Rs. Nil (31.03.2015: Rs. 76,093,389) and amortisation/ impairment of Rs. Nil (31.03.2015: Rs. 76,093,389) have been written off during the year. These are fully amortised/impaired and there will be no impact on P & L account.

12.1

(a) Intangible assets under construction are the projects under development to be exploited as Television Series/Films and others. Based on review of estimated future realizations the management is of the view that estimated future recoverable amount from these projects are more than its carrying unamortized cost and consequently no provision for impairment is considered necessary by the management at this stage.

(b) The company has borrowed specific borrowings (term loans) for development of distribution rights in respect of Nil project (2015: 1 project). The projects were considered to be qualifying assets, as these would take substantial period of time to get ready for their intended use. Interest cost on specific borrowings directly attributable to the those projects has been capitalised as mentioned below

Amount in ₹

Particulars	31.03.2016	31.03.2015
Total Interest cost incurred during the year	41,704,461	85,949,463
Less: Amount capitalized as borrowing cost as per AS 16	-	2,469,574
Net Interest cost transferred to Profit and Loss Account	41,704,461	83,479,889

(Refer note no.23)

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of 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 its associates and jointly controlled entities 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. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 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 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. 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 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 company as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

EMPHASIS OF MATTERS

We draw attention to the following matters in the Notes to the consolidated financial statements:

a) We draw attention to Note 15 to the audited financial statements with regard to receivables which are due for more than 1 year. The balances have been confirmed by the parties and collections have also been made in many accounts. The management has also evaluated the dues and has made provision for debts considered doubtful. There is significant uncertainty and judgment involved in establishing both the timing and level of the future payment patterns of these trade receivables. In view of the significance of this uncertainty we consider that it should be drawn to your attention.
Our opinion is not modified in respect of this matter.

OTHER MATTER

We did not audit the financial statements of DQ Entertainment (Ireland) Limited (subsidiary), whose financial statements reflect total assets of Rs.6,908,955,306 as at 31st March, 2016 and total revenues of Rs.530,114,247 and net cash flows amounting to Rs (562,720,629) for the year ended on that date and DQ Entertainment (International) Films Limited (Joint Venture), whose financial statements reflect total assets of Rs.563,443 as at 31st March, 2016 and total revenues of Nil and net cash flows amounting to Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled company, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities, is based solely on the report of 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. 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 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) The matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies disqualified as on 31st March, 2016 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.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

(h) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities– Refer Note 25(c) to the consolidated financial statements.

ii. The Group, its jointly controlled entities 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, associate companies and jointly controlled companies incorporated in India.

For MZSK & Associates
Chartered Accountants
Firm Registration No.105047W

Ananthakrishnan G
Partner
Membership No.205226

Place : Hyderabad
Date : 30th May 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DQ ENTERTAINMENT (INTERNATIONAL) LIMITED ("the Company")

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of DQ Entertainment (International) Limited ("the Company") (hereinafter referred to as "the Holding Company").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to only holding company and the company does not have any subsidiary companies and jointly controlled companies, which are incorporated in India.

For MZSK & Associates
Chartered Accountants
Firm Registration No.105047W

Ananthakrishnan G
Partner
Membership No.205226

Place : Hyderabad
Date : 30th May 2016

Consolidated Balance Sheet as at 31 March 2016

Amount in ₹

		As at		As at	
	Notes	31 March 2016		31 March 2015	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	792,830,000		792,830,000	
(b) Reserves and Surplus	4	4,302,286,695		3,680,823,666	
			5,095,116,695		4,473,653,666
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	5	2,634,696,541		2,784,173,107	
(b) Other Long Term Liabilities	7	12,480,020		290,109,753	
(c) Long Term Provisions	8	127,901,484		114,335,529	
			2,775,078,045		3,188,618,389
(3) Current Liabilities					
(a) Short Term Borrowings	9	1,034,607,902		1,064,035,519	
(b) Trade Payables	10	518,218,994		441,601,069	
(c) Other Current Liabilities:					
(i) Current Maturity of Long Term Borrowings		881,469,821		495,495,851	
(ii) Others	11	891,982,286		364,065,043	
(d) Short Term Provisions	12	155,538,435		256,104,880	
			3,481,817,438		2,621,302,362
Total			**11,352,012,178**		**10,283,574,417**
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets	13				
(i) Tangible Assets		116,893,317		86,558,416	
(ii) Intangible Assets		2,161,048,814		1,589,546,036	
(iii) Capital Work-in-Progress		1,166,745		1,166,745	
(iv) Intangible Asset under Construction	13.1	4,783,944,663		3,654,300,877	
(b) Deferred Tax Assets (Net)	6	67,561,341		21,645,483	
(c) Long Term Loans & Advances	14	202,831,681		219,488,081	
			7,333,446,561		5,572,705,638

(2) Current Assets					
(a) Trade receivables	15	3,169,182,292		3,419,683,195	
(b) Cash and bank balances	16	204,334,885		747,403,189	
(c) Short-term loans and advances	17	285,264,994		273,303,860	
(d) Other Current Assets - Unbilled revenue		359,783,446		270,478,535	
			4,018,565,617		4,710,868,779
Total			**11,352,012,178**		**10,283,574,417**
Significant accounting policies	1				
Notes to accounts	2-37				

The notes are an integral part of the financial statements

Vide our report of date attached

For MZSK & Associates
Chartered Accountants
FRN 105047 W

Ananthakrishnan G
Partner
(M.No 205226)

Place : Hyderabad
Date : 30th May 2016

For and on behalf of the Board

Tapaas Chakravarti
(CMD & CEO)

S. Sundar
(Director)

Sanjay Choudhary
(Chief Financial officer)

Consolidated Statement of Profit and Loss for the year ended 31 March 2016

Amount in ₹

		For the year ended	
	Notes	31 March 2016	31 March 2015
Income:			
Revenue From Operations	18	2,103,989,327	1,947,979,757
Other Income	19	533,287,036	12,694,191
Total Revenue		**2,637,276,363**	**1,960,673,948**
Expenses:			
Production Expenses	20	110,547,173	216,289,105
Personnel Cost	21	541,315,487	637,109,846
Administrative and Other Expenses	22	707,753,273	574,637,128
Finance Cost	23	590,890,177	427,262,388
Depreciation and Amortisation Expenses	13	452,339,540	432,243,283
Expenditure Transferred to Capital Account		(146,981,174)	(195,788,942)
		2,255,864,475	**2,091,752,807**
Profit Before Tax		**381,411,888**	**(131,078,859)**
Tax Expense:			
Current Tax		(133,442,131)	(104,783,841)
Earlier Year Taxes		-	15,652,905
Less: MAT Credit Entitlement		5,483,406	17,025,482
Less: MAT Credit Entitlement Earlier Year		-	(90,447,315)
Deferred tax		45,915,857	96,497,931
Profit After Tax		**299,369,020**	**(197,133,697)**

Earnings Per Equity Share (Refer Note 33)			
Basic -		3.78	(2.49)
Diluted -		3.78	(2.49)
Significant accounting policies	I		
Notes to accounts	2 - 37		

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

For MZSK & Associates
Chartered Accountants
FRN 105047 W

Tapaas Chakravarti
(CMD & CEO)

S. Sundar
(Director)

Ananthakrishnan G
Partner
(M.No 205226)

Sanjay Choudhary
(Chief Financial officer)

Place : Hyderabad
Date : 30th May 2016

Consolidated Cash Flow Statement for the year ended 31 March 2016

Amount in ₹

		31 March 2016		31 March 2015	
A	**Cash flow from Operating Activities**				
	Profit Before Tax		381,411,888		(131,078,859)
	Adjustments for				
	Depreciation and amortisation	452,339,540		432,243,283	
	Interest income	(6,309,053)		(6,162,716)	
	Liabilities no longer required written back	(214,543,525)		(3,247,404)	
	Provision for bad and doubtful debts and other non cash items	373,013,014		-	
	Interest expenses	513,241,038		409,169,468	
	(Profit) / Loss on sale of fixed assets	(315,781)		(3,250,776)	
	Unrealised (gain)/loss due to exchange differences	(304,373,239)		327,293,124	
			813,051,994		1,156,044,979
	Operating profit before working capital changes		1,194,463,882		1,024,966,120
	Adjustments for changes in				
	Trade and other receivables	(438,492,822)		(897,215,471)	
	Trade payables, other liabilities and provisions	314,934,656		262,169,135	
		(123,558,166)		(635,046,335)	
	Income tax paid	56,500,000		(17,022,282)	
			(67,058,166)		(652,068,617)
	Net Cash from Operating activities		**1,127,405,716**		**372,897,503**
B	**Cash flow from Investing Activities**				
	Purchase of fixed assets - Tangibles	(65,312,550)		(8,077,551)	
	Purchase of fixed assets - Intangible	(1,136,959,513)		(1,293,851,935)	
	Proceeds from Sale of fixed assets	400,011		3,906,459	
	Proceeds/(Investments) in maturity of long term deposits	-		91,369,728	
	Interest received on deposits with banks and other deposits etc.,	6,160,814		6,107,542	
	Net Cash used in Investing activities		**(1,195,711,238)**		**(1,200,545,758)**

C	**Cash flow from Financing Activities**				
	Interest and financing charges paid	(301,776,071)		(232,443,629)	
	Proceeds from borrowings from Banks / Bonds	184,516,055		2,295,568,481	
	Repayment of term loans	(318,280,536)		(508,162,030)	
	Proceeds on account of working capital Loans (Net)	(29,427,617)		(35,744,646)	
	Net Cash from Financing activities		(464,968,169)		1,519,218,176
	equivalents (A+B+C)		(533,273,691)		691,569,921
	Cash and cash equivalents as at the beginning of the year		747,403,189		10,901,077
	Net foreign exchange difference		(9,794,613)		44,932,192
	Cash and cash equivalents as at the end of the year		204,334,885		747,403,189
	(refer note 16)				

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

For MZSK & Associates
Chartered Accountants
FRN 105047 W

Tapaas Chakravarti
(CMD & CEO)

S. Sundar
(Director)

Ananthakrishnan G
Partner
(M.No 205226)

Sanjay Choudhary
(Chief Financial officer)

Place : Hyderabad
Date : 30th May 2016

Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

a) Basis for Preparation of Financial Statements:
These financial statements are prepared under the historical cost convention on accrual basis in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as at the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets:
Fixed assets are stated at cost, less accumulated depreciation / amortization and impairment if any. Costs include all expenses incurred to bring the assets to its present location and condition.

Distribution rights represent the cost incurred on acquisition /development of animation contents for exploitation.

Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed asset (including expenditure during construction) that are not yet ready for their intended use before the balance sheet date.

Capital work-in-progress also includes Direct or indirect expenses incurred on the Development of Projects in order to create Intellectual Property or Content, which are exploited on any form of media, as an intangible asset under development in accordance with AS 26 (intangible assets). In the event, the project is not scheduled for production within three years, or project is abandoned, the carrying value of the Development Rights would be expensed in the year in which such project is discontinued or abandoned.

d) Depreciation and Amortization:
Depreciation on fixed assets other than leasehold improvements is provided on straight-line method based on useful life as per schedule II of the Companies Act 2013 are as follows:

Hardware & Software (CGI*)	3 years
Hardware & Software (Others)	3 years
Generators	10 years
Office Equipment	5 years
Furniture & Fixtures	10 years
Vehicles	8 years

*Computer Generated Imagery

Individual assets costing less than Rs.5,000 are fully depreciated in the period of purchase. Where the aggregate actual cost of individual items of Plant and Machinery costing Rs.5,000 or less constitutes more than 10% of the total actual cost of Plant and Machinery, depreciation is provided at normal rates stated above.

Leasehold improvements are amortized over the primary period of lease.

Distribution Rights are amortized over the period of the rights or ten years whichever is lower.

Under certain distribution contracts, the company is required to make advance payments in order to acquire distribution rights. These payments have been capitalized as intangible assets on the basis that (i) they will be realized through future sales to be made by the company; (ii) they are separately identifiable and (iii) they are controlled through their legal rights.

The expectation is that these advance payments will be fully recouped by the company, however, the extent to which full value will be obtained is dependent on the ability of the company to generate sufficient sales on a go-forward basis under the various distribution contracts. On this basis, no systematic amortization is charged. However, at each reporting date the asset is assessed for impairment, based on the project sales.

e) Investment:
Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments are stated at the lower of cost and fair value.

(f) Revenue Recognition:

(i) Production Revenue :
Revenue represents amounts receivable for production and is recognised in the profit and loss account in proportion to the stage of completion of the transaction at the date of the balance sheet. The stage of completion can be measured reliably and is assessed by reference to work completed as of the date of the balance sheet. The company uses the services performed to date as a percentage of total services to be performed as the method for determining the stage of completion. Where services are in progress and where the amounts invoiced exceed the revenue recognised, the excess is shown as advance from customers. Where the revenue recognized exceeds the invoiced amount, the amounts are classified as unbilled revenue.

The stage of completion for each episode is estimated by the management at the onset of the series by breaking each episode into specific activities and estimating the efforts required for the completion of each activity. Revenue is then allocated to each activity based on the proportion of efforts required to complete the activity in relation to the overall estimated efforts. Management's estimates of the efforts required in relation to the stage of completion, determined at the onset of the series, are revisited at the date of the balance sheet and any material deviations from the initial estimate are recognised in the profit and loss account. The company's services are performed by a determinable number of acts over the duration of the project and hence revenue is not recognised on a straight-line basis. Contract costs that are not probable of being recovered are recognised as an expense immediately.

(ii) Distribution Revenue:
Revenue from the licensing of distribution rights where there is an ongoing performance obligation is recognized on a straight line basis over the term of the licensing agreement and in the case of the license fee from co-production rights on the date declared by the licensee. Revenue from the licensing of distribution rights under a non-cancellable contract, which permits the licensee to freely exploit those rights and where the Company has no remaining obligations to perform, is recognised at the time of sale.

Royalties
Fees and royalties paid for the use of the company's assets (such as trademarks, patents, software, music copyright, record masters and motion picture films) are recognised in accordance with the substance of the agreement. This may be on a straight line basis over the life of the agreement, for example, when a licensee has the right to use certain technology for a specified period of time. An assignment of rights for a fixed fee or non-refundable guarantee under a non-cancellable contract which permits the licensee to exploit those rights freely and the licensor has no remaining obligations to perform is, in substance, a sale.

(iii) Training Revenue:
Training Revenue is recognized over the period of instruction.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iv) Dividends and Interest income:
Dividends are recorded when the right to receive payment is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Foreign Currency Transactions:

(i) Initial Recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

v) Translation of Non-integral foreign operation

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at the average exchange rate for the year; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

(h) Employee benefits

i) Post-employment benefit plans

Post-employment benefits are recognized as an expense in the Profit and Loss Account for the year in which the employee has rendered services.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur.

ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave.

iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

i) Taxation

i) Provision for Income Tax is made on the assessable income, at the applicable tax rates, in accordance with the provisions of the Income-tax Act, 1961. Income derived from the animation division and related services are exempt under section 10AA of the Income-tax Act, 1961 up to 31st March 2015. The Company has provided tax on its other taxable income earned during the year.

ii) Minimum Alternate Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

iii) Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

j) Provision for retakes

Provisions for retakes are recognised wherever they are considered to be material. Retakes include creative changes to the final product delivered to the customer, performed on the specific request of the customer at the Company's own cost. Requests for retakes from customers are expected to be received by the Company within a period of three months from the final delivery.

k) Leases

Lease payments for assets taken on Operating Lease are recognized in the Profit and Loss Account over the lease term in accordance with the Accounting Standard 19 – Leases.

l) Earnings Per Share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 – EPS.

- Basic Earnings per Equity Share has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the period.

- Diluted Earnings per Equity Share has been computed using the weighted average number of Equity Shares and dilutive potential Equity Shares outstanding during the period except where the results are anti dilutive.

m) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is possible that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

n) Impairment

The carrying amounts of the Company's assets, other than Unbilled Revenue and deferred tax assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes on accounts for the year ended 31 March 2016

2. Company overview:

The company is engaged in the business of providing services relating to animation production for television and film production companies and rendering training for acquiring skills for production services in relation to the production of animation television series and movies. The Company also does licensing of programmed distribution rights to broadcasters, television channels and home video distributors.

3. Share Capital:

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Authorised		
80,000,000 Equity shares of Rs.10/- each (31.03.2015: 80,000,000 shares of Rs.10/- each)	800,000,000	800,000,000
	800,000,000	800,000,000
Issued, Subscribed and Paid up		
79,283,000 Equity shares of Rs.10/- each fully paid up (31.03.2015: 79,283,000 Equity shares of Rs.10/- each fully paid up)	792,830,000	792,830,000
	792,830,000	**792,830,000**

3.1 Reconciliation of the number of shares

Particulars	As at	
	31 March 2016	31 March 2015
Opening balance	79,283,000	79,283,000
Closing balance	**79,283,000**	**79,283,000**

3.2 Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each share holder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subjected to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Further, 75% of the shares of DQ Entertainment (Intl.) Ltd., have been pledged with the Bond Holders i.e. OL Masters at DQ Mauritius Limited.

3.3

During the year, there was change of control in DQ Entertainment Plc (DQE Plc or the Ultimate Holding Company) as well as at DQ Entertainment (Mauritius) Ltd (DQE Mauritius or the Holding Company), due to which a default event was triggered in the case of bond agreement between OL Masters (Bond holders) and DQE Mauritius. In consequence of this the bond holders have issued a notice to DQE Mauritius and reserved a right to take any remedial action as they may deem fit.

3.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the company.

75% of the shares i.e.59,462,218 Equity Shares of Rs.10/- each fully paid up are held by the holding company DQ Entertainment (Mauritius) Limited. The ultimate holding company is DQ Entertainment Plc.

3.5 Details of shares held by holding company and ultimate holding company.

75% of the shares i.e.59,462,218 Equity Shares of Rs.10/- each fully paid up are held by the holding company DQ Entertainment (Mauritius) Limited. The ultimate holding company is DQ Entertainment Plc.

3.5 Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2016):

Particulars	Year (Aggregate No. of Shares)				
	31 March 16	31 March 15	31 March 14	31 March 13	31 March 12
Bonus shares *	Nil	Nil	Nil	Nil	Nil

* These shares are fully paid up by capitalisation from Securities Premium Account.

4. Reserves and Surplus

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Capital redemption Reserve	1,763,860	1,763,860
Securities premium Account	1,946,676,703	1,946,676,702
General reserve	5,487,393	5,487,393
Profit and loss Account		
Balance brought forward	1,698,988,187	1,928,539,712
Less: Additional Depreciation adjusted As per new Companies Act 2013		(32,417,828)
Add: Opening corporate tax, DQ ITES & Power kidz adjustment to reserves	419,947	
Add: Profit for the year	299,369,020	(197,133,697)
Closing balance	1,998,777,154	1,698,988,187
Other Reserves		
Foreign currency translation reserve	348,781,585	27,107,524
Capital subsidy *	800,000	800,000
	4,302,286,695	3,680,823,666

* Erstwhile DQ Entertainment Limited was sanctioned a Capital subsidy of Rs. 800,000 (31.03.2015: Rs.800,000) under clause 7(f) of ICT Incentive policy of the Government of Andhra Pradesh

5. Long Term Borrowings

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Term loans - Secured		
From Banks	112,721,434	553,249,744
13 % Convertible Bonds	2,521,975,107	2,230,923,363
	2,634,696,541	**2,784,173,107**

5.1 Nature of Security and terms of repayment for secured borrowings:

Nature of Security	Terms of Repayment
The term loans from bank for Rs.100,460,595 (31.03.2015: Rs. 188,160,590) are secured by First pari passu charge on fixed asstes of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	14 Qtrly Installments from Mar 2015. BR Plus 3.75%+.50% P.A payable monthly
The term loans from bank for Rs.10,879,997 (31.03.2015: Rs. 18,133,335) are secured by First pari passu charge on fixed asstes of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	15 Qtrly Installments from Jan 2015. BR Plus 3.75%+.50% P.A payable monthly
The term loans from bank for Rs. 1,380,842 (31.03.2015: Rs. 2,631,607) is secured by hypothecation of vehicles.	Repayable over a period of 3 years from the date of disbursements. Interest rate on these loan is 10.25% p.a. Effective
"The term loan from Axis bank for Rs. 363,496,815 (31.03.2015: Rs. 344,324,212) secured by 1) Counter Guarantee of the company, 2) First Pari Passue Charge on Entire Fixed Assets of the company both present & Future except Vehicles, 3) Second pari Passu charge on Current Assets of the company both Present & Future 4) Pari Pasu first charge on the F.D of Rs 1.50 Crore with our bank along with other banks/Financial Institutions.5) This security is in lieu of a charge of on a lease hold property (Valued at Rs 1.50 Crores) of the company. 6) Personal Guarantee of Mr.Tapaas Chakravarti."	Bullet maturity-Renewable every year for a period of Five Years. 3% + 6 months Libor.
The Bond holders have invested the funds at DQ Mauritius HO Level with a back to back issue of Bonds by DQ Ireland in favour of DQ Mauritius limited. The Bonds are secured by an assignments of all Registered IP's of DQ Ireland amounting to, a first fixed charge over all its present and future rights, titles and interests, including all Registered Intellectual Property acquired by it in the future. The unregistered IP's have been assigned as continuing security over all its present and future rights, titles and interests in and over all unregistered Intellectual Properties. Under this assignment agreement, the bondholders have granted DQ Entertainment (Ireland) Limited an exclusive, royalty-free licence to use all Intellectual Property assigned by it. Further 75% of the shares of DQ Entertainment (Intnl) Ltd (DQE India), have been pledged with the Bond Holders. During the year, there was change of control in DQ Entertainment Plc (DQE Plc or the Ultimate Holding Company) as well as at DQ Entertainment (Mauritius) Ltd (DQE Mauritius or the Holding Company), due to which a default event was triggered in the case of bond agreement between OL Masters (Bond holders) and DQE Mauritius. In consequence of this the bond holders have issued a notice to DQE Mauritius and reserved a right to take any remedial action as they may deem fit.	Half yearly interest and PIK @ 6.5% payable respectively and redemption at the end of 5th Anniversary.

6. Deferred Tax

The major components of the Deferred Tax (net) are as under :

Amount in ₹

Timing Differences	(Liability) / Asset at 31 March 2015 (Rs.)	Current year (Charge) / Credit (Rs.)	(Liability) / Asset at 31 March 2016 (Rs.)
Depreciation	(49,135,835)	23,505,021	(25,630,814)
Gratuity	36,219,901	3,567,569	39,787,470
Leave encashment	12,205,262	(1,349,803)	10,855,459
Sick leaves	716,730	28,312	745,042
Provision for doubtful debts	21,639,425	20,164,759	41,804,184
Deferred Tax(Liability)/ Assets - Net	**21,645,483**	**45,915,858**	**67,561,341**

Note: Deferred tax assets and deferred tax liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

7. Other Long Term Liabilities

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Minimum Guarentee Payable & Others	12,480,020	290,109,753
	12,480,020	**290,109,753**

8. Long Term Provisions

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Provision for employee benefits (Refer Note 32)	127,901,484	114,335,529
	127,901,484	**114,335,529**

9. Short Term Borrowings

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Secured Working capital loans repayable on demand from banks	1,011,604,066	1,010,431,683
Un-Secured Loans and advances from related parties	23,003,836	53,603,836
	1,034,607,902	**1,064,035,519**

9.1 Nature of Security and terms of payment for secured short term borrowings:

Nature of Security	Terms of Repayment
The working capital loans from bank for Rs. 13,430,431 (31.03.2015: Rs. 38,577,428) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with base rate plus 3.50% P.A. Payable monthly
The working capital loans from bank for Rs. 116,172,940 (31.03.2015: Rs. 98,809,131) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director.	Repayable on demand with base Rate plus 3.75% p.a. payable monthly
The working capital loans from bank for Rs. 351,555,380 (31.03.2015: Rs. 348,142,990) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director.	Repayable on demand with SBAR plus 4.00%
The working capital loans for Rs. 286,924,926 (31.03.2015: Rs. 259,674,570) is secured by SBLC issued by a bank which is in turn secured by first pari passu charge on fixed asstes of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	6 Equal Monthly Instalments from Oct'14 and 2.5% plus 6 Months Euro Libor

Amount in ₹

10. Trade Payables

Particulars	As at	
	31 March 2016	**31 March 2015**
Sundry creditors		
for services	503,528,836	420,564,750
for others	14,690,158	21,036,319
	518,218,994	**441,601,069**

11. Other Current Liabilities - Others

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Others:		
Interest accrued but not due	22,478	-
Interest accrued and due to banks	8,426,286	380,961
Other Payables:		
Statutory dues payable	272,172,686	71,487,495
Income received in advance	188,399,180	214,718,595
Advance from customers	20,338,876	7,600,674
Unearned revenue	306,099,909	3,769,786
Employee benefits payable	60,991,513	59,477,357
Services	35,531,358	6,630,175
	891,982,286	**364,065,043**

12. Short Term Provisions

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
Provision for employee benefits (Refer Note: 32)	20,584,330	30,241,974
Others:		
Taxation (Net of TDS receivables/with holding tax of Rs. 18,488,584 (31.03.2015: Rs. 17,022,282))	114,186,325	212,502,009
Retakes (Refer Note 1(k)		
Opening balance	13,360,897	13,026,379
Add: Additional provision for the year	7,406,883	13,865,159
Less: Utilised during the year (including reversals)	-	(13,530,641)
Closing balance	20,767,780	13,360,897
	155,538,435	**256,104,880**

13. Please refer page number 143 for schedule on Fixed Assets.

14. Long Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
(Unsecured, Considered Good)		
Security deposits	11,394,265	11,019,265
Other advances:		
Prepaid expenses	1,259	40,751,285
Claims receivable	39,781,014	21,545,794
MAT credit entitlement	151,655,143	146,171,737
	202,831,681	**219,488,081**

15. Trade Receivable

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
(Unsecured)		
A)Debts outstanding for a period exceeding six months		
Considered good	2,736,959,173	3,103,950,837
Considered doubtful	120,793,414	63,664,091
B)Other debts	-	-
Considered good	432,223,119	315,732,358
Considered doubtful	-	-
	3,289,975,706	3,483,347,286
Less: Provision for bad and doubtful debts	(120,793,414)	(63,664,091)
	3,169,182,292	**3,419,683,195**

Receivables include amounts which are due for more than a year of Rs. 1,971.88 Mn. The company is following up with the customers to make early collection. There are no disputes with the customers and the balances have been confirmed by them. The customers have also expressed their willingness to settle the balances. The management has also evaluated the dues and has made provision for debts considered doubtful. The payments are delayed in view of the prevailing market & industry conditions in Europe and other places where the customers are located. In the opinion of the management these balances are good and are fully recoverable.

16. Cash and Bank Balances

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
a) Cash and Cash Equivalents:		
Balances with Banks		
Current Accounts	115,757,627	678,689,465
Deposit Accounts	88,477,301	68,684,777
Cash on hand	99,957	28,947
	204,334,885	**747,403,189**
Balances with bank held as margin money deposits against guarantees and customs authorities	88,477,301	68,684,777

Cash and cash equivalants as of 31 March 2016 and 31 March 2015 includes restricted bank balances of Rs. 88,477,301 and Rs. 68,684,777, respectively. The restrictions are primarily on account bank balances held as margin money deposits against guarantees and customs authorities

17. Short Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
(Unsecured considered good)		
Others:		
Interest accrued on deposits	148,239	97,697
Other advances	252,021,136	269,368,032
Prepaid expenses	33,095,619	3,838,131
	285,264,994	**273,303,860**

18. Revenue from Operations

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Production : Export	1,624,778,553	1,408,254,116
: Domestic	18,075,742	15,153,418
Distribution income	461,135,032	524,572,223
	2,103,989,327	**1,947,979,757**

19. Other Income

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Interest Income and others (including TDS of Rs. 619,629 (31.03.2015: Rs.624,102))	6,309,053	6,162,716
Profit on sale of fixed assets	315,781	3,250,776
Liabilities no longer required written back	214,543,525	3,277,207
Foreign exchange fluctuation gain (net)	311,778,542	-
Miscellaneous income	340,135	3,492
	533,287,036	**12,694,191**

20. Production Expenses

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Production expenses - Direct	84,033,926	188,643,193
Power and fuel	26,513,247	27,645,912
	110,547,173	**216,289,105**

21. Personnel Costs

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Salaries and wages	478,602,903	550,080,862
Contribution to provident fund	29,440,757	35,822,391
Staff welfare expenses	5,459,754	5,585,084
Gratuity*	22,855,600	37,840,474
Compensated absences*	4,956,473	7,781,035
	541,315,487	**637,109,846**

* refer note 32.

22. Administrative and Other Expenses

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Communication expenses	4,526,856	4,955,630
Printing and stationery	2,483,559	3,088,869
Professional and consultancy charges	158,701,075	79,592,429
Repairs and Maintenance :		
Building	7,240,082	7,157,668
Plant and Machinery	12,069,071	8,990,534
Others	8,870,413	3,857,756
Insurance	1,694,573	1,104,727
Business promotion	6,369,612	5,703,602
Rates and taxes	9,758,150	3,568,362
Rent	51,381,717	32,366,082
Auditors remuneration	4,413,200	5,333,871
Directors remuneration	13,774,765	13,709,592
Selling and distribution expenses	23,690,913	31,295,383
Travelling and conveyance expenses	17,743,199	11,041,772
Bad debts	269,281,388	776,668
Provision for bad and doubtful debts (net)	103,731,626	-
Foreign Exchange Fluctuation Loss/(Profit) (net)	-	351,420,416
Miscellaneous expenses	12,023,074	10,673,767
	707,753,273	**574,637,128**

23. Finance Costs

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
Interest on borrowings		
Terms loans	438,160,627	231,785,222
Working capital loan	75,080,411	106,649,957
Loss on Forward Contract	998,234	-
Bank charges	33,017,770	25,428,803
Interest on Others	43,633,135	63,398,406
	590,890,177	**427,262,388**

24. The company's operations are conducted in units set up in Software Technology Parks (STPs) and Special Economic Zones (SEZs). Income from SEZs is fully exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions. Currently tax provision on book profit is provided as per the provisions of section 115JB (MAT) of the Income tax act, 1961.

25.

Amount in ₹

Particulars	**For the year ended**	
	31 March 2016	**31 March 2015**
Contingent Liabilities (to the extent not provided for)		
a) Bonds executed in favour of customs and excise authorities	866,250	2,770,049
b) Letters of Credit (includes guarantee on behalf of DQ Entertainment Ireland Rs. 1,066,729,152, (31.03.2015:1,038,704,364)	1,066,729,152	1,038,704,364
c) Demand Disputed on appeal		
1. Income Tax	38,970,382	33,549,372
2. Service Tax	44,709,336	44,709,336
The company has fair chances of succeding in the appeals and Therefore doesnot expect any liability to materialise		

26.

Amount in ₹

Particulars	**For the year ended**	
	31 March 2016	**31 March 2015**
Earnings in Foreign Currency - Accrual basis		
Income from production	1,624,778,553	1,408,254,116
Distribution Income	62,271,448	87,500,989

27.

Amount in ₹

Particulars	**For the year ended**	
	31 March 2016	**31 March 2015**
Expenditure in Foreign currency - Accrual basis		
(Subject to deduction of tax where applicable)		
Overseas business travel	3,240,388	7,163,715
Production Expenses	14,818,925	525,142
Consultancy and other expenses	21,293,228	2,003,344
TOTAL	**39,352,541**	**9,692,201**

28.

Amount in ₹

Particulars	For the year ended	
	31 March 2016	**31 March 2015**
Payment to auditors as:		
Audit fees	4,213,200	5,133,871
Tax audit	150,000	150,000
Others	50,000	50,000
	4,413,200	**5,333,871**

29.

Particulars	For the year ended	
	31 March 2016	**31 March 2015**
Directors remuneration		
Salaries and allowances	4,475,600	4,450,427
Other perquisite	1,008,000	1,008,000
Commission	7,791,165	7,791,165
	13,274,765	**13,249,592**
Remuneration to Non - Whole-time Director		
Sitting fees	380,000	340,000
Professional fees	120,000	120,000
Total remuneration	**13,774,765**	**13,709,592**

The above figure does not include provision for gratuity and leave encashment liability actuarially valued as separate figure are not available

30 Related party disclosures

30.1 Related parties and their relationships

i) Holding and Subsidiary Companies

a. DQ Entertainment (Mauritius) Limited - Holding company
b. DQ Entertainment Plc - Parent of holding company
c. DQ Entertainment (Ireland) Limited - Subsidiary company
d. DQ Entertainment USA, LLC- Subsidiary of Subsidiary company
e. DQ Entertainment (International) Films Limited - Joint Venture company by DQE India and DQE Plc.

ii) Key Management Personnel

Mr. Tapaas Chakravarti - Managing Director & Chief Executive Officer
Mr. Sanjay Choudhary - Chief Financial Officer

iii) Relatives of Key Management Personnel with whom the Company had transactions during the year

Mrs. Rashmi Chakravarti (wife of Mr. Tapaas Chakravarti)
Ms. Nivedita Chakravarti (Daughter of Mr. Tapaas Chakravarti)

iv) Associate of the Ultimate Holding Company

Method Animation SAS

v) Firm in which a Director is a partner

R & A Associates

vi) Relative of a Director

Mr. Hatim Adenwala - Senior Vice president Human Resources

30.2 *Transactions with above in the ordinary course of business*

Amount in ₹

Particulars	As at	
	31 March 2016	31 March 2015
i) Key Management Personnel		
Loan (re-paid)/ taken - Managing Director & Chief Executive Officer	(30,600,000)	36,103,836
Remuneration	13,274,765	13,249,592
ii) Relative of Key Management Personnel and Director		
Remuneration	8,592,000	8,442,000
iii) Associate of the Ultimate Holding Company		
Revenue from Animation	349,649,577	95,621,401
Revenue from Distribution	6,203,610	37,508,203
iv) Professional fee to a Director	120,000	120,000
Professional fee to a Firm in which a Director is a partner	4,200,000	2,880,000

30.3 *Balances outstanding*

Amount in ₹

Particulars	For the year ended	
	31 March 2016	31 March 2015
i) Ultimate Holding Company		
Amount receivable at year end - DQ Entertainment Plc	1,634,825	1,535,750
ii) Key management personnel		
Amount payable to Managing Director & Chief Executive Officer	23,003,836	53,603,836
iii) Associate of the Ultimate Holding Company		
Amounts receivable	232,942,189	221,232,377

31. Leases

The Company's leasing arrangement is in respect of operating lease for premises. The Company has exclusive right to cancel the lease with prior notice. The aggregate lease rents payable are charged as rent in the Profit and Loss Account. The aggregate amount of Lease rentals charged to Profit and Loss account is Rs. 28,087,293 (31.03.2015: Rs.26,743,544).

32. Employee benefits as required under Accounting Standard 15:

The following table lists out disclosure requirements laid down under the Accounting Standard 15:

Amount in ₹

Particulars	Year ending 31 March 2016		Year ending 31 March 2015	
	Leave Encashment	**Gratuity**	**Leave Encashment**	**Gratuity**
Present Value of DBO at the beginning of the year	29,941,362	85,808,411	34,726,399	90,150,976
Current Service Cost	(1,988,351)	9,678,700	(4,785,037)	10,589,647
Interest Cost	2,335,427	6,693,060	3,160,102	8,203,740
Actuarial Losses /(Gains)	2,609,397	3,483,840	3,438,941	(1,704,958)
Benefits paid	(4,944,824)	(20,484,805)	(6,599,043)	(21,430,994)
Present Value of DBO at the end of the year	**27,953,011**	**85,179,206**	**29,941,362**	**85,808,411**
Expense Recognized in the statements of Profit & Loss account for the year ended				
Current Service Cost	(1,988,351)	9,678,700	(4,785,037)	10,589,647
Interest Cost	2,335,427	6,693,060	3,160,102	8,203,740
(Gain) / Actuarial Losses	2,609,397	3,483,840	3,438,941	(1,704,958)
Expense recognized in the Statement of Profit and loss account	**2,956,473**	**19,855,600**	**1,814,006**	**17,088,429**
Actual Contribution and Benefit Payments				
Actual Benefit Payments	4,944,824	20,484,805	6,599,043	21,430,994
Actual Contributions	-	-	-	-
Assumptions				
Discount Rate %	7.90%	7.90%	7.80%	7.80%
Salary Escalation %	4.00%	4.00%	4.00%	4.00%

33

Amount in ₹

Particulars	For the year ended	
	31 March 2016	**31 March 2015**
Earnings Per Share (EPS)		
a) Net Profit available for Equity Shareholders	299,369,020	(197,133,697)
b) Nominal Value Per Share	10	10
c) Basic Earning Per Share	3.78	(2.49)
d) Diluted Earning Per Share	3.78	(2.49)
	No's	No's
e) Weighted Average number of Equity Shares for Basic EPS	79,283,000	79,283,000
f) Weighted Average number of Equity Shares for Diluted EPS	79,283,000	79,283,000

34 Segmental Reporting as per Accounting standard 17:

34.1 *Business Segment*

The Company comprises the following main business segments:

Animation:

The production services rendered to production houses and training rendered for acquiring skills for production services in relation to the production of animation television series and movies.

Distribution:

The revenue generated from the exploitation of the distribution rights of animated television series and movies acquired by the Company.

The segment information for the year ended 31 March 2016 is as follows:

Amount in ₹

	Animation	Distribution	Total
Revenue from operation	1,642,854,295	461,135,032	2,103,989,327
	1,423,407,534	*524,572,223*	*1,947,979,757*
Total Revenue	**1,642,854,295**	**461,135,032**	**2,103,989,327**
	1,423,407,534	*524,572,223*	*1,947,979,757*
Depreciation and Amortisation	39,111,302	408,841,901	447,953,203
		382,584,329	*382,584,329*
Segment result	729,378,459	(135,709,536)	593,668,923
	702,704,285	*136,689,654*	*839,393,939*
Unallocated expenses			378,633,142
			(543,210,409)
Operating Profit			972,302,065
			296,183,530
Net financing costs			(590,890,177)
			(427,262,389)
Income Tax expense			(82,042,868)
			(66,054,838)
Profit after tax			**299,369,020**
			(197,133,697)
Segment assets	3,208,225,864	7,823,479,834	11,031,705,698
	3,201,451,376	*5,798,333,191*	*8,999,784,567*
Unallocated assets			320,306,480
			1,283,789,850
Total assets			**11,352,012,178**
			10,283,574,417
Segment liabilities	4,925,661,120	610,316,311	5,535,977,431
	4,414,458,996	*630,751,472*	*5,045,210,468*
Unallocated liabilities			720,918,052
			764,710,283
Total liabilities			**6,256,895,483**
			5,809,920,751
Capital expenditure			
Tangible Fixed Assets			65,312,550
			22,627,047
Intangible Assets			918,062,939
			704,107,611

Note: Figures in italics represent previous year

34.2 Geographical Segment

Revenue from geographic segments based on domicile of the customers is outlined below:

	America	Europe	Others	Total
Revenue from operation				
Animation	729,093,740	740,101,575	173,658,980	1,642,854,295
	781,657,599	*122,534,124*	*519,215,811*	*1,423,407,534*
Distribution	143,958,577	267,146,776	50,029,679	461,135,032
	212,156,811	*158,253,639*	*154,161,773*	*524,572,223*
Total Revenue	873,052,317	1,007,248,351	223,688,659	2,103,989,327
	993,814,410	*280,787,763*	*673,377,584*	*1,947,979,757*
Total Assets	1,422,001,575	583,119,713	9,346,890,890	11,352,012,178
	1,335,587,102	*4,601,555,306*	*4,346,432,009*	*10,283,574,417*
Capital expenditure				
Tangible Fixed Assets				65,312,550
				22,627,047
Intangible Assets				918,062,939
				704,107,611

Note: Figures in italics represent previous year

35. Commitments

Particulars	**For the year ended**	
	31 March 2016	**31 March 2015**
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	349,488,527	243,194,412

36. Amount Spent on Corporate Social Responsibility

Particulars	**For the year ended**	
	31 March 2016	**31 March 2015**
(a) Gross amount required to be spent by the company during financial year.	6,823,429	6,809,232
(b) Amount spent during the financial year.	-	-

The company has not spent 2% of the average net profit of the last three financial years towards its CSR expenditure for the year. The Company has formulated the CSR policy and constituted the CSR committee. The company has also identified the activities proposed to be undertaken. The company expects to spend the amount on its CSR activities during the FY 2016-17

37. Figures of previous year have been regrouped/rearranged/reclassified wherever necessary to conform to the current year presentation.

Vide our report of date attached

For and on behalf of the Board

For MZSK & Associates
Chartered Accountants
FRN 105047 W

Tapaas Chakravarti
(CMD & CEO)

S.Sundar
(Director)

Ananthakrishnan G
Partner
(M.No 205226)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30-05-2016

Schedules forming part of the Balance Sheet
13. Fixed Assets.

Amount in ₹

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 April 2015	Additions	Deletions/ write off	Translation adjustment	As at 31 March 2016	As at 1 April 2015	For the year	Deletions/ write off	Translation /adjustment*	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
A. Tangible Assets												
Leasehold land	14,350,000	-	-		14,350,000	2,819,681	414,196	-	-	3,233,877	11,116,123	11,530,319
Leasehold improvements	17,190,000	1,217,040	-		18,407,040	13,609,623	1,676,131	-	-	15,285,754	3,121,286	3,580,377
Plant & Machinery	721,497,471	60,368,487	-		781,865,958	670,544,121	28,003,721	(20)	(234)	698,547,628	83,318,330	50,953,350
Office equipments	12,025,529	75,600	-		12,101,129	7,613,158	1,603,302	-	-	9,216,460	2,884,669	4,412,371
Furniture, Fixtures & Interiors	28,407,751	3,651,423	-		32,059,174	19,880,794	2,171,416	130	-	22,052,080	10,007,094	8,526,957
Vehicles	14,849,833	-	910,810		13,939,023	7,294,791	1,025,008	826,591	-	7,493,208	6,445,815	7,555,042
Total	**808,320,584**	**65,312,550**	**910,810**	**-**	**872,722,324**	**721,762,168**	**34,893,774**	**826,701**	**(234)**	**755,829,007**	**116,893,317**	**86,558,416**
B. Intangible Assets												
Distribution rights**	2,903,378,232	917,948,829	-	(99,566,676)	3,920,893,737	1,337,370,804	408,699,096	-	28,681,147	1,774,751,047	2,146,142,690	1,566,007,428
Computer software	273,213,519	114,110	-		273,327,629	249,674,911	8,746,670	76	-	258,421,505	14,906,124	23,538,608
Total	**3,176,591,751**	**918,062,939**	**-**	**(99,566,676)**	**4,194,221,366**	**1,587,045,715**	**417,445,766**	**76**	**28,681,147**	**2,033,172,552**	**2,161,048,814**	**1,589,546,036**
Grand Total	**3,984,912,335**	**983,375,489**	**910,810**	**(99,566,676)**	**5,066,943,690**	**2,308,807,883**	**452,339,540**	**826,777**	**28,680,913**	**2,789,001,559**	**2,277,942,131**	**1,676,104,452**
Previous year figures	*3,617,321,614*	*726,734,658*	*255,476,319*	*103,667,618*	*3,984,912,335*	*2,137,972,733*	*432,243,283*	*254,820,634*	*(6,587,499)*	*2,308,807,883*	*1,676,104,452*	-

Translation / Adjustment*

1. Adjustment: 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.
2. Translation: Translation is due to exchange differences.

Distribution Rights**

Distribution rights represent the costs incurred in acquiring distribution rights. The Company started acquiring these rights from the year 2003-04 and till date 55 series (31.03.2015: 50) of Animation rights have been acquired for different territories across the globe. The Company has performed testing for impairment of distribution rights which resulted in an impairment loss of Rs. 130,902,337 (31.03.2015: Rs.117,797, 871) on account of recoverable amount of distribution rights being less than its carrying amount. The accumulated Impairment Loss as at 31.03.2016 on distribution rights amounted to Rs. 697,824,189 (31.03.2015: Rs.566,921,852).

Distribution Rights for Nil series (31.03.2015: 14 series) with gross block of Rs. Nil (31.03.2015: Rs.225,230,900) and amortisation/impairment of Rs. Nil (31.03.2015: Rs.225,230,900) have been written off during the year. These are fully amortised/impaired and there will be no impact on P & L account.

13.1

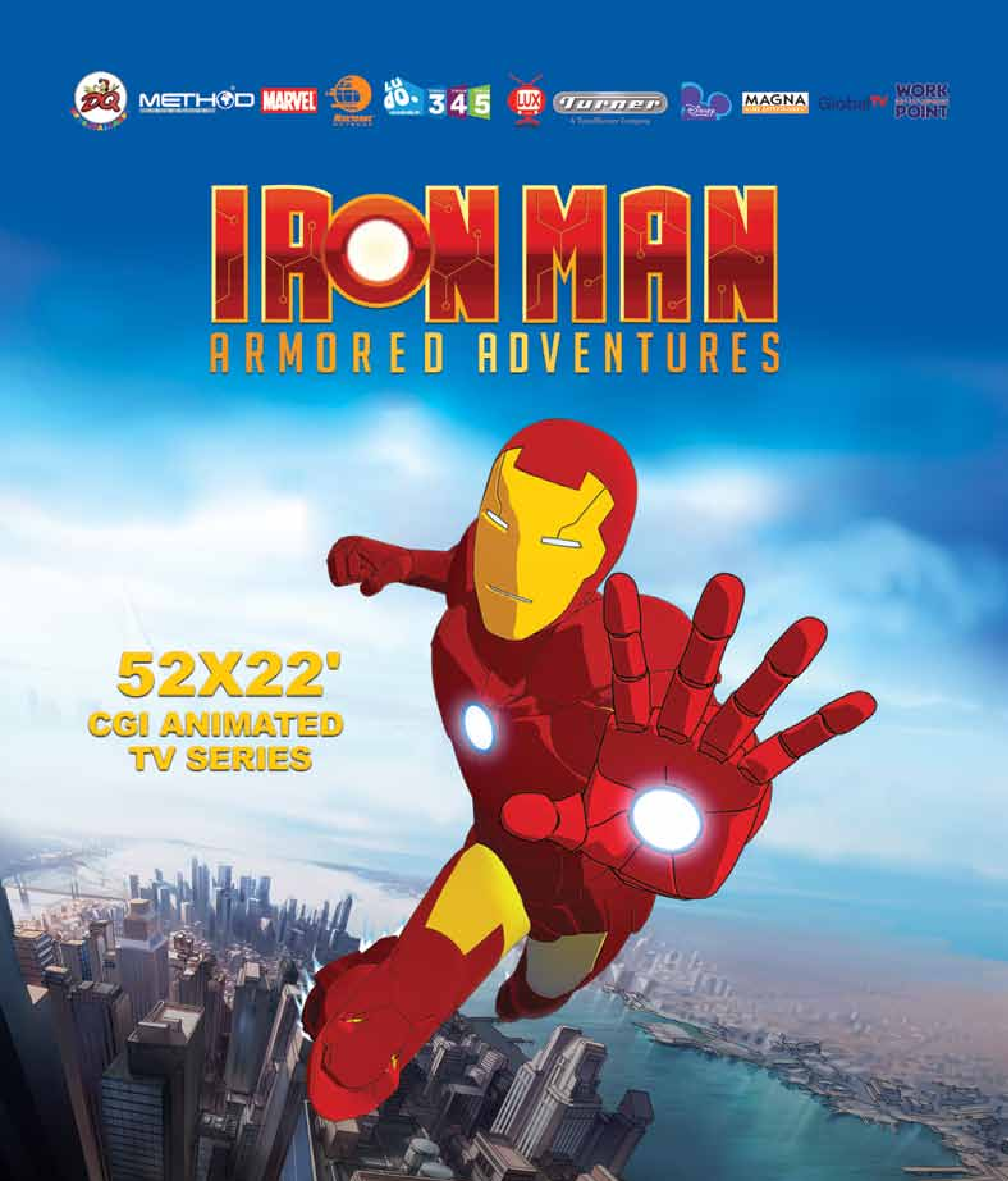
(a) Intangible assets under construction are the projects under development to be exploited as Television Series/Films and others. Based on review of estimated future realizations the management is of the view that estimated future recoverable amount from these projects are more than its carrying unamortized cost and consequently no provision for impairment is considered necessary by the management at this stage.

(b) The company has borrowed specific borrowings (term loans) for development of distribution rights in respect of Nil project (31.03.2015: 1 projects). The projects were considered to be qualifying assets, as these would take substantial period of time to get ready for their intended use. Interest cost on specific borrowings directly attributable to the those projects has been capitalised as mentioned below:

Amount in ₹

Particulars	31.03.2016	31.03.2015
Total Interest cost incurred during the year	438,160,627	242,247,621
Less: Amount capitalized as borrowing cost as per AS 16	-	10,462,399
Net Interest cost transferred to Profit and Loss Account	438,160,627	231,785,222

(Refer note no.23)


METHOD
MARVEL
MAGNA
WORK POINT
IRON MAN
ARMORED ADVENTURES
52X22'
CGI ANIMATED
TV SERIES

AGM NOTICE

AGM NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of **DQ Entertainment (International) Limited** will be held on Friday, September 30, 2016, at 02.30 p.m. IST at Hotel 'The Plaza', 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad - 500 016, to transact the following business:

ORDINARY BUSINESS

Item no.1 – Adoption of financial statements

To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2016 and the Reports of the Board of Directors and Auditors thereon.

Item no.2 – Appointment of Director

To appoint a Director in place of Ms. Rashida Adenwala (DIN 00008212), who retires by rotation and, being eligible, seeks re-appointment.

Item no.3 – Appointment of Auditors

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re- enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. MZSK & Associates, Chartered Accountants (Firm Registration No. 105047W), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

Item no. 4 – Approval for revision in remuneration of Mr. Tapaas Chakravarti, CMD & CEO

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, and subject to the approval of the Central Government and such other authorities as may be necessary, payment of remuneration to Mr Tapaas Chakravarti, CMD & CEO of the Company for the remaining period of his tenure w.e.f. May 1, 2016 at the following remuneration be and is hereby approved:

Salary: Rs 8.33 lacs per month
Perquisites: Rs. 10.08 lacs per annum
Performance Incentive: Upto 3% of Profit after Tax (PAT)

PERQUISITES AND ALLOWANCES

CATEGORY - A

a) Reimbursement of Medical Expenses incurred for self and his family as permissible under the Income Tax Act, 1961.

b) Leave travel concession- for self and his family once in a year incurred in accordance with the rules of the Company.

c) Club fees shall be reimbursable subject to a maximum of two clubs and this fee will not include admission and life membership fees.

d) Personal Accident Insurance- the premium amount on such insurance cover shall be reimbursable.

e) Ex-gratia, Bonus & Incentive: In accordance with the rules of the Company.

f) Education Allowance for his children, as may be applicable.

g) Any other perquisites or allowances as applicable.

CATEGORY – B

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will be as per rules of the Company. The same will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

ii) The Managing Director shall be entitled to Gratuity as per the rules of the Company.

iii) Earned leave as per rules of the Company but not exceeding one (1) month leave for every eleven (11) months. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY – C

i) Free use of Company's car with driver for Company's business.

ii) Free telephone facility at residence.

iii) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

The above mentioned salary and perquisites shall be paid and allowed as a minimum remuneration during the currency of tenure of his office as the CMD & CEO, notwithstanding the absence or inadequacy of profits in any accounting year subject to the limits prescribed under Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution."

Item no. 5 – Approval of material related party transaction with Method Animation S.A.S.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions & Rules made thereon, of the Companies Act, 2013 (the 'Act') and in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations], including any statutory modification(s) or re-enactment thereof, for the time being in force, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into contracts/arrangements/ transactions with Method Animation S.A.S (Method Animation), an Associate Company and a 'related party' as defined under Section 2(76) of the Companies Act, 2013 and Reg. 2(zb) of SEBI (LODR) Regulations, subject to an aggregate monetary sealing of Rs. 75 crores (Rupees seventy five crores only) during a financial year on such terms and conditions as may be mutually agreed upon between the Company and Method Animation as per details set out under Item no. 5 of the Explanatory Statement annexed to this Notice;

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to decide upon the nature and value of the products, goods, materials or services to be transacted with Method Animation within the aforesaid limit;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution."

By Order of the Board of Directors
For **DQ Entertainment (International) Limited**

Hyderabad, August 12, 2016

Tapaas Chakravarti
CMD & CEO

Registered Office:
644, Aurora Colony, Road No. 3, Banjara Hills,
Hyderabad - 500 034.
Telephone: +91-40-23553726&27,
Fax No. +91-40-23552594
Website: www.dqentertainment.com
CIN No: L92113TG2007PLC053585

IMPORTANT NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of the business under Item Nos. 4 & 5 of the Notice, is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

3. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th September, 2016 to Friday, 30th September, 2016 (both days inclusive).

5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

6. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking reappointment at the Annual General Meeting, forms integral part of the notice. The Director has furnished the requisite declarations for her re-appointment.

7. Electronic copy of the Notice of the 9th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 9th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Slip and Proxy Form is being sent in the permitted mode.

8. Members may also note that the Notice of the 9th Annual General Meeting and the Annual Report for 2016 will also be available on the Company's website www.dqentertainment.com, for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id:
investors@dqentertainment.com.

9. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Reg. 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the Members the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in the Notice of the 9th Annual General Meeting, from a place other than the venue of the Meeting (Remote e-voting).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

III. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

IV. The remote e-voting period will commence from Tuesday, September 27, 2016 (9.00 am IST) and shall end on Thursday, September 29, 2016 (5.00 pm IST). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2016, may cast their vote electronically. The e-voting module shall be disabled on September 29, 2016 at 5.00 pm.

V. The instructions for shareholders voting electronically are as under:

In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

i. Launch internet browser by typing the URL: https://evoting.karvy.com

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'DQ Entertainment (International) Limited"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ramakrishna.fcs@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.

ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

VI. Other Instructions

a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact Mr. B. Venkata Kishore (Unit: DQ Entertainment (International) Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or email at evoting@karvy.com or phone no. 040–6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

c. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 23rd September, 2016, he/she may obtain the User ID and Password in the manner as mentioned below:

i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS:

MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:
MYEPWD <SPACE> IN30039412345678 (DP-ID + CL-ID)

Example for CDSL:
MYEPWD <SPACE> 1202300012345678 (16 DIGITS NUMERIC)

Example for Physical:
MYEPWD <SPACE> XXXX1234567890 (EVEN NO. + FOLIO NO.)

ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iii. Member may call Karvy's toll free number 1800-3454-001.

iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

VII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date (23rd September, 2016) only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

VIII. Mr. R. Ramakrishna Gupta, Practicing Company Secretary, Hyderabad has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

IX. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

X. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, within 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company (www.dqentertainment.com) and on Service Provider's website (https://evoting.karvy.com) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4
Mr. Tapaas Chakravarti as a promoter of the Company has helped to shape the success story of his creation, DQ Entertainment group. It has been more than 7 years that the Company has not revised the salary of Mr.Tapaas Chakravarti. The Company has maintained the same salary structure for him since 2009.

In the year 2012, he was re-appointed as the CMD & CEO of the Company for a further period of five years commencing from September 1, 2012 without any revision in his remuneration.

As a token of reward for his valuable contribution, the Board, on recommendation of Nomination & Remuneration Committee, at its meeting held on May 30, 2016 approved the revision in remuneration of Mr. Tapaas Chakravarti, subject to the approval of members.

Except Mr. Tapaas Chakravarti, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item Nos. 4.

The Board recommends the Ordinary Resolution set out at item No. 4 of the Notice for approval by the shareholders.

Item No. 5
Method Animation S.A.S. (Method Animation), a French production house, is an associate Company and a 'Related Party' within the meaning of Section 2(76) of the Companies Act, 2013 and Reg. 2(zb) of SEBI (LODR) Regulations, 2015.

The particulars of the transactions with Method Animation required to be disclosed under Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

1. Name of related party: Method Animation S.A.S.

2. Nature of relationship: Method Animation is an associate company of DQ Entertainment (International) Limited (DQE India).

3. Name of Director or Key Managerial Personnel who is related:
Mr. Sanjay Choudhary is the Chief Financial Officer of the Company and is a Director in Method Animation.

4. Nature, material terms and particulars of the contracts/arrangements/transactions:

I. Nature of arrangement: DQE India is associated with Method Animation for the development, production and distribution of the animated series, in accordance with the agreements executed between the parties from time to time.

II. Material terms and particulars of the contract: The co-production agreements executed between Method Animation and the Company, under the following terms mainly:

a. Development, production and distribution of the animated series
b. Sharing of budget and financing of the series
c. Sharing of copyright
d. Sharing of the net revenues of the series
e. Credits and advertising
f. Ownership of rights, assignment and
g. Deliverables

5. Monetary value: Estimated amount of up to Rs. 75 crores during a financial year.

The contracts/arrangements/transactions with Method Animation have already been approved by the members vide postal ballot on March 31, 2015. However, pursuant to Regulation 23 of SEBI (LODR) Regulations, 2015, all existing material related party transactions entered into prior to the date of notification of SEBI (LODR) Regulations and which are likely to continue to beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to the notification of these regulations. Accordingly, approval of members is sought for the material related party transactions with Method Animation.

The subject transactions though are in the ordinary course of Company's business and are at arm's length; being material in nature in accordance with the SEBI regulations, is recommended for the approval of the Members.

Except Mr. Sanjay Choudhary, Chief Financial Officer of the Company, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

The Board recommends the resolution set forth in Item No. 5 of the Notice for approval of the unrelated shareholders of the Company.

By Order of the Board of Directors
For **DQ Entertainment (International) Limited**

Hyderabad, August 12, 2016

Tapaas Chakravarti
CMD & CEO

Registered Office:
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad – 500 034
Telephone: +91-40-23553726&27, Fax No. +91-40-23552594
Website: www.dqentertainment.com
CIN No: L92113TG2007PLC053585

ADDITIONAL INFORMATION ON DIRECTORS

Details of the Director seeking re-appointment at the Annual General Meeting
(In pursuance of Reg. 36(3) of the SEBI (LODR) Regulations, 2015)

Name of Director	Ms. Rashida Adenwala (DIN: 00008212)
Brief resume	Already provided in the Annual report
Age	52 years
Qualification	Graduate in Commerce & Law and is a qualified Company Secretary.
Expertise	Legal, Corporate Affairs, Corporate Governance, Finance & Internal Audit.
Disclosure of relationship between Directors inter-se	Nil
Listed entities (other than DQ Entertainment) in which the Director holds the directorship and the Committee membership:	Nil
Number of shares held in the Company as on March 31, 2016	Nil

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
Regd Office: 644, Aurora Colony, Road No.3, Banjara Hills, Hyderabad-500 034.
CIN: L92113TG2007PLC053585 Website: www.dqentertainment.com Tel: 91-40-23553726 & 27

ATTENDANCE SLIP

Ninth Annual General Meeting, Friday, 30th September, 2016 at 2.30 p.m.
at 'The Plaza', 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad - 500 016.

Folio No. .... DP ID No.................................Client ID No............................

Name of the Member...Signature..

Name of the Proxyholder ....Signature..

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

....Please tear here..

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PROXY FORM - MGT - 11

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member (s): ....

Registered Address: ....

E-mail Id: .... Folio No / Client Id: .... DP ID: ....

I / We, being the member(s) holding .... shares of the above mentioned company, hereby appoint

1. Name: .... E-mail id:..
Address:..
.... Signature:..
or failing him/her
2. Name: .... E-mail id:..
Address:..
.... Signature:..
or failing him/her
3. Name: .... E-mail id:..
Address:..
.... Signature:..

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 9th Annual General Meeting of the Company to be held on Friday, the 30th day of September 2016 at 2.30 p.m. at 'The Plaza', 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad - 500 016 and at any adjournment thereof, in respect of such resolutions as are indicated below:

	Vote (see Note 2) For	Against
Ordinary Business		
Resolution No. 1 : Adoption of Audited Financial Statements for the financial year ended March 31, 2016		
Resolution No. 2 : Re-appointment of Ms. Rashida Adenwala as a Director of the Company.		
Resolution No. 3 : Appointment of Auditors		
Special Business		
Resolution No. 4 : Approval for revision in remuneration of Mr.Tapaas Chakravarti, CMD & CEO of the Company.		
Resolution No. 5 : Approval of material related party transaction with Method Animation S.A.S.		

Signed this .... day of ...., 2016

Affix revenue stamp

Signature of Shareholder (s) ……………......………………………Signature of Proxy Holder (s)……………….............

Note:

1. This form of proxy in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. It is optional to indicate your preference. If you leave the for/ against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.

ROUTE MAP TO THE VENUE OF THE AGM

Imagination and Beyond

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

Registered Office

644, Aurora Colony, Road No.3, Banjara Hills, Hyderabad - 500 034, Telangana, INDIA.
Ph: 0091 40 23553726 & 27 Fax: 0091 40 23552594

www.dqentertainment.com

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