DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

644, Aurora colony, Road No.3, Banjara Hills, Hyderabad - 500 034. INDIA
Tel: +91-40-23553726 & 27 Fax:+91-40-23552594
CIN: L92113TG2007PLC053585

September 07,2019

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)**

Sub:- Submission of Annual Report

Dear Sir/Madam,

In due compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of Annual Report 2018-19 along with the Notice of the 12th Annual General Meeting of the Company.

You are requested to take the above information on record.

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

Sukhmani Walia

Sukhmani Walia
(Company Secretary & Compliance Officer)

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED Hyderabad

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

Annual Report – 2019

Imagination and Beyond

DQE IPs

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

CHIEF FINANCIAL OFFICER
Sanjay Choudhary

COMPANY SECRETARY
Sukhmani Walia

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

STATUTORY AUDITORS
MSKA & Associates, Chartered Accountants
(Formerly known as MZSK & Associates)
Manbhum Jade Towers,
II Floor, 6-3-1090/A/12 & 13
Somajiguda, Hyderabad 500 0082
Tel: +91 40 30242999

REGISTRAR & SHARE TRANSFER AGENT
Karvy Fintech Private Limited.
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.karvyfintech.com

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 has Executive Produced from creativity to final delivery marquee brands such as The Jungle Book franchise,The New adventures of Peter Pan franchise, 5 Children & IT franchise, Robin Hood – Mischief in Sherwood,Lassie and Friends, Pinky and Perky, Twisted Whiskers, Iron Man, animated Charlie Chaplin, Little Prince and many more titles. He was able to develop strong working relationship with Disney group USA and produced number of shows of Disney namely Mickey Mouse Clubhouse, Sheriff Callie Wild West, Miles from Tomorrow Land, Puppy Dog Tales and Mickey Mouse Roadster Racers. Today, DQE's relationship with the major broadcasters like TF-1 and Canal Plus, France; ZDF, WDR, Super RTL, Germany; DeA Kids Group and RAI TV Italy and large number of broadcasters globally including Nickelodeon and Cartoon Network has resulted into steady flow of business for DQE's own Intellectual Properties (IP) and co-production IPs placement.

He brought numerous awards to the group - Red Herring Asia top 500 and Asia top 100 companies, Ernst & Young Entrepreneur of the Year 2009, Entrepreneur of the Year 2005 from Hyderabad Chapter of Indian Management Association, his productions have 16 EMMY nominations and then finally he lifted EMMY award in 2007 for Tutenstein. DQ Entertainment was adjudged "International studio of the year" in 2012 in Cartoons on the Bay, Italy. Recently awarded the Lifetime Achievement –Hall of fame award, Los Angeles for his contribution to the growth of the animation industry in India and his global outreach efforts in animation.

He is an active member of YPO (Young Presidents Organization), Hyderabad chapter. He is also an active member of Figli Del Mondo, Italy a known charitable organization for a global initiative towards rehabilitation of orphans. Also a member of AGAPE to house and educate and treat AID effected small children for last 10 years.

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 Cooperative Bank Ltd.

CA B.N. SIRISH
Non-Executive
Independent Director

CA B. N. Sirish is the founder partner of the Chartered Accountant firm, Sirish & Co. based in Hyderabad, started in 1989. He has experience of more than 26 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 25 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, Indian 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

To,
The Members,

Your Directors have pleasure in presenting their 12th 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, 2019.

1. FINANCIAL RESULTS

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

(INR in Millions)

Particulars	Standalone		Consolidated	
	For the year ended 31-Mar-19	For the year ended 31-Mar-18	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Income from Production	800	939	553	616
Income from Distribution	23	20	424	186
Other Income	115	125	549	892
Total Income	**938**	**1084**	**1,526**	**1694**
Total Expenditure	1391	1371	2193	2062
Profit / (Loss) before tax	(454)	(287)	(667)	(368)
Adjusted Profit before tax*	**(512)**	**(338)**	**(358)**	**(1168)**
Profit / (Loss) after Tax	(409)	(66)	(634)	(149)
Adjusted Profit after tax*	**(467)**	**(324)**	**(325)**	**(948)**
EBIDTA (before exceptional items)	**(46)**	**169**	**848**	**341**
Cash & Cash Equivalent	**(66)**	**(479)**	**(148)**	**(2180)**

*Standalone: Profit before tax and Profit after tax has been adjusted after removing the exceptional items namely notional foreign exchange gain of INR 57.68 Mn for the period ended 31st March 2019 (2018: INR 53.18 Mn)and Bad debts written off worth Rs. NIL (2018: 2.15 Mn).

*Consolidated: Profit before tax and Profit after tax has been adjusted after removing the exceptional items, namely: notional foreign exchange loss of INR 302.15 Mn for the period ended 31st March 2019 (2018: Foreign exchange gain of INR 803.90 Mn)and Bad debts written off worth Rs. 6.93 Mn. (2018: 4.46 Mn).

2. PERFORMANCE AND OPERATIONS

Your Company's performance has more or less been stable in the financial year 2018-19. It has been managing the operation from its own internal accruals with no external funding since 2016. The inflow of funds is just sufficient to take care of the operational costs. Due to the financial constraints there has not been any significant growth as it has not been able to invest any monies in new IP's or for the monetization of its existing IP's.

All efforts are being made by the management, with limited resources available to explore alternative platforms to exploit and monetize its IP's. It has found success in its you tube channel Power Kids, where the subscription has now touched more than 2.5 million subscribers in just over four months and have started giving good revenue. The management is very hopeful that the digital platform will give the boost to the Company for its growth and revenue in the coming years.

Apart from this, 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.

Your Company has a good order book of production for the next two to three years and as stated above, has strong growth plans on the licensing and merchandising front.

Operational Highlights for the FY 2018-19:

Animation:

- Production of the third season of the TV series comprising of 52 episodes of 11 minutes each, of our flagship property, **"The Jungle Book"** has been completed and delivered to the broadcasters.

- DQE's new IP, **"The Psammy Show"** (52x11') TV series has completed its production and entire series has been delivered. The Psammy Show has penetrated China Market in a big way with distribution deals as well as Licensing and merchandising deals.

- Another own new IP **"Toadlly Awesome"** is in development stage and is under negotiation for co-production with global partners.

- Second Season of TV series **Robin Hood -Mischief in the Sherwood** (52x11') co-produced with Method Animation, France has been completed and delivered to the broadcasters. The show is extremely popular in the market and the third season of the TV series is expected to commence in third quarter of 2019-20.

- **Disney Projects: Puppy Dog Pals** – Season I has been completed and Season II and Season III is under production. Similarly, Doc McStuffins – season V is in production. Mickey Mouse and the Roadster Racers (MRR) – Season II has been completed during the reporting year.

- **Method & Zagtoons Projects:** Miraculous Lady Bug TV Series - Season II and III and Power Players – Season I are currently in production . Further, Second Season of 7Dwarfs & Me – produced by Method a hybrid show combining high quality CGI with live action footage is in production.

Distribution:

DQE's Distribution and Licensing division has been aggressively working towards the distribution of our new and existing Intellectual Properties (IP's).

- **5&IT - The Psammy Show :** The Disney Germany and Disney France are on board as broadcast partners for the TV series.

- **Jungle book season 3** The Company has received a very good response for the third season of Jungle Book as well. The series is widely being distributed around the world. The first and second season was broadcasted in more than 160 countries and the third season is expected to go beyond this.

  The Jungle book has won two Labels awards at the India licensing show for the best character licensor and Best Licensed Character which makes the Jungle book property stronger in terms of its merchandise potential in Indian subcontinent.

- **Robin Hood - Mischief in the Sherwood, Season 2,** , has been completed and is into distribution stage. The third season, is likely to commence in the third quarter of the financial year 2019-20.

- The Company has signed a deal with European & Global Licensing (EGL) as its global master Toy Partner to design and produce a wide variety of plush and figurine toys inspired by its globally popular kids animated show "The Jungle Book" and "Peter Pan".

- The Company also signed a significant number of content acquisition deal with leading broadcasters around the world for multiple properties produced by the Company for distribution. Various TV distribution deals were concluded for our properties with Netflix, Barind Media Limited, EGL Agency, Eenadu Television Pvt. Ltd., Multinmethatics and many others. With the signing of many of these acquisition agreement, the Company will now be able to expand its footprint into the vast and growing kids' entertainment market across the world.

- On the licensing and merchandising front, efforts are on to penetrate the European and American markets including Latin America with wide range of product categories for Jungle book, Peterpan and Robin Hood.

  The Jungle Book has had a successful merchandising & licensing traction for multiple categories that include Mahima Impex for Apparels, Flamingo Toys for Plush Toys; Prataap Snacks Pvt. Ltd. for Promotional Licensing, Mustang Enterprises for Socks & Innerwear; Flipkart for Apparel & Bags; Make Mark Marketing Private Limited for Non Paper Stationery Jaipet for Water Bottle, Snack Jar, Ice Cube (Only PET material), Printxcel Private Limited for Exercise Book, CR Book and Drawing Book, United Biscuits Private Limited for Promo Licensing, Jhs Svendgaard Brand Ltd for Dental Care, Ganko Opticians for Opticals, Emcee Trading Pvt. Ltd for Back to School, Johns Umbrella Mart for umbrella, Daxton Footwear for Footwear, Dhananjai Lifestyle for Kids Apparel and Sleepwear.

  Simba toys India for School Bags & Trolley, Reliable Rainwear for Kids Raincoats & Umbrellas, Kreative Kids International for Plush toys and Kids Games.

- The Licensing & Merchandising team of DQ Entertainment has also been making its presence felt by visiting major markets that include MIPCOM & MIPTV at Cannes -France ,Kidscreen-USA , MIFA Annecy-France, Hong Kong Licensing Show, Brand Licensing Europe-UK, Vegas Licensing Show-USA and various others .These markets have played major role in expanding the Licensing & Distribution contribution for the organization.

3. DIVIDEND

Considering the current losses of the Company, the Board has not recommended any dividend to the equity shareholders of the Company for the financial year 2018-19.

4. SHARE CAPITAL

The authorized share capital of the Company as on 31st March, 2019 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 [hereinafter called the 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. DETAILS OF SUBSIDIARIES/JOINT VENTURES/ ASSOCIATE COMPANIES

DQ Entertainment (Ireland) Limited (DQE Ireland) is the wholly owned subsidiary of the Company in Ireland. DQ Entertainment USA, LLC (DQE USA) is the step down wholly owned subsidiary Company in USA. Further, there has been no material change in the nature of the business of the subsidiaries.

DQ Entertainment (International) Films Limited (DQE Films) 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.

There are no associate companies of DQE India within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

Apart from DQE Ireland, there has been no activity in DQE Films and DQE USA.

In accordance with Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies and Joint Venture in Form AOC-1 is annexed to this Board's Report as **Annexure- I.**

Business highlights of DQ Entertainment (Ireland) Limited ("DQE Ireland")

DQ Entertainment (Ireland) Limited is engaged in the business of animated content development for TV series, home video and various other media. During the FY 2018-19, it has achieved a turnover of Rs. 401.73 Mn and has earned an operating profit of Rs. 343.89 mn. However it has incurred of loss of Rs. 288.82 Mn, on account of amortization and impairment and foreign exchange loss. However, the Company has a positive operating profit.

Business highlights of DQ Entertainment USA, LLC ("DQE USA")

DQE USA is a wholly owned subsidiary of DQE Ireland. There has been no activity in the Company during the year.

Business highlights of DQ Entertainment (International) Films Limited ("DQE Films")

DQ Films is a Joint Venture between DQ Entertainment (International) Limited and DQ Entertainment Plc. There has been no activity in the Company during the year.

Consolidated Financial Statements

The Consolidated Financial Statements is prepared in accordance with Indian Accounting Standards (Ind-AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and as amended from time to time and other relevant provisions of the Companies Act, 2013.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed its financial statements including the consolidated financial statements and separate audited accounts of its subsidiaries on its website www.dqentertainment.com.

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, 2019 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 judgments 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, 2019 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 and were in compliance with the applicable provisions of the Act and the Listing Regulations.

All Related Party Transactions are placed before the Audit

Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

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 II** 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 is disseminated on the website of the Company www.dqentertainment.com.

10. EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the extract of annual return is given in **Annexure III** in Form MGT-9, which forms part of this report and the same is placed in the website of the Company at www.dqentertainment.com.

11. TRANSFER OF UNCLAIMED / UNPAID AMOUNTS TO THE INVESTORS EDUCATION AND PROTECTION FUND (IEPF)

During the year, no shares were transferred to Investors Education and Protection Fund pursuant to the provisions of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016.

12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure - IV** of this Report in the format prescribed in the Companies (CSR Policy) Rules, 2014. The Policy is available on Company's web-site at www.dqentertainment.com.

13. 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 as approved by the Audit Committee, 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.

14. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

15. 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.

16. DIRECTORS & KEY MANAGERIAL PERSONNEL

a. Appointment

The Board based on the recommendation of the Nomination and Remuneration Committee appointed Ms. Sukhmani Walia as Company Secretary and Compliance Officer of the Company w.e.f. February 12, 2019.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee in their meeting held on 09th August, 2019 considered and approved the re-appointment of Mr. S. Sundar subject to the approval of Shareholders in the ensuing AGM as Non-Executive Independent Director of the Company for second term of five consecutive years pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any of the Companies Act, 2013 ('the Act') and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Regulation 17(1A) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended in the ensuing Annual General Meeting.

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. Annie Jodhani, Company Secretary and Key Managerial person resigned from the position of Company Secretary and Compliance officer w.e.f 12th February, 2019.

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 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.

The performance of Board, its Committees and individual Directors were found satisfactory.

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 www.dqentertainment.com

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 V**, 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 www.dqentertainment.com.

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 www.dqentertainment.com

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.

17. MEETINGS OF THE BOARD

Four meetings of the Board of Directors of the Company were held during the financial year 2018-19. These Board meetings were held on May 30, 2018, August 3, 2018, November 9, 2018 and February 12, 2019. For further details, please refer report on Corporate Governance of this Annual Report.

18. AUDITORS AND AUDITORS' REPORT

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

a. Statutory Auditors
Under Section 139 of the Companies Act, 2013 and the rules made thereunder, it is mandatory to rotate the Statutory Auditors on completion of the maximum term permitted under the provisions of the Companies Act, 2013. Pursuant to the said requirement of the Companies Act, 2013 MSKA & Associates, Chartered Accountants, Hyderabad (FRN: 105047W) was re-appointed as the Statutory Auditors of the Company in 11th AGM held on 29th September, 2018 upto the conclusion of the Thirteenth AGM to be conducted in the year 2020. The requirement for the annual ratification of auditor's appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on 7th May, 2018.

During the year, the Statutory Auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013 and the Code of ethics issued by the Chartered Accountant of India.

During the year under review, 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 Auditor have laid out emphasis of matter with regard to financial results which indicates that the Company has incurred loss during the year ended March 31, 2019. However, the Company has favourable cash inflows from its operations and a positive networth. These cash flows are not sufficient to repay its bank borrowings and the related finance costs. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As stated in aforesaid note, in view of the Company's plan to restructure the loan subject to Bank's approval and the Company's efforts to raise additional funds, the consolidated Ind AS financial statements of the Company have been prepared on a going concern basis.

b. Secretarial Auditors
Mr. R. Ramakrishna Gupta of PI & Associates, Practicing Company Secretaries, New Delhi, was appointed by the Board to conduct the secretarial audit of the Company for the financial year 2018 – 19, 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 VI** to the Board's report.

The following observations were given by the Secretarial auditor to which the Board has shared the following explanations:

a) There were instances of delays in submission of Monthly, Quarterly and Annual Performance Reports with Software Technology Park of India (STPI).

Explanation: The Company shall ensure that going forward the reports with STPI and Softex forms shall be submitted within the timelines.

b) There was an instance of delay in filing Annual Performance Report for the financial year ended 31st March, 2019 under Special Economic Zone Act, 2002.

Explanation: The Company shall ensure that going forward it shall file the Annual Performance report within the timelines.

19. 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.

20. 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 whistle blower policy may be accessed on the Company's website www.dqentertainment.com.

21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has duly complied with the provision of section 186 of the Companies Act, 2013 and Rules made thereunder. The particulars of loans, guarantees and investments have been disclosed in the financial statements.

22. 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.

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

(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 following in-house plug-ins to maximize technology absorption at minimal cost.

• The 3ottle: It is a market competing software that is being developed for its CGI animation requirements such as hyper realistic lighting.

• Global Lighting Process (GLP): It automates the process of developing lighting asset to reduce rendering hours by 20%

• GATEWAY software: It is one of its kinds for complete automation of processes, live updates on productivity and status of project as well as server data management and facilitates backup. This robust and secured tool has helped to increase efficiency to a new level.

This automation process and software and hardware development will result in considerable savings of operational costs to company due to reduced human effort and time while not compromising on quality.

(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.

Foreign Exchange Earnings and Outgo:

Particulars	For the year ended	For the year ended
	31March19	31March18
Earnings in Foreign Currency		
Income from production	799,801,636	938,728,707
Other income	5,731,962	5,376,128
Distribution Income	10,597,938	13,598,631
Expenditure in Foreign Exchange (Subject to deduction of tax where applicable)		
Overseas business travel	3,159,769	3,200,659
Production Expenses	1,532,960	8,941,555
Consultancy and other expenses	4,067,690	1,486,550
Financial Charges	5,809,935	7,206,741

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

24. 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 VII** 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.

25. SIGNIFICANT AND MATERIAL ORDERS

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.

26. MATERIAL EVENT RECORDED SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2019 and the date of the Directors' Report.

27. 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 and an Internal Complaints Committee has been set up to redress complaints received regarding Sexual Harassment at work place, with a mechanism of lodging & redress the complaints.. 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.

28. DISCLOSURE WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT

The following are the details that are required to be provided under Schedule V (F) of the SEBI (LODR) Regulations, 2015:

No. of Shareholders and outstanding shares in the suspense account in the beginning of the year	No. of Shareholders approached for transfer of shares during the year	No. of Shareholders to whom shares were transferred and no. of shares transferred	No. of shareholders and the no. of outstanding shares in the suspense account at the end of the year
1 shareholder and 80 shares	Nil	Nil	1 shareholder and 80 shares

29. DELISTING OF THE EQUITY SHARES OF THE COMPANY FROM NSE, RECOGNISED STOCK EXCHANGE

Your Company has been listed on the BSE Limited as well as National Stock Exchange of India Limited (NSE). There is hardly any trading of shares being done on NSE. Therefore, it is recommended to get the equity shares of the Company delisted from the platform of NSE. Hence, the matter was placed before the Board of Directors in the Board Meeting held on 9th August, 2019. The Board has approved the proposal for voluntary delisting of shares from the platform of National Stock Exchange of India Limited without giving the exit opportunity to the Shareholders as the Equity shares of the Company will continue to remain listed on BSE Limited, the Recognised Stock Exchange having nationwide trading terminals and the investors have access to trade and deal in Company's equity shares across the Country.

30. GREEN INITIATIVE

Electronic copies of the Annual Report 2018 –19 and Notice of the 12th 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 2019 and the Notice of the 12th 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.

31. 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.

Place: Hyderabad
Date: August 09, 2019

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

Tapaas Chakravarti
CMD & CEO

DIRECTORS' REPORT

FORM NO. 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

Name of the Subsidiary	DQ Entertainment (Ireland) Limited	DQ Entertainment USA, LLC
The date since when subsidiary was acquired	November 12, 2008	October 13, 2015
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2019	March 31, 2019
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Euro & INR 77.76	USD & INR 69.32
Share capital	INR1,167,503,270	INR 129,440
Reserves & Surplus	INR (1,122,871,473)	INR (637,902)
Total assets	INR 5,872,867,786	NIL
Total Liabilities	INR 5,828,235,989	INR 508,462
Investments	NIL	NIL
Turnover	INR 401,730,791	NIL
Profit/(Loss) before taxation	INR (288,824,743)	NIL
Provision for taxation	NIL	NIL
Profit/(Loss) after taxation	INR(288,824,743)	NIL
Proposed Dividend	NIL	NIL
Extent of shareholding	100%	100%

NOTES:
1. Names of subsidiaries which are yet to commence operations: N.A.
2. Names of subsidiaries which have been liquidated or sold during the year - N.A

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, 2019
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.
5. Reason why the associate/joint venture is not Consolidated	Consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs.(386,043)
7. Profit / Loss for the year	Rs.55,525
i. Considered in Consolidation	Yes
ii. Not Considered in Consolidation	No

NOTES:
1. Names of associates or Joint ventures which are yet to commence operations: N.A.
2. Names of associates or Joint ventures which have been liquidated or sold during the year - N.A.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

Ananthakrishnan G
Partner
(M.No 205226)

Place: Hyderabad
Date: 09.08.2019

For and on behalf of the Board of Directors
DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Tapaas Chakravarti
CMD & CEO
DIN:00559533

S.Sundar
Director
DIN:0396677

Sanjay Choudhary
Chief Financial officer

Sukhmani Walia
Company Secretary
Membership No : A41191

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 contracts of arrangements 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 2018–March 2019	Pre- Production / Production Services	246,615,244	-	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	5,731,962	-		
				Total	**252,347,206**	-		

Place: Hyderabad
Date: August 9, 2019

For and on behalf of the Board

Tapaas Chakravarti
CMD & CEO

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
As on 31.03.2019
[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 Fintech 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	97.93%

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 01/04/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% 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	247	0	247	0.00	247	0	247	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) :	247	0	247	0.00	247	0	247	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(1)+A(2)	59462219	0	59462219	75.00	59462219	0	59462219	75.00	0.00
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(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	0	0	0	0.00	0	0	0	0.00	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) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	4282060	0	4282060	5.40	3598568	0	3598568	4.54	-0.86
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	7345240	3	7345243	9.26	7150481	3	7150484	9.02	-0.25
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	7795837	0	7795837	9.83	8693450	0	8693450	10.97	1.13
(c)	Others									
	Clearing members	17756	0	17756	0.02	21061	0	21061	0.03	0.00
	Non Resident Indians	0	128624	128624	0.16	0	128624	128624	0.16	0.00
	Foreign companies	650	0	650	0.00	1799	0	1799	0.00	0.00
	NBFC	194022	0	194022	0.24	186725	0	186725	0.24	-0.01
	NRI Non-Repatriation	46559	0	46559	0.06	30040	0	30040	0.04	-0.02
	Trusts	10030	0	10030	0.01	10030	0	10030	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2)	**19692154**	**128627**	**19820781**	**25.00**	**19692154**	**128627**	**19820781**	**25.00**	**0.00**
	Total B=B(1)+B(2)	**19692154**	**128627**	**19820781**	**25.00**	**19692154**	**128627**	**19820781**	**25.00**	**0.00**
	Total (A+B)	**79154373**	**128627**	**79283000**	**100.00**	**79154373**	**128627**	**79283000**	**100.00**	**0.00**
(C)	Shares held by custodians for ADRs & GDRs	0	0	0	0	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C)	**79154373**	**128627**	**79283000**	**100.00**	**79154373**	**128627**	**79283000**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 1/04/2019			Shareholding at the end of the year 31/03/2019			% change in share holding during the year
		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	
1	DQ Entertainment (Mauritius) Limited	59461972	75.00	75.00	59461972	75.00	75.00	0.00
2.	Tapaas Chakravarti	42	0.00	0.00	42	0.00	0.00	0.00
3	Rashmi Chakravarti	41	0.00	0.00	41	0.00	0.00	0.00
4.	Nivedita Chakravarti	41	0.00	0.00	41	0.00	0.00	0.00
5.	Sumedha Saraogi	41	0.00	0.00	41	0.00	0.00	0.00
6.	A Ramakrishna	41	0.00	0.00	41	0.00	0.00	0.00
7.	N Laxminarayana	41	0.00	0.00	41	0.00	0.00	0.00
	Total	**59462219**	**75.00**	**75.00**	**59462219**	**75.00**	**75.00**	**0.00**

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

Sl no.	For Each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No of shares	% of total shares of the company	No.of shares	% of total shares of the Company
1.	DQ Entertainment (Mauritius) Limited				
	At the beginning of the year	59461972	75.00	59461972	75.00
	At the end of the year			59461972	75.00
2.	Tapaas Chakravarti				
	At the beginning of the year	42	0.00	42	0.00
	At the end of the year			42	0.00
3.	Rashmi Chakravarti				
	At the beginning of the year	41	0.00	41	0.00
	At the end of the year			41	0.00
4.	Nivedita Chakravarti				
	At the beginning of the year	41	0.00	41	0.00

	At the end of the year			41	0.00
5.	Sumedha Saraogi				
	At the beginning of the year	41	0.00	41	0.00
	At the end of the year			41	0.00
6.	A Ramakrishna				
	At the beginning of the year	41	0.00	41	0.00
	At the end of the year			41	0.00
7.	N Laxminarayana				
	At the beginning of the year	41	0.00	41	0.00
	At the end of the year			41	0.00

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

Sl no.	Name of the shareholders	Date	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No of shares	% of total shares of the company	No.of shares	% of total shares of the Company
1.	Krishni Devi Goenka					
	At the beginning of the year		1000000	1.26	1000000	1.26
	Purchase	20.07.2018	111000	0.14	1111000	1.40
	At the End of the year				1111000	1.40
2.	Varsha Goenka					
	At the beginning of the year		272000	0.34	272000	0.34
	Purchase	14.12.2018	589405	0.74	861405	1.09
	Purchase	18.01.2019	750	0.00	862155	1.09
	Purchase	22.02.2019	845	0.00	863000	1.09
	At the end of the year				863000	1.09
3.	Ashok Kumar Goenka					
	At the beginning of the year		800000	1.01	800000	1.01
	At the end of the year				800000	1.01
4.	Goenka Securities Private Limited					
	At the beginning of the year		800000	1.01	800000	1.01
	At the end of the year				800000	1.01
5.	Ganpati Dealcom Private Limited					
	At the beginning of the year		800000	1.01	800000	1.01
	At the end of the year				800000	1.01

6.	Manjusha Anil Lodha					
	At the beginning of the year		701045	0.88	701045	0.88
	At the end of the year				701045	0.88
7.	ABL Infrastructure Private Limited					
	At the beginning of the year		504599	0.64	504599	0.64
	At the end of the year				504599	0.64
8.	Ritu Goenka					
	At the beginning of the year		500000	0.63	500000	0.63
	At the end of the year				500000	0.63
9.	N.G Industries Limited					
	At the beginning of the year		500000	0.63	500000	0.63
	At the end of the year				500000	0.63
10.	Sharekhan Limited					
	At the beginning of the year		301271	0.38	301271	0.38
	Purchase	06/04/2018	300	0.00	301571	0.38
	Sale	06/04/2018	1262	0.00	300309	0.38
	Purchase	13/04/2018	1570	0.00	301879	0.38
	Sale	13/04/2018	32522	0.04	269357	0.34
	Purchase	20/04/2018	420	0.00	269777	0.34
	Sale	20/04/2018	1600	0.00	268177	0.34
	Purchase	27/04/2018	770	0.00	268947	0.34
	Sale	04/05/2018	5794	0.01	274741	0.35
	Purchase	11/05/2018	100	0.00	274841	0.35
	Sale	11/05/2018	4947	0.01	269894	0.34
	Purchase	18/05/2018	7880	0.01	277774	0.35
	Sale	18/05/2018	500	0.00	277274	0.35
	Purchase	25/05/2018	1035	0.00	278309	0.35
	Sale	25/05/2018	122	0.00	278187	0.35
	Purchase	01/06/2018	1331	0.00	279518	0.35
	Sale	01/06/2018	394	0.00	279124	0.35
	Purchase	08/06/2018	15	0.00	279139	0.35
	Sale	08/06/2018	6200	0.01	272939	0.34
	Purchase	15/06/2018	3284	0.00	276223	0.35
	Sale	22/06/2018	200	0.00	276423	0.35

	Purchase	22/06/2018	3150	0.00	273273	0.34
	Sale	29/06/2018	1845	0.00	275118	0.35
	Purchase	29/06/2018	200	0.00	274918	0.35
	Sale	06/07/2018	2529	0.00	272389	0.34
	Purchase	13/07/2018	2264	0.00	274653	0.35
	Sale	20/07/2018	400	0.00	275053	0.35
	Purchase	20/07/2018	2406	0.00	272647	0.34
	Sale	27/07/2018	2713	0.00	275360	0.35
	Purchase	03/08/2018	2683	0.00	272677	0.34
	Sale	10/08/2018	503	0.00	273180	0.34
	Purchase	10/08/2018	400	0.00	272780	0.34
	Sale	17/08/2018	48	0.00	272828	0.34
	Purchase	24/08/2018	445	0.00	273273	0.34
	Sale	24/08/2018	421	0.00	272852	0.34
	Purchase	31/08/2018	200	0.00	273052	0.34
	Sale	31/08/2018	211	0.00	272841	0.34
	Purchase	07/09/2018	361	0.00	273202	0.34
	Sale	07/09/2018	602	0.00	272600	0.34
	Purchase	14/09/2018	12	0.00	272612	0.34
	Sale	14/09/2018	430	0.00	272182	0.34
	Purchase	21/09/2018	221	0.00	272403	0.34
	Sale	21/09/2018	350	0.00	272053	0.34
	Purchase	28/09/2018	385	0.00	272438	0.34
	Sale	28/09/2018	12	0.00	272426	0.34
	Purchase	05/10/2018	25	0.00	272451	0.34
	Sale	05/10/2018	108	0.00	272343	0.34
	Purchase	12/10/2018	1244	0.00	273587	0.35
	Sale	12/10/2018	25	0.00	273562	0.35
	Purchase	19/10/2018	1170	0.00	274732	0.35
	Sale	19/10/2018	1396	0.00	273336	0.34
	Purchase	26/10/2018	1063	0.00	272273	0.34
	Sale	02/11/2018	76	0.00	272349	0.34
	Purchase	02/11/2018	393	0.00	271956	0.34
	Sale	09/11/2018	1500	0.00	273456	0.34

	Purchase	09/11/2018	392	0.00	273064	0.34
	Sale	16/11/2018	3	0.00	273067	0.34
	Purchase	16/11/2018	1466	0.00	271601	0.34
	Sale	23/11/2018	1545	0.00	273146	0.34
	Purchase	23/11/2018	987	0.00	272159	0.34
	Sale	30/11/2018	10000	0.01	282159	0.36
	Purchase	30/11/2018	1385	0.00	280774	0.35
	Sale	07/12/2018	2600	0.00	283374	0.36
	Purchase	07/12/2018	166	0.00	283208	0.36
	Sale	14/12/2018	1249	0.00	281959	0.36
	Purchase	21/12/2018	1455	0.00	280504	0.35
	Sale	28/12/2018	15	0.00	280519	0.35
	Purchase	04/01/2019	106	0.00	280625	0.35
	Sale	11/01/2019	214	0.00	280839	0.35
	Purchase	11/01/2019	50	0.00	280789	0.35
	Sale	18/01/2019	11651	0.01	292440	0.37
	Purchase	18/01/2019	5	0.00	292435	0.37
	Sale	25/01/2019	1586	0.00	294021	0.37
	Purchase	25/01/2019	1631	0.00	292390	0.37
	Sale	01/02/2019	304	0.00	292694	0.37
	Purchase	01/02/2019	100	0.00	292594	0.37
	Sale	08/02/2019	15323	0.02	307917	0.39
	Purchase	15/02/2019	4	0.00	307921	0.39
	Sale	15/02/2019	1220	0.00	306701	0.39
	Purchase	22/02/2019	869	0.00	307570	0.39
	Sale	22/02/2019	4	0.00	307566	0.39
	Purchase	01/03/2019	100	0.00	307666	0.39
	Sale	01/03/2019	859	0.00	306807	0.39
	Purchase	08/03/2019	160	0.00	306967	0.39
	Sale	08/03/2019	100100	0.13	206867	0.26
	Purchase	15/03/2019	193	0.00	207060	0.26
	Sale	15/03/2019	93	0.00	206967	0.26
	Purchase	22/03/2019	941	0.00	206026	0.26
	Sale	29/03/2019	165	0.00	206191	0.26
	At the End of the year				206191	0.26

(v) Shareholding of Directors and Key Managerial Personnel:

Sl no.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
		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	42	0.00	42	0.00
	At the End of the year			42	0.00
2.	Mr. Sanjay Choudhary, CFO				
	At the beginning of the year	1	0.00	1	0.00
	At the End of the year			1	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment as on 31st March, 2019

INR in Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	15,286.07	152.78	0	**15,438.85**
ii) Interest due but not paid	4,438.90	0	0	**4,438.90**
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**19,724.97**	**152.78**	**0**	**19,877.75**
Change in Indebtedness during the financial year				
• **Addition**	**0**	**0**	**0**	**0**
• **Reduction**	**0**	**0**	**0**	**0**
Net Change	0	0	0	0
Indebtedness at the end of the financial year				
i) Principal Amount	15,165.15	152.78	0	15,317.93
ii) Interest due but not paid	5,577.28	0	0	5,577.28
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**20,742.43**	**152.78**	0	**20,895.21**

Note: The Company has filed an application with the bankers for restructuring of its banking facilities (classified as NPA by the bankers) for further moratorium and rescheduling of repayments.

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	10,000,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	1,008,000
	(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 (A)	**11,008,000**
	Ceiling as per the Act	19,000,000
		(On the basis of effective capital calculated pursuant to schedule V of the Companies Act, 2013)

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. S. Sundar	7,75,000	-	-	7,75,000
	Mr. B.N.Sirish	6,75,000	-	-	6,75,000
	Mr. Auknoor Goutam	6,45,000	-	-	6,45,000
	Total (1)	20,95,000	-	-	20,95,000
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)	**20,95,000**	**-**	**1,20,000**	**22,15,000**
	Total Managerial Remuneration	**20,95,000**	**-**	**1,20,000**	**22,15,000**
	Overall Ceiling as per the Act*	-	-	-	-

*Note: As per the provisions of Sub Section (2) read with sub section (5) of Section 197 of the Companies Act, 2013, sitting fees paid to directors are to be excluded while calculating the overall managerial remuneration. Moreover, Ms. Rashida Adenwala, being a managerial person functioning in a professional capacity, the ceiling under Sec 197 of the Companies Act, 2013 is not applicable to her.

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

(Amount in INR)

Sl. no.	Particulars of	Key Managerial Personnel		
		Company Secretary*	CFO	TOTAL
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,48,716	5,259,600	5,973,852
	(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	-	-	-
	Stock Option	-	-	-
2.	Sweat Equity	-	-	-
3.	Commission			
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	**7,48,716**	**5,299,200**	**6,013,452**

*Note: Ms. Annie Jodhani resigned as Company Secretary and Compliance Officer w.e.f 12th February, 2019 and Ms. Sukhmani Walia was appointed in place of her as Company Secretary and Compliance Officer w.e.f 12th February, 2019.

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, 2019.

Place: Hyderabad
Date: August 9, 2019

For and on behalf of the Board

Tapaas 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 CSR policy can be viewed on the website of the Company www.dqentertainment.com

2. The Composition of the CSR Committee during the year:
(i) Mr. Auknoor Goutam – Chairman
(ii) Mr. Tapaas Chakravarti - Member
(iii) Ms. Rashida Adenwala – Member

3. Average net profit of the Company for last three financial years (2015-2016 to 2017-2018):
Loss of INR (101,342,052)/-

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above):
Not applicable in view of loss.

5. Details of CSR spend during the financial year:
(a) Total amount to be spent for the financial year: Not Applicable
(b) Amount unspent, if any: Not Applicable
(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl.	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:

Though the Company is not required to spend on CSR activities, it has taken various sessions on 'Right Parenting Skills' and 'Balika Suraksha' in different government schools in Hyderabad. Please refer HR section of the Annual report for more details on CSR activities.

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.

Place: Hyderabad
Date: August 9, 2019

Tapaas Chakravarti
CMD & CEO

Auknoor Goutam
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, 2019

[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, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanisms 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 2019 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'): —
(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 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 Securities and Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

1. There were instances of delays in submission of Monthly, Quarterly and Annual Performance Reports with Software Technology Park of India (STPI).

2. There was an instance of delay in filing Annual Performance Report for the financial year ended 31st March, 2019 under Special Economic Zone Act, 2002.

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. No change has taken place in the composition of the Board of Directors of the Company during the period under review.

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 sent at least seven days 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. However, such systems and processes needs to be strengthened to avoid delays in filings and late payments.

We further report that during the audit period the Company has no specific events/actions that took place which have a major bearing on the Company affairs in pursuance of the above referred laws, rules, regulations, guidelines standards etc.

For and Behalf of
PI &Associates

R. Ramakrishna Gupta
Partner
FCS No : 5523
C P No : 6696
Office Address: T 202, Technopolis,
1-10-74/B, Chikoti Gardens, Begumpet,
Hyderabad – 500016,
Telangana, India

Place: Hyderabad
Date: August 5, 2019

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	22.14
Mr. B.N.Sirish	19.29
Mr. Auknoor Goutam	18.43
Professional Director	
Ms. Rashida Adenwala	3.43
Executive Director	
Mr. Tapaas Chakravarti	314.51

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. Annie Jodhani*	13.72

* Ms. Annie Jodhani has resigned w.e.f 12 February 2019

c. The percentage increase/ (decrease) in the median remuneration of employees in the financial year: 17%

d. The number of permanent employees on the rolls of Company as on March 31, 2019: 1448 including consultants.

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: Salary corrections were done for worth retaining Associates & Consultants during the period. Also lateral hires as Artist grade were more. Hence, there has been an annual increase of 20% in the remuneration of the employees in FY 2018-19.

f. The Key parameters for any variable component of remuneration availed by the Directors: NA

g. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

A. INDUSTRY STRUCTURE & DEVELOPMENT

Animation can be used to inspire, educate, inform & entertain. Animation is the creation of moving pictures/ images with the help of technology and/ or animation software. Visual effects (VFX) refers to the creation of awesome effects & realistic environments in films by combining real-life images with animation using special software.

The animation industry has grown significantly over the years, not only supporting the growing Indian Media & Entertainment ("M & E") sector but also serving the world. India has emerged as one of the key animation development market.

Animation grew 10% in 2018 – 2019 to reach INR 18.8 billion. By 2021 the animation segment is expected to reach a size of INR 24.4 billion. The Indian share in the global animation industry is less than 1%; however, it is expected to increase in the coming years. Yet, international projects account for 70%-80% of the Indian animation industry revenues.

Animation and VFX is one of the growing segments of the Indian M&E sector due to the increased demand in domestic markets and the emergence of digital content serving platforms across the world. India has traditionally been a hub for outsourced animation and VFX services for the world, but the increase in domestic demand and improvement in skills has led to an increase in development of content for Indian Production houses.

Indian animation studios have worked on over 1,000 TV episodes and over 100 films in recent years, domestically as well as internationally. About 65-70% of revenues are generated from work done for clients in other countries, whereas 30-35% of revenues are generated from domestic clients.

With improvement in animation quality over the last few years and the cost advantage, international studios and animation houses such as Disney, Warner Brothers, DreamWorks, Sony, Viacom/Nick, BBC, Cartoon Network, Fox, Ubisoft and Zynga, among others, are increasingly utilizing services from India.

Further a few Indian Studios have provided VFX services for Hollywood blockbusters such as Sin City, Pacific Rim, Uprising and Avengers: Infinity War. The intricately created dragons in the series Game of Thrones were also designed by an India-based Studios.

Further, most national broadcasters like Viacom, Sony, Disney and Discovery have increased their focus on animated content in India, with other national and some local broadcasters also gearing up to launch original animated content.

GROWTH IN DIGITAL MEDIA AND ADVERTISING

Smartphone penetration has led to increase in online viewership, which in turn has led to growth of digital content consumption in India and globally. Thus creating opportunities for increased investments in original IP creations. This is giving a further boost to content providers to develop new content and broadcast the same on Over The Top (OTT) Platforms.

Netflix is expected to spend US$1.1 billion on animated content worldwide and Amazon is projected to spend US$300 million. This translates into roughly 10% of total content budget for these companies. This number is expected to go up to about 15% of their total content budget in 2021.

Another segment that has seen increasing use of animation is advertisements. Growth in digital advertising is further adding to the animation revenue pie as advertisers are creating more and more animated advertisments for digital media, with an increased focus on video. Companies are increasingly partnering with animation studios for creating their advertisements

LICENSING AND MERCHANDISING (L&M)

Today, it is not surprising to find kids glued to the either the Television or the mobile for several hours at a stretch. The influence of cartoons on kids today is tremendous. Hence, there is little wonder why the marketplace is brimming with merchandise related to cartoon characters, where bags, shoes apparels and other fashion accessories have taken a leap jump in character licensing,

The idea of character merchandising sprang from Walt Disney Studios, which created a separate department to license the rights to use its popular toon characters such as Mickey Mouse, Minnie and Donald on various consumer products.

The trend seen back then was that of popular cartoon characters being licensed by the creators to various licensees to use on their merchandise. It is a common sight to see kidswear with Thomas and Friends and Peppa Pig in the UK and US but in

India, the dominant characters for kidswear remain Mickey Mouse, Ben 10, Chhota Bheem and Doraemon

The Walt Disney Company is the largest character licensor in the world with US$ 45 billion in character merchandising retail sales. India's L&M industry is still in a nascent stage but the segment is poised to grow signifi cantly in the coming years.

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 'Doremon', 'Motu Patlu', 'Little Singham', Mowgli, Sharekhan, Kaa 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 20 to 22 percent of the overall business revenues; however, this segment is poised to grow further in the coming years.

B. OPPORTUNITIES & CHALLENGES

I. OPPORTUNITIES

The animation industry in India, is touted as the 'next big thing' for economic growth following the country's already successful software and business process outsourcing. With Hollywood studios tapping into a large Indian pool of 'low-cost, English-speaking animators who are familiar with the western culture

The animation industry has come a long way and now enjoys shows across genres ranging from slapstick comedy to superhero series to chase comedies to action adventures and musical comedies. With the audience group ranging from toddlers to teenagers, different genres allow animation studios and broadcasters to differentiate their offerings and attract larger audience base.

With a string of successes in the animation space, the next big thing on radar is the Augmented reality/Virtual reality ("AR/VR") space. Maintaining the targets that we have set for ourselves and pushing the creative boundaries with every new production is critical for success. Blending the passion within the established scale both vertically and horizontally; across creative parameters and production volumes, while collapsing the hitherto known boundaries of geography will cumulatively drive the growth of this industry going forward.

The government is playing an active role to promote the animation industry

With the Animation, VFX, Gaming and Comics (AVGC) industry rising high globally, India is on its way of joining the list of countries that boast a robust animation landscape. Initiatives for the furtherance of the industry in India are being undertaken by the central and a number of state governments. Some of the major initiatives are:

• Karnataka's AVGC Policy comprises developing a Centre of Excellence for stimulating AVGC education in the state and establishing Digital Art Centres to carry out digital art and animation curriculum in certain fine art schools across Karnataka.

• Government of Telangana is also aggressively supporting AVGC sector and is planning to set-up an incubation centre called 'Innovation in Multimedia, Animation, Gaming and Entertainment' (IMAGE) in Hyderabad, which would provide an ideal environment for businesses in the AVGC industry.

• The Government of Gujarat is pursuing investments to launch an AVGC lab in the state that would provide a number of facets in the Gujarat AVGC sector a technological boost.

II. CHALLENGES

Opportunity to create original characters with global appeal

Indian animation segment relies heavily on storylines around mythological concepts and characters. The share of original characters created and owned by Indian studios is significantly lesser compared to western countries where original characters are created such as Spiderman and Batman, which have a global appeal and are monetized, consequently, at a global level.

Budget limitations

Budgets for Hollywood movies using VFX are generally six to 10 times those of Indian films, resulting in difference in the quality of VFX. In the case of animated films, too, the budget of global studios would average 20-30 times the budget for a typical Indian product. Due to this, even a movie such as "The Jungle Book," which is India-based, is created by foreign animation houses as they have the budget required for carrying out the required level of animation.

Need for more government incentives

An animation content creator needs multiple government incentives to produce a series. In India, such incentives are often lacking. Working with foreign companies doesn't entail tax in India but local production is charged with GST of 15%. In addition, there is a withholding tax on payments. Countries such as Singapore provide incentives amounting to 25% and Malaysia has created a fund for animation producers. Such initiatives are also required in India to strengthen animation and VFX sector and make it more competitive globally

Skilling the workforce to international storytelling standards

The animation segment requires scriptwriters who can adapt storytelling from live action to animated content. India needs creators and writers who can create characters which have international appeal. For this to happen, India's writers need to be exposed to or trained in animation specific storytelling methods. There is need for talent in this space, and is an area large Indian studios need to invest in.

Complicated and time-consuming process

Ideation and content creation is not a quick and easy process. It involves a complete visualization of the program and a process of storytelling that needs to be worked out before the production can be commenced. The genre needs more time and labor.

Lack of funding and subsidies

Despite a vast talented and potential pool, India does not produce a high percentage of animated films as it is unable to get the funding for creation of Intangible properties. Indian lending agencies still prefer traditional method of lending with adequate security cover. Further, there are no subsidies being offered currently to production houses in India, unlike western film makers which have huge subsidies available for production. The industry demands an initial high investment and this poses a major setback

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.

C. OUR BUSINESS DIVISIONS

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

OUTSOURCING SERVICES

DQ Entertainment (DQE) is an animation production house in India. DQE's animation division creates, designs, and produces animation 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.

The animation division provides production services to major players in the media & entertainment (M&E) industry in Europe, US and Asia, some of which include: Walt Disney Group, Zag Toons, USA, Method Animation, France, Wild Canary, USA, Cyber group, France, Brown Bags Films, Ireland, Rai Television, Italy and others.

In the FY 2018-19, we concluded the production of several high quality shows and also commenced several new productions.

Production successfully completed and delivered

- **Puppy Dog Pals** – Season I, TV Series 19x23' with Wild Canary USA
- **Mickey Mouse Roadster Racer** – Season II, TV Series 26x22' with Disney Junior, USA
- **Miles From Tomorrow Land** – Season III, TV Series 30x22' with Wild Canary USA
- **Zak Storm** - TV Series 39x23' with Zag Toons S.A.R.L., USA and Method Animation, France
- **Super 4** – TV Series 52x12' with Method Animation, France

Projects in Production

- **Doc McStuffins** – Season V, TV Series 11x22'with Brown Bag Films, UK.
- **Puppy Dog Pals** – Season II, TV Series 19x23' with Wild Canary USA
- **Power Players** – Season I, TV Series 78x11' with Method Animation and Zagtoons.
- **Miraculous Lady Bug** – Season II & III, TV Series 56x26' with Method Animation and Zagtoons. S.A.R.L, USA
- **Seven Dwarfs & Me** – Season II, TV Series 26x26' with Method Animation and supported by ZDF Germany, RAI Television Germany and France TV, France.

In addition to the above projects we have more than 4-6 Projects in pipeline which are in the advances stage of negotiation and likely to commence production in the next 6 to 12 months.

OWN INTELLECTUAL PROJECTS (IP'S):

It is important to understand the role of Intellectual property (IP) and the power it provides in creative industries. Generation of creative intellectual property results in the possibility to distribute and monetize the content over the long period of time and over multiple platforms of delivery. Your Company is firmly on the path to identify new IP opportunities and generate high caliber creative content for worldwide distribution. The role of the intellectual property in creative industries is often not understood and therefore undervalued.

The Company has several IPs out of which the Company has 5 Direct IPs namely Jungle Book, Peter Pan, Robin Hood, Psammy Show, Lassie.

II. Licensing and Distribution

a. Broadcasting/ Merchandising / Licensing- DQE:

DQE has established partnerships for product licensing, merchandising, broadcasting & distribution world-wide of its own productions. Major agencies include Amazon, Netflix, Discovery Family Channel USA, TF1 France, ZDF Germany, Planeta Jr. Spain, Planeta Jr Italy KIKA and WDR Germany, RAI Television Italy DEA Kids Italy and may more Worldwide.

Please refer operational highlights section of the Board's report for details on major licensing and distribution deals entered by the Company during the year.

b. Digital

YouTube channels, Power Kids and Tiny Toonz, have 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. With more than 2.5 Million subscribers the channel is growing rapidly and have collectively received over 189 million views in the year with the combined total number of watch time in minutes on both these channels being well over one billion.

DQE also plans to launch its own kids specific Subscription Video on Demand (SVOD) and Transaction Video on Demand (TVOD) Platform going forward.

D. OUTLOOK FOR THE FUTURE

DQE's Business model of co-production and IP development has enabled us to leverage on the licensing and distribution income generated from our co-production investments and intellectual property development. This fast growing area of the business is a key focus of management.

Timely movement up the value chain of IP development, as part of our growth strategy has unlocked the value of our investments from which we will continue to monetize over a sustained period of time. This has placed DQE in a unique position to be an integrated entertainment production and distribution company, focused on 360 degree monetization across all platforms.

DQE has an impressive list of clients comprising of the "Who's Who" of animation – Disney, Nickelodeon, ZDF – Germany, Wild Canary, Method Animation, De Agostini Italy, Raicom Italy, etc. The Company has a diverse client / partner base consisting of major producers, licensees and distributors from across the globe - reducing dependence on any single client / partner. DQ has been among the few producers to bet on partnering and outsourcing of some of its pre and post production in foreign studios, especially in Europe.

The internet has had a profound impact on consumer's consumption of digital entertainment. The passive traditional media platforms are being challenged by new media platforms like IPTV, internet TV & videos which facilitate interactivity with consumers in meaningful ways.

New digital frontiers have encouraged us to monetize through the digital world and utilize our IP library for mobile applications, mobile games and mobile porting for all major platforms such as iPhone, iPad, ipod, itunes, blackberry, android, tablets, windows and mobile internet platforms.

DQE's Power Kids YouTube channel has been growing at a rapid space garnering a subscribers base of over 2.5 million being added to the channel with a daily viewer ship being around 7 million views over the last few months .

The revenues from our Power kids channel is now witnessing a healthy growth and the revenues have grown substantially month on month since last quarter. With a rapidly expanding new media universe, we recognize the need for deeper engagement with consumers in this space by further leveraging our existing and future IPs.

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. DQE have adopted a low risk business co-production model with its revenues confirmed through pre-sales to broadcasters all over the globe and co-production partners. We are only developing and producing animated content of globally acclaimed and branded properties which has a ready market for exploitation.

Having established our credentials with large production houses as well as broadcasters all over the world as a quality producer and being rated as one of the top 15 studio globally in terms of production capacity, we are well placed to cash in on the opportunities of the growing media and entertainment space.

We have been capitalizing on the growth of the animation industry across the globe including India and expanding our footprint in entertainment segment and enlarge our client base in diverse geographical regions with continued focus on the production, coproduction and distribution of our own television content and feature films.

DQE's will continue monetization of its large portfolio of iconic brands viz., The Jungle Book, Robin Hood, Peter Pan, 5 & It, Wind in the Willows and so on through licensing and distribution opportunities .

We continue to create properties that have a global appeal and can be exploited from multiple media platforms such as movie screens, television, mobile, intranet, IP, web, publishing and merchandising.

The Company is again resurrecting itself from a very difficult phase of depression and is on the path of recovery and growth. Several new shows have been finalized and going into production. Our focus on improving operational efficiencies and the consolidation of artistic and technical skill sets continues, with productivity improvements being achieved across all processes of production. The production as well as distribution team has been working hard together to build on each other's strengths in producing and distributing high quality content. We look forward to communicating with shareholders on the future success of the organization.

E. RISKS AND CONCERNS

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

(i) Global economy risk

Since, DQE's 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.

- DQE is at risk to newer and cheaper outsourcing destinations emerging, whereby the production houses may look for options to outsource their work at the least cost. Thus the 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. Any economic slowdown or other factors that affect the economic health of 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.

(ii) Regulatory risk

Any changes in political ideologies, government statutory legislation and policy can adversely impact the performance of the Company

DQE has operations in other countries as well. Any changes in local regulations of those countries can impact the profitability and growth of the Company.

DQE has been able to mitigate this risk quite well. DQE has a robust legal and secretarial team which has been complying with the required local regulations across multiple jurisdictions and till date the Company has not faced any compliance issues. Further, the animation sector is not excessively regularized and hence there is no threat in terms in such risk.

(iii) Competition risk

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.

The Company has deep domain knowledge, skilled workforce, delivery capabilities and efficient sales force, and relationship managers to help retain its competitive position amongst peers.

DQE has received production work for animation and other content by some of the major media conglomerates such as Disney and other large European Studios. 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.

(iv) Technological risk

Failure to access the newest technology or insufficient level of technology and poor/ inadequate internet infrastructure are the insecurity faced by Animation companies which leads to failure to complete the deliveries of projects within budget and on time.

DQE has developed & implemented ERP solutions for production management - production scheduling, technical break down & costing, production process management, production tracking management scheme & wage management, purchase & inventory pipeline management. This software ensures optimum utilization of all resources as a common pool, for different divisions at multiple locations in India. The ERP solution is DQE's proprietary software and is derived from programmes like PERT and CPM. It helps to handle complex Production Pipeline Management with ease.

DQE's content creation is managed via a proprietary production and tracking system that significantly improves resource optimization.

(v) Largely dependent on skilled force

Animation Industry is a highly manpower intensive industry requiring specialized skill sets. There are not many training schools in India offering such skill sets. DQE has set up its own School of Visual Arts (SVA) to mitigate this risk of the availability of skilled manpower. However it also faces the risk of poaching of its artists by other animation companies as DQ offers the best training at its SVA as well as on the job training.

F. 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.

ISO Certified

DQE has been awarded with ISO Certification by Det Norske Veritas (DNV) under the Dutch Counsil for Accreditation (RVA). Since 2008, all our operating procedures are as per the ISO 9001:2008 and our systems were upgraded to ISO 9001: 2015 standards in 2017.

ISO Global Standards ensure that the products and services are process driven, reliable and of good quality. For business, they are the strategic tools that reduce costs by minimizing human errors and increasing productivity / efficiency. This is also helping our business development team to pitch in new projects.

Once in every quarter, internal audits are carried out by Core Process Improvement Group and an extensive & detailed external audit is being conducted by DNV once in every year.

The key objectives of ISO audit covers determination of the conformity of management systems with the standard. These audits also evaluate the effectiveness of the management system to ensure the organization is capable to meet applicable statutory, regulatory and contractual requirements, and achieve specified objectives.

G. CONSOLIDATED FINANCIALS - SEGMENTAL ANALYSIS

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, 2019. During the year there is no movement in share capital.

b. Other Equity: The other equity has increased from Rs. 276.52 million to Rs. 298.73 million, an increase of Rs.22.21 million. The increase is majorly on account Fair Value of Ireland Bond by Rs. 801.43 Million, Other Comprehensive income by Rs.5.69 Million. The increase is offset by decrease of Rs. 634.23 million due to re-measurement on post employment benefit obligation & Foreign Currency Translation reserve (FCTR) has decreased by Rs. 150.68 million.

II. Non-current Liabilities

a. Long term borrowings: The borrowings are classified based on its maturity period. Loans thata re due for repayment within one year from 31 March 2019 are classified under current liabilities as 'current maturity of long term borrowings' and the balance are placed under 'long term borrowings'. However owing to the pending application for restructuring of the borrowings, all the term loans have been classified as Non-Current. The total amount of long term borrowings include bonds and loans from banks to the tune of Rs. 3720.91 million as on 31st March, 2018 as against Rs. 5,172.22 million for the corresponding period in previous year.

i) Bank Borrowings :-

Decrease in bank borrowing by Rs. 1,032.05 Mn is mainly on account of reclassification of loan as long term from current liability due to pending application for restructuring of the borrowings.

ii) Bonds:-

Decrease during the year of Rs. 419.25 mn is mainly due to Fair value of Bond.

b. Other Long term liabilities: The non-current Employee benefit obligations have increased from Rs. 91.64 million to Rs. 93.62 million largely on account of restatement of Employee benefit obligations as per the actuarial valuation.

c. Other non-current liabilities consist of Rent Equalization Reserve created as per the requirements of Ind AS.

III. Current Liabilities

a. Short term borrowings: The short term borrowings are towards working capital needs as on 31st March 2019 and the outstanding amount stands at Rs. 876.81 million. There is a decrease from Rs. 958.01 million as on 31st March 2018 to Rs. 876.81 million as on 31st March, 2019 due to re-classification of into Long term loans.

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

c. Other current liabilities: It majorly consists of Current maturity of long term debt of Rs. 1,047.65 million, Unearned revenue of Rs. 307.19 million, interest accrued of Rs. 260.29 million, statutory dues payable of Rs. 140.86 million, salary payable - Rs. 63.37 million.

Note: Post the balance sheet date, the Company has made a significant payment towards statutory dues. It has made a payment of INR 5.23 million towards Provident Fund, INR 9.90 million towards TDS and INR 0.03 million towards GST.

d. Employee Benefit Obligations and Other Provisions - It consists of current portion of employee benefits which includes gratuity and leave encashment and provision for retakes.

e. Current Tax Liability: It relates to the Tax liability of previous year's net off the TDS receivable

ASSETS

I. Non-current Assets

a. Fixed Assets:

i. Property Plant and Equipment: It consist of Plant & Machinery, Office equipment's, Furniture, Fixtures & Interiors, Vehicles and Leasehold improvements. The net block of tangible assets as on 31 March 2019 is Rs. 47.80 million as against Rs. 106.81 million in previous year. During the year, the Company added assets worth of Rs.6.69million and sold/written off of assets worth Rs.11.51 million.

ii. Intangible Assets: Intangible Assets: Intangible assets Gross block consists of distribution rights to the extent of Rs.5,533.76 million and computer software to the extent of Rs.37.52 million. During the year, the company capitalized intangible assets to the extent of Rs. 1,690.48 million. The net block of intangible assets is Rs. 3,362.04 million as against Rs. 2,353.01 million in previous year.

iii. Capital Work in Progress: The capital work in progress is towards land development and there is no movement in it during the 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 31st March, 2019, Intangible assets under construction were to the tune of Rs. 2,857.27 million as against Rs. 4,279.28 million in the previous year.

b. Other Financial Assets: It consists of Security and other Collateral deposits of Rs. 44.27 million this year as against Rs. 42.99 million in the previous year.

c. Deferred Tax Asset: There is a deferred tax asset of Rs. 900.88 million as on 31st March, 2019 as against Rs. 857.90 million as on 31st March 2018. The increase in the deferred tax asset of Rs. 42.98 million is mainly due to increase in depreciation by Rs.37.90 million. Provision for doubtful debts of Rs. 18.11 million. The increase is offset by decrease in employee benefit obligations by Rs.13.03 million.

d. Other Non-Current Assets: It consists of claims receivable pertaining to CENVAT and GST.

II. Current Assets

a.Trade Receivables: All receivables are good and wherever required management has provided for provision for doubtful debts (trade receivables are net of provision for bad and doubtful debts). The Debtors as of 31st March 2019 stand at INR 198.04 mn. as against INR 307.94 mn for the previous year.

Note : Your Company has submitted its application for write off of debts worth USD 37 Mn. to its authorized dealer for onward submission to Reserve Bank of India. The Company is awaiting the approval for the same. The debtors mentioned above are after the effect of provision of write off of debt.

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 31st March, 2019 is Rs.38.93 million.

c. Other current assets: It consists of unbilled revenue of Rs. 281.47 million, which contains revenue pertaining to projects for which work is in progress, but invoice was not raised as the prescribed milestones as per the agreement were not achieved. It also includes loans and advances to employees and others and the current portion of prepaid expenses of Rs. 39.54 million, Insurance claim receivable of Rs 6.03 million, TDS receivable & others of Rs.16.52 million.

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.

₹ in million

	Segmental revenue				Segment results			
	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018
	₹ in millions		% of revenue		₹ in millions		% of segmental results	
Animation	553.19	615.81	56.59	76.83	(13.83)	80.44	(6.06)	8.66
Distribution	424.31	185.69	43.41	23.17	242.07	(1,009.02)	106.06	(108.66)
Total	**977.50**	**801.50**	**100.00**	**100.00**	**228.24**	**(928.58)**	**100.00**	**100.00**
Unallocated expenses	428.12	1426.57	-	-	428.12	1426.57	-	-
Interest and finance expense	467.56	866.52	-	-	467.56	(866.52)	-	-
Profit before tax	(667.44)	(368.53)	-	-	(667.44)	(368.53)	-	-

2. Revenue

In the year 2018-19, the revenues have increased by 22% to Rs.977.50 million from Rs. 801.50 million in financial year 2017-18.

Animation revenue has decreased by 10% from Rs. 615.81 million in 2017-18 to Rs.553.19 million in 2018-19 and distribution revenue has increased by 128 % from Rs.185.69 million in 2017-18 to Rs.424.31 million in 2018-19.

3. Expenses:

Production expenses: Production expenses have decreased from Rs.33.00 million in financial year 2017-18 to Rs. 26.24 million in the financial year 2018-19. The decrease is mainly on account of reduction in projects outsourced to third parties during the year.

4. Personnel Costs: The breakup of personnel costs is as follows

₹ in million

Personnel Costs	31 March 2019	31 March 2018
Salaries and wages	455.84	464.49
Contribution to provident fund	26.90	25.36

Staff welfare expenses	6.34	5.40
Gratuity	35.80	13.17
Compensated absences	(2.05)	3.39
Total	**522.83**	**511.82**

5. 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. There is an increase of Rs. 353.35 mn in administration and other expenses during the year which is mainly on account of Foreign exchange loss by Rs.302.17 million, Bad debts written off by Rs.2.46 million.

6. Interest and Financial Charges:
Consist of bank charges and Interest on borrowings which include bonds, term loans and working capital. The decrease in interest and financial charges by Rs.398.96 mn is on account of Fair value of Bond in lieu of the interest, decrease in interest on delay in payment of statutory dues by Rs.68.52 Million. The decrease is offset by increase in cash credit limits and interest on MSME creditors.

7. Depreciation and Amortization:

₹ in million

Depreciation and Amortization	31-Mar-19	31-Mar-18
Tangible Assets	55.75	37.13
Intangible Assets	665.54	609.79
Total	**721.29**	**646.92**

The increase in depreciation on tangible assets & amortization is mainly due to asset additions during the current year. During the year ended 31 March 2018, Rs. 153.36 million is the impairment charge in intangible assets as against Rs.202.54 million in previous years. The remaining increase is on account of amortization of intangible assets.

8. Profit before interest, depreciation and tax ("PBIDT")
The PBIDT for the year under review stands at Rs. 848.20 million as compared to Rs.341.01 million in the previous year. PBIDT as a 87% of total revenue has increased from 43% in the previous year to 87 % for the current year ended 31 March, 2019. The increase in PBIDT is mainly due to decrease in production expenses and owing to an increase in the capitalized expenses.

9. Profit after tax:
During the year there is a loss after tax of Rs. (634.23) million as against a loss of Rs. (148.39) million in 2017-18. The loss during the year is on account of reasons quoted as above.

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

The Group has adopted the Indian Accounting Standards (Ind AS) from April 1 , 2017 and these financials have been prepared in accordance with the Indian Accounting Standards (Ind-AS) under section 133 of the Companies Act 2013 read with relevant rules issued thereunder. The date of transition to Ind AS is April 1, 2016. The impact of transition has been accounted for in opening reserves and the comparative period results have been restated accordingly.

H. HUMAN RESOURCES

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

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 AT DQE

"Progress is impossible without change, and those who cannot change their minds cannot change anything."

- George Bernard Shaw

HR @ DQE

In the modern service and information economies, people are the most valuable assets. Hence, Human Resources have taken an increasingly front-line strategic function and it is now as important as other functions like Finance, Sales and Operations.

The role of HR has evolved drastically over time. The face of the function had a shift from "Personnel" to "Human Resource" to "Strategic Human Resource" and employees are acknowledged as assets of the organization.

The key element of our HR strategy is to balance this positive shift, aligning HR strategy with business strategy and thus creating more value addition towards talent retention, Organizational culture, Associate Engagement and Leadership & Development.

We strongly believe, our Associates are integral part of our business and understanding the Human Resource function is essential to manage them. Business plans, strategies and their implementation are dependent on how we discover and develop better people practices.

The focus of HR @ DQE is to bring in lot of this transformational change and to create business value through strategic workforce management.

TALENT ACQUISITION:

Throughout the year, our team of professionals provided support, guidance and advice to the delivery teams on their talent needs. We help them on-board & position the right candidate.

Internal movements through IJP (Internal Job Posting) play a vital role for DQE in retaining expertise, experience and talent by enabling Associates to pursue individual career goals. It contributes to operational stability and business performance as well as helping to mitigate succession risk.

Our Talent Acquisition team continues to work on a balanced approach to attract talent from both in-house (IJP & School of Visual Arts) & external sources to fill the open positions. At times, we go for external hiring due to increased business demand & expansion.

INITIATIVES & ACCOMPLISHMENTS:

TAPAAS AWARD: To reward the creative excellence, to motivate and to encourage a productive/competitive work culture, DQE has started honoring the Associates with "TAPAAS AWARD".

Once in six months, the Project Manager along with the Creative Director of the concerned project identifies & nominates the best performing and most eligible Artists who would fit into the criteria's such as productivity, quality of work, pipeline improvements, research & development etc. Other behavioral criteria's for nomination would be commitment towards work, good team management skills & proactive team player.

All the recommendations are judiciously reviewed by a Review Committee comprising of Cross Functional Head of the Departments and HR and select the winners. In its maiden ceremony, we have recognized and awarded 13 Associates who received this honor directly from our CEO & CMD Mr Tapaas Chakravarti.

VICTORY WALL: DQE has initiated the unique concept known as "Victory Wall'. Basis of this initiative is to appreciate the Artists who demonstrated exemplary / out of the way performance while executing a task.

Every month from all the department across all the divisions in DQE, the supervisors from their respective teams will nominate the best performer for the month. The criteria's would be like productivity, quality, creativity, pipeline set up, working hours and attendance of an Artist will be chosen to display his/her name up on the Victory Wall as a token of appreciation and recognition. Last year 64 Associates across functions were recognized.

ASSOCIATE WELFARE:

Associates are the key partners of our Organizational success. And, our success is not only measured by margins & profits but also by the state of well-being of our Associates. We do a lot of welfare activities throughout the year to keep our workforce happy & healthy.

- **Dental camp conducted by Ameerpet Dental Hospitals at DLF, Hyderabad:** A team of qualified Dentists & Para Medical Staff extended their services. The team have conducted General Dental Check-ups for around 200 Associates and provided Medical Counseling.

- **Eye Screening Camp conducted by Dr. Agarwal's Eye Hospitals at DLF, Hyderabad:** Doctors & Para Medical Staff with Eye Care equipment such as Computerized Eye Testing machine and Manual Eye testing machine from Dr. Agarwal's Eye Hospitals were brought and extended their services to all our Associates. A day long camp has helped around 350 Associates with complete eye checkup and medial counseling. We have also distributed 1000 nos. Free Family Vision checkup cards which can be utilized along with their respective family members.

- **Ergonomics Consultation Camp by Sunshine Hospitals at DLF, Hyderabad:** Ergonomics specialist Doctors were invited to visit our organization at DLF Location for Free Consultation. Doctors showed the exercises for Low back pain, Shoulder Pain, Knee & Leg Pain and Neck Pain during one-on-one consultations. As a group session, Doctors showed all the exercises and taught the employees how to prevent or get a relief from the pains caused due to long sitting posture and stress relief exercises. Around 140 Associates achieved long-term health benefits.

FUN @ WORK (ASSOCIATE ENGAGEMENT ACTIVITIES):

Having fun is one way of effectively managing and improving Associates' emotions. It also helps in improving teamwork, build trusting relationships and increase talent retention.

As humans, we need little fun to cope up with the daily stress that we face. At the end of the day it is all about ONETHING – the Organization culture that you want to create by having healthy engagement across all levels.

- INTERNATIONAL SYSTEM ADMINISTRATORS APPRECIATION DAY
- INDEPENDENCE DAY CELEBRATIONS
- GANESH CHATURTHI CELEBRATIONS
- DUSSERAH CELEBRATIONS
- CARROMS TOURNAMENT
- SWAYAMKRUSHI STALL
- DIWALI CELEBRATIONS & ETHNIC WEAR CONTEST
- HOLI CELEBRATIONS
- CHRISTMAS CELEBRATIONS
- CYKUL FREEDOM RIDE AT GACHIBOWLI STADIUM, HYDERABAD

SCHOOL OF VISUAL ARTS (SVA) & WEBEL:

SVA-Hyderabad: Nurturing the future talent has always been DQE's area of interest. Students who complete 12 months intensive in-house training will be called for a technical test and personal interview round. Students who clear all rounds will be declared as passed. Around 20 students from 17th& 18th batch were placed into various departments during last year.

Webel DQE Animation Academy: In association with Govt. of West Bengal, DQE has expanded its training arm in Kolkata to create a highly skilled talent pool. The learning center is not just to fulfill DQE's business needs but also to provide skilled manpower to the increasing demand in the market.

We as a knowledge partner have prepared the course curriculum aligned & updated with the fast changing technologies, concepts, values and environment etc. The training institute is up and running with multiple batches.

CSR (DQ SMILE FOUNDATION):

DQ Smile Foundation is a non-profit initiative of DQ Entertainment (International) Limited, Hyderabad. DQ Smile Foundation has been instrumental in carrying out two pioneering programs in government schools across Hyderabad since past 10 years:

Right Parenting Skills Workshops: Will bring awareness to the parents to focus on importance of "Right Parent Behavior and Responsibility" towards their ward, which makes a huge impact on child development and life cycle. Each workshop will have 5 sessions conducted by a Qualified Psychologist over a span of 5 months. In the financial year 2018-2019, we were successful in conducting this workshop at various government schools in & around Hyderabad. Nearly, 200 parents were benefited through this workshop.

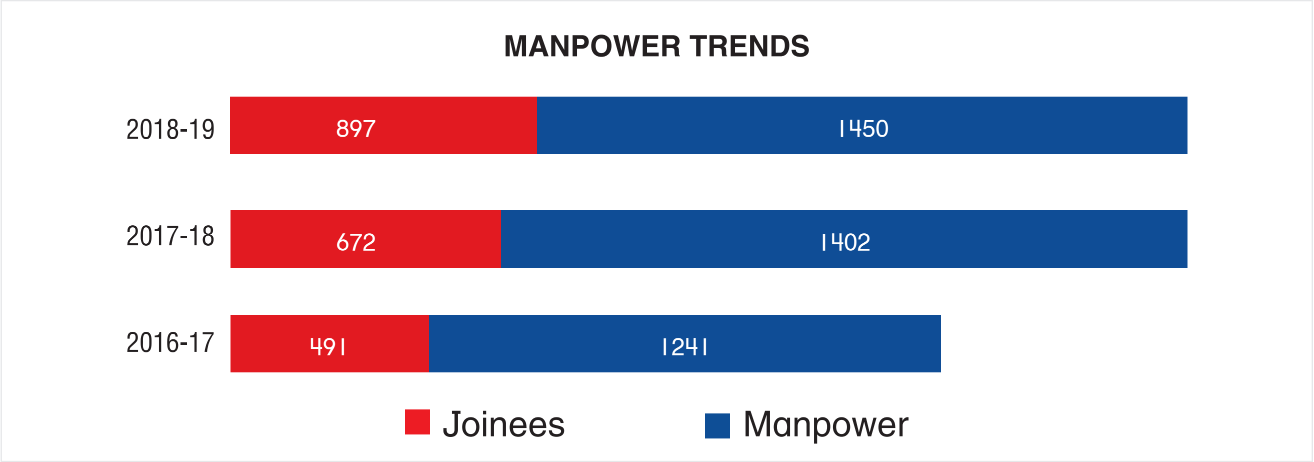
Balika Suraksha workshops: This is an exclusive program aimed at bringing awareness among the girl students in Government schools. Through this program, we have created awareness on sexual exploitation and abuse, educated the girls on the ways and means to avoid this kind of exploitation. More than 500 girl students in & around Hyderabad have benefited through these workshops.

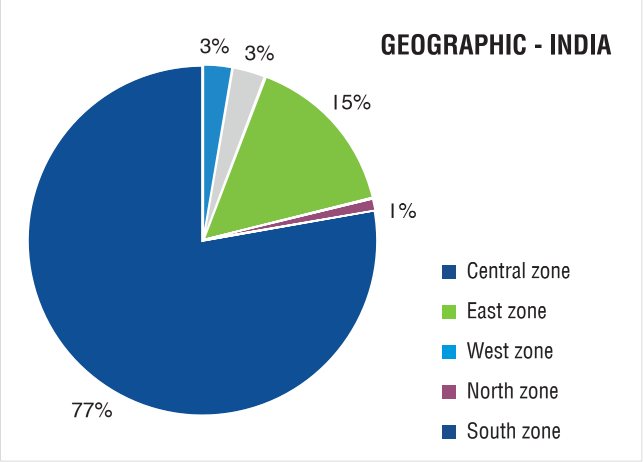
DQ SMILE FOUNDATION 10TH ANNIVERSARY CELEBRATIONS - 20TH DECEMBER 2018: DQE Smile Foundation celebrated its 10th Anniversary, on this occasion Chief Guest Shri Jayesh Ranjan, (Principle Secretary, Information Technology, Electronics & Communications Department, Government of Telangana) presided over the function.

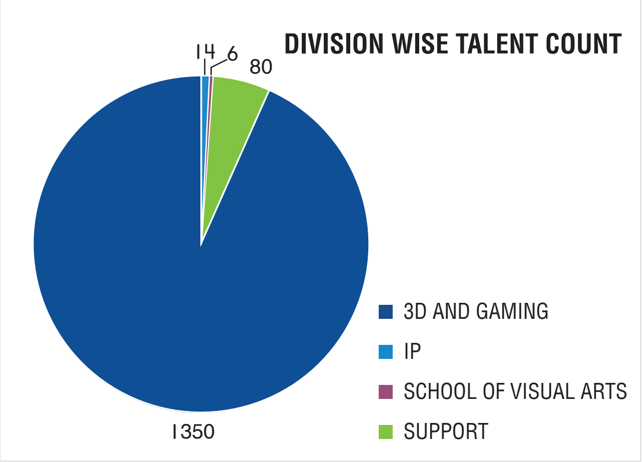
DQ Smile Foundation felicitated 4 Teachers for being the best teachers in their respective schools who actively participated and supported in Right Parenting Skills workshops. Also Felicitated 4 Parents - for improving their Parenting Skills and making the right impact in their child's life after attending all the sessions, which was evaluated by DQSF.

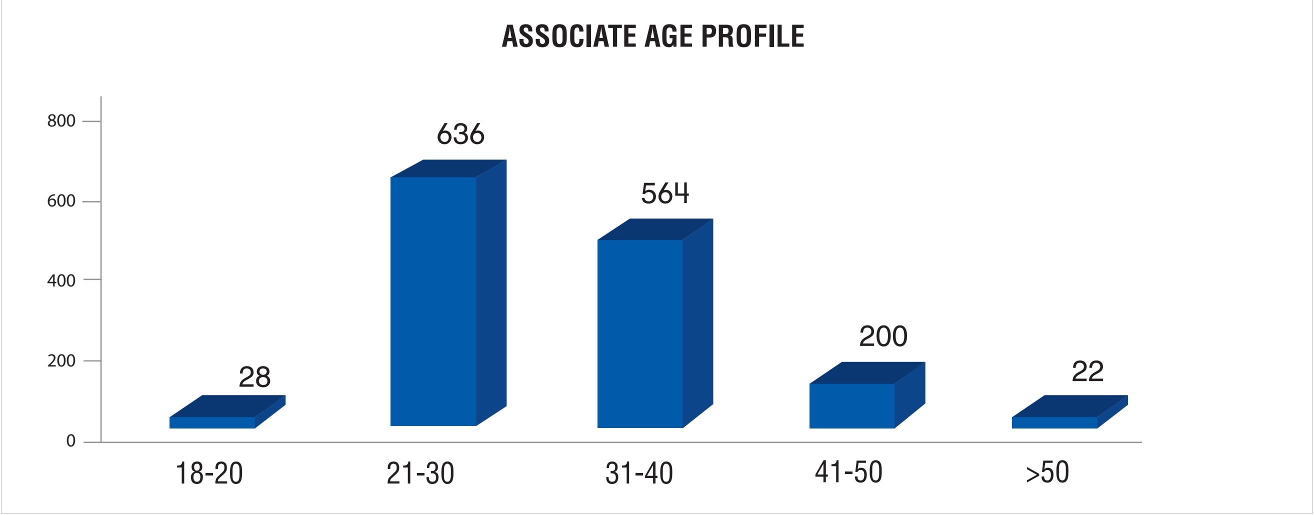
All the recipients were honoured with personal citation and a gift, which were handed over to them by Shri Jayesh Ranjan, Chief Guest.

DEMOGRAPHICS (AS ON 31ST MARCH 2019):









CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate governance is the combination of rules, processes or laws by which businesses are operated, regulated or controlled. The term encompasses the internal and external factors that affect the interests of a company's stakeholders, including shareholders, customers, suppliers, government regulators and management.

At DQE, Corporate Governance is not mere compliance of laws, rules and regulations, but also the application of best management practices and adherence to the highest ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility.

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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to corporate governance.

2. CODE OF CONDUCT:

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 2019.

3. BOARD OF DIRECTORS:

(i) The Board of Directors along with its Committees provides leadership and guidance to the Company's management and also directs, supervises and controls the performance of the Company.

(ii) As on March 31, 2019, the Company has 5 Directors. Of the 5 Directors, one is the promoter, three (i.e. 60%) are Independent and Non-Executive Directors and one is a Non-Independent, Professional director. The composition of the Board is in accordance with SEBI (LODR) Regulations, 2015 and Companies Act, 2013.

(iii) 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 /she is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2019 have been made by the Directors.

(iv) Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015. An Independent Directors meeting was convened on February 12, 2019, in accordance with the provisions of section 149(8) read with schedule IV of the Companies Act, 2013, Secretarial Standards -1 as issued by Institute of Company Secretaries of India and Regulation 25(3) and 25(4) of the SEBI (LODR) Regulations, 2015.

(v) The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013. All the Independent Directors have confirmed that they meet the "independence" criteria as mentioned under SEBI (LODR) Regulations, 2015 and Section 149 of the Companies Act, 2013. 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 www.dqentertainment.com.

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

(vii) Four (4) Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty (120) days. The dates on which the said meetings were held are as follows: May 30, 2018; August 3, 2018; November 09, 2018 and February 12, 2019. 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.

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

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

ix) Except for Mr. Tapaas Chakravarti, who holds 42 shares out of which 41 shares are held 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.

(vi) 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, 2018 are given herein below:

Name of Director	Category	Number of Board meetings during the year 2018-19		Whether attended last AGM held on September 29, 2018	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	Yes	Nil	Nil	Nil
Ms. Rashida Adenwala DIN 00008212	Non Independent, Professional	4	4	Yes	Nil	Nil	Nil
Mr. S. Sundar DIN 00396677	Independent, Non-Executive	4	4	Yes	Nil	Nil	Nil
Mr. B.N.Sirish DIN 02023568	Independent, Non-Executive	4	4	Yes	Nil	Nil	Nil
Mr. Auknoor Goutam DIN 02652304	Independent, Non-Executive	4	4	Yes	Nil	Nil	Nil

^ 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 primary objective of the audit committee is to monitor and provide an effective supervision of the management's financial reporting process, to ensure accurate and timely disclosures, with the highest level of transparency, integrity and quality of financial reporting.

The Audit Committee of the Company is constituted in line with the provisions of section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015 as amended from time to time.

The Committee comprises of 3 (three) Directors, out of which 2 (two) are Independent Directors and 1 (one) is Non-Independent, Professional Director, all of whom are financially literate and have relevant finance and/or audit exposure. Mr. S Sundar, Chairman of the Committee is a qualified Chartered Accountant and has expertise in the field of finance, accounting and audit areas. The quorum of the Committee is two members or one-third of its members, whichever is higher. The Chairman of the Audit Committee has also attended the last Annual General Meeting of the Company.

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 2018-19	
		Held	Attended
Mr. S. Sundar (Chairman)	Independent, Non-Executive	4	4
Mr. B.N.Sirish	Independent, Non-Executive	4	4
Ms. Rashida Adenwala	Non - Independent, Professional	4	4

The Audit Committee met four times during the year on May 30, 2018; August 09, 2018; November 11, 2018 and February 12, 2019. The maximum gap between any two meetings was less than 120 days. Generally, the Statutory Auditor and Chief Financial Officer of the Company were invitees to the meetings of the Committee held in the financial year 2018-19. The Company Secretary acts as secretary to Audit Committee.

The Audit Committee carries out its 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. Overseeing 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 scope of work 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 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 utilization 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 bondholders,banks 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.

21. Any other matters as delegated by the Board of Directors from time to time.

5. NOMINATION AND REMUNERATION COMMITTEE

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 Committee comprises of 3 (three) Directors, out of which 2 (two) are Independent Directors and 1 (one) is Non-Independent, Professional Director. Mr. S. Sundar is the Chairman of the Committee. The quorum of the Committee is two members or one-third of its members, whichever is higher. The Chairman of the Nomination and Remuneration Committee has also attended the last Annual General Meeting of the Company.

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 2018-19	
		Held	Attended
Mr. S. Sundar (Chairman)	Independent, Non-Executive	3	3
Mr. Goutam Auknoor	Independent, Non-Executive	3	3
Ms. Rashida Adenwala	Non - Independent, Professional	3	3

The Nomination & Remuneration Committee met three times during the year on May 30, 2018, August 03, 2018 and February 12, 2019. The Company Secretary acts as secretary to Nomination and Remuneration Committee.

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 in the following manner.

Type of Meeting	Sitting Fees (per meeting)
Board Meeting	Rs. 1,00,000/-
Audit Committee	Rs. 50,000/-
Nomination & Remuneration Committee	Rs. 30,000/-
Corporate Social Responsibility Committee	Rs. 40,000/-
Stakeholders Relationship Committee	Rs. 10,000/-
Separate Meeting of Independent Directors	Rs. 75,000/-

(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 V**.

(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:

(Amount in INR)

Name of the Director	Salary and allowances	Other perquisites	Commission	Total
Mr. Tapaas Chakravarti	10,000,000	1,008,000	Nil	11,008,000

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

(Amount in INR)

Name of the Director	Sitting fees	Professional fees	Total
Mr. S. Sundar	7,75,000	-	7,75,000
Mr. B.N.Sirish	6,75,000	-	6,75,000
Mr. Auknoor Goutam	6,45,000	-	6,45,000
Ms. Rashida Adenwala	-	120,000	120,000
Total	**20,95,000**	**120,000**	**22,15,000**

(iv) No stock options were granted to the Directors during the financial year 2018-19.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee has been constituted to formulate and recommend to the Board of Directors, a corporate social responsibility policy which shall indicate the activities to be undertaken by the company, recommend the amount of expenditure to be incurred on such activities and monitor the corporate social responsibility policy of the company from time to time.

The Committee comprises of 3 (three) Directors, out of which 1 (one) is Independent Director; 1 (one) is Promoter & Executive Director and 1 (one) is Non-Independent, Professional Director. Mr. Auknoor Goutam, Non-Executive & Independent Director is the Chairman of the Committee. The quorum of the Committee is two members or one-third of its members, whichever is higher. The Chairman of the Corporate Social Responsibility Committee has also attended the last Annual General Meeting of the Company.

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

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Mr. Auknoor Goutam (Chairman)	Independent, Non-Executive	2	2
Mr. Tapaas Chakravarti	Promoter and Executive	2	2
Ms. Rashida Adenwala	Non - Independent, Professional	2	2

The Corporate Social Responsibility Committee meeting met two times during the year on May 30, 2018 and February 12, 2019. The Company Secretary acts as secretary to Corporate Social Responsibility Committee.

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 Company has formed Stakeholders Relationship Committee as per the requirements of section 178(5) of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015. The Committee is entrusted with the responsibility to resolve the grievances of stakeholders and strengthening of Investor relations.

The Committee shall consider and resolve the grievances of the security holders including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends and such other matters as may from time to time be required by an statutory, contractual or other regulatory requirements to be attended to by such Committee.

The Committee comprises of 3 (three) Directors, out of which 1 (one) is Independent, Non- executive Director; 1 (one) is Promoter & Executive Director and 1 (one) is Non-Independent, Professional Director. Mr. S. Sundar, Independent and non-executive Director is the Chairman of the Committee. The quorum of the Committee is two members or one-third of its members, whichever is higher. The Chairman of the Stakeholders Relationship Committee has also attended the last Annual General Meeting of the Company.

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Mr. S Sundar (Chairman)	Independent, Non-Executive	1	1
Mr. Tapaas Chakravarti	Promoter and Executive	1	1
Ms. Rashida Adenwala	Non - Independent, Professional	1	1

The Committee met once during the year on May 30, 2018. Necessary quorum was present for the meeting. The Company Secretary acts as secretary to Corporate Social Responsibility Committee. Further, Grievances relating to Stakeholders / Investors may also be forwarded to the Company Secretary and Compliance officer of the Company at investors@dqentertainment.com.

Details of investor complaints received and resolved from April, 2018 to March, 2019 are as follows:

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

The Investors can also raise complaints in a centralized web-based complaints redress system called "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES. As on March 31, 2019, there is no complaint pending from equity shareholder(s) under SCORE or at any other forum/platform.

9. GENERAL BODY MEETINGS:

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

Year	Date	Venue	Time	Special Resolution(s) passed
2017-18	29.09.2018	Hotel 'The Plaza', 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad – 500 016	2.30 p.m.	No Special Resolution has been passed.
2016-17	28.09.2017	Hotel 'The Plaza', 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad – 500 016	2.30 p.m.	1) To approve re-appointment of Mr. Tapas Chakravarti as CMD & CEO of the Company.
2015-16	30.09.2016	Hotel 'The Plaza', 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad – 500 016	3.15 p.m.	1) To approve revision in remuneration of Mr. Tapas Chakravarti, CMD & CEO 2) To approve material related party transaction with Method Animation S.A.S

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

(ii) 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: Monday, September 30, 2019
Time: 12:00 noon.
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) Listing on Stock Exchange:
The company's equity shares are 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 2018-19 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: 21st day of September 2019 to 30th day of September 2019.

(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, 2018 to March 31, 2019 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.)
Month	High Price	Low Price	High Price	Low Price		
April 2018	35213.30	32972.56	14.60	11.69	1,28,838	16,72,319
May 2018	35993.53	34302.89	13.00	8.79	1,90,162	19,63,435
June 2018	35877.41	34784.68	11.55	8.77	1,15,086	11,36,943
July 2018	37644.59	35106.57	10.1	8.41	1,75,971	15,90,047
August 2018	38989.65	37128.99	10.15	8.31	1,74,545	16,13,874
September 2018	38934.35	35985.63	9.7	6.84	75,864	6,24,866
October 2018	36616.64	33291.58	9.4	5.11	1,95,864	13,56,179
November 2018	36389.22	34303.38	7.99	6.19	91,614	620,991
December 2018	36554.99	34426.29	9.14	6.5	6,29,607	42,50,282
January 2019	36701.03	35375.51	9.38	6.25	83,885	6,39,296
February 2019	37172.18	35287.16	7.6	5.01	53,596	3,28,070
March 2019	38748.54	35926.94	7.95	5.55	44,829	3,08,186

	NSE NIFTY		DQ share price on NSE		No. of shares traded	Turnover (Rs.)
Month	High Price	Low Price	High Price	Low Price		
April 2018	10759	10111.3	15.1	11.6	228699	3042243.75
May 2018	10929.2	10417.8	13.25	9.1	307108	3294335.95
June 2018	10893.25	10550.9	11.45	8.7	167975	1803445.75
July 2018	11366	10604.65	10.1	8.35	164307	1519806.4

August 2018	11760.2	11234.95	10.1	8.25	328413	3012557.45
September 2018	11751.8	10850.3	9.15	7.00	142613	1164582
October 2018	10989.05	10004.55	9.75	6.2	346892	2629475.9
November 2018	10922.45	10341.9	7.55	6.2	241468	1704644.05
December 2018	10985.15	10333.85	8.35	6.5	163556	1232665.35
January 2019	10949.8	10612.85	8.65	6.05	250302	1874582.6
February 2019	10983.45	10620.4	7.50	5.00	287251	1734357.5
March 2019	10983.45	10620.4	7.9	5.5	263417	1801881.7

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

Karvy Fintech 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.karvyfintech.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.

Hence, shareholders, holding shares in physical form are requested to arrange for dematerialization of shares at earliest to avoid any inconvenience for transferring those shares.

(ix) Shareholding Pattern of the Company & Distribution of shareholding as on March 31, 2019

Shareholding Pattern as on March 31, 2019

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	247	0.00
(2)	Foreign	1	59461972	75.00
	Total shareholding of promoter and promoter group	**7**	**59462219**	**75.00**
(B)	**Public Shareholding**			
(1)	Institutions	1	128624	0.16
(2)	Non-Institutions	13336	19692157	24.84
	Total public shareholding	**13336**	**19820781**	**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) :	**13344**	**79283000**	**100.00**

Distribution of shareholding as on March 31, 2019

S. No.	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	10304	77.22	14559560.00	1.84
2	5001 - 10000	1267	9.49	10935480.00	1.38
3	10001 - 20000	734	5.50	11760480.00	1.48
4	20001 - 30000	286	2.14	7547380.00	0.95
5	30001 - 40000	155	1.16	5657050.00	0.71
6	40001 - 50000	173	1.30	8175980.00	1.03
7	50001 - 100000	211	1.58	15726840.00	1.98
8	100001 & ABOVE	214	1.60	718467230.00	90.62
	Total:	**13344**	**100.00**	**792830000**	**100.00**

(x) Dematerialisation of shares & liquidity
As on March 31, 2019, 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, 2019, 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, Road No 3, Aurora colony, Banjara Hills, Hyderabad 500034	Registered office/ 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. Sukhmani Walia - Company Secretary and Compliance Officer w.e.f. 12th February, 2019

(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 www.dqentertainment.com.

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 www.dqentertainment.com.

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, 2019.

Place: Hyderabad
Date: August 09, 2019

Tapaas Chakravarti
CMD & CEO

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, 2019 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 violates 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) that there were no significant changes, in internal control over financial reporting during the year;

(2) that there were no significant changes, in accounting policies during the year; and

(3) there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad
Date: August 9, 2019

Tapaas Chakravarti
CMD & CEO

Sanjay Choudhary
Chief Financial Officer

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by M/s. DQ Entertainment (International) Limited (hereinafter called as "the Company") for the year ended 31st March, 2019 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) pursuant to listing agreement of the said company with the Stock Exchanges.

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 except for the observations as stated in the Secretarial Audit report as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to listing agreement of the said company with the Stock Exchanges

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.

For and Behalf of
PI & Associates

(R.Ramakrishna Gupta)
Partner
FCS No : 5527
CP No : 6696

Place : Hyderabad
Date: August 9th, 2019

INDEPENDENT AUDITORS' REPORT

To
The Members of DQ Entertainment (International) Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of DQ Entertainment (International) Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013("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 March 31, 2019, and loss, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTERS

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

i. We draw attention to Note 4B with regard to the carrying value of intangibles assets. The carrying value of intangible assets have been derived on the basis of projections of revenue streams which involves significant degree of subjectivity and judgement in such estimated projections.

ii. We draw attention to Note 5 and 9 with regard to the carrying value of investment in the wholly owned subsidiary and trade receivables. The carrying value of investment and the recoverability of receivables in/from the wholly owned subsidiary have been derived on the basis projections of revenue streams which involves significant degree of subjectivity and judgement in such estimated projections.

Our opinion is not qualified in respect of these matters.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 44 of the standalone financial statements which indicates that the Company has incurred loss during the year ended March 31, 2019. However, the Company has favourable cash inflows from its operations and a positive networth. These cash flows are not sufficient to repay its bank borrowings and the related finance costs. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As stated in aforesaid note, in view of the Company's plan to restructure the loan subject to Bank's approval and the Company's efforts to raise additional funds, the standalone Ind AS financial statements of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	DESCRIPTION OF KAM	AUDITOR'S RESPONSE
1.Valuation of intangibles	Refer Note 4B of Financial statement The company holds intangible assets – which are comprising of intellectual properties/rights, for the net WDV of Rs. 32.90 crore. The company at the end of each reporting period, evaluates the value of intangible assets for impairment based on the revenue projections for the future. These revenue projections are be based on the contracts on hand and also on the market penetration that the company will be able to make in the future.	a. We have obtained and verified the workings done for the valuation of intangible assets. b. We have compared the previous year expected revenue with the actuals of that year and discussed the deviations with the management. c. We have held discussions with the marketing head of the company and understood the basis of arriving at the revenue projections. d. We have obtained the contracts on hand and value of these contracts. Also we have obtained the value of contracts which are in pipe line and found to be at par with the projections. e. We have validated the assumptions considered in the workings. We have verified the disclosures wrt the above in Note 4B in the financial statements.
2.Valuation of investments	The company has a wholly owned subsidiary, DQ Ireland Limited – domiciled in Ireland. The investment value in this subsidiary is Rs. 228 crore. The subsidiary had recorded a loss of Rs. 28.8 crore and the net worth of the subsidiary is lower than the investment value during the year. Hence, there is an indication of impairment. The subsidiary's assets, comprises primarily of intangible assets. The valuation of these intangible assets (which is based on future revenue projections mentioned above) was more than the carrying value of the properties that the company is holding. Hence, the company is of the view that the investment value need not be subjected to impairment as the decline in value is only temporary.	a. We have obtained and verified the workings done for the valuation of intangible assets. b. We have compared the previous year expected revenue with the actuals of that year and discussed the deviations with the management. c. We have held discussions with the marketing head of the company and understood the basis of arriving at the revenue projections. d. We have validated the assumptions considered in the workings. We have verified the disclosures wrt the above in Note 5 in the financial statements.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the ¬Management report, Chairman's statement, Director's report etc but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.
We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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, the Statement of Changes in Equity 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) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

(g) 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 30 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates

Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G

Partner
Membership No.205226

Place: Hyderabad
Date: 7th June, 2019

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

Auditor's responsibilities for the Audit of the financial statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates

Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G

Partner
Membership No.205226

Place: Hyderabad
Date: 7th June, 2019

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF DQ ENTERTAINMENT (INTERNATIONAL) LIMITED FOR THE YEAR ENDED 31ST MARCH, 2019

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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 not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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 provisions stated in 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 ('the Act'). 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, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.

(a) According to the information and explanations given to us, the Company has been regular in depositing undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues except in case of Income tax, GST, Provident Fund which were outstanding, as at March 31, 2019 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Income Tax	2,82,01,748	AY 2015-16	Jan-18(Order received Date)	Not yet paid
Income Tax Act, 1961	Income Tax	2,58,21,347	AY 2014-15	Sep-18(Order received date)	Not yet paid
Income Tax Act, 1961	Income Tax	1,07,55,508	AY 2013-14	Dec-18(Order received date)	Not yet paid
Income Tax Act, 1961	Income Tax-Interest on TDS	17,93,336	June'17 to Mar'19	Jan-18	Not yet paid
Provident Fund	Provident Fund	5,97,45,379	FY 2013-14 to 2016-17	Sep-17	Not yet paid
	Total	**12,63,17,318**			

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, sales-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 the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Transfer Pricing	1,05,11,254	AY 2008-09	Hon'ble High Court
Income Tax Act	Withholding tax on international transactions	96,42,147	AY 2005-06 AY 2006-07 AY 2007-08	Hon'ble High Court
Income Tax Act	Transfer Pricing	2,14,06,307	AY 2013-14	Hon'ble High Court
Service Tax	ITC Claimed as Refund	1,76,47,355	FY 2009-10	CESTAT
Service Tax	Service tax on import of services	3,22,16,573	FY 2009-10 to 2010-11	CESTAT
Service Tax	Service tax on import of services	7,45,13,200	FY 2012-13 to FY 2013-14	CESTAT
Service Tax	ITC Claimed as Refund	46,64,975	FY 2015-16	Principle Commissioner of ST
Provident Fund	Special Allowance	275,548	FY 2012-13	AP Tribunal
Provident Fund	Special Allowance	7,05,021	FY 2011-12	AP Tribunal
	Total	**17,15,82,380**		

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders except for in the following cases the details of which are as follows:

Particulars	Amount of default as at March 31, 2019	Period of default	Remarks, if any
i) Name of the lenders in case of:			
Banks			
Andhra Bank TL	20,99,60,595	Mar-16 to Mar -19	Default of Principle Repayment
	5,51,72,262	Aug-17 to Mar -19	Default of Interest payment
Andhra Bank FITL	1,81,33,333	Mar-16 to Mar -19	Default of Principle Repayment

	1,07,61,064	April-16 to Mar-19	Default of Interest payment
Axis Bank TL	15,58,00,000	April-18 to Mar-19	Default of Principle Repayment
	2,41,48,091	Feb 18 to Mar 19	Default of Interest payment
EXIM Bank SBLC	16,93,22,814	Feb 17 to Mar 19	Default of Principle Repayment
	3,62,94,671	Feb 17 to Mar 19	Default of Interest payment
Axis Bank SBLC-Euro	30,89,82,148	Jan 18 to Mar 19	Default of Principle and Repayment
	2,92,50,354	Jan 18 to Mar 19	Default of Interest payment
Axis Bank SBLC-USD	18,34,60,626	Jan 18 to Mar 19	Default of Principle and Repayment
	1,40,90,117	Jan 18 to Mar 19	Default of Interest payment
IOB SBLC	16,26,44,000	June 16 to Mar 19	Default of Principle and Interest Repayment
Andhra Bank CC	5,63,84,506	May-16 to Mar-19	Default of Interest payment
IOB CC	16,03,60,551	Aug17 to Mar 19	Default of Interest payment
Axis Bank CC	51,39,866	Mar-18 to Mar-19	Default of Interest payment
Total	**1,59,99,04,998**		

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, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, 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.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has 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, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

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 given 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 stated in paragraph 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, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

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 stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G

Partner
Membership No.205226

Place :Hyderabad
Date : 7th June, 2019

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

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of DQ Entertainment (International) Limited ("the Company") as of March 31, 2019 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 with reference to standalone financial statements 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) (the "Guidance Note"). 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 with reference to standalone financial statements based on our audit. We conducted our audit in accordance with 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. 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 internal financial controls with reference to standalone financial statements 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 internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 7th June, 2019

Standalone Balance Sheet as at 31 March, 2019

(Amount in INR, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Noncurrent assets			
Property, plant and equipment	4 A	4,78,02,183	10,67,98,692
Capital work-in-progress		22,75,456	11,66,745
Intangible assets	4 B	34,71,37,278	43,69,58,663
Intangible asset under development	4 C	-	2,46,44,746
Financial assets			
Investments	5	2,28,39,06,773	2,26,93,54,962
Other Financial assets	6	4,42,32,995	4,29,51,346
Deferred tax asset (net)	7	90,08,74,482	85,78,97,184
Other non-current assets	8	1,46,57,227	1,98,89,065
Total non-current assets		**3,64,08,86,394**	**3,75,96,61,403**
Current assets			
Financial assets			
Trade receivables	9	1,10,22,53,920	1,36,45,84,066
Cash and cash equivalents	10	2,57,32,950	3,89,87,703
Other current assets	11	32,02,71,009	43,49,47,685
Total current assets		**1,44,82,57,879**	**1,83,85,19,454**
Total assets		**5,08,91,44,273**	**5,59,81,80,857**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	79,28,30,000	79,28,30,000
Other equity	13	1,37,80,58,160	1,78,13,23,224
Total equity		**2,17,08,88,160**	**2,57,41,53,224**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	-	1,03,20,53,987
Provisions for Employee Benefits	15	9,36,22,135	9,16,35,524
Other non-current liabilities	16	55,31,610	62,14,660
Total non-current liabilities		**9,91,53,745**	**1,12,99,04,171**
Current liabilities			
Financial liabilities			

Borrowings	17	78,55,97,246	86,40,21,271
Trade payables	18	3,65,39,540	5,01,29,038
Other current liabilities	19	1,89,09,25,067	85,80,91,856
Employee Benefit Obligations & Other Provisions	20	10,60,40,515	10,98,17,792
Current tax liabilities (net)	21	-	1,20,63,505
Total current liabilities		**2,81,91,02,368**	**1,89,41,23,462**
Total liabilities		**2,91,82,56,113**	**3,02,40,27,633**
Total equity and liabilities		**5,08,91,44,273**	**5,59,81,80,857**

The accompanying notes from 1 to 44 are an integral part of the financial statements.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

Ananthakrishnan G
Partner
(M.No 205226)

Place: Hyderabad
Date: 07.06.2019

For and on behalf of the Board of Directors
DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Tapaas Chakravarti
CMD & CEO
DIN:00559533

Place: Hyderabad
Date: 07.06.2019

S.Sundar
Director
DIN:00396677

Place: Hyderabad
Date: 07.06.2019

Sanjay Choudhary
Chief Financial officer

Place: Hyderabad
Date: 07.06.2019

Sukhmani Walia
Company Secretary
Membership No : ACS41191

Place: Hyderabad
Date: 07.06.2019

Standalone Statement of Profit and Loss for the year ended 31 March, 2019

(Amount in INR, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
Income:			
Revenue from operations	22	82,23,87,656	95,86,04,387
Other income	23	11,47,32,860	12,54,56,017
Total income		**93,71,20,516**	**1,08,40,60,404**
Expenses			
Production Expenses	24	2,51,71,287	3,27,61,576
Employee benefits expense	25	51,77,48,635	50,76,55,125
Finance costs	26	27,57,58,402	27,13,74,774
Depreciation and amortization expense	4	19,00,41,909	23,82,57,095
Other expenses	27	38,23,37,931	32,05,07,265
Total expenses		**1,39,10,58,164**	**1,37,05,55,835**
Profit /(Loss) before exceptional items and tax		(45,39,37,648)	(28,64,95,431)
Exceptional items		-	-
Profit /(Loss) before tax		(45,39,37,648)	(28,64,95,431)
Income tax expense			
Current tax			
For the Year		-	-
Reversal of Excess Provision of earlier year		-	18,81,72,337
MAT Credit entitlement		-	1,78,37,718
Deferred tax Income/(Charge)		4,49,78,073	1,41,27,320
Total income tax expense		**4,49,78,073**	**22,01,37,375**
Profit/(Loss) for the year		**(40,89,59,575)**	**(6,63,58,056)**
Other comprehensive income			
Items that will be reclassified to profit or loss			
Net (loss)/gain on FVTOCI debt securities		-	-
Income tax effect		-	-
		-	-
Items that will not to be reclassified to profit or loss			
Re-measurement of net defined benefit liability		56,94,511	1,24,37,867
Income tax effect		20,00,774	53,30,514

		76,95,285	**1,77,68,381**
Other comprehensive income for the year, net of tax		**76,95,285**	**1,77,68,381**
Total comprehensive income for the year		**(40,12,64,290)**	**(4,85,89,675)**
Earnings / (Loss) per share	37		
Basic earnings /(loss) per share (INR)	38	(5.16)	(0.84)
Diluted earnings /(loss) per share (INR)	38	(5.16)	(0.84)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration No 105047 W

Ananthakrishnan G

Partner

(M.No 205226)

Place: Hyderabad

Date: 07.06.2019

For and on behalf of the Board of Directors

DQ Entertainment (International) Limited

CIN:L92113TG2007PLC053585

Tapaas Chakravarti

CMD & CEO

DIN:00559533

Place: Hyderabad

Date: 07.06.2019

S.Sundar

Director

DIN:00396677

Place: Hyderabad

Date: 07.06.2019

Sanjay Choudhary

Chief Financial officer

Place: Hyderabad

Date: 07.06.2019

Sukhmani Walia

Company Secretary

Membership No : ACS41191

Place: Hyderabad

Date: 07.06.2019

Statement of Cash Flows for the year ended 31 March 2019

(Amount in INR, unless otherwise stated)

		2018-19	2017-18
	Cash flows from operating activities		
	Cash receipts from customers	1,20,26,84,078	1,10,53,90,647
	Cash paid to suppliers and employees	(99,30,44,449)	(1,06,29,12,011)
	Cash generated from operations	20,96,39,629	4,24,78,636
	Income taxes paid	(3,02,76,452)	(20,00,000)
	Dividends paid	-	-
A	**Net Cash Flow from operating activities**	**17,93,63,177**	**4,04,78,636**
	Cash Flows from investing activities		
	Purchase of property, plant and equipment	(1,04,69,334)	(13,53,037)
	Proceeds from sale of Property, Plant & Equipment	6,88,000	3,11,322
B	**Net cash used in investing activities**	**(97,81,334)**	**(10,41,715)**
	Cash flows from financing activities		
	Proceeds from issue of share capital	-	-
	Proceeds from Short term / long-term borrowings	-	15,72,27,705
	Interest paid	(6,26,77,796)	(1,68,98,847)
	Payment of Short term / long-term borrowings	(12,01,58,800)	(15,16,97,009)
C	**Net cash used in financing activities**	**(18,28,36,596)**	**(1,13,68,151)**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(1,32,54,753)**	**2,80,68,770**
	Cash and cash equivalents at beginning of the year	3,89,87,703	1,09,18,933
	Cash and cash equivalents at end of the year	**2,57,32,950**	**3,89,87,703**

"Notes :
The above Cash flow statement has been prepared under the Direct method set out in Indian Accounting Standard (Ind AS) -7, "" Statement of Cash Flows "" notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014."

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

For and on behalf of the Board of Directors
DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Ananthakrishnan G
Partner
(M.No 205226)

Tapaas Chakravarti
CMD & CEO
DIN:00559533

S.Sundar
Director
DIN:00396677

Place: Hyderabad
Date: 07.06.2019

Sanjay Choudhary
Chief Financial officer

Sukhmani Walia
Company Secretary
Membership No : ACS41191

Statement of changes in equity for the year ended 31 March 2019

(Amount in INR, unless otherwise stated)

Particulars	Equity Share Capital	Other Equity						Total equity attributable to equity holders of the company
		Reserves & Surplus				Other Comprehensive Income		
		Securities premium reserve	Capital Redemption Reserve	General reserve	Retained earnings	FVTOCI Reserve on equity instruments	Others	
Balance as at 1 April 2017	79,28,30,000	1,94,66,76,687	17,63,860	54,87,393	(11,88,96,821)		2,12,294	2,62,80,73,413
Profit/(Loss) for the year					(6,63,58,056)		1,24,37,867	(5,39,20,189)
Other comprehensive income					-			-
Total other comprehensive income for the year	-	-	-	-	**(6,63,58,056)**	-	**1,24,37,867**	**(5,39,20,189)**
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	**79,28,30,000**	**1,94,66,76,687**	**17,63,860**	**54,87,393**	**(18,52,54,877)**	-	**1,26,50,161**	**2,57,41,53,224**

Particulars	Equity Share Capital	Other Equity						Total equity attributable to equity holders of the company
		Reserves & Surplus				Other Comprehensive Income		
		Securities premium reserve	Capital Redemption Reserve	General reserve	Retained earnings	FVTOCI Reserve on equity instruments	Others	
Balance as at 1 April 2018	79,28,30,000	1,94,66,76,687	17,63,860	54,87,393	(18,52,54,877)	-	1,26,50,161	2,57,41,53,224
Profit/(Loss) for the year	-	-			(40,89,59,575)		56,94,511	(40,32,65,064)
Other comprehensive income	-	-		-		-	-	-
Total other comprehensive income for the year	-	-		-	(40,89,59,575)	-	56,94,511	(40,32,65,064)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	**79,28,30,000**	**1,94,66,76,687**	**17,63,860**	**54,87,393**	**(59,42,14,452)**	-	**1,83,44,672**	**2,17,08,88,160**

See accompanying notes to the financial statements 1-44

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

Ananthakrishnan G
Partner
(M.No 205226)

Place: Hyderabad
Date: 07.06.2019

For and on behalf of the Board of Directors
DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Tapaas Chakravarti
CMD & CEO
DIN:00559533

Place: Hyderabad
Date: 07.06.2019

S.Sundar
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DIN:00396677

Place: Hyderabad
Date: 07.06.2019

Sanjay Choudhary
Chief Financial officer

Place: Hyderabad
Date: 07.06.2019

Sukhmani Walia
Company Secretary
Membership No : ACS41191

Place: Hyderabad
Date: 07.06.2019

Notes forming part of the Financial Statements for the year ended 31 March 2019

1. General Information

DQ entertainment (International) Limited ("the Company", "DQE") is a listed company incorporated in 2007. DQ Entertainment (International) Limited is in the creation, production, distribution, licensing and marketing of all forms of entertainment. It has the largest animation production capacity for Television, Feature Films, Home Video, Online Game Art, mobile and next generation console games across all formats as well as Visual Effects. DQE has also forayed into live-action and feature films production and distribution.

2. Significant accounting policies

Significant accounting policies adopted by the company are as under:

2.1 Basis of Preparation of Financial Statements

a) Statement of Compliance with Ind AS

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) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, and there were no material items that have been measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

2.2 Property, plant and equipment

Property, plant and equipment 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.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Useful Life
Hardware & Software (CGI*)	3 years
Hardware & Software	3 years
Generators	10 years
Office Equipment	5 years
Furniture & Fixtures	10 years
Vehicles	8 years

*Computer Generated Imagery

Based on the technical experts assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

2.3 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Useful life
Distribution Rights	10 years
Computer Software	6 years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.5 Revenue Recognition

Effective April 1, 2018, the Company adpoted Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognised upon on transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

The Company has applied the guidance in Ind AS 115, Revenue from Contracts with Customers, by applying the revenue recognition criteria for each distinct performance obligation. The arrangement with customers generally meet the criteria for considering software development and related services as distinct performance obligation. For allocating the transaction price, the Company has measured revenue in respect of each performance obligation of a contract as its relative standalone selling price.

(a) Production Income:

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.

(b) Distribution Income:

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.

(c) Training Income:

Revenue from training is recognised over a period of instruction.

(d) Other Income

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists. Interest income on deposits/loans is recognized on accrual basis.

2.6 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.7 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Also initial direct cost incurred in operating lease such as commissions, legal fees and internal costs is recognised immediately in the Statement of Profit and Loss.

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.8 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2.9 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

2.10 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.11 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves under define benefit plans can be encashed only on discontinuation of service by employee.

2.12 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.13 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3. Significant accounting judgments, estimates , assumptions and Recent accounting pronouncements:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes:

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Defined benefit plans (gratuity benefits and leave encashment):

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

(c) Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 March 2019, the carrying amount of capitalised intangible asset under development was NIL (31 March 2018: INR 24,644,746).

3.2. Standards (including amendments) issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019.

(a) Ind AS 116 - Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The Group will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019.

(b) Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

"The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

(c) Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

(d) Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

The Company is currently evaluating the requirements of amendments. The Company believe that the adoption of this amendment will not have a material effect on its financial statements.

4. Property, Plant and Equipment

(Amount in Rs)

Particulars	Gross Block				Depreciation/Amortisation					Net Block	
	As at 1 April 2018	Additions	Deletions/ write off	As at 31 Mar 2019	As at 1 April 2018	For the year	Deletions/ write off	Adjustment	As at 31 Mar 2019	As at 31 Mar 2019	As at 31 March 2018
Property Plant & Equipment											
Leasehold land	1,11,16,123	-	-	**1,11,16,123**	8,26,130	4,13,065		-	**12,39,195**	**98,76,928**	1,02,89,993
Leasehold improvements	23,79,415	1,05,596	32,240	**24,52,771**	9,25,715	9,93,332	32,240		**18,86,807**	**5,65,964**	14,53,700
Plant & Machinery	13,13,30,697	42,72,748	1,11,72,397	**12,44,31,048**	5,08,20,448	5,01,77,129	12,21,810		**9,97,75,767**	**2,46,55,281**	8,05,10,249
Office equipments	32,32,935	1,94,969		**34,27,904**	19,22,595	8,34,047			**27,56,642**	**6,71,262**	13,10,340
Furniture, Fixtures & Interiors	1,02,14,320	3,26,380	10,199	**1,05,30,501**	36,03,329	20,32,061	10,199	-	**56,25,191**	**49,05,310**	66,10,991
Vehicles	74,61,608	17,92,665		**92,54,273**	8,38,191	12,88,644		-	**21,26,835**	**71,27,438**	66,23,417
Total	**16,57,35,098**	**66,92,358**	**1,12,14,836**	**16,12,12,620**	**5,89,36,408**	**5,57,38,278**	**12,64,249**	**-**	**11,34,10,437**	**4,78,02,183**	**10,67,98,690**
Property, Plant Equipment - Intangible Assets											
Distribution rights* / IP Rights	87,26,15,726	-		**87,26,15,726**	43,98,59,776	10,37,12,629		-	**54,35,72,405**	32,90,43,321	43,27,55,950
Computer software	1,76,82,966	1,98,37,500		**3,75,20,466**	1,34,80,253	59,46,256			**1,94,26,509**	1,80,93,957	42,02,713
Total	**89,02,98,692**	**1,98,37,500**	**-**	**91,01,36,192**	**45,33,40,029**	**10,96,58,885**	**-**	**-**	**56,29,98,914**	**34,71,37,278**	**43,69,58,663**
Intangible asset under construction	9,39,41,313	-		**9,39,41,313**	6,92,96,567	2,46,44,746	-	-	**9,39,41,313**	-	2,46,44,746
Total	**9,39,41,313**	**-**	**-**	**9,39,41,313**	**6,92,96,567**	**2,46,44,746**	**-**	**-**	**9,39,41,313**	**-**	**2,46,44,746**
Grand Total	**1,14,99,75,103**	**2,65,29,858**	**1,12,14,836**	**1,16,52,90,125**	**58,15,73,002**	**19,00,41,909**	**12,64,249**	**-**	**77,03,50,664**	**39,49,39,461**	**56,84,02,099**
Previous year figures	*1,09,95,10,563*	*7,60,26,220*	*2,55,61,679*	*1,14,99,75,103*	*34,77,74,379*	*23,82,57,095*	*44,58,471*	-	*58,15,73,002*	*56,84,02,099*	*75,17,36,184*

Capital Work in Progress

Opening Balance as on 1st April 2018	11,66,745
Add: Additions during the year	52,36,272
Less: Capitalised during the year	41,27,561
Closing Balance as at 31st March 2019	**22,75,456**

IP Rights*

IP rights represent the costs incurred in developing/co-producing/acquiring IP rights. The Company started acquiring these rights from the year 2003-04 and till date 43 series (31.03.2018 - 43 series) of Animation rights have been acquired for different territories across the globe. The Company has performed testing for impairment of distirbution rights which resulted in an impairment loss of Rs.2,46,44,746 (31.03.2018: Rs. 85,988,059) on account of recoverable amount of IP rights being less than its carrying amount.

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 NIL and consequently provision for impairment is considered necessary by the management at this stage.

The company has intangibles to the value of Rs. 347 Mn. To support the carrying value of these intangible assets as at March 31, 2019, the company has prepared projected revenue streams from exploitation, discounted to their present values using a discount factor of 18.2%. There is uncertainty and judgement involved in the estimated projected revenue streams of these assets. If sufficient revenue streams are not generated then a provision for impairment is required to reduce the carrying value of these assets to their recoverable amount. The company is of the opinion that the carrying value of the intangible assets Rs.347 Mn as at March 31, 2019, on franchise basis, are worth at least the net amount stated based on a combination of supporting discounted projected revenue streams and the company's knowledge and expectation of future sales contracts.

Financial Assets

5. Investments

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Investment in equity instrument designated as at fair value through OCI (fully paid)		
Unquoted equity shares		
a) EQUITY	1,16,75,03,270	1,16,75,03,270
In 100% wholly owned subsidiary company -DQ Entertainment (Ireland) Limited. 17,266,315 (31.03.2018 : 17,266,315) ordinary shares of face value Euro 1, fully paid		
Investment in DQ Entertainment (International) films Limited	8,92,45,345	8,92,45,345
Investment in DQ Entertainment (International) Films Limited. 1,155,553 (31.03.2018 : 1,155,553) ordinary shares of face value Euro. 1 fully paid		
Diminution in Value of Investment - Investment in DQ Entertainment (International) Films Limited	(8,92,45,345)	(8,92,45,345)
	1,16,75,03,270	**1,16,75,03,270**
b) Loans		
Loans to 100% wholly owned subsidiary company - DQ Entertainment (Ireland) Limited	1,11,64,03,503	1,10,18,51,692
Current	-	-
Non- Current	2,28,39,06,773	2,26,93,54,962
Aggregate book value of:		
Quoted investments	-	-
Unquoted investments	2,37,31,52,118	2,35,86,00,307
Aggregate market value of:		
Quoted investments	-	-
Unquoted investments	2,28,39,06,773	2,26,93,54,962
Aggregate amount of impairment in value of Investments	8,92,45,345	8,92,45,345

The company has total investment in DQE Ireland of Rs 2,284 Mn (comprising of Equity investments – Rs. 1,168 Mn and Loans – Rs. 1,116 Mn). During the year the subsidiary has made a loss of Rs. 289 Mn and consequently the net worth of the subsidiary has been eroded as at March 31, 2019. The subsidiary's assets comprise primarily of intangible properties, in order to support the carrying values of these intangible assets at March 31, 2019, the management has prepared projected revenue streams from exploitation, discounted to their present values using a discount factor of 18.2%. The management has during the year carried out a valuation of its intellectual properties held in the subsidiary, by an international third party valuer. The management has also during the year carried a valuation of the investment in the subsidiary. The values determined by both the valuers are more than the carrying values.

There is uncertainty and judgement involved in the estimated projected revenue streams of these assets. If sufficient revenue streams are not generated then a provision for impairment is required to reduce the carrying value of these assets to their recoverable amount. The company is of the opinion that the carrying value of the intangible assets Rs. 347 Mn as at March 31, 2019, franchise basis, are worth at least the net amount stated based on a combination of supporting discounted projected revenue streams and the company's knowledge and expectation of future sales contracts.

6. Non-Current Financial assets - Others

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Bank Deposit	2,52,65,590	2,41,10,614
Security & Other Collateral Deposit	1,84,44,374	1,80,04,226
Deferred Rent	5,23,031	8,36,506
Total	**4,42,32,995**	**4,29,51,346**

7. Income Tax

A. Deferred tax relates to the following:	31 March 2019	31 March 2018
Deferred tax assets		
On property, plant and equipment	1,50,69,056	-
On provision for employee benefits	4,69,65,707	5,99,94,378
On disallowance u/s 40A of Income Tax Act, 1961	66,68,51,440	64,87,41,377
On unabsorbed depreciation and carry forward business losses	-	-
Current year losses	-	-
Previous year losses	17,19,88,280	17,19,88,280
Unabsorbed depreciation	-	-
On convertible preference shares	-	-
On others		-
	90,08,74,482	88,07,24,035
Deferred tax liabilities		
On asset classified as held for sale	-	-
On convertible preference shares	-	-
On re-measurements gain/(losses) of post-employment benefit obligations	-	-
On others	-	(2,28,26,851)
	-	(2,28,26,851)

B. Recognition of deferred tax asset to the extent of deferred tax liability

Balance sheet	31 March 2019	31 March 2018
Deferred tax asset	90,08,74,482	88,07,24,035
Deferred tax liabilities	-	(2,28,26,851)
Deferred tax assets/ (liabilities), net	**90,08,74,482**	**85,78,97,184**

C. Reconciliation of deferred tax assets/ (liabilities) (net):

	31 March 2019	31 March 2018
Opening balance as of 1 April	857,897,183	831,262,658
Tax liability recognized in Statement of Profit and Loss	-	-

Tax liability recognized in OCI	-	-
On re-measurements gain/(losses) of post-employment benefit obligations	(20,00,774)	(53,30,513)
Tax liability recognized directly in equity	-	-
On convertible preference shares	-	-
Tax asset recognized in Statement of Profit and Loss	4,49,78,073	3,19,65,038
Closing balance as at 31 March	**90,08,74,482**	**85,78,97,183**

D. Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss

	31 March 2019	31 March 2018
Tax liability	-	-
Tax asset	4,49,78,073	3,19,65,038
	4,49,78,073	**3,19,65,038**

E. Income tax expense

	31 March 2019	31 March 2018
Current tax		
For the Year		-
Reversal of Excess Provision of earlier year	-	18,81,72,337
MAT Credit entitlement	-	1,78,37,718
Deferred tax Income/(Charge)	4,49,78,073	1,41,27,320
Income tax expense reported in the statement of profit or loss	**4,49,78,073**	**22,01,37,375**

F. Income tax expense charged to OCI

	31 March 2019	31 March 2018
Unrealised (gain)/loss on FVTOCI debt securities	-	-
Unrealised (gain)/loss on FVTOCI equity securities	-	-
Net loss/(gain) on remeasurements of defined benefit plans	20,00,774	53,30,514
Income tax charged to OCI	**20,00,774**	**53,30,514**

G. Reconciliation of tax charge

	31 March 2019	31 March 2018
Profit before tax	(45,39,37,648)	(28,64,95,431)
Income tax expense at tax rates applicable	-	18,81,72,337
Tax effects of:		
- Item not deductible for tax	-	-
- Others	4,49,78,073	3,19,65,038
Income tax expense	**4,49,78,073**	**22,01,37,375**

Deferred Tax Asset balance as on 31.03.2019 includes MAT Credit Entitlement of INR 171,988,280 (31.03.2018 INR 17,19,88,280)

8. Other non-current assets

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Claims receivable	1,46,40,288	1,83,48,821
Non-current prepaid expenses	16,939	15,40,244
Total other non-current other assets	**1,46,57,227**	**1,98,89,065**

9. Trade Receivable (Refer Note 40)

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Secured, considered good		
Unsecured		
Considered good	1,10,22,53,920	1,36,45,84,066
Considered doubtful	2,56,48,13,230	2,40,72,36,848
Less: Allowance for bad and doubtful debts	(2,56,48,13,230)	(2,40,72,36,848)
	1,10,22,53,920	**1,36,45,84,066**

10. Cash and Cash Equivalents

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Balances with Banks		
Current Accounts	2,56,54,251	3,87,44,548
Cash on hand	78,699	2,43,155
Total	**2,57,32,950**	**3,89,87,703**

11. Other current assets

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Loans and advances to employees	78,68,049	1,31,46,603
Other loans and advances receivable	44,93,580	62,92,367
Unbilled revenue	28,14,70,031	41,13,59,000
Claim Receivable	60,29,766	-
Interest Receivable	2,57,864	-
Prepaid expenses	38,93,577	41,49,715
WHT and TDS Receivable	1,62,58,142	-
Total	**32,02,71,009**	**43,49,47,685**

12. Equity share capital

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Authorized 80,000,000 Equity shares of Rs.10/- each (31.03.2018: 80,000,000 shares of Rs.10/- each)	80,00,00,000	80,00,00,000
	80,00,00,000	80,00,00,000
Issued, Subscribed and Paid up 79,283,000 (31.03.2018: 79,283,000) Equity shares of Rs.10/- each fully paid up	79,28,30,000	79,28,30,000
	79,28,30,000	**79,28,30,000**

12.1 Reconciliation of the number of shares

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Opening balance	7,92,83,000	7,92,83,000
Add:- Issued During the Year	-	-
Closing balance	**7,92,83,000**	**7,92,83,000**

12.2 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 (International) Ltd., have been pledged with the Bond Holders i.e. OL Master Limited at DQ Entertainment (Mauritius) Limited.

12.3 Details of shares held by Holding Company
No. of Shares held by DQ Entertainment Mauritius Limited as on 31.03.2019 is 59461972. (31.03.2018: 59461972)

12.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the company.
75% of the shares i.e.59,461,972 Equity Shares of Rs.10/- each fully paid up are held by the holding company DQ Entertainment (Mauritius) Limited. (31.03.2018 - 75%, 59461972 shares)
No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.
No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

12.5 Details of shares held by holding company and ultimate holding company.
75% of the shares i.e.59,461,972 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.

12.6 Issue of Bonus Shares
No Bonus Shares have been allotted during 5 years immediately preceding March 31, 2019

13. Other Equity

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Capital redemption Reserve	17,63,860	17,63,860
Securities premium Account	1,94,66,76,687	1,94,66,76,687
General reserve	54,87,393	54,87,393
Surplus/(Deficit) in the Statement of Profit and Loss		
Opening Balance	(18,52,54,877)	(11,88,96,821)
Add:- Profti/ (Loss)for Current Year	(40,89,59,575)	(6,63,58,056)
Add:- Re-measurement Gain/(Loss) on post employment benefit obligation (net of tax)	-	-
Closing balance	**(59,42,14,452)**	**(18,52,54,877)**

Other Comprehensive Income Re-measurement (gain)/loss on post employment benefit obligation (net of tax)		
Opening Balance	1,26,50,161	2,12,294
Add:- Re-measurement Gain/(Loss) on post employment benefit obligation (net of tax)	56,94,511	1,24,37,867
Closing balance	**1,83,44,672**	**1,26,50,161**
	1,37,80,58,160	**1,78,13,23,224**

14. Non Current Liabilities - Borrowings

(Amount in INR, unless otherwise stated)

	As at	
	31 March 2019	**31 March 2018**
Term loans - Secured From banks	-	1,03,20,53,987
	-	**1,032,053,987**

15. Non Current Liabilities - Employee Benefit Obligations

(Amount in INR, unless otherwise stated)

Particulars	**As at**	
	31 March 2019	**31 March 2018**
Gratuity Payable (Refer Note 36)	9,08,96,102	8,87,76,107
Leave Encashment Payable	-	-
Provision for Sick Leave	27,26,033	28,59,417.00
	9,36,22,135	**9,16,35,524**

16. Non Current Liabilities - Other non-current liabilities

(Amount in INR, unless otherwise stated)

Particulars	**As at**	
	31 March 2019	**31 March 2018**
Rent equalization reserve	55,31,610	62,14,660
	55,31,610	**62,14,660**

17. Current Liabilities - Borrowings

(Amount in INR, unless otherwise stated)

Particulars	**As at**	
	31 March 2019	**31 March 2018**
Working capital loans repayable on demand from banks - Secured	77,03,19,190	84,87,43,215
Loans and advances - Un-secured		
-from related parties	1,52,78,056	1,52,78,056
-from Others	-	-
	78,55,97,246	**86,40,21,271**

The company has filed an application with the bankers for restructuring of its term loans (classified as NPA by the bankers) for further moratorium and rescheduling of repayments. The application is under active consideration by the bankers.

17.1. 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.24,366,572 (31.03.2018: Rs. 51,493,772) is secured by Primary: First charge on all current assets of the company both present and future including receivables, cash flows and other monies On Pari-Passu basis along with other working capital bankers. Collateral: Second charge on all movable and immovable fixed assets of the company both present and future (except vehicles) on Pari-Passu basis.Pari-Passu second charge on the fixed deposit of Rs.1.50 cr. With Axis bank along with other banks/financial institutions. This security is in lieu of creation of charge on a leasehold Property (valued at Rs.1.50 crores) of the company. Guarantee: Personal Guarantee of director Mr. Tapaas Chakravarti.	Repayable on demand with base rate plus 4.70% P.A. Payable monthly
The working capital loans from bank for Rs.156,384,507 (31.03.2018: Rs. 134,337,963) is secured by Primary: 1st charge on current assets of the Company on pari-passu basis. Collateral: Second charge on the entire fixed assets of the company on pari passu basis with other member banks and second charge on the fixed deposit of Rs.1.50 crore held with Axis Bank on pari passu basis along with other along with other member banks.	Repayable on demand with base Rate plus 3.95% p.a. payable monthly
The working capital loans from bank for Rs.NIL (31.03.2018: Rs.145,321) is secured by Primary: 1st charge on current assets of the Company on pari-passu basis. Collateral: Second charge on the entire fixed assets of the company on pari passu basis with other member banks and second charge on the fixed deposit of Rs.1.50 crore held with Axis Bank on pari passu basis along with other along with other member banks.	Repayable on demand with base Rate plus 5.95% p.a. payable monthly
The working capital loans from bank for Rs.589,568,111 (31.03.2018: Rs. 662,766,159) is secured by Primary: First pari-passu charge with other Working Capital lenders on current assets of the company both present and future including receivables, cash flows and other monies. Collateral: Second charge on the block of assets of the Company.	Repayable on demand with SBAR plus 3.25%

18. Current Liabilities - Trade Payables

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Total Outstanding dues of micro enterprises and small enterprises	1,96,77,454	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises	1,68,62,086	5,01,29,038
Total trade payables (II)	**3,65,39,540**	**5,01,29,038**

Particulars	As at	
	31 March 2019	31 March 2018
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	1,96,77,454	-
Interest	82,46,051	-
Total	**2,79,23,505**	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.		
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.		
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	82,46,051	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.		

19. Current Liabilities - Other Current Liabilities

(Amount in INR, unless otherwise stated)

Particulars		As at	
		31 March 2019	31 March 2018
Interest accrued and due to banks		25,82,92,869	9,74,56,994
Other Payables:			
Statutory dues payable		14,10,29,758	20,59,73,748
Advance from customers		2,97,591	2,78,272
Interest Payable to MSME Creditors		82,46,051	-
Unearned revenue		29,96,08,766	42,68,74,129
Employee benefits payable		6,33,70,499	6,33,86,698
Current maturities of long-term debt		1,04,76,53,808	10,10,724
Provision for expenses		7,24,25,725	6,31,11,291
		1,89,09,25,067	**85,80,91,856**

The company has filed an application with the bankers for restructuring of its term loans (classified as NPA by the bankers) for further moratorium and rescheduling of repayments.
The application is under active consideration by the bankers.

20. Current Liabilities - Provisions

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Gratuity Payable	5,16,94,972	3,98,43,639
Leave Encashment Payable	3,53,21,349	4,08,04,770
Provision for Retakes	1,90,24,194	2,91,69,383
	10,60,40,515	**10,98,17,792**

21. Current tax liabilities (net)

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Provision for Tax [Net of TDS receivables/with holding tax of 31st March 18 Rs 1,91,79,571]	-	1,20,63,505
	-	**1,20,63,505**

22. Revenue from Operations

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Production : Export	79,98,01,636	93,87,28,707
: Domestic	-	-
Distribution income	2,25,86,020	1,98,75,680
	82,23,87,656	**95,86,04,387**

23. Other Income

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Interest Income and others (including TDS of Rs.167,089 (31.03.2018: Rs.189,355))	20,19,573	22,42,109
Profit on sale of fixed assets	16,791	6,75,324
Liabilities no longer required written back	80,18,358	15,77,291
Foreign exchange fluctuation gain (net)	5,76,84,409	5,31,81,543
Sale of duty scripts	3,48,10,677	6,18,13,872
Miscellaneous income	1,21,83,052	59,65,878
	11,47,32,860	**12,54,56,017**

24. Production Expenses

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Outsourcing Expenses	18,46,144	70,55,252
Power and fuel	2,33,25,143	2,57,06,324
	2,51,71,287	**3,27,61,576**

25. Employee benefits expense

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Salaries and wages	45,07,50,120	46,03,29,757
Contribution to provident fund	2,68,99,579	2,53,57,264
Staff welfare expenses	63,43,364	54,01,784
Gratuity*	3,58,06,592	1,31,74,406
Compensated absences*	(20,51,020)	33,91,914
	51,77,48,635	**50,76,55,125**

* Refer Note 36

26. Finance Costs

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Interest on borrowings		
Terms loans	10,75,84,533	7,53,73,941
Working capital loan	15,15,70,291	11,94,32,287
Interest on MSME creditors	82,46,051	-
Interest on delay in payment of statutory dues	83,57,527	7,65,68,546
	27,57,58,402	**27,13,74,774**

27. Other Expenses - Administrative & Others

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Communication expenses	39,36,078	39,51,145
Printing and stationery	37,44,505	17,71,405
Professional and consultancy charges	23,30,97,011	18,62,77,468
Repairs and Maintenance:		
Building	92,32,147	69,92,479
Plant and Machinery	22,81,176	17,67,805
Others	22,66,713	1,28,02,054
Insurance	16,80,901	13,80,390
Business promotion	68,62,196	78,82,329
Rates and taxes	13,10,311	14,36,405
Rent	5,69,81,439	4,50,24,650
Payment to auditors as:		
As Auditor		
Audit fees	25,00,000	25,00,000
In Other capacity		
Tax audit	1,50,000	1,50,000
Directors remuneration	1,22,15,496	1,31,82,996
Selling and distribution expenses	8,60,768	7,86,818
Travelling and conveyance expenses	2,54,65,728	1,83,17,444
Loss on sale of assets	93,84,917	-
Bad debts written off	-	21,45,542
Bank charges	27,03,773	74,87,707
Miscellaneous expenses	76,64,772	66,50,628
	38,23,37,931	**32,05,07,265**

28. 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.

29. Disclosure required by Schedule V of the Listing Regulations

Amount of loans & advances outstanding from subsidiaries as at 31 March 2019	Outstanding as at 31 March 2019	Maximum amount outstanding during the year	Outstanding as at 31 March 2018	Maximum amount outstanding during the year
Wholly Owned Subsidiary company - DQ Entertainment (Ireland) Limited	1,11,64,03,503	1,10,18,51,692	1,10,18,51,692	88,33,76,262

30.

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Contingent Liabilities (to the extent not provided for)		
a) **Bonds** executed in favour of customs and excise authorities	5,00,000	5,00,000

b) **Demand Disputed on appeal**		
1. Income Tax	96,42,147	96,42,147
2. Service Tax	10,67,29,773	8,77,22,821
3. Provident Fund	-	-
The company has fair chances of succeeding in the appeals and therefore does not expect any liability to materialize		

31.

(Amount in INR, unless otherwise stated)

Particulars	**For the year ended**	
	31 March 2019	**31 March 2018**
Earnings in Foreign Currency - Accrual basis		
Income from production (net of unbilled)	79,98,01,636	93,87,28,707
Other income	57,31,962	53,76,128
Distribution Income	1,05,97,938	1,35,98,631

32.

(Amount in INR, unless otherwise stated)

Particulars	**31 March 2019**	**31 March 2018**
Expenditure in Foreign currency - Accrual basis		
(Subject to deduction of tax where applicable)		
Overseas business travel	3,159,769	3,200,659
Production Expenses	1,532,960	8,941,555
Consultancy, commission, storage systems and other expenses	4,067,690	1,486,550
Financial Charges	5,809,935	7,206,741
Total	**14,570,353**	**20,835,505**

33.

(Amount in INR, unless otherwise stated)

Particulars	**31 March 2019**	**31 March 2018**
Directors remuneration		
Salaries and allowances	9,999,996	9,999,996
Other perquisite	-	1,008,000
Commission	-	-
	9,999,996	**11,007,996**
Remuneration to Non - Whole-time Director		
Sitting fees	2,095,500	2,055,000
Professional fees	120,000	120,000
Total remuneration	**12,215,496**	**13,182,996**

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

34. Related party disclosures

A. Names of related parties and description of relationship as identified and certified by the Company:

Holding Company
DQ Entertainment (Mauritius) Limited
DQ Entertainment Plc - Parent of holding company

Entity under common control
DQ Entertainment (Ireland) Limited - Subsidiary company
DQ Entertainment USA, LLC- Subsidiary of Subsidiary company
DQ Entertainment (International) Films Limited - Joint Venture company by DQ Entertainment (Internnational) Limited and DQ Entertainment Plc

Key Management Personnel (KMP)
Mr. Tapaas Chakravarti - Managing Director & Chief Executive Officer
Mr. Sanjay Choudhary - Chief Financial Officer
Ms. Sukmani Walia- Company Secretary

Relatives of Key Management Personnel (KMP)
Mrs. Rashmi Chakravarti
Miss Nivedita Chakravarti
Mr. Hatim Adenwala

Firm in which a Director is a partner
R&A Associates

B. Details of transactions with related party in the ordinary course of business for the year ended:

(Amount in INR, unless otherwise stated)

	31 March 2019	31 March 2018
(i) **Associate of Holding Company**		
Revenue from Animation	-	20,93,78,887
Revenue from Distribution	-	-
(ii) **Entity under common control**		
Production services provided to DQ Entertainment (Ireland) Limited	24,66,15,244	32,29,15,852
Professional consultancy & Others to DQ Entertainment (Ireland) Limited	57,31,962	53,76,128
(iii) **Key Management Personnel (KMP)**		
Transactions with Key management personnel		
Loan (re-paid)/ taken - Managing Director & Chief Executive Officer	-	(50,00,000)
Remuneration	99,99,996	1,10,07,996
(iv) **Relative of KMP and Directors**		
Remuneration	1,18,54,000	1,11,79,000
(v) **Professional fee paid to**		
Director	1,20,000.00	1,20,000.00
Firm in which a Director is a partner	42,00,000.00	42,00,000.00

C. Amount due to/from related party as on:

(Amount in INR, unless otherwise stated)

	31 March 2019	31 March 2018
(i) **Holding Company**		
Amount receivable at year end - DQ Entertainment Plc	16,34,825	16,34,825
(ii) **Associate of Holding Company**		
Amounts receivable	-	18,58,60,685
(iii) **Entity under common control**		
Amount receivable at year end - DQ Entertainment (Ireland) Limited	2,12,24,73,858	2,26,16,20,314
(iv) **Key Management Personnel (KMP)**		
Loan taken - Managing Director & Chief Executive Officer	1,52,78,056	1,52,78,056

Remuneration payable	2,46,14,801	2,46,31,301
(v) **Professional fee payable**		
Firm in which a Director is a partner	6,94,603.00	2,47,474

D. Terms and conditions of transactions with related parties:
The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties for Rs.2,124,108,683 (31 March 2018: Rs.2,449,115,824). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

35. Leases

Operating leases where Company is a lessee:
The Company has entered into lease transactions mainly for leasing of office premise and Office Equipment for a period between 1 to 10 years. The terms of lease include terms of renewal, increase in rents in future periods, which are in line with general inflation, and terms of cancellation. The operating lease payments recognized in the Statement of Profit and Loss amount to INR 56,981,439 (31 March 2018: INR 45,024,650) included in Note 27.

36. Employee benefits

(Amount in INR, unless otherwise stated)

(A) **Defined Contribution Plans**	**31 March 2019**	**31 March 2018**
During the year, the Company has recognized the following amounts in the Statement of Profit and Loss –		
a) Employers' Contribution to Gratuity (Refer note 25)	3,58,06,592	1,31,74,406
b) Employers' Contribution to Compensated Employees (Refer note 25)	(20,51,020)	33,91,914
(B) **Defined benefit plans**		
a) Gratuity payable to employees	14,25,91,074	12,86,19,746
b) Compensated absences for Employees	3,53,21,349	4,08,04,770

(i) **Actuarial assumptions**	**31 March 2019**	**31 March 2018**
Discount rate (per annum)	7.65%	7.73%
Rate of increase in Salary	4.00%	4.00%
Expected average remaining working lives of employees (years)	18.23	19.45
Attrition rate	3%	3%

(ii) **Changes in the present value of defined benefit obligation**	**Employee's gratuity fund**	
	31 March 2019	**31 March 2018**
Present value of obligation at the beginning of the year	9,01,32,006	9,12,47,925
Interest cost	69,67,205	67,97,970
Past service cost	-	-
Current service cost	1,01,99,305	1,35,63,824
Curtailments	-	-
Settlements	-	(13,55,899)
Benefits paid	-	(50,65,231)
Actuarial (gain)/ loss on obligations	(76,95,286)	(1,64,12,482)
Present value of obligation at the end of the year*	**9,96,03,230**	**8,87,76,107**
*Included in provision for employee benefits (Refer note 15 & 20)		

(iii) Expense recognized in the Statement of Profit and Loss	**Employee's gratuity fund**

	31 March 2019	31 March 2018
Current service cost	1,01,99,305	1,35,63,824
Past service cost	-	-
Interest cost	69,67,205	67,97,970
Expected return on plan assets	-	-
Actuarial (gain) / loss on obligations	(76,95,286)	(1,64,12,482)
Settlements	-	-
Curtailments	-	-
Total expenses recognized in the Statement Profit and Loss*	**94,71,224**	**39,49,312**
*Included in Employee benefits expense (Refer Note 25). Actuarial (gain)/loss of INR 5,694,511 (31 March 2018: INR 12,437,867) is included in other comprehensive income.		

(iv) Assets and Liabilities recognized in the Balance Sheet:	**Employee's gratuity fund**	
	31 March 2019	**31 March 2018**
Present value of unfunded obligation as at the end of the year	9,96,03,230	8,87,76,107
Unrecognized actuarial (gains)/losses	-	-
Unfunded net asset / (liability) recognized in Balance Sheet*	**9,96,03,230**	**8,87,76,107**
*Included in provision for employee benefits (Refer note 15 & 20)		

(v) **A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:**

	Employee's gratuity fund	
Impact on defined benefit obligation	**31 March 2019**	**31 March 2018**
Discount rate		
1% increase	9,14,87,165	8,25,48,476
1% decrease	10,89,65,514	9,89,16,864
Rate of increase in salary		
1% increase	11,57,07,987	10,66,34,377
1% decrease	8,54,46,510	7,61,03,511

(vi) **Maturity profile of defined benefit obligation**	**Employee's gratuity fund**	
Year	**31 March 2019**	**31 March 2018**
1 year	34,86,738	13,25,551
2 to 5 years	42,06,068	23,18,617
6 to 10 years	51,05,381	43,81,597
More than 10 years	8,68,05,043	8,21,06,241

37. Earnings/ Loss per share

(Amount in INR, unless otherwise stated)

Particulars	**31 March 2019**	**31 March 2018**
Weighted average number of equity shares for basic EPS	7,92,83,000	7,92,83,000
Effect of dilution:		
Share options	-	-
Convertible preference shares	-	-
Weighted average number of equity shares adjusted for the effect of dilution	**7,92,83,000**	**7,92,83,000**

Basic loss per share (INR)	(5.16)	(0.84)
Diluted loss per share (INR)	(5.16)	(0.84)

38. Segmental Reporting as per Ind AS 108 :

38.1 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 2019 is as follows:

(Amount in INR, unless otherwise stated)

	Animation	Distribution	Total
Revenue from operation	79,98,01,636	2,25,86,020	82,23,87,656
Total Revenue	**79,98,01,636**	**2,25,86,020**	**82,23,87,656**
	93,87,28,707	*1,98,75,680*	*95,86,04,387*
Depreciation and Amortisation	5,03,56,574	12,83,57,375	17,87,13,949
	4,12,65,739	*19,61,91,735*	*23,74,57,474*
Segment result	(2,03,44,839)	(11,29,23,981)	(13,32,68,820)
	19,50,91,846	*(18,48,82,136)*	*1,02,09,710*
Unallocated expenses			(4,49,10,426)
			(2,53,30,367)
Operating Profit			(17,81,79,246)
			(1,51,20,657)
Net financing costs			(27,57,58,402)
			(27,13,74,774)
Income Tax expense			4,49,78,073
			22,01,37,375
Profit after tax			**(40,89,59,575)**
			(6,63,58,056)
Segment assets	4,23,68,46,369	35,02,27,373	4,58,70,73,741
	4,54,24,97,860	*53,11,03,394*	*5,07,36,01,254*
Unallocated assets			50,20,70,532
			52,45,79,603
Total assets			**5,08,91,44,273**
			5,59,81,80,857
Segment liabilities	2,69,70,29,695	93,47,189	2,70,63,76,884
	2,98,97,31,439	*83,95,030*	*2,99,81,26,469*
Unallocated liabilities			21,18,79,229
			2,59,01,164
Total liabilities			**2,91,82,56,113**
			3,02,40,27,633
Capital expenditure			

Tangible Fixed Assets			**66,92,358**
			4,96,42,973
Intangible Assets			1,98,37,500
			2,25,64,668

Note: Figures in italics represent previous year

38.2 Geographical Segment

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

	America	Europe	Others	Total
Revenue from operation				
Animation	23,02,87,320	56,95,14,316	-	79,98,01,636
	39,37,66,005	*53,85,15,025*	*64,47,678*	*93,87,28,708*
Distribution	11,930	37,28,475	1,88,45,615	2,25,86,020
	4,75,704	*39,73,297*	*1,54,26,679*	*1,98,75,680*
Total Revenue	23,02,99,250	57,32,42,791	1,88,45,615	82,23,87,656
	39,42,41,709	*54,24,88,322*	*2,18,74,357*	*95,86,04,387*
Total Assets	21,58,77,536	3,44,79,17,078	1,42,53,52,599	5,08,91,47,213
	98,93,29,713	*3,99,32,67,600*	*61,55,83,544*	*5,59,81,80,857*
Capital expenditure				
Tangible Fixed Assets				66,92,358
				4,96,42,973
Intangible Assets				1,98,37,500
				2,25,64,668

Note: Figures in italics represent previous year

39. Financial instruments - fair value and risk management

Fair value hierarchy

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

a) recognised and measured at fair value

b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Particulars	Carrying amount	Fair value		
	31 March 2019	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	-	-	-	-
Trade receivables	1,10,22,53,920	-	-	-
Cash and cash equivalents including other bank balances	2,57,32,950	-	-	-
Other financial assets	4,42,32,995	-	-	-
Financial assets measured at fair value				
Investment in Preference shares	-	-	-	-

Total financial assets	**1,17,22,19,865**	-	-	-
Financial liabilities measured at amortised cost				
Non-convertible debentures	-	-	-	-
Borrowings	78,55,97,246	-	-	-
Trade payables	3,65,39,540	-	-	-
Other financial liabilities	1,04,76,53,808	-	-	-
Total financial liabilities	**1,86,97,90,594**	-	-	-

Particulars	**Carrying amount**	**Fair value**		
	31 March 2018	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at amortised cost				
Loans	-	-	-	-
Trade receivables	1,36,45,84,066	-	-	-
Cash and cash equivalents including other bank balances	3,89,87,703	-	-	-
Other financial assets	4,29,51,346	-	-	-
Financial assets measured at fair value				
Investment in Preference shares	-	-	-	-
Total financial assets	**1,44,65,23,115**	-	-	-
Financial liabilities measured at amortised cost				
Non-convertible debentures	-	-	-	-
Borrowings	1,89,60,75,258	-	-	-
Trade payables	5,01,29,037	-	-	-
Other financial liabilities	10,10,724	-	-	-
Total financial liabilities	**1,94,72,15,019**	-	-	-

Investment in equity shares are not appearing as financial asset in the table above being investment in subsidiaries and associates accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

Fair value hierarchy
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in unquoted preference securities and non convertible debentures included in level 3.

Fair valuation method
The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

A. Financial Assets:
Loans, Trade receivables, Cash and cash equivalents and other assets: Fair value of all these financial assets are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

B. Financial Liabilities:

1. Borrowings: IIt also includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

2. Trade payables and other liabilities: Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

40. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

i.) Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by its customers. However, the management also considers the factors that may influence the credit risk of its customer base.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for customers. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for corporate customers as at 31 March 2019 and 31 March 2018 are as follows:

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers.

Based on industry practices and the business environment in which the entity operates, the management considers that trade receivables are in default (credit impaired) if the payments are more than 360 days past due.

Movement in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Balance as at the beginning of the year	(2,40,72,36,848)	(2,40,39,97,899)
Impairment loss allowances recognised (FE Impact)	(15,75,76,382)	(53,84,491)
Bad Debt Written off	-	21,45,542
Balance as at the end of the year	**(2,56,48,13,230)**	**(2,40,72,36,848)**

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's objective is to maintain a balance between cash outflow and inflow. Usually, the excess of funds is invested in fixed deposit. This is generally carried out in accordance with practice and limits set by the Company. The limits vary to take into account the liquidity of the market in which the Company operates.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018 . The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
As at 31 March 2019					
Borrowings	78,55,97,246	78,55,97,246	-	-	-
Trade payables	3,65,39,540	3,65,39,540	-	-	-
Other financial liabilities	1,04,76,53,808	1,04,76,53,808	-	-	-

	Contractual cash flows				
As at 31 March 2018	**Carrying amount**	**0-1 years**	**1-2 years**	**2-5 years**	**5 years andabove**
Borrowings	1,89,60,75,258	-	-	1,89,60,75,258	-
Trade payables	5,01,29,037	5,01,29,037	-	-	-
Other financial liabilities	10,10,724	10,10,724	-	-	-

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Foreign Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

Particulars	Currency	As at 31 March 2019		As at 31 March 2018	
		Foreign currency*	Amount	Foreign currency*	Amount
Trade receivables	AUD	-	-	-	-
	EUR	37,76,673	29,36,74,124	56,66,281	45,25,65,895
	GBP	-	-	-	-
	USD	4,86,11,985	3,36,97,82,833	5,12,07,512	3,31,92,70,904
Trade payables	USD	90,338	62,62,230	1,69,865	1,10,10,627

*Foreign currency values are absolute values and not rounded off to lakhs.

The following significant exchange rates have been applied

Currency	Year end spot rate	
	31 March 2019	31 March 2018
EUR/INR	77.76	79.87
USD/INR	69.32	64.82

Sensitivity analysis

A reasonably possible strengthening (weakening) of the foreign currencies against INR at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
AUD(2%)	-	-	-	-
EUR(5%)	1,46,83,706	(1,46,83,706)	1,46,83,706	(1,46,83,706)
GBP(5%)	-	-	-	-
USD(5%)	16,81,76,030	(16,81,76,030)	16,81,76,030	(16,81,76,030)
31 March 2018				
AUD(2%)	-	-	-	-
EUR(5%)	2,26,28,295	(2,26,28,295)	2,26,28,295	(2,26,28,295)
GBP(5%)	-	-	-	-
USD(5%)	17,68,96,485	(17,68,96,485)	17,68,96,485	(17,68,96,485)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's does not have any borrowings which exposes it to interest rate risk.

41. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Convertible Preference Shares and current borrowing from ultimate holding company of the Company. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31 March 2019	31 March 2018
Equity	2,17,08,88,160	2,57,41,53,224
Convertible preference share	-	-
Total equity (i)	2,17,08,88,160	2,57,41,53,224
Borrowings other than convertible preference shares	1,83,32,51,054	1,89,70,85,982
Less: cash and cash equivalents	(2,57,32,950)	(3,89,87,703)

Total debt (ii)	1,80,75,18,104	1,85,80,98,279
Overall financing (iii) = (i) + (ii)	3,97,84,06,264	4,43,22,51,503
Gearing ratio (ii) / (iii)	0.45	0.42

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018 .

42. Commitments

(Amount in INR, unless otherwise stated)

Particulars	31 March 2019	31 March 2018
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	-	5,62,77,889

43. Amount Spent on Corporate Social Responsibility

Particulars	31 March 2019	31 March 2018
(a) Gross amount required to be spent by the company during financial year.	-	-
(b) Amount spent during the financial year.	-	-

The prescribed CSR expenditure required to be spent in the year 2018-19 as per the Companies Act, 2013 is Nil, in view of average net profits of the Company being Nil (under section 198 of the Act) for last three financial years.

44. The company has favourable cash inflows from its operations and a positive networth. However, the cash flows are not sufficient to repay its bank borrowings and the related finance costs. The lenders, had, in last year agreed to consider restructuring of the terms of the borrowings. The company is in discussions with the lenders for taking up the restructuring of its loans for sanction of further moratorium. Further the company is also making all efforts to raise funds to settle the dues of the Banks and is in discussion with few agencies. The company is also taking efforts to encash the existing IPs by licensing and distribution.

Based on the above, the management believes that the company will continue as a going concern and there by, realise its assets and discharge its liabilities in the normal course of its business. Accordingly, these financial statements have been prepared on the going concern assumption. Consequently no adjustments have been made to the carrying value of assets and liabilities or classification of balance sheet accounts.

45. Figures of previous year have been regrouped/rearranged/reclassified to confirm presentation as per Ind As as required by Schedule III of the Act.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

For and on behalf of the Board of Directors
DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Ananthakrishnan G
Partner
(M.No 205226)

Tapaas Chakravarti
CMD & CEO
DIN:00559533

S.Sundar
Director
DIN:00396677

Place: Hyderabad
Date: 07.06.2019

Sanjay Choudhary
Chief Financial officer

Sukhmani Walia
Company Secretary
Membership No : ACS41191

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Members of DQ Entertainment International Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of DQ Entertainment (International) Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and on the other financial information of subsidiaries, associates ,the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 their consolidated state of affairs of the Group , its associates as at March 31, 2019, of consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements . We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to the following matter in the Notes to the

consolidated Ind AS financial statements:

a. We draw attention to Note 4B with regard to the carrying value of intangibles assets. The carrying value of intangible assets have been derived on the basis of projections of revenue streams which involves significant degree of subjectivity and judgement in such estimated projections.

Our opinion is not modified in respect of this matter.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 42 of the consolidated financial statements which indicates that the Company has incurred loss during the year ended March 31, 2019. However, the Company has favourable cash inflows from its operations and a positive networth. These cash flows are not sufficient to repay its bank borrowings and the related finance costs. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As stated in aforesaid note, in view of the Company's plan to restructure the loan subject to Bank's approval and the Company's efforts to raise additional funds, the consolidated Ind AS financial statements of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Description of KAM	Auditor's Response
1. Valuation of intangibles	Refer Note 4B of Financial statement The company holds intangible assets – which are comprising of intellectual properties/rights, for the net WDV of Rs. 334 crore. The company at the end of each reporting period, evaluates the value of intangible assets for impairment based on the revenue projections for the future. These revenue projections are be based on the contracts on hand and also on the market penetration that the company will be able to make in the future.	a. We have obtained and verified the workings done for the valuation of intangible assets. b. We have compared the previous year expected revenue with the actuals of that year and discussed the deviations with the management. c. We have held discussions with the marketing head of the company and understood the basis of arriving at the revenue projections. d. We have obtained the contracts on hand and value of these contracts. Also we have obtained the value of contracts which are in pipe line and found to be at par with the projections. e. We have validated the assumptions considered in the workings. We have verified the disclosures wrt the above in the Note 4B in the financial statements.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the ¬Management report, Chairman's statement, Director's report etc but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of 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 the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

OTHER MATTERS

a. We did not audit the financial statements of One jointly controlled entities, whose financial statements reflect total assets of Rs. 185,100 as at 31st March, 2019, total revenues of Nil and net cash outflows amounting to Rs.5,912 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 55,525 for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of one associates, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entities and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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 financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 State ment of Profit and Loss, the Consolidated Statement of Changes in Equity 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. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 28 to the consolidated financial statements.

ii. The Group, its associates and 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.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group, its associates and jointly controlled entities to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 7th June,2019

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 7th June,2019

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

[Referred to in paragraph f 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 consolidated Financial Statements for the year ended March 31, 2019]

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, 2019, we have audited the internal financial controls with reference to consolidated financial statements of DQ Entertainment (International) Limited (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 with reference to consolidated financial statements criteria established by the respective companies 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 ("the 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 internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to consolidated financial statements 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 internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 consolidated 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 internal financial controls with reference to consolidated financial statements of the Holding company.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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, and to the best of our information and according to the explanations given to us, the Holding Company, have, in all material respects, an internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No.
105047W

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 7th June,2019

Consolidated Balance Sheet as at 31 March 2019

(Amount in INR, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Noncurrent assets			
Property, plant and equipment	4 A	4,78,01,597	10,68,13,228
Capital work-in-progress		22,75,456	11,66,745
Intangible assets	4 B	3,36,20,38,542	2,35,30,13,889
Intangible asset under development	4 C	2,85,72,69,829	4,27,92,78,601
Financial assets			
Other Financial assets	5	4,42,67,365	4,29,86,649
Deferred tax asset (net)	6	90,08,74,482	85,78,97,184
Other non-current assets	7	1,67,05,260	1,86,21,942
Total non-current assets		**7,23,12,32,531**	**7,65,97,78,238**
Current assets			
Financial assets			
Trade receivables	8	19,80,39,103	30,79,41,892
Cash and cash equivalents	9	3,89,28,369	11,81,87,039
Other current assets	10	34,35,66,080	43,84,93,279
Total current assets		**58,05,33,552**	**86,46,22,210**
Total assets		**7,81,17,66,083**	**8,52,44,00,448**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	79,28,30,000	79,28,30,000
Other equity	12	29,87,32,289	27,65,19,745
Total equity		**1,09,15,62,289**	**1,06,93,49,745**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13	3,72,09,18,879	5,17,22,22,199
Employee Benefits Obligations	14	9,36,22,135	9,16,35,525
Other non-current liabilities	15	55,31,610	62,14,660
Total non-current liabilities		**3,82,00,72,624**	**5,27,00,72,384**
Current liabilities			
Financial liabilities			
Borrowings	16	87,68,14,513	95,80,06,941
Trade payables	17	8,90,60,034	10,64,06,284

Other current liabilities	18	1,82,82,16,110	1,00,89,42,615
Employee Benefit Obligations & Other Provisions	19	10,60,40,513	10,98,17,789
Current tax liabilities (net)	20	-	18,04,690
Total current liabilities		**2,90,01,31,170**	**2,18,49,78,319**
Total liabilities		**6,72,02,03,794**	**7,45,50,50,703**
Total equity and liabilities		**7,81,17,66,083**	**8,52,44,00,448**
See accompanying notes to the Financial Statements	1-42		

The accompanying notes from 1 to 42 are an integral part of the financial statements.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

For and on behalf of the Board of Directors
DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Ananthakrishnan G
Partner
(M.No 205226)

Place: Hyderabad
Date: 07.06.2019

Tapaas Chakravarti
CMD & CEO
DIN:00559533

Place: Hyderabad
Date: 07.06.2019

S.Sundar
Director
DIN:00396677

Place: Hyderabad
Date: 07.06.2019

Sanjay Choudhary
Chief Financial officer

Place: Hyderabad
Date: 07.06.2019

Sukhmani Walia
Company Secretary
Membership No : ACS41191

Place: Hyderabad
Date: 07.06.2019

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

(Amount in INR, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
Income:			
Revenue from operations	21	97,75,03,203	80,15,05,773
Other income	22	54,85,42,388	89,22,33,826
Total income		**1,52,60,45,591**	**1,69,37,39,599**
Expenses			
Production Expenses	23	2,62,38,643	3,30,02,878
Employee benefits expense	24	52,28,34,623	51,18,16,607
Finance costs	25	46,75,57,646	86,65,20,684
Depreciation and amortization expense	4 A, B and C	74,59,34,712	64,69,16,802
Other expenses	26	73,51,77,397	38,18,30,053
Expenses transferred to Capital Account		**(30,42,54,025)**	**(37,78,17,635)**
Total income		**2,19,34,88,996**	**2,06,22,69,389**
Profit /(Loss) before exceptional items and tax		**(66,74,43,405)**	**(36,85,29,790)**
Exceptional items		-	-
Profit /(Loss) before tax		**(66,74,43,405)**	**(36,85,29,790)**
Income tax expense			
Current tax		(1,17,62,119)	18,81,72,338
MAT Credit entitlement		-	1,78,37,719
Deferred tax Income	6	4,49,78,073	1,41,27,322
Total income tax expense		**3,32,15,954**	**22,01,37,379**
Profit/(Loss) for the year		**(63,42,27,451)**	**(14,83,92,411)**
Other comprehensive income			
Items that will be reclassified to profit or loss			
Net (loss)/gain on FVTOCI debt securities		-	-
Income tax effect		-	-
Items that will not to be reclassified to profit or loss			
Re-measurement of net defined benefit liability		56,94,511	1,24,37,867
Income tax effect		20,00,774	53,30,514
		76,95,285	**1,77,68,381**
Other comprehensive income for the year, net of tax		**76,95,285**	**1,77,68,381**

Total comprehensive income for the year		**(62,65,32,166)**	**(13,06,24,030)**
Earnings / (Loss) per share			
Basic earnings /(loss) per share (INR)	35	(8.00)	(1.87)
Diluted earnings /(loss) per share (INR)	35	(8.00)	(1.87)
See accompanying notes to the Financial Statements	1-42		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

For and on behalf of the Board of Directors
DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Ananthakrishnan G
Partner
(M.No 205226)

Tapaas Chakravarti
CMD & CEO
DIN:00559533

S.Sundar
Director
DIN:00396677

Place: Hyderabad
Date: 07.06.2019

Sanjay Choudhary
Chief Financial officer

Sukhmani Walia
Company Secretary
Membership No : ACS41191

Statement of Cash Flows for the year ended 31 March 2019

(Amount in INR, unless otherwise stated)

	Particulars	2018-19	2017-18
	Cash flows from operating activities		
	Cash receipts from customers	1,04,10,65,183	1,22,07,32,150
	Cash paid to suppliers and employees	(90,02,48,350)	(87,53,61,061)
	Cash generated from operations	14,08,16,833	34,53,71,088
	Income taxes paid	(3,02,76,452)	(20,00,000)
	Dividends paid	-	-
A	**Net Cash Flow from operating activities**	**11,05,40,381**	**34,33,71,088**
	Cash Flows from investing activities		
	Purchase of Fixed Assests - Intangiable	(19,36,55,184)	(45,63,90,602)
	Proceeds of Property, Plant & Equipment	(1,08,07,590)	(13,53,037)
	Proceeds from sale of equipment	6,88,000	3,11,322
	Interest received on deposits with banks and other deposits etc.,	-	-
B	**Net cash used in investing activities**	**(20,37,74,774)**	**(45,74,32,317)**
	Cash flows from financing activities		-
	Proceeds from issue of share capital	-	-
	Proceeds from Short term / long-term borrowings	20,40,48,822	22,44,22,299
	Bank Charges / Interest paid	(6,46,28,835)	(2,12,06,449)
	Payment of Short term / long-term borrowings	(12,54,44,265)	(16,44,75,693)
C	**Net cash used in financing activities**	**1,39,75,722**	**3,87,40,157**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(7,92,58,671)	(7,53,21,072)
	Cash and cash equivalents at beginning of the year	11,81,87,039	19,35,08,111
	Cash and cash equivalents at end of the year	**3,89,28,368**	**11,81,87,039**

Notes:
The above Cash flow statement has been prepared under the Direct method set out in Indian Accounting Standard (Ind AS) -7, " Statement of Cash Flows " notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

For and on behalf of the Board of Directors
DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Ananthakrishnan G
Partner
(M.No 205226)

Tapaas Chakravarti
CMD & CEO
DIN:00559533

S.Sundar
Director
DIN:00396677

Place: Hyderabad
Date: 07.06.2019

Sanjay Choudhary
Chief Financial officer

Sukhmani Walia
Company Secretary
Membership No : ACS41191

Statement of changes in equity for the year ended 31 March 2019

(Amount in INR, unless otherwise stated)

Particulars	Equity Share Capital	Other Equity								Total equity attributable to equity holders of the company
		Reserves & Surplus					Other Comprehensive Income			
		Securities premium reserve	Capital Redemption Reserve	Foreign Currency Translation Reserve	General reserve	Retained earnings	FVTOCI Reserve on equity instruments	Others		
Balance as at 1 April 2017	792,830,000	1,946,676,702	1,763,860	319,825,269	5,487,393	(1,841,197,572)	-	212,294		1,225,597,947
Profit/(Loss) for the year	-	-	-	(20,293,657)	-	(148,392,411)	-	12,437,867		(156,248,201)
Other comprehensive income	-	-	-		-	-	-	-		-
Total other comprehensive income for the year	-	-	-	(20,293,657)	-	(148,392,411)	-	12,437,867		(156,248,201)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-		-
Balance as at 31 March 2018	**792,830,000**	**1,946,676,702**	**1,763,860**	**299,531,612**	**5,487,393**	**(1,989,589,983)**	**-**	**12,650,161**		**1,069,349,745**

Particulars	Equity Share Capital	Other Equity								Total equity attributable to equity holders of the company
		Reserves & Surplus					Other Comprehensive Income			
		Securities premium reserve	Capital Redemption Reserve	Foreign Currency Translation Reserve	General reserve	Retained earnings	FVTOCI Reserve on equity instruments	Others		
Balance as at 1 April 2018	792,830,000	1,946,676,702	1,763,860	299,531,612	5,487,393	(1,989,589,983)	-	12,650,161		1,069,349,745
Profit/(Loss) for the year	-	-	-	(150,679,923)	-	(634,227,451)	-	5,694,511		(779,212,863)
Equity component post significant modification									801,425,407	801,425,407
Other comprehensive income	-	-	-		-	-	-	-		-
Total other comprehensive income for the year	-	-	-	(150,679,923)	-	(634,227,451)	-	5,694,511	801,425,407	22,212,544
Transactions with owners in their capacity as owners	-	-	-		-	-	-	-		-
Balance as at 31 March 2019	**792,830,000**	**1,946,676,702**	**1,763,860**	**148,851,689**	**5,487,393**	**(2,623,817,434)**	**-**	**18,344,672**	**801,425,407**	**1,091,562,289**

See accompanying notes to the financial statements 1-42

The accompanying notes are an integral part of the financial statements.

As per our report of even date	For and on behalf of the Board of Directors	
For MSKA & Associates	**DQ Entertainment (International) Limited**	
Chartered Accountants	CIN:L92113TG2007PLC053585	
Firm Registration No 105047 W		
Ananthakrishnan G Partner (M.No 205226)	**Tapaas Chakravarti** CMD & CEO DIN:00559533	**S.Sundar** Director DIN:00396677
Place: Hyderabad Date: 07.06.2019	Place: Hyderabad Date: 07.06.2019	Place: Hyderabad Date: 07.06.2019
	Sanjay Choudhary Chief Financial officer	**Sukhmani Walia** Company Secretary Membership No : ACS41191
	Place: Hyderabad Date: 07.06.2019	Place: Hyderabad Date: 07.06.2019

Notes forming part of the Financial Statements for the year ended 31 March 2019
(Amount in INR, unless otherwise stated)

1. General Information

DQ entertainment (International) Limited ("the Company", "DQE") is a listed company incorporated in 2007. DQ Entertainment (International) Limited is in the creation, production, distribution, licensing and marketing of all forms of entertainment. It has the largest animation production capacity for Television, Feature Films, Home Video, Online Game Art, mobile and next generation console games across all formats as well as Visual Effects. DQE has also forayed into live-action and feature films production and distribution.

2. Significant accounting policies

Significant accounting policies adopted by the company are as under:

2.1 Basis of Preparation of Financial Statements

a) Statement of Compliance with Ind AS

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.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, and there were no material items that have been measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

2.2 Property, plant and equipment
Property, plant and equipment 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.

Depreciation methods, estimated useful lives
The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Useful Life
Hardware & Software (CGI*)	3 years
Hardware & Software	3 years
Generators	10 years
Office Equipment	5 years
Furniture & Fixtures	10 years
Vehicles	8 years

*Computer Generated Imagery

Based on the technical experts assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

2.3 Intangible Assets
Intangible assets are stated at acquisition cost, net of accumulated amortization.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Useful life
Distribution Rights	10 years
Computer Software	6 years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 Foreign Currency Transactions
(a) Functional and presentation currency Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances
On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in

foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.5 Revenue Recognition
Effective April 1, 2018, the Company adpoted Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognised upon on transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

The Company has applied the guidance in Ind AS 115, Revenue from Contracts with Customers, by applying the revenue recognition criteria for each distinct performance obligation. The arrangement with customers generally meet the criteria for considering software development and related services as distinct performance obligation. For allocating the transaction price, the Company has measured revenue in respect of each performance obligation of a contract as its relative standalone selling price.

(a) Production Income:
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.

(b) Distribution Income:
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.

(c) Training Income:
Revenue from training is recognised over a period of instruction.

(d) Other Income
Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists. Interest income on deposits/loans is recognized on accrual basis.

2.6 Taxes
Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current income tax
Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(b) Deferred tax
Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.7 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Also initial direct cost incurred in operating lease such as commissions, legal fees and internal costs is recognised immediately in the Statement of Profit and Loss.

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.8 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2.9 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

2.10 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.11 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves under define benefit plans can be encashed only on discontinuation of service by employee.

2.12 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.13 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3. Significant accounting judgments, estimates , assumptions and Recent accounting pronouncements:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes:

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Defined benefit plans (gratuity benefits and leave encashment):

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

(c) Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 March 2019, the carrying amount of capitalised intangible asset under development was INR 3,361,702,471 (31 March 2018: INR 2,353,013,889,).

3.2 Standards (including amendments) issued but not yet effective.

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019.

(a) Ind AS 116 - Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The Group will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019.

(b) Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

(c) Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

(d) Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

The Company is currently evaluating the requirements of amendments. The Company believe that the adoption of this amendment will not have a material effect on its financial statements.

4. Property, Plant and Equipment in Consolidated level

(Amount in INR, unless otherwise stated)

S.N	Particulars	Gross Block					Depreciation/Amortisation					Net Block	
		As at 1 April 2018	Additions	Deletions/ write off	Translation/ Elimination adjustment	31-Mar-19	As at 1 April 2018	For the year	Deletions/ write off	Translation/ Elimination adjustment	Up to 31-Mar-2019	As at 31- March-19	As at 31 March 2018
A	**Property Plant & Equipment - Tangible Assets**												
1	Leasehold land	1,11,16,123	-	-	-	**1,11,16,123**	8,26,130	4,13,065	-	-	**12,39,195**	98,76,928	1,02,89,993
2	Leasehold improvements	23,79,415	1,05,596	32,240	-	**24,52,771**	9,25,715	9,93,332	32,240	-	**18,86,807**	5,65,964	14,53,700
3	Plant & Machinery	13,13,75,925	42,72,144	1,14,65,235	(363)	**12,41,83,197**	5,08,52,716	5,01,91,822	15,14,648	1,758	**9,95,28,132**	2,46,55,065	8,05,23,209
4	Office equipments	32,32,935	1,94,969	-	-	**34,27,904**	19,22,595	8,34,047	-	-	**27,56,642**	6,71,262	13,10,340
5	Furniture, Fixtures & Interiors	1,02,14,320	3,26,380	10,199	-	**1,05,30,501**	36,03,329	20,32,061	10,199	-	**56,25,191**	49,05,310	66,10,991
6	Vehicles	74,60,825	17,92,665	-	-	**92,53,490**	8,35,830	12,88,644	-	(1,948)	**21,26,422**	71,27,068	66,24,995
	Total	**16,57,79,543**	**66,91,754**	**1,15,07,674**	**(363)**	**16,09,63,986**	**5,89,66,315**	**5,57,52,971**	**15,57,087**	**(190)**	**11,31,62,389**	**4,78,01,597**	**10,68,13,228**
B	**Property, Plant & Equipment-Intangible Assets**												
1	Distribution rights* / IP Rights	3,53,85,10,776	1,69,04,81,094	2,28,614	(30,49,98,063)	**5,53,37,61,319**	1,54,68,68,558	65,95,90,739		1,66,42,566	**2,18,98,16,731**	3,34,39,44,588	2,34,88,11,097
2	Computer software	1,76,82,963	1,98,37,500	-	-	**3,75,20,463**	1,34,80,253	59,46,256	-	-	**1,94,26,509**	1,80,93,954	42,02,792
	Total	**3,55,61,93,739**	**1,71,03,18,594**	**2,28,614**	**(30,49,98,063)**	**5,57,12,81,782**	**1,56,03,48,811**	**66,55,36,995**	**-**	**1,66,42,566**	**2,20,92,43,240**	**3,36,20,38,542**	**2,35,30,13,889**
C	**Intangible asset under construction and minimum gurantee**	4,66,53,84,478	58,63,53,839	1,93,08,03,113	43,90,20,629	**2,88,19,14,575**	38,61,05,817	2,46,44,746		38,61,05,817	**2,46,44,746**	2,85,72,69,829	4,27,92,78,601
	Total	**4,66,53,84,478**	**58,63,53,839**	**1,93,08,03,113**	**43,90,20,629**	**2,88,19,14,575**	**38,61,05,817**	**2,46,44,746**	**-**	**38,61,05,817**	**2,46,44,746**	**2,85,72,69,829**	**4,27,92,78,601**
	Grand Total	**8,38,73,57,760**	**2,30,33,64,187**	**1,94,25,39,401**	**13,40,22,203**	**8,61,41,60,343**	**2,00,54,20,943**	**74,59,34,712**	**15,57,087**	**40,27,48,193**	**2,34,70,50,375**	**6,26,71,09,968**	**6 ,73,91,05,718**
	Previous year figures	*6,99,59,39,662*	*85,76,00,609*	*56,91,10,092*	*(1,10,29,27,581)*	*8,38,73,57,760*	*85,70,27,669*	*64,69,16,802*	*44,57,487*	*(14,87,65,058)*	*1,64,82,52,042*	*6,73,91,05,718*	

Capital Work in Progress

Opening Balance as on 1st April 2018	11,66,745
Add: Additions during the year	52,36,272
Less: Capitalised during the year	41,27,561
Closing Balance as at 31st March 2019	**22,75,456**

IP Rights*

IP rights represent the costs incurred in developing/co-producing/acquiring IP rights. The Company started acquiring these rights from the year 2003-04 and till date 63 series (31.03.2018: 61) of Animation rights have been acquired for different territories across the globe. The Company has performed testing for impairment of IP rights which resulted in an impairment loss of Rs. 202,543,497 (31.03.2018: Rs. 239,344,375) on account of recoverable amount of IP rights being less than its carrying amount.

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 except for one project for which provision for impairment is considered for Rs.24,644,746 (31.03.2018: Rs.NIL) and for rest of the project no provision for impairment is considered necessary by the management at this stage.

The company has intangibles to the value of Rs. 3,362.04 Mn. To support the carrying value of these intangible assets as at March 31, 2019, the company has prepared projected revenue streams from exploitation, discounted to their present values using a discount factor of 18.2%. There is uncertainty and judgement involved in the estimated projected revenue streams of these assets. If sufficient revenue streams are not generated then a provision for impairment is required to reduce the carrying value of these assets to their recoverable amount. The company is of the opinion that the carrying value of the intangible assets Rs. 3,362.04 Mn as at March 31, 2019, on franchise basis, are worth at least the net amount stated based on a combination of supporting discounted projected revenue streams and the company's knowledge and expectation of future sales contracts.

Notes forming part of Financial Statements for the period ended 31 March 2019

Financial Assets

5. Non-Current Financial assets - Others

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Security and Other Collateral Deposits	4,37,44,334	4,24,63,618
Deferred Rent	5,23,031	5,23,031
Total	**4,42,67,365**	**4,29,86,649**

6. Income Tax

(Amount in INR, unless otherwise stated)

Particulars	As at	
A. Deferred tax relates to the following:	**31 March 2019**	**31 March 2018**
Deferred tax assets		
On property, plant and equipment	1,50,69,056	-
On provision for employee benefits	4,69,65,707	5,99,94,378
On disallowance u/s 40A of Income Tax Act, 1961	66,68,51,440	64,87,41,377
On unabsorbed depreciation and carry forward business losses	-	-
Current year losses	-	-
Previous year losses	17,19,88,280	17,19,88,280
Unabsorbed depreciation	-	-
On convertible preference shares	-	-
On others	-	-
	90,08,74,482	88,07,24,035
Deferred tax liabilities		
On asset classified as held for sale	-	-
On convertible preference shares	-	-
On re-measurements gain/(losses) of post-employment benefit obligations	-	-
On others	-	2,28,26,851
	-	2,28,26,851
B. Recognition of deferred tax asset to the extent of deferred tax liability		
Balance sheet	**31 March 2019**	**31 March 2018**
Deferred tax asset	90,08,74,482	88,07,24,035
Deferred tax liabilities	-	(2,28,26,851)

FINANCIALS

Deferred tax assets/ (liabilities), net	**90,08,74,482**	**85,78,97,184**

C. Reconciliation of deferred tax assets/ (liabilities) (net)

	31 March 2019	31 March 2018
Opening balance as of 1 April	85,78,97,184	83,12,62,657
Tax liability recognized in Statement of Profit and Loss	-	-
Tax liability recognized in OCI	-	-
On re-measurements gain/(losses) of post-employment benefit obligations	(20,00,775)	(53,30,514)
Tax liability recognized directly in equity	-	-
On convertible preference shares	-	-
Tax asset recognized in Statement of Profit and Loss	4,49,78,073	3,19,65,041
Closing balance as at 31 March	**90,08,74,482**	**85,78,97,184**

D. Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss

	31 March 2019	31 March 2018
Tax liability	-	-
Tax asset	4,49,78,073	3,19,65,041
	4,49,78,073	3,19,65,041

E. Income tax expense	**31 March 2019**	**31 March 2018**
Current tax		
For the Year	(1,17,62,119)	
Reversal of Excess Provision of earlier year		18,81,72,338
MAT Credit entitlement	-	1,78,37,719
Deferred tax Income/(Charge)	4,49,78,073	1,41,27,322
Income tax expense reported in the statement of profit or loss	**3,32,15,954**	**22,01,37,379**

F. Income tax expense charged to OCI	**31 March 2019**	**31 March 2018**
Unrealised (gain)/loss on FVTOCI debt securities		
Unrealised (gain)/loss on FVTOCI equity securities		
Net loss/(gain) on remeasurements of defined benefit plans	20,00,774	53,30,514
Income tax charged to OCI	**20,00,774**	**53,30,514**

G. Reconciliation of tax charge	**31 March 2019**	**31 March 2018**
Profit before tax	(66,74,43,405)	(36,85,29,790)
Income tax expense at tax rates applicable	(1,17,62,119)	18,81,72,338
Tax effects of:		

- Item not deductible for tax	-	-
- Others	4,49,78,073	3,19,65,041
Income tax expense	**3,32,15,954**	**22,01,37,379**
Deferred Tax Asset balance as on 31.03.2018 includes MAT Credit Entitlement of INR 171,988,280 (As on 31.03.2017 INR 154,150,561)		

7. Other non-current assets

(Amount in INR, unless otherwise stated)

Particulars	**As at**	
	31 March 2019	**31 March 2018**
Claims receivable	1,44,72,129	1,83,48,821
Non-current prepaid expenses	22,33,131	2,73,121
Total other non-current other assets	**1,67,05,260**	**1,86,21,942**

8. Trade receivable (Refer note 38)

(Amount in INR, unless otherwise stated)

Particulars	**As at**	
	31 March 2019	**31 March 2018**
Secured, considered good		
Unsecured		
Considered good	19,80,39,103	30,79,41,892
Considered doubtful	2,56,48,13,230	2,40,72,36,848
Less: Allowance for bad and doubtful debts	(2,56,48,13,230)	(2,40,72,36,848)
	19,80,39,103	**30,79,41,892**

9. Cash and Cash Equivalents

(Amount in INR, unless otherwise stated)

Particulars	**As at**	
	31 March 2019	**31 March 2018**
Balances with Banks		
Current Accounts	3,88,49,670	11,79,43,884
Cash on hand	78,699	2,43,155
	3,89,28,369	**11,81,87,039**

10. Other current assets

(Amount in INR, unless otherwise stated)

Particulars	**As at**	
	31 March 2019	**31 March 2018**
Loans and advances to employees	78,68,049	1,31,46,598
Unbilled revenue	28,14,70,659	41,08,96,396
Claim Receivable	60,29,766	-
Interest Receivable	2,57,864	-
Prepaid expenses	38,93,577	54,16,839

TDS Receivable & Others	1,62,58,142	-
Total	**34,35,66,080**	**43,84,93,279**

11. Equity share capital

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Authorized		
80,000,000 (31.03.2018: 80,000,000) Equity shares of Rs.10/- each fully paid up	800,000,000	800,000,000
	800,000,000	800,000,000
Issued, Subscribed and Paid up		
79,283,000 (31.03.2018: 79,283,000 ;) Equity shares of Rs.10/- each fully paid up	79,28,30,000	79,28,30,000
	79,28,30,000	**79,28,30,000**

11.1 Reconciliation of the number of shares

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Opening balance	7,92,83,000	7,92,83,000
Add:- Issued During the Year	-	-
Closing balance	**7,92,83,000**	**7,92,83,000**

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 (International) Ltd., have been pledged with the Bond Holders i.e. OL Master Limited at DQ Entertainment (Mauritius) Limited.

11.2 Details of shares held by Holding Company
No. of Shares held by DQ Entertainment Mauritius Limited as on 31.03.2019 is 59461972 (31.03.2018: 59461972)

11.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the company.
75% of the shares i.e.59,461,972 Equity Shares of Rs.10/- each fully paid up are held by the holding company DQ Entertainment (Mauritius) Limited. (31.03.2018 - 75% 59461972 shares)

No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

11.4 Details of shares held by holding company and ultimate holding company.
75% of the shares i.e.59,461,972 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.

11.5 Issue of Bonus Shares
No Bonus Shares have been allotted during 5 years immediately preceding March 31, 2019

12. Other Equity

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Capital redemption Reserve	17,63,860	17,63,860
Securities premium Account	1,94,66,76,702	1,94,66,76,702
Equity component post significant modification Bonds	80,14,25,407	-
General reserve	54,87,393	54,87,393
Surplus/(Deficit) in the Statement of Profit and Loss		
Opening Balance	(1,98,95,89,983)	(1,84,11,97,572)
Add:- Profti/ (Loss)for Current Year	(63,42,27,451)	(14,83,92,411)
Add:- Re-measurement Gain/(Loss) on post employment benefit obligation (net of tax)	-	-
Closing balance	**(2,62,38,17,434)**	**(1,98,95,89,983)**
Other Comprehensive Income Re-measurement (gain)/loss on post employment benefit obligation (net of tax)		
Opening Balance	1,26,50,161	2,12,294
Add:- Re-measurement Gain/(Loss) on post employment benefit obligation (net of tax)	56,94,511	1,24,37,867
Closing balance	1,83,44,672	1,26,50,161
Foreign currency translation reserve		
Opening Balance	29,95,31,612	31,98,25,270
Add:- Transfers to Foreign currency Translation Reserve for the year	(15,06,79,923)	(2,02,93,658)
Closing balance	14,88,51,689	29,95,31,612
	29,87,32,289	**27,65,19,745**

13. Long Term Borrowings

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Term loans - Secured		
From banks	-	**1,03,20,53,987**
From others	**3,72,09,18,879**	**4,14,01,68,212**
	3,72,09,18,879	**5,17,22,22,199**

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

(Amount in INR, unless otherwise stated)

Nature of Security	Terms of Repayment
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 , 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.	

14. Non Current Liabilities - Employee Benefit Obligations

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	**31 March 2018**
Gratuity Payable	9,08,96,102	8,87,76,108
Leave Encashment Payable	-	-
Provision for Sick Leave	27,26,033	28,59,417
	9,36,22,135	**9,16,35,525**

15. Other non-current liabilities

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	**31 March 2018**
Rent equalization reserve	55,31,610	62,14,660
	55,31,610	**62,14,660**

16. Current Financial Liabilities - Short Term Borrowings

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	**31 March 2018**
Working capital loans repayable on demand from banks - Secured	77,03,19,190	84,87,43,215
Loans and advances - Un-secured		
- from related parties	10,64,95,323	10,92,63,726
- from Others	-	-
	87,68,14,513	**95,80,06,941**

16.1 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. 24,366,572 (31.03.2018: Rs.51,493,772) is secured by Primary: First charge on all current assets of the company both present and future including receivables, cash flows and other monies On Pari-Passu basis along with other working capital bankers. Collateral: Second charge on all movable and immovable fixed assets of the company both present and future (except vehicles) on Pari-Passu basis. Pari-Passu second charge on the fixed deposit of Rs.1.50 cr. With Axis bank along with other banks/financial institutions. This security is in lieu of creation of charge on a leasehold Property (valued at Rs.1.50 crores) of the company. Guarantee: Personal Guarantee of Mr. Tapaas Chakravarti.	Repayable on demand with base rate plus 4.70% P.A. Payable monthly
The working capital loans from bank for Rs. 156,384,507 (31.03.2018: Rs. 134,337,963) is secured by Primary: 1st charge on current assets of the Company on pari-passu basis. Collateral: Second charge on the entire fixed assets of the company on pari passu basis with other member banks and second charge on the fixed deposit of Rs.1.50 crore held with Axis Bank on pari passu basis along with other along with other member banks.	Repayable on demand with base Rate plus 3.95% p.a. payable monthly

The working capital loans from bank for Rs.NIL (31.03.2018: Rs.145,321) is secured by Primary: 1st charge on current assets of the Company on pari-passu basis. Collateral: Second charge on the entire fixed assets of the company on pari passu basis with other member banks and second charge on the fixed deposit of Rs.1.50 crore held with Axis Bank on pari passu basis along with other along with other member banks.	Repayable on demand with base Rate plus 5.95% p.a. payable monthly
The working capital loans from bank for Rs. 589,568,111 (31.03.2018: Rs. 662,766,159) is secured by Primary: First pari-passu charge with other Working Capital lenders on current assets of the company both present and future including receivables, cash flows and other monies. Collateral: Second charge on the block of assets of the Company.	Repayable on demand with SBAR plus 3.25%

17. Trade Payables

Current Liabilities - Trade Payables

(Amount in INR, unless otherwise stated)

Trade payables	As at	
	31 March 2019	31 March 2018
Total outstanding dues of micro enterprises and small enterprises	1,96,77,454	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	6,93,82,580	10,64,06,284
Total trade payables	**8,90,60,034**	**10,64,06,284**

Particulars	31 March 2019	31 March 2018
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	1,96,77,454	-
Interest	82,46,051	-
Total	**2,79,23,505**	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.		
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.		
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	**82,46,051**	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.		

18. Other Current Liabilities - Others

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Interest accrued and due to banks	26,02,86,909	9,85,30,460
Other Payables:		
Statutory dues payable	14,08,61,599	20,59,73,748
Advance from customers	2,97,591	2,78,272
Interest Payable to MSME Creditors	82,46,051	-
Unearned revenue	30,71,91,916	51,53,03,827
Employee benefits payable	6,33,70,499	6,33,86,698
Current maturities of long-term debt	1,04,76,53,807	10,10,724

Provision for Expenses	3,07,738	12,44,58,886
	1,82,82,16,110	**1,00,89,42,615**

The company has filed an application with the bankers for restructuring of its banking facilities (classified as NPA by the bankers) for further moratorium and rescheduling of repayments. The application is under active consideration by the bankers.

19. Current Liabilities - Short Term Provisions

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	**31 March 2018**
Gratuity Payable	5,16,94,970	3,98,43,636
Leave Encashment Payable	3,53,21,349	4,08,04,770
Provision for Retakes	1,90,24,194	2,91,69,383
	10,60,40,513	**10,98,17,789**

20. Current tax liabilities (net)

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	**31 March 2018**
Provision for Tax (Net of TDS receivables/with holding tax 31.03.2018 : Rs.10,258,814)	-	18,04,690
	-	**18,04,690**

21. Revenue from Operations

(Amount in INR, unless otherwise stated)

Particulars	For the period ended	
	31 March 2019	**31 March 2018**
Production : Export	55,31,86,392	61,58,12,855
: Domestic	-	-
Distribution income	42,43,16,811	18,56,92,918
	97,75,03,203	**80,15,05,773**

22. Other Income

(Amount in INR, unless otherwise stated)

Particulars	For the period ended	
	31 March 2019	**31 March 2018**
Interest Income and others (including TDS of Rs.167,089 (31.03.2017: Rs.182,600))	1,15,01,125	22,42,109
Profit on sale of fixed assets	16,791	6,75,324
Liabilities no longer required written back	83,36,556	15,79,670
Foreign exchange fluctuation gain (net)	-	80,38,97,740
Miscellaneous Income (Largely relating to the one time gain on restructuring of bonds)	49,38,77,239	2,20,25,112
Sale of duty scripts	3,48,10,677	6,18,13,872
	54,85,42,388	**89,22,33,826**

Note: Miscellaneous income includes an amount of Rs 340,692,116 on account of one time gain pertaining to restructuring of bonds due to change in terms & conditions of the bond agreement between DQ Ireland and OCP

23. Production Expenses

(Amount in INR, unless otherwise stated)

Particulars	For the period ended	
	31 March 2019	31 March 2018
Outsourcing Expenses	29,13,500	72,96,554
Power and fuel	2,33,25,143	2,57,06,324
	2,62,38,643	**3,30,02,878**

24. Employee benefits expense

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Salaries and wages	45,58,36,108	46,44,91,239
Contribution to provident fund	2,68,99,579	2,53,57,264
Staff welfare expenses	63,43,364	54,01,784
Gratuity*	3,58,06,592	1,31,74,406
Compensated absences*	(20,51,020)	33,91,914
	52,28,34,623	**51,18,16,607**

* Refer Note 34

25. Finance Costs

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Interest on borrowings		
Terms loans	29,93,83,777	66,33,61,042
Working capital loan	15,15,70,291	12,62,77,621
Interest on MSME Creditors	82,46,051	-
Interest on delay in payment of statutory dues	83,57,527	7,68,82,021
	46,75,57,646	**86,65,20,684**

26. Administrative & Other expenses

(Amount in INR, unless otherwise stated)

Particulars	For the year ended	
	31 March 2019	31 March 2018
Communication expenses	39,36,078	39,51,145
Printing and stationery	37,44,505	17,71,405
Professional and consultancy charges	26,26,12,263	21,64,40,697
Repairs and Maintenance :		
Building	92,32,147	69,92,479
Plant and Machinery	22,81,176	17,67,805
Others	22,66,713	1,28,02,054
Insurance	16,80,901	13,80,390
Business promotion	70,77,745	78,82,329
Rates and taxes	14,43,072	14,36,405
Rent	5,74,09,631	4,51,10,089

Following is the break up of Auditor's Remuneration (Exclusive of GST)		
As Auditor		
Statutory Audit	25,00,000	50,57,140
In Other capacity		
Tax audit	1,50,000	1,50,000
Other Matters		
Re-imbursement of Expenses	-	6,21,206
Directors remuneration	1,26,99,876	1,36,34,256
Selling and distribution expenses	1,31,66,010	93,80,250
Travelling and conveyance expenses	2,55,45,940	1,83,17,444
Loss on sale of assets	93,84,917	-
Bad debts written off	69,26,634	44,63,942
Bank charges	31,29,344	2,39,85,587
Foreign Exchange Fluctuation Loss (net)	30,21,55,052	(12,880)
Miscellaneous expenses	78,35,393	66,98,310
	73,51,77,397	**38,18,30,053**

27. 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.

28.

(Amount in INR, unless otherwise stated)

Particulars	**For the year ended**	
	31 March 2019	**31 March 2018**
Contingent Liabilities (to the extent not provided for)		
a) **Bonds** executed in favour of customs and excise authorities	5,00,000	5,00,000
b) Demand Disputed on appeal		
1. Income Tax	96,42,147	96,42,147
2. Service Tax	10,67,29,773	8,77,22,821
3. Provident Fund	NIL	NIL
The company has fair chances of succeeding in the appeals and therefore does not expect any liability to materialise		

29.

(Amount in INR, unless otherwise stated)

Particulars	**For the year ended**	
	31 March 2019	**31 March 2018**
Earnings in Foreign Currency - Accrual basis		
Income from production (net of unbilled)	55,31,86,392	61,58,12,855
Distribution Income	41,23,28,729	17,94,15,870

30.

(Amount in INR, unless otherwise stated)

Expenditure in Foreign currency - Accrual basis		
(Subject to deduction of tax where applicable)		
Overseas business travel	31,59,769	32,00,659

Production Expenses	15,32,960	89,41,555
Consultancy, commission, storage systems and other expenses	40,67,690	14,86,550
Financial Charges	58,09,935	72,06,741
Total	**1,45,70,354**	**2,08,35,505**

31.

(Amount in INR, unless otherwise stated)

Particulars	**31 March 2019**	**31 March 2018**
Directors remuneration		
Salaries and allowances	1,04,84,376	1,04,51,256
Other perquisite	-	10,08,000
	1,04,84,376	**1,14,59,256**
Remuneration to Non - Whole-time Director		
Sitting fees	20,95,500	20,55,000
Professional fees	1,20,000	1,20,000
Total remuneration	**1,26,99,876**	**1,36,34,256**

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

32. Related Party Disclosures: 31 March 2019

A. Names of related parties and description of relationship as identified and certified by the Company:

DQ Entertainment (Mauritius) Limited - Holding Company
DQ Entertainment Plc - Parent of holding company
Entity under common control
DQ Entertainment (Ireland) Limited - Subsidiary company
DQ Entertainment USA, LLC- Subsidiary of Subsidiary company
DQ Entertainment (International) Films Limited - Joint Venture company by DQ Entertainment (International) Limited and DQ Entertainment Plc

Key Management Personnel (KMP)
Mr. Tapaas Chakravarti - Managing Director & Chief Executive Officer
Mr. Sanjay Choudhary - Chief Financial Officer
Ms. Sukhmani Walia- Company Secretary

Relatives of Key Management Personnel (KMP)
Mrs. Rashmi Chakravarti
Ms Niveditha Chakravarthi
Mr. Hatim Adenwala

Firm in which a Director is a partner
R&A Associates

B. Details of transactions with related party in the ordinary course of business for the year ended:

(B) Details of transactions with related party in the ordinary course of business for the year ended:

(Amount in INR, unless otherwise stated)

	31 March 2019	**31 March 2018**
(i) **Associate of Holding Company**		
Revenue from Animation	-	20,93,78,887

(iii) **Key Management Personnel (KMP)**		
Transactions with Key management personnel		
Loan (re-paid)/ taken - Managing Director & Chief Executive Officer	-	(50,00,000)
Remuneration	99,99,996	1,10,07,996
(iv) **Relative of KMP and Directors**		
Remuneration	11,854,000	11,179,000
(v) **Professional fee paid to**		
Director	120,000	120,000
Firm in which a Director is a partner	4,200,000	4,200,000

C. Amount due to/from related party as on:

(Amount in INR, unless otherwise stated)

	31 March 2019	31 March 2018
(i) **Holding Company**		
Amount receivable at year end - DQ Entertainment Plc	16,34,825	16,34,825
(ii) **Associate of Holding Company**		
Amounts receivable	-	18,58,60,685
(iii) **Key Management Personnel (KMP)**		
Loan taken - Managing Director & Chief Executive Officer	1,52,78,056	1,52,78,056
Remuneration payable	2,46,14,801	2,46,31,301
(iv) **Professional fee payable**		
Firm in which a Director is a partner	6,94,603	2,47,474

Terms and conditions of transactions with related parties:
The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties Rs.1,634,825 (31 March 2018: Rs.187,495,510). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

33. Leases

The Company has entered into lease transactions mainly for leasing of office premise and Office Equipment for a period between 1 to 10 years. The terms of lease include terms of renewal, increase in rents in future periods, which are in line with general inflation, and terms of cancellation. The operating lease payments recognized in the Statement of Profit and Loss amount to INR 57,409,631 (31 March 2018: INR 45,110,089) included in Note 26.

34. Employee benefits

(Amount in INR, unless otherwise stated)

(A) **Defined Contribution Plans**	31 March 2019	31 March 2018
During the year, the Company has recognized the following amounts in the Statement of Profit and Loss –		
a) Employers' Contribution to Gratuity (Refer note 24)	3,58,06,592	1,31,74,406
b) Employers' Contribution to Compensated Employees (Refer note 24)	(20,51,020)	33,91,914
(B) **Defined benefit plans**		
a) Gratuity payable to employees	14,25,91,074	12,86,19,744
b) Compensated absences for Employees	3,53,21,349	4,08,04,770

Actuarial assumptions	31 March 2019	31 March 2018
Discount rate (per annum)	7.65%	7.73%
Rate of increase in Salary	4.00%	4.00%
Expected average remaining working lives of employees (years)	18.23	19.45
Attrition rate	3%	3%

Changes in the present value of defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Present value of obligation at the beginning of the year	**9,01,32,006**	**9,12,47,925**
Interest cost	69,67,205	67,97,970
Past service cost		-
Current service cost	1,01,99,305	1,35,63,824
Curtailments		-
Settlements	-	(13,55,899)
Benefits paid	-	(50,65,231)
Actuarial (gain)/ loss on obligations	(76,95,286)	(1,64,12,482)
Present value of obligation at the end of the year*	**9,96,03,230**	**8,87,76,107**
*Included in provision for employee benefits (Refer note 14 & 19)		

Expense recognized in the Statement of Profit and Loss	Employee's gratuity fund	
	31 March 2019	31 March 2018
Current service cost	1,01,99,305	1,35,63,824
Past service cost		-
Interest cost	69,67,205	67,97,970
Expected return on plan assets		-
Actuarial (gain) / loss on obligations	(76,95,286)	(1,64,12,482)
Settlements		-
Curtailments		-
Total expenses recognized in the Statement Profit and Loss*	94,71,224	39,49,312
*Included in Employee benefits expense (Refer Note 24). Actuarial (gain)/loss of INR 5,694,511 (31 March 2018: INR 12,437,867) is included in other comprehensive income.		

Assets and liabilities recognized in the Balance Sheet:	Employee's gratuity fund	
	31 March 2019	31 March 2018
Present value of unfunded obligation as at the end of the year	9,96,03,230	8,87,76,107
Unrecognized actuarial (gains)/losses		
Unfunded net asset / (liability) recognized in Balance Sheet*	**9,96,03,230**	**8,87,76,107**
*Included in provision for employee benefits (Refer note 14 & 19)		

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Impact on defined benefit obligation	31 March 2019	31 March 2018
Discount rate		

FINANCIALS

1% increase	9,14,87,165	8,25,48,476
1% decrease	10,89,65,514	9,89,16,864
Rate of increase in salary		
1% increase	11,57,07,987	10,66,34,377
1% decrease	8,54,46,510	7,61,03,511
Maturity profile of defined benefit obligation	**Employee's gratuity fund**	
Year	**31 March 2019**	**31 March 2018**
1 year	34,86,738	13,25,551
2 to 5 years	42,06,068	23,18,617
6 to 10 years	51,05,381	43,81,597
More than 10 years	8,68,05,043	8,21,06,241

35. Earnings/ Loss per share

(Amount in INR, unless otherwise stated)

Particulars	31 March 2019	31 March 2018
Weighted average number of equity shares for basic EPS*	79,283,000	79,283,000
Effect of dilution:		
Share options	-	-
Convertible preference shares	-	-
Weighted average number of equity shares adjusted for the effect of dilution	**79,283,000**	**79,283,000**
Basic loss per share (INR)	(8.00)	(1.87)
Diluted loss per share (INR)	(8.00)	(1.87)

36. Segmental Reporting as per Ind AS 108 :

36.1 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 2019 is as follows:

(Amount in INR, unless otherwise stated)

	Animation	Distribution	Total
Revenue from operation	55,31,86,392	42,43,16,811	97,75,03,203
	61,58,12,855	*18,56,92,918*	*80,15,05,773*
Total Revenue	**55,31,86,392**	**42,43,16,811**	**97,75,03,203**
	61,58,12,855	*18,56,92,918*	*80,15,05,773*
Depreciation and Amortisation	5,03,56,574	68,45,99,086	73,49,55,660
	2,67,77,174	*53,33,51,949*	*56,01,29,123*
Segment result	(1,38,29,660)	24,20,68,861	22,82,39,201
	8,04,40,822	*(1,00,90,17,539)*	*(92,85,76,717)*
Unallocated expenses			(42,81,24,960)
			1,42,65,67,611

Operating Profit			(19,98,85,759)
			49,79,90,894
Net financing costs			(46,75,57,646)
			(86,65,20,684)
Income Tax expense			3,32,15,954
			22,01,37,379
Profit after tax			**(63,42,27,451)**
			(14,83,92,411)
Segment assets	1,29,47,69,575	6,33,46,71,861	7,62,94,41,436
	1,36,96,82,995	*6,73,27,83,339*	*8,10,24,66,333*
Unallocated assets			18,23,24,647
			42,19,34,114
Total assets			**7,81,17,66,083**
			8,52,44,00,447
Segment liabilities	2,77,29,21,570	7,84,19,706	2,85,13,41,276
	3,26,28,84,559	*11,85,49,909*	*3,38,14,34,468*
Unallocated liabilities			3,86,88,62,518
			4,07,36,16,235
Total liabilities			**6,72,02,03,794**
			7,45,50,50,703
Capital expenditure			**66,91,754**
Tangible Fixed Assets			**4,96,42,973**
			1,71,03,18,594
Intangible Assets			40,01,16,892

Note: Figures in italics represent previous year

36.2 Geographical Segment

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

	America	Europe	Others	Total
Revenue from operation				
Animation	23,02,87,320	32,28,99,072	-	55,31,86,392
	39,37,66,004	*21,55,99,173*	*64,47,678*	*61,58,12,855*
Distribution	98,92,085	36,28,62,474	5,15,62,252	42,43,16,811
	4,75,704	*39,73,297*	*18,12,43,917*	*18,56,92,918*
Total Revenue	24,01,79,405	68,57,61,546	5,15,62,252	97,75,03,203
	39,42,41,708	*21,95,72,470*	*18,76,91,596*	*80,15,05,773*
Total Assets	21,60,79,991	6,01,77,05,011	1,57,79,81,080	7,81,17,66,083
	5,89,23,303	*6,92,79,76,837*	*1,53,75,00,306*	*8,52,44,00,446*
Capital expenditure				

Tangible Fixed Assets				66,91,754
				4,96,42,743
Intangible Assets				1,71,03,18,594
				40,01,16,892

Note: Figures in italics represent previous year

37. Financial instruments - fair value and risk management

Fair value hierarchy
The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:
a) recognised and measured at fair value
b) measured at amortised cost and for which fair values are disclosed in the financial statements.
To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

Accounting classification and fair value
The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Particulars	Carrying amount	Fair value		
	31 March 2019	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	-	-	-	-
Trade receivables	19,80,39,103	-	-	-
Cash and cash equivalents including other bank balances	3,89,28,369	-	-	-
Other financial assets	4,42,67,365	-	-	-
Financial assets measured at fair value				
Investment in Preference shares	-	-	-	-
Total financial assets	**28,12,34,837**	**-**	**-**	**-**
Financial liabilities measured at amortised cost				
Non-convertible debentures	-	-	-	-
Borrowings	4,59,77,33,392	-	-	-
Trade payables	8,90,60,034	-	-	-
Other financial liabilities	1,04,76,53,807	-	-	-
Total financial liabilities	**5,73,44,47,233**	**-**	**-**	**-**

Particulars	Carrying amount	Fair value		
	31 March 2018	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	-	-	-	-
Trade receivables	30,79,41,892	-	-	-
Cash and cash equivalents including other bank balances	11,81,87,039	-	-	-

Other financial assets	4,29,86,649	-	-	-
Financial assets measured at fair value				
Investment in Preference shares	-	-	-	-
Total financial assets	**46,91,15,580**	**-**	**-**	**-**
Financial liabilities measured at amortised cost				
Non-convertible debentures	-	-	-	-
Borrowings	6,13,02,29,140	-	-	-
Trade payables	10,64,06,284	-	-	-
Other financial liabilities	10,10,724	-	-	-
Total financial liabilities	**6,23,76,46,148**	**-**	**-**	**-**

Investment in equity shares are not appearing as financial asset in the table above being investment in subsidiaries and associates accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in unquoted preference securities and non convertible debentures included in level 3.

Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

A. Financial Assets:

Loans, Trade receivables, Cash and cash equivalents and other assets: Fair value of all these financial assets are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

B. Financial Liabilities:

1.Borrowings: It also includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

2. Trade payables and other liabilities: Trade payables and other liabilities: Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

38. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management Standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk
Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

Trade and other receivables
The Company's exposure to credit risk is influenced mainly by its customers. However, the management also considers the factors that may influence the credit risk of its customer base.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for customers. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for corporate customers as at 31 March 2018 and 31 March 2019 are as follows:
The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers.

Based on industry practices and the business environment in which the entity operates, the management considers that trade receivables are in default (credit impaired) if the payments are more than 360 days past due.

Movement in allowance for impairment in respect of trade receivables
The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

(Amount in INR, unless otherwise stated)

Particulars	As at	
	31 March 2019	31 March 2018
Balance as at the beginning of the year	(2,40,72,36,848)	(2,40,39,97,899)
Impairment loss allowances recognised (FE Impact)	(16,45,03,016)	(77,02,891)
Bad Debt Written off	69,26,634	44,63,942
Balance as at the end of the year	**(2,56,48,13,230)**	**(2,40,72,36,848)**

ii) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's objective is to maintain a balance between cash outflow and inflow. Usually, the excess of funds is invested in fixed deposit. This is generally carried out in accordance with practice and limits set by the Company. The limits vary to take into account the liquidity of the market in which the Company operates.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018 . The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
As at 31 March 2019					
Borrowings	4,59,77,33,392	4,59,77,33,392	-	-	-
Trade payables	8,90,60,034	8,90,60,034	-	-	-
Other financial liabilities	1,04,76,53,807	1,04,76,53,807	-	-	-

	Contractual cash flows				
As at 31 March 2018	**Carrying amount**	**0-1 years**	**1-2 years**	**2-5 years**	**5 years and above**
Borrowings	6,13,02,29,141	-	-	6,13,02,29,141	-
Trade payables	10,64,06,284	10,64,06,284	-	-	-
Other financial liabilities	10,10,724	10,10,724	-	-	-

a) Foreign Currency risk

Exposure to currency risk
The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

Particulars	Currency	As at 31 March 2019		As at 31 March 2018	
		Foreign currency*	**Amount**	**Foreign currency***	**Amount**
Trade receivables	EURO	31,43,342	24,44,26,275	35,07,961	28,01,80,833
	USD	3,63,30,439	2,51,84,26,058	3,67,73,097	2,38,36,32,157
	GBP			4,00,000	3,63,24,000
	CAD			31,200	15,75,912
	EURO	1,48,229	1,15,26,290	28,28,306	22,58,96,824
	GBP			1,120	1,01,707
	USD	2,34,242	1,62,37,664	1,54,02,184	99,83,69,556

*Foreign currency values are absolute values and not rounded off to lakhs.

Currency	Year end spot rate	
	31 March 2019	**31 March 2018**
CAD/INR	51.90	50.51
EURO/INR	77.76	79.87
GBP/INR	90.28	90.81
USD/INR	69.32	64.82

Sensitivity analysis
A reasonably possible strengthening (weakening) of the foreign currencies against INR at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(Amount in INR, unless otherwise stated)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2019				
EUR(5%)	1,16,44,999	(1,16,44,999)	1,16,44,999	(1,16,44,999)
USD(5%)	12,51,09,420	(12,51,09,420)	12,51,09,420	(12,51,09,420)
31 March 2018				
CAD(2%)	(31,518)	31,518	(31,518)	31,518
EUR(5%)	27,14,200	(27,14,200)	27,14,200	(27,14,200)
GBP(5%)	18,11,115	(18,11,115)	18,11,115	(18,11,115)
USD(5%)	6,92,63,130	(6,92,63,130)	6,92,63,130	(6,92,63,130)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's does not have any borrowings which exposes it to interest rate risk.

39. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Convertible Preference Shares and current borrowing from ultimate holding company of the Company. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(Amount in INR, unless otherwise stated)

	31 March 2019	31 March 2018
Equity	1,09,15,62,289	1,06,93,49,745
Convertible preference share	-	-
Total equity (i)	1,09,15,62,289	1,06,93,49,745
Borrowings other than convertible preference shares	5,64,53,87,199	6,13,12,39,865
Less: cash and cash equivalents	(3,89,28,369)	(11,81,87,039)
Total debt (ii)	5,60,64,58,830	6,01,30,52,826
Overall financing (iii) = (i) + (ii)	6,69,80,21,118	7,08,24,02,571
Gearing ratio (ii) / (iii)	0.84	0.85

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018 .

40. Commitments

(Amount in INR, unless otherwise stated)

Particulars	31 March 2019	31 March 2018
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	-	27,99,13,889

41. Amount Spent on Corporate Social Responsibility

(Amount in INR, unless otherwise stated)

Particulars	31 March 2019	31 March 2018
(a) Gross amount required to be spent by the company during financial year.	-	-
(b) Amount spent during the financial year.	-	-

The prescribed CSR expenditure required to be spent in the year 2018-19 as per the Companies Act, 2013 is Nil, in view of average net profits of the Company being Nil (under section 198 of the Act) for last three financial years.

42. The company has favourable cash inflows from its operations and a positive networth. However, the cash flows are not sufficient to repay its bank borrowings and the related finance costs. The lenders, had, in last year agreed to consider restructuring of the terms of the borrowings. The company is in discussions with the lenders for taking up the restructuring of its loans for sanction of further moratorium. Further the company is also making all efforts to raise funds to settle the dues of the Banks and is in discussion with few agencies. The company is also taking efforts to encash the existing IPs by licensing and distribution.

Based on the above, the management believes that the company will continue as a going concern and there by, realise its assets and discharge its liabilities in the normal course of its business. Accordingly, these financial statements have been prepared on the going concern assumption. Consequently no adjustments have been made to the carrying value of assets and liabilities or classification of balance sheet accounts.

43. Figures of previous year have been regrouped/rearranged/reclassified to confirm presentation as per Ind As as required by Schedule III of the Act.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No 105047 W

Ananthakrishnan G
Partner
(M.No 205226)

Place: Hyderabad
Date: 07.06.2019

For and on behalf of the Board of Directors

DQ Entertainment (International) Limited
CIN:L92113TG2007PLC053585

Tapaas Chakravarti
CMD & CEO
DIN:00559533

Place: Hyderabad
Date: 07.06.2019

S.Sundar
Director
DIN:00396677

Place: Hyderabad
Date: 07.06.2019

Sanjay Choudhary
Chief Financial officer

Place: Hyderabad
Date: 07.06.2019

Sukhmani Walia
Company Secretary
Membership No : ACS41191

Place: Hyderabad
Date: 07.06.2019

AGM NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of DQ Entertainment (International) Limited will be held on Monday, September 30, 2019, at 12.00 noon. 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 and the reports of the Directors' and Auditors' thereon
To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2019 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 – Correction for the Resolution passed earlier regarding Re-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, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 as may be applicable (including any statutory modification(s) or re-enactment thereof for the time being in force), MSKA & Associates, Chartered Accountants (Formerly M/s. MZSK & Associates, Chartered Accountants) with Firm Registration No. 105047W, be and is hereby re-appointed as Statutory Auditors of the Company to hold office for another term of three years i.e. from the conclusion of the Eleventh AGM upto the conclusion of the Thirteenth AGM to be conducted in the year 2020, thus completing the aggregate period of 10 years, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

Item no. 4 – RE-APPOINTMENT OF MR. S.SUNDAR (DIN: 00396677) AS AN INDEPENDENT DIRECTOR OF THE COMPANY.

To consider and if thought fit, to pass the following resolution as a Special Resolution**:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Regulation 17(1A) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, Mr. S. Sundar (DIN: 00396677) in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as Non-Executive Independent Director of the Company for another term of five (5) consecutive years with effect from conculsion of this Annual General Meeting and he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things, necessary and expedient to give effect to this resolution."

Hyderabad, August 9, 2019

By Order of the Board
For **DQ Entertainment (International) Limited**

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. 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.

2. 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.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 21 September, 2019 to Monday, 30 September, 2019 (both days inclusive).

4. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) and updates of bank account details by every investor holding securities in physical or electronic mode with the Registrar and Share Transfer Agent.

5. Details as required in sub-regulation (3) of regulation 36 of the Listing Regulations in respect of the Director seeking re-appointment at the Annual General Meeting, forms integral part of the notice attached and **Annexure A.** Requisite declarations has been received from the Director for seeking re-appointment.

6. Electronic copy of the Notice of the 12th 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 12th 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.

7. Members may also note that the Notice of the 12th Annual General Meeting and the Annual Report for 2019 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.

8. Non-Resident Indian Members are requested to inform the Company's Registrars and transfer Agents, immediately of:

a) Change in their residential status on return to India for permanent settlement.

b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

9. Pursuant to the prohibition imposed vide Secretarial Standard on the General Meeting (SS-2) issued by ICSI and the MCA Circular, no gifts/coupons shall be distributed at the Annual General Meeting.

10. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

11. 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 Fintech Private Limited (Karvy) on all resolutions set forth in the Notice of the 12th 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 Friday, September 27, 2019 (9.00 am IST) and shall end on Sunday, September 29, 2019 (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 Friday, 20th September, 2019, may cast their vote electronically. The e-voting module shall be disabled on September 29, 2019 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, Deputy Manager (Unit: DQ Entertainment (International) Limited) of Karvy Fintech 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., 20th September, 2019, 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 (20th September, 2019) 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.

By Order of the Board of Directors
For **DQ Entertainment (International) Limited**

Tapaas Chakravarti
CMD & CEO

Hyderabad, August 09, 2019

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

ANNEXURE 'A' TO THE NOTICE

Additional Information on 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	Mr. S. Sundar
DIN	00008212	00396677
Age	55 years	59 years
Qualification	Graducate in Commerce & Law, A Qualified Company Secretary	FCA, Information System Audit- ISA
Expertise	Legal, Corporate Affairs, Corporate Governance, Finance & Internal Audit	Statutory audit and Internal audit of public sector & government organizations
Directorships held in other Companies	-	-
Listed entities (other than DQ Entertainment) in which the Director holds the directorship and the Committee membership	Nil	Nil
Number of shares held in the Company as on March 31, 2019	Nil	Nil
Disclosure of relationship between Directors inter-se	Nil	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 4:

Mr. S. Sundar was appointed as Non-Executive Independent Director of the Company for a term of five (5) consecutive years by the Shareholders in their Annual General Meeting held in the year 2014 pursuant to the provisions of Section 149, 150, 152 of the Companies Act, 2013 and rules made thereunder ('the Act') read with Schedule IV to the Act and Clause 49 of the erstwhile Listing Agreement entered into with the Stock Exchange.

In terms of the said provisions, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company, but shall 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 the expiration of three years of ceasing to become an Independent Director. Pursuant to Regulation 17(1A) of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, no listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a Special resolution is passed to that effect.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee in their meeting(s) held on 09th August, 2019 considered and recommended the re-appointment of Mr. S. Sundar as Non-Executive Independent Director of the Company for second term of five consecutive years pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any of the Companies Act, 2013 ('the Act') and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Regulation 17(1A) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The Company has received a declaration to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and he is not debarred from holding the office of director by virtue of any SEBI Order or any other such authority. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from Member, proposing his candidature for the office of Director.

In the opinion of the Board, Mr. S. Sundar fulfill the conditions specified in the Act and the criteria of Independent Director in terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 and he is independent of the management. He is not related to any of the Directors or Key Managerial Personnel (including relatives of Directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Companies Act, 2013.

Copy of Draft letter for his re-appointment as Non-Executive Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

As per the requirements of Regulation 36(3) of Listing Regulations and Secretarial Standard – 2, issued by the Institute of Company Secretaries of India, the required details of Mr. S. Sundar is given in Notes forming part of the Notice.

The Board recommends to the Shareholders that the association of Mr. S. Sundar would be beneficial to the Company based on his performance evaluation, knowledge, background, extensive experience and contributions made by him during his tenure, it is desirable to re-appoint him as Non-Executive Independent Director of the Company for second term of five consecutive years. The Board recommends the Special Resolution at Item No. 4 of the Notice for the approval of the Members.

Except Mr. S. Sundar and / or their relatives, none of the Directors, Key Managerial Personnel (KMP) or their relatives are in any way concerned or interested, financially or otherwise, in the resolution.

ROUTE MAP TO THE VENUE OF THE AGM

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
Twelth Annual General Meeting, Monday, 30th September, 2019 at 12:00 noon.
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..

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED
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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 12th Annual General Meeting of the Company to be held on Monday, the 30th day of September 2019 at 12:00 noon. 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 Financial Statements and the reports of the Directors' and Auditors' thereon.	☐	☐
Resolution No. 2 : Appointment of Director in place of Ms. Rashida Adenwala (DIN: 00008212), who retires by rotation and being eligible, offers herself for re-appointment;	☐	☐
Resolution No. 3 : Correction for the Resolution passed earlier regarding Re-appointment of Auditors	☐	☐

Special Business
Resolution No. 4 : Re-appointment of Mr. S.Sundar (DIN: 00396677) as an Independent Director of the Company.

Affix revenue stamp

Signed this .... day of ...., 2019

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.

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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