
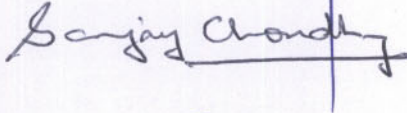

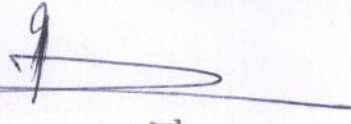


**FORM A**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	DQ Entertainment(International) Limited
2.	Annual financial statements for the year ended	31st March 2015
3.	Type of Audit observation	-
4.	Frequency of observation	-
5.	To be signed by-	
	<ul style="list-style-type: none"><li>• CEO/Managing Director </li><li>• CFO </li><li>• Auditor of the company </li><li>• Audit Committee Chairman </li></ul>	



# DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

Annual Report - 2015



*Imagination and Beyond*



**DQE**  
**IPs**  
on the move...

*Imagination and Beyond*

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# FINANCIAL HIGHLIGHTS

Revenue

₹  
1948<sub>Mn</sub>

EBITDA\*

₹  
1067<sub>Mn</sub>

Cash & Cash Equivalent

₹  
679<sub>Mn</sub>

Adjusted Profit Before Tax \*

₹  
220<sub>Mn</sub>

Adjusted Profit After Tax \*

₹  
155<sub>Mn</sub>

\*The adjusted Profit before tax and Profit after tax is after eliminating the notional foreign exchange loss (gain) on restatement of monetary values on the reporting date



DOQ ENTERTAINMENT  
THE JUNGLE BOOK™



Season  
IN PRODUCTION **3**

Season I & II  
CGI 104X11'  
1X60' TV Special  
4 to 8 Years



**BOARD OF DIRECTORS**



# BOARD OF DIRECTORS



**TAPAAS CHAKRAVARTI**  
CMD & CEO

Tapaas Chakravarti with over two decades of International

Corporate Management experience has helped to shape the success story of his creation, DQ Entertainment group. 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 backed with over 24 years of experience spanning across industries both national and multinational.

Tapaas believes in individual excellence to be integrated into a well-knit teamwork and unstinted support to ethical business practices. This has led to the creation of a large workforce in DQE, cohesively knit together with very high quality business, operational and creative leaders driving the exceptional growth of the company.

He is a part of several national and international charitable organizations, which includes extensive work for orphans, AIDS effected children and education for the deprived eg. AGAPE, India, Figli Del Mondo, Italy.

He is also an active member on the Board of the Indo-British Partnership and is a member of the Young Presidents Organization. He has been recently elected as a member of EMMY – The Academy of Television Arts & Sciences, Los Angeles, USA. In the year 2009 he has been nominated for the 'Ernst & Young, Entrepreneur of the year 2009 India Awards'.



**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 an integral part of the Company heading the Company Affairs and Investor Relations function. Rashida is a graduate in commerce and law and a qualified Company Secretary by profession.

She is associated with R & A Associates, a Practicing Company Secretaries firm established in 1996. R & A is one of the leading firms advising, guiding and representing many corporate clients in India and across the globe.

She has rich and hands-on experience in all secretarial, legal, corporate affairs, finance, internal audit aspects. She has been a regular speaker at various training programs conducted by the Institute of Company Secretaries of India (ICSI). She was a member of the Secretarial Standards Board constituted by ICSI for the years 2006 and 2008. At present she is the member of Expert Advisory Board of ICSI.

She has participated in the Board Leadership Training of Trainers Workshop in 2008 conducted by International Financial Corporation, Global Corporate Governance Forum, NISM and ICSI.



**CA S.SUNDAR SRINIVASA  
RAGHAVAN**

Non-Executive  
Independent Director

CA S.Sundar Srinivasa Raghavan is the founder-partner of the Chartered Accountant firm S Sonny Associates based in Chennai, started in 1986. A Fellow Chartered Accountant, Sundar has over twenty years of post-qualification professional practice experience to his credit. His key focus area is Statutory Audit and Internal Audit of Government Organizations, Public Sector Undertakings, Private Limited Companies apart from Public Sector and Private Sector Banks. He also has extensive exposure to Systems Audit, Credit Audit, Computer-to-Computer Link and Internet Based transaction Facility Audit. His firm is empanelled with Comptroller & Auditor General of India and RBI, among others. His firm is one of the Central Statutory Auditors of Syndicate Bank.

He was Chairman of Audit Committee of Chennai Central Co-Operative Bank Ltd., Tiruvannamalai District Central Co-operative Bank Ltd., Vellore District Central Co-operative Bank Ltd., and Kancheepuram District Central Co-operative Bank Ltd. He has passed the Information Systems Audit- ISA (Indian equivalent to CISA of USA) of the Institute of Chartered Accountants of India.



**CA B.N. SIRISH**

Non-Executive  
Independent Director

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

He has pursued Diploma course in Information Systems Audit-ISA and a Certificate course in International Taxation from the Institute of Chartered Accountants of India.

He is a member of A.P. Tax Bar Association and International Fiscal Association. He is also a member of Rotary Club of Secunderabad and has served as Vice-President, Secretary, Treasurer and President Elect 2016-17.





## **AUKNOOR GOUTAM**

Non-Executive  
Independent Director

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

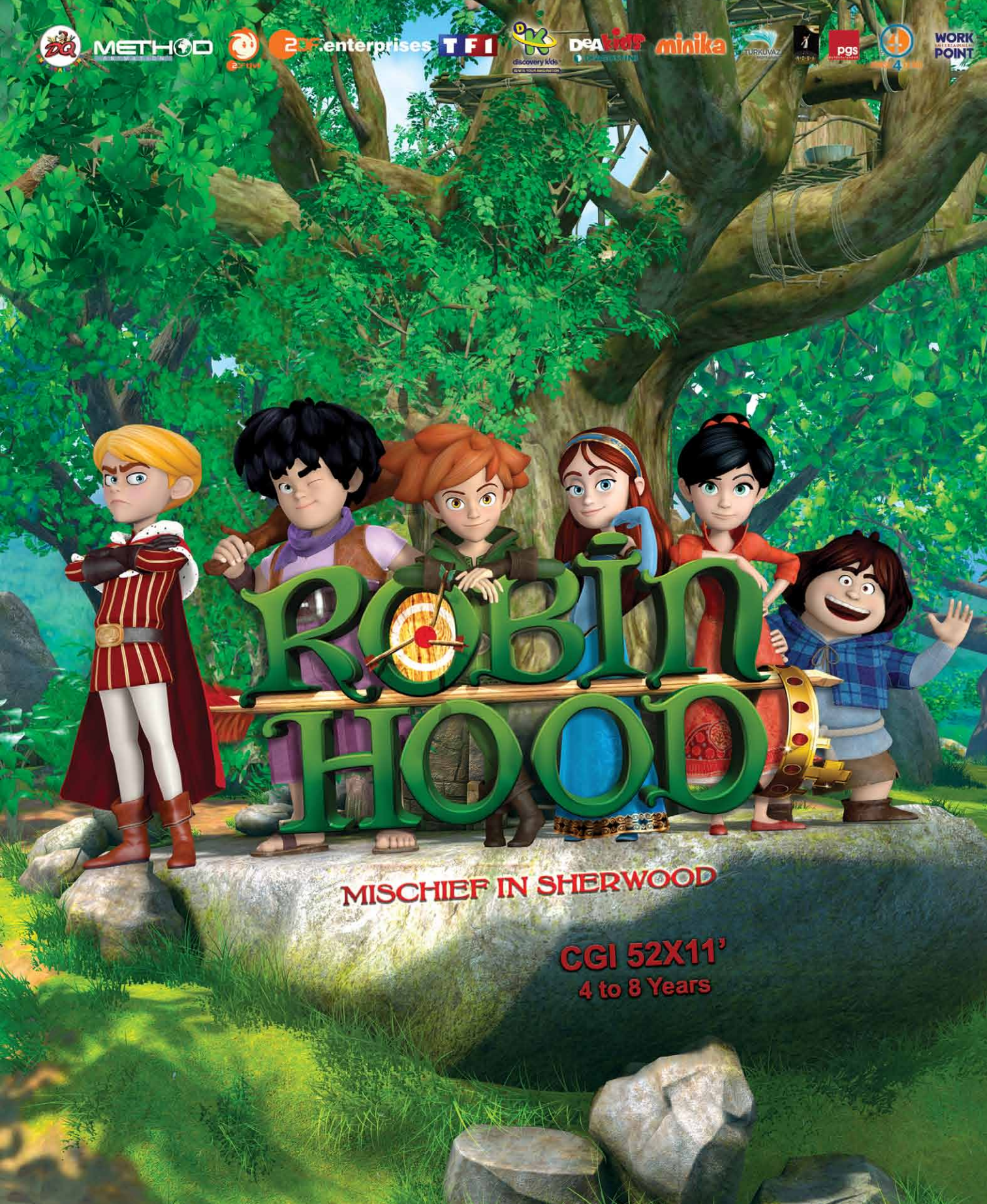
He has pursued executive education from Harvard Business School, Stanford Business School, India Institute of Management, Indian School of Business and Woxsen Business School, Corporate Directorship Certification from World Council for Corporate Governance, United Kingdom, Masters in Life sciences, MBA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

He 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.

He has also worked extensively in the entertainment industry as creative director with various production studios. He holds professional memberships with AP Film director's Association and AP Film Chamber of Commerce. His directorial achievements are reflected in the various short films, telefilms, tele serials and feature films wherein he has played various roles as Director/ Producer.

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





# DIRECTORS' REPORT



# DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting their Eighth 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, 2015.

## I. FINANCIAL RESULTS

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

INR in Mn

Particulars	Standalone		Consolidated	
	For the year ended	For the year ended	For the year ended	For the year ended
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Income from Production	1726	1638	1423	1874
Income from Distribution	90	160	525	523
Other Income	29	219	13	14
<b>Total Income</b>	<b>1,845</b>	<b>2,017</b>	<b>1,961</b>	<b>2411</b>
Total Expenditure	1,489	1,640	2,092	1963
<b>Profit before tax</b>	<b>356</b>	<b>377</b>	<b>(131)</b>	<b>448</b>
Tax Expense (Current Tax+ Deferred Tax [Net of MAT credit entitlement])	(66)	(13)	(66)	(20)
<b>Profit after tax</b>	<b>290</b>	<b>364</b>	<b>(197)</b>	<b>428</b>

Note: The Company has recognized notional foreign exchange loss of INR 351 Mn in the FY 2014-15; while it has recognized a notional foreign exchange gain of INR 235 Mn in the FY 2013-14 in its consolidated financials on restatement of monetary values on the reporting date.

After adjustment of the notional loss and gain, the profit before tax and profit after tax is as under for the consolidated financials:

INR in Mn

	31 March 2015	31 March 2014
Adjusted Profit before tax	220	213
Adjusted Profit after Tax	155	193
Cash & Cash Equivalent	679	11

## 2. PERFORMANCE AND OPERATIONS

The financial year 14-15 was challenging year on account of continued slowdown in children's entertainment business in Europe and USA. After sustaining for several years, this year it did effect the company. Revenue from operations declined from Rs.2411 Mn for FY 2013-14 to Rs.1961 Mn for FY 2014-15. Although our revenues are down by nearly 23% as compared to the previous year, our earnings before tax, finance costs and foreign exchange increased by 33% as compared to the previous year. This is because of the various cost

efficiency measures taken by the Company. The EBITDA margin also improved from 43% in the previous year to 58% in FY 2014-15.

One of the significant reasons for the reduction in turnover was change in the accounting process and business model in the case of development and production of its own IP's. Earlier, the company was producing its own properties through a special purpose vehicle, whereby it was recognizing the revenue from production. But from the financial year 2014-15, the Company has been directly producing and capitalizing the costs of its own IP's and will only recognize the revenue once the pre-sales distribution and post-production distribution revenues start coming in for such projects, once delivered to the anchor broadcasters and broadcasting sales world-wide.

#### **BUSINESS REVIEW:**

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

DQE's production division operates in three main business segments:

#### **a. Animation Production Services (Work for hire)**

DQE began its business in animation production services, taking advantage of the highly skilled and cost-effective Indian work force. Many prestigious global media companies trust your company for the production of their content. Pure service order book remains healthy with projects like Sheriff Callie, Eshafan, Shabiyat, Peg Heads and many more for the next 30 months.

#### **Operating Highlights for FY 2014-15:**

- DQE has completed the production and delivery of its 3rd IP "Lassie and Friends", co-produced with Dream Works Classics USA and Super Prod France. It is airing successfully on international networks such as TFI France, Telequebec Canada, ZDF Germany, Sun TV India, Media Corp Singapore, Noga Israel and several other networks globally.
- DQE's VFX foray has been successful and the division has contracted and delivered high quality VFX for several domestic feature films. Our VFX team is now poised to take on Hollywood VFX projects after having successfully completed several domestic Live Action feature film movies. Our digital team is focused on developing online games having gained good traction for our digital channels. With the closing of the distribution deal for the Feature film we will be all set to commence the production of the same in this current financial year.
- The licensing and distribution division has negotiated 37 audio visual distribution deals and 14 licensing and merchandising deals worth US\$ 6.29Mn in the year, and a further US\$ 4Mn worth is in the pipeline. Revenue generation through Licensing & Distribution division is INR 525 Mn which comprises 29% of the total revenue.
- Power Kids and Tiny Toons, DQE's digital channels, have recorded an average of 150,000 daily online views, resulting in increased revenues through both these channels.
- DQE has developed capabilities to exploit the latest advancements in technology and geared to meet increased demand for high quality stereoscopic, 2K and 4K content and is currently producing a unique hybrid CGI show combining live action with CGI animation called 7 Dwarfs and me.



## **b. Content Development & Production (IPs and Co-production)**

DQE has been able to differentiate itself from other animation studios through its co-production business. DQE has partnered with numerous studios such as Marvel, Nickelodeon India, DreamWorks, Cartoon Network and ZeeQ for projects including Iron Man, Keymon Ache, Casper's Scare School, Lassie, Charlie Chaplin and Chimpoo and Shimpoo to name a few.

Through these partnerships, DQE owns part of the content and its agreement allows the Company to license this content in certain territories, thus diversifying and generating more income streams for the Company.

Jungle Book, Peter Pan, Lassie, 5 & IT are DQE's homegrown properties of which Jungle Book, Peter Pan and Lassie have been well received in the global markets. The 3rd season of Jungle Book, 2nd Season of Peter Pan and 1st season of 5 & IT are in production.

## **c. Licensing & Distribution (IPs and Co-Owned Content)**

Through its experience in animation production and co-production, DQE has effectively built its Licensing & Distribution (L&D) business division. The L&D team follows a "360-degree monetization strategy" to exploit the various rights owned by DQE.

## **3. FUND RAISING**

The year 2014 has been of great significance for the Company. DQE group has successfully concluded its fund raising by way of issue of bonds on 9th December 2014 and has received the first tranche of money of USD 32 Mn net of the fund raising costs. DQE group has entered into an arrangement with OL Master Limited, a private credit fund managed by OCP Asia (Hong Kong) Limited for the issuance of Secured Convertible Bonds up to USD 50 Mn in two tranches. The first tranche for USD 35 Mn has been issued, while the second tranche up to USD 15 Mn is to be drawn down at the option of the investor. The proceeds of the funds are to be utilized to fund the development of DQE-owned IP's and co-production projects, for the repayment of certain debts, and for general working capital purposes. Bonds have a maturity period of five years from the Closing Date. The necessary reporting in this regard has been done in the Indian Stock exchanges where the Company is listed and also with Alternative Investment Market (AIM) – London Stock Exchange, in respect of Ultimate Holding Company - DQ Entertainment PLC, London.

## **4. DIVIDEND**

The board has not recommended any dividend for the year and Decided to plough back the profits to conserve the financial resources for the growth of the company.

## **5. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

## **6. CONSOLIDATED FINANCIAL STATEMENT**

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

## **7. 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, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 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 that 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.

## 8. CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report. The requisite certificate from the Practicing Company Secretary 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.

## 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.

In pursuance to Section 188 of the Companies Act, 2013, the material related party transactions were approved by the members through the Postal Ballot process held during the year, the results whereof were announced on 31st March 2015. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure I** in Form AOC-2 and the same forms part of this report.

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

## 10. EXTRACT OF ANNUAL RETURN

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

## 11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The Board on the CSR Committee's recommendation and looking into the practical aspects of not being able to spend into big money in a particular timeframe had in February 13, 2015 allocated an initial amount of Rs.15 lacs towards the aforesaid activity. However due to a very limited period thereafter, no expenditure was incurred. The Board proposes to carry forward this unspent amount to be expended during the financial year 2015-16.

The CSR Policy may be accessed on the Company's website and can be viewed on [http:// www.dqentertainment.com/Investors.html](http://www.dqentertainment.com/Investors.html)

The CSR annual report is attached separately and forms part of this report – **Annexure III**

## 12. RISK MANAGEMENT

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

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

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

## 13. INTERNAL FINANCIAL CONTROLS

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

## 14. DIRECTORS

Mr. K. Balasubramanian, Mr. S. Sundar, Mr. Girish Kulkarni and Mr. V. Santhanaraman, were appointed as Independent Directors for a period of five years with effect from 30th September 2014, by the members of the Company in the 7th Annual General Meeting (AGM) held on September 30, 2014 pursuant to the provisions of Section 149 & 152 of Companies Act 2013.

Mr. K. Balasubramanian resigned as Independent Director with effect from May 27, 2015. The Board places on record its gratitude for the services rendered by Mr. K. Balasubramanian during his long association with the Company and thanks him for his guidance and invaluable contribution.

Mr. Girish Kulkarni and Mr. Neelesh Wagle (Alternate Director to Mr. Girish Kulkarni), have resigned as Independent Directors of the Company with effect from May 27, 2015. The Board thanks them for providing valuable guidance to the Company during their tenure and places on record its sincere appreciation for their fruitful association with the Company.

Mr. V. Santhanaraman has resigned as Independent Director with effect from 5th August, 2015. The Board thanks him for his efforts in driving quality excellence for the Company and places on record its deep appreciation for the valuable contribution made by him during his tenure as Director of the Company.

Ms. Manjiri Bhalerao was appointed as Nominee Director representing Export Import Bank of India on May 30, 2014 and her nomination was withdrawn on December 8, 2014.

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.

### INDUCTIONS TO THE BOARD

On the recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. B.N. Sirish and Mr. Auknoor Goutam as Additional (Independent) Directors with effect from August 13, 2015.

Mr. B.N. Sirish is enrolled as a member of ICAI in 1989 and has experience of more than 25 years in the areas of statutory audits, internal audits, bank branch audits, taxation including international

taxation, indirect taxes, NRI taxation and remittances, appeals and management advisory services. The Board hopes to benefit from his vast experience in finance and taxation.

Mr. Auknoor Goutam has more than 24 years of experience in corporate-leadership, project management, human resources management, administration, operations, finance, and technology adaptation, strategy, planning and alignment. He has worked extensively in the entertainment industry as creative Director with various studios and animation companies. The Board hopes to benefit from his vast experience in the media and entertainment industry.

We seek your support in confirming the appointment of Mr. B.N. Sirish and Mr. Goutam Auknoor in the ensuing Annual General Meeting.

## 15. KEY MANAGERIAL PERSONNEL

The Board in the meeting held on 30th May 2014 noted that the following officials of the Company viz. Mr. Tapaas Chakravarti - CMD & CEO, Mr. Sanjay Choudhary - CFO and Ms. Sindhu M.S. - Company Secretary would function as Key Managerial Personnel.

## 16. BOARD EVALUATION

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive Directors and executive Directors. On the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

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 same was discussed in the board meeting that followed the meeting of the

independent Directors, at which the performance of the Board, its committees and individual Directors was also discussed.

## 17. BOARD DIVERSITY

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

## 18. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance report, which forms part of the Directors' report.

## 19. TRAINING OF INDEPENDENT DIRECTORS

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

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

## 20. MEETINGS OF THE BOARD

During the Financial Year 2014-15, four meetings of the Board of Directors of the Company were held during the year on May 30, 2014, August 14, 2014, November 13, 2014 and February 13, 2015. For further details, please refer report on Corporate Governance of this Annual Report.

## 21. AUDITORS AND AUDITORS' REPORT

Your Company has at its Annual General Meeting held on September 30, 2014, appointed M/s. MZSK & Associates, Chartered Accountants, Hyderabad,

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

The Auditors' Report does not contain any qualification, reservation or adverse remark.

## 22. SECRETARIAL AUDIT REPORT

Mr. R. Ramakrishna Gupta of M/s. PI & Associates, Practicing Company Secretaries, New Delhi, was appointed by the Board to conduct the secretarial audit of the Company for the financial year 2014 -15, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit in prescribed format - MR 3 report for FY 2014 -15, forms part of the Annual Report as **Annexure IV** to the Board's report.

The following qualifications were observed by the Secretarial Auditor in his Report to which the Board has shared the following explanations:

1. The Company has appointed Mr. Sanjay Choudhary as Chief Financial Officer (CFO) of the Company in its Board Meeting held on May 30, 2014 but as on the last date of the audit period the company has not filed Form MR-1 and Form DIR -12 intimating the Registrar of Companies, Andhra Pradesh & Telangana about the appointment of CFO.

Response to point 1: The Company had missed the filing due to oversight and this has now been rectified by filing the necessary forms on 15/06/2015.

2. The Company has not published the notice of closure of register of members closed in connection with the 7th Annual General Meeting in Principal vernacular language in vernacular newspaper as required under Section 91 of the Companies Act, 2013 read with Rule 10 of The Companies (Management and Administration) Rules, 2014.

3. The advertisement given by the Company for dispatch of the Postal ballot Notice in respect of the resolutions passed on 10th October, 2014 and on 31st March, 2015 were not published in Principal vernacular language in the vernacular newspaper



as required under Section 110 of the Companies Act, 2013 read with Rule 22 of The Companies (Management and Administration) Rules, 2014.

Response to point 2 & 3: As is the practice with most of the companies, the Company has published the notice in the vernacular newspaper, but not in the principal vernacular language. The Company undertakes to publish the same in the vernacular language for all the notices which are to be served henceforth.

4. The Company is yet to constitute a Vigil Mechanism as required under Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Response to point 4: The Company has constituted the vigil mechanism at its board meeting held on May 27, 2015.

## 23. COMMITTEES

The Board has the formed 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.

## 24. 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 the revised Clause 49 of the Listing Agreements with stock exchanges.

## 25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

## 26. 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.

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

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

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

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

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

(iv) Foreign Exchange Earnings and Outgo:

Particulars	INR in Mn	
	For the year ended	For the year ended
	31 March 15	31 March 14
<b>Earnings in Foreign Currency</b>		
Income from production	1,659,937,839	1,798,923,950
Others income	25,699,250	25,699,250
Distribution Income	87,500,989	157,560,923
<b>Expenditure in Foreign Exchange</b>		
(Subject to deduction of tax where applicable)		
Overseas business travel	7,163,715	6,557,339
Production Expenses	525,142	2,426,880
Consultancy and other expenses	2,003,344	1,830,971
Financial Charges	9,959,515	15,445,987

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

## 28. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as **Annexure V**.

## 29. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

## 30. SWEAT EQUITY SHARES

There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.

## 31. ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS

There was no issue of equity shares with differential rights as to dividend, voting or otherwise as stated in Rule 4(4) of Companies (Share Capital and Debenture Rules, 2014) for the Financial Year in which such issue was completed.

## 32. ISSUE OF EMPLOYEE STOCK OPTIONS

There were no stock options issued to employees as stated in Rule 12(9) of Companies (Share Capital and Debenture Rules, 2014).

## 33. COMMISSION BY MANAGING DIRECTOR OR WHOLE-TIME DIRECTOR

Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

## 34. GOING CONCERN

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

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

Your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 36. DETAILS OF SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

DQ Entertainment (Ireland) Limited is the wholly owned subsidiary of the Company in Ireland. The Company has two Indian subsidiaries DQ Powerkidz Private Limited and DQE ITES Park Private Limited. An application has been filed for winding up of DQ Powerkidz Private Limited and DQE ITES Park Private Limited, as there are no operations carried out in these companies. Further, there has been no material change in the nature of the business of the subsidiaries.

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

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

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

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

During the year the Board of Directors has formulated a policy for determining Material Subsidiaries. The policy is disclosed on the company's website and is accessible on [http:// www.dqentertainment.com/Investors.html](http://www.dqentertainment.com/Investors.html)

### 37. GREEN INITIATIVE

Electronic copies of the Annual Report 2014 –15 and Notice of the 8th 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 2015 and the Notice of the 8th 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.

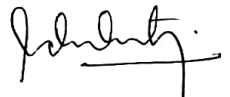
13 August, 2015

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.

### 38. 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.

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



**Tapaas Chakravarti**  
CMD & CEO

## FORM NO. AOC-2

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

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

I 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
I	NIL	NIL	NIL	NIL	NA	NIL	NIL	NIL	NIL	NIL

2 Details of material contracts or arrangement or transactions at arm's length basis:									
Sr. No.	Name(s) of the related party	Nature of relationship	Duration of the transactions	Nature of Transaction	Transactions value Amount in INR	% to Consolidated revenue	Amount paid as Advances	Date(s) of approval by the Board	Date of special resolution
1.	DQ Entertainment (Ireland) Limited.	Wholly owned Subsidiary	April 2014 - March 2015	Accounting and Finance Services	692,535	0.035%	-	The related party transactions are in ordinary course of business and are at arm's length basis. These are reported to the Audit Committee/ Board at their quarterly meetings.	The material related party transactions were approved by the members through Postal Ballot process on 31st March 2015.
				Legal Services	411,192	0.021%	-		
				Pre-Production / Production Services	406,586,015	20.87%	-		
				Marketing Services	4,039,789	0.207%	-		
				Total	4,11,729,531	21.133%	-		
2.	Method Animation S.A.S.	Associate Company	April 2014 - March 2015	Development, production and distribution of the animated series	133,129,604	6.834%	-	The related party transactions are in ordinary course of business and are at arm's length basis. These are reported to the Audit Committee/ Board at their quarterly meetings.	The material related party transactions were approved by the members vide Postal Ballot on 31st March 2015.



**FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on 31.03.2015**

[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: **Public Company/ Limited by shares**
- v) Address of the registered office and contact details:  
**644, Aurora Colony, Road No.3, Banjara Hills, Hyderabad-500 034.**
- vi) Whether listed company: **Yes**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any  
**Karvy Computershare Pvt. Ltd.**  
**Karvy Selenium Tower B, Plot No 31 & 32,**  
**Gachibowli, Financial District, Nanakramguda,**  
**Serilingampally Hyderabad - 500 032.**  
**Telephone: +91 40 6716 2222**  
**Facsimile: +91 40 2300 1153**  
**Email: einward.ris@karvy.com**  
**Website: www.karvycomputershare.com**

**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	999613	95%

**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	100	2(46)
2.	DQ Entertainment (Ireland) Limited	-	Subsidiary	100	2(87)
3.	DQ Powerkidz Private Limited	U74999TG2012PTC083484	Subsidiary	100	2(87)
4.	DQE ITES Park Private Limited	U72200TG2012PTC083706	Subsidiary	100	2(87)
5.	DQ Entertainment (International) Films Limited	-	Associate Joint Venture	29	2(6)

#### 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 01/04/2014				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				% 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)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	246	0	246	0.00	246	0	246	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>246</b>	<b>0</b>	<b>246</b>	<b>0.00</b>	<b>246</b>	<b>0</b>	<b>246</b>	<b>0.00</b>	<b>0.00</b>
(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
	<b>Sub-Total A(2) :</b>	<b>59461972</b>	<b>0</b>	<b>59461972</b>	<b>75.00</b>	<b>59461972</b>	<b>0</b>	<b>59461972</b>	<b>75.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2) :</b>	<b>59462218</b>	<b>0</b>	<b>59462218</b>	<b>75.00</b>	<b>59462218</b>	<b>0</b>	<b>59462218</b>	<b>75.00</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	3290995	0	3290995	4.15	1232978	0	1232978	1.56	2.60
(b)	Financial Institutions / Banks	418000	0	418000	0.53	0	0	0	0.00	0.53
(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	31196	0	31196	0.04	27922	0	27922	0.04	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>3740191</b>	<b>0</b>	<b>3740191</b>	<b>4.72</b>	<b>1260900</b>	<b>0</b>	<b>1260900</b>	<b>1.59</b>	<b>3.13</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	4841839	0	4841839	6.11	6211714	0	6211714	7.83	-1.73
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	6245725	3	6245728	7.88	6685897	3	6685900	8.43	-0.56
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4263697	0	4263697	5.38	4707117	0	4707117	5.94	-0.56
(c)	Others									
	CLEARING MEMBERS	33045	0	33045	0.04	270191	0	270191	0.34	-0.30
	FOREIGN COMPANIES	0	128624	128624	0.16	0	128624	128624	0.16	0.00
	NON RESIDENT INDIANS	567658	0	567658	0.72	556336	0	556336	0.70	0.01
(d)	<b>Qualified Foreign Investor</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Sub-Total B(2) :</b>	<b>15951964</b>	<b>128627</b>	<b>16080591</b>	<b>20.28</b>	<b>18431255</b>	<b>128627</b>	<b>18559882</b>	<b>23.41</b>	<b>-3.13</b>
	<b>Total B=B(1)+B(2) :</b>	<b>19692155</b>	<b>128627</b>	<b>19820782</b>	<b>25.00</b>	<b>19692155</b>	<b>128627</b>	<b>19820782</b>	<b>25.00</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>79154373</b>	<b>128627</b>	<b>79283000</b>	<b>100.00</b>	<b>79154373</b>	<b>128627</b>	<b>79283000</b>	<b>100.00</b>	<b>0.00</b>
(C)	<b>Shares held by custodians, against which Depository Receipts have been issued</b>									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C):</b>	<b>79154373</b>	<b>128627</b>	<b>79283000</b>	<b>100.00</b>	<b>79154373</b>	<b>128627</b>	<b>79283000</b>	<b>100.00</b>	<b>0.00</b>



*(ii) Shareholding of Promoters*

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 1/04/2014			Shareholding at the end of the year 31/03/2015			% 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	0	59461972	75	75	0
2.	Tapaas Chakravarti	41	0	0	41	0	0	0
3	Rashmi Chakravarti	41	0	0	41	0	0	0
4.	Nivedita Chakravarti	41	0	0	41	0	0	0
5.	Sumedha Saraogi	41	0	0	41	0	0	0
6.	A Ramakrishna	41	0	0	41	0	0	0
7.	N Laxminarayana	41	0	0	41	0	0	0
	<b>Total</b>	<b>59462218</b>	<b>75</b>	<b>0</b>	<b>59462218</b>	<b>75</b>	<b>75</b>	<b>0</b>

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

No change in Promoter Shareholding

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

Sl no.	Name of Shareholder	Shareholding at the beginning of the year 01/04/2014		Cumulative shareholding during the year 31/03/2015	
		No of shares	% of total shares of the company	No.of shares	% of total shares of the Company
1.	Axis Mutual Fund Trustee Limited	1776866	2.24	0	0
2.	Akg Finvest Ltd	1270000	1.60	1720000	2.17
3.	Birla Sun Life Trustee Company Private Limited	1232978	1.56	1232978	1.56
4.	Uno Metals Ltd	1151379	1.45	2240000	2.83
5.	Axis Bank Limited	418000	0.53	0	0
6.	Bodhivriksha Advisors Llp	300000	0.38	0	0
7.	Idfc Limited	255375	0.32	0	0
8.	Rajesh Sachdeva	251402	0.32	251402	0.32
9.	Yamini Ramnik Kapadia	225000	0.28	100000	0.13
10.	Suyash Outsourcing Pvt Ltd	200000	0.25	0	0
11.	Dhulipala Srikanth	62360	0.08	450000	0.56
12.	Samianka Foods Pvt Ltd	165123	0.21	165123	0.21
13.	Jamson Securities Pvt Ltd	155000	0.20	155000	0.20
14.	Pothiwala Share And Securities Pvt. Ltd.	49500	0.06	150599	0.19
15.	Nikhil Vora	146821	0.18	146821	0.18
16.	Motilal Oswal Financial Services Limited	125660	0.15	129943	0.16

\*The shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl no.	Name of Shareholder	Date	Period	Shareholding at the beginning of the year 01/04/2014		Shareholding at the end of the year 31/03/2015	
				No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	Mr.Tapaas Chakravarti	01.04.2014	At the beginning of the year	41	0	41	0
		31.03.2015	At the end of the year	41	0	41	0
2.	Mr. Sanjay Choudhary	01.04.2014	At the beginning of the year	1	0	1	0
		31.03.2015	At the end of the year	1	0	1	0
3.	Ms. Sindhu M.S.	01.04.2014	At the beginning of the year	0	0	0	0
		31.03.2015	At the end of the year	0	0	0	0

## V. INDEBTEDNESS

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

INR in Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7726.78	175	179.31	7722.47
ii) Interest due but not paid	70.16	-	-	70.16
iii) Interest accrued but not due	5.92	-	-	5.92
<b>Total (i+ii+iii)</b>	<b>7802.86</b>	<b>175</b>	<b>179.31</b>	<b>7798.55</b>
Change in Indebtedness during the financial year				
• Addition	137.24	986.1	16.05	1107.29
• Reduction	4680.67	625.06	-	5305.73
Net Change	(4543.43)	361.04	16.05	(4198.44)
Indebtedness at the end of the financial year				
i) Principal Amount	3259.43	536.04	195.36	3600.11
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>3259.43</b>	<b>536.04</b>	<b>195.36</b>	<b>3600.11</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount in INR

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/Manager
		Mr. Tapaas Chakravarti (CMD &CEO)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	4,032,000 1,008,000 -
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify.	7,791,165
5.	Others, please specify	-
	<b>Total (A)</b>	<b>12,831,165</b>
	Ceiling as per the Act (@ 5% of profits calculated under Section 198 of the Companies Act, 2013).	17,638,679

## B. Remuneration to other directors:

Amount in INR

Sl.	Particulars of Remuneration	Name of Directors			Total Amount
		Fee for attending board/ committee meetings	Commission	Professional fee	
1.	Independent Directors	-	-	-	-
	Mr. K. Balasubramanian	30,000	-	-	30,000
	Mr. Girish Kulkarni	0	-	-	0
	Mr. Neelesh Wagle (Alternate director to Mr. Girish Kulkarni)	20,000	-	-	20,000
	Mr. S. Sundar	120,000	-	-	120,000
	Mr. V. Santhanaraman	130,000	-	-	130,000
	Ms. Manjiri Bhalerao	40,000	-	-	40,000
	<b>Total (1)</b>	<b>340,000</b>	<b>-</b>	<b>-</b>	<b>340,000</b>
2.	Professional Non- Independent Director	-	-	120,000	120,000
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>120,000</b>	<b>120,000</b>
	<b>Total (B)=(1+2)</b>	<b>340,000</b>	<b>-</b>	<b>120,000</b>	<b>460,000</b>
	<b>Total Managerial Remuneration</b>	<b>340,000</b>	<b>-</b>	<b>120,000</b>	<b>460,000</b>
	Overall Ceiling as per the Act (@ 1% of profits calculated under Section 198 of the Companies Act, 2013)	-	-	-	3,527,736

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

Amount in INR

Sl. no.	Particulars of	Key Managerial Personnel			
		CEO*	Company Secretary	CFO	TOTAL
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	912,653	4,339,600	5,252,253
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>912,653</b>	<b>4,379,200</b>	<b>5,291,853</b>

\* Managing Director is the CEO of the Company.

## 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, 2015.



## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

As per the CSR Policy of the Company, currently the CSR focus area for DQE is promotion within the broad theme, specific areas such as school education, work shop on parenting skill, women empowerment, free medical camps, support to old aged homes and orphanage.

The policy can be viewed on [http:// www.dqentertainment.com/Investors.html](http://www.dqentertainment.com/Investors.html). under the head "Corporate Governance".

### 2. The Composition of the CSR Committee during the year:

- (i) Mr. Santhanaraman - Chairman
- (ii) Mr. Tapaas Chakravarti
- (iii) Ms. Rashida Adenwala

### 3. Average net profit of the Company for last three financial years (2011-2012 to 2013-2014):

Rs. 340,461,621/-

### 4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above): Rs. 6,809,232/-

### 5. Details of CSR spend during the financial year:

**(a) Total amount to be spent for the financial year:** The CSR policy was approved by the Board on 13th February 2015. Since only a few months remained for the financial year to end, undertaking the CSR activities to levels which would require big spends was not possible. As such, the Board had on the CSR Committee's recommendation allocated Rs. 15 lacs towards the CSR activities involving projects for educational and employment enhancement vocational skills for the year, this being the initial year.

**(b) Amount unspent, if any: Refer Note 6**

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

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

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

As part of the CSR activities, the Company intends to initiate projects aimed at promoting quality education and employability for vulnerable sections of society, either directly or through DQ Smile Foundation. Due to limited period available after the allocation was made, no expenditure was incurred. The unspent amount of Rs. 68,09,232/- will be carried forward for implementation during FY 2015-16.

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.

**FORM NO. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015.

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

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

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 my 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 March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - 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 representation given by the Company and its legal officers with regard to the Other laws applicable specifically to the Company and its Compliance and the limited review done by us, we opine that the Company has generally complied with the following laws to the extent specifically applicable the company:

- Software Technology Parks Scheme;
- Special Economic Zone Act, 2005;
- The Special Economic Zone Rules, 2006;
- Copyright Act, 1957;
- Trade Marks Act, 1999;
- The Cinematographic Film Rules, 1948;
- 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 (Not applicable to the Company during the Audit Period).
- ii. The Listing Agreements entered into by the Company with BSE India Limited and National Stock Exchange Limited.

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/Qualifications:

1. The Company has appointed Mr. Sanjay Choudhary as Chief Financial Officer (CFO) of the Company in its Board Meeting held on May 30, 2014 but as on the last date of the audit period the company has not filed Form MR – 1 and Form DIR – 12 intimating the Registrar of Companies, Andhra Pradesh & Telangana about the appointment of CFO.
2. The Company has not published the notice of closure of register of members closed in connection with the 7th Annual General Meeting in Principal vernacular language in vernacular newspaper as required under Section 91 of the Companies Act, 2013 read with Rule 10 of The Companies (Management and Administration) Rules, 2014.
3. The advertisement given by the Company for dispatch of the Postal ballot Notice in respect of the resolutions passed on 10th October, 2014 and on 31st March, 2015 were not published in Principal vernacular language in the vernacular newspaper as required under Section 110 of the Companies Act, 2013 read with Rule 22 of The Companies (Management and Administration) Rules, 2014.
4. The company is yet to constitute a Vigil Mechanism as required under Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014.

**We further report that;**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, 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.
- Majority decision is carried through while the dissenting members' view, if any, are captured and recorded as part of the minutes.

We further report that based on the review of the Compliance mechanism existence in the Company and on the basis of the representation given by the Company Secretary and other officers of the Company, we are of the opinion that the Company has a system and process to monitor and ensure compliance with all applicable laws, rules, regulations, etc and there is a need for strengthening its adequacy.

Date: August 13, 2015  
Place: Hyderabad

**For and Behalf of  
PI & Associates**

**R. Ramakrishna Gupta  
Partner**  
FCS No.: 5523  
C P No.: 6696

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



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

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

1. Maintenance of secretarial record is the responsibility of the management of M/s. DQ Entertainment (International) Limited (“the Company”). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: August 13, 2015  
Place: Hyderabad

**For and Behalf of  
PI & Associates**

**R. Ramakrishna Gupta**  
**Partner**  
FCS No.: 5523  
C P No.: 6696

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

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

Directors	Ratio to median remuneration
<b>Non - Executive Directors</b>	
Mr. V. Santhanaraman	-
Mr. K. Balasubramanian	-
Mr. S. Sundar	-
Mr. Girish Kulkarni	-
<b>Executive Directors</b>	
Mr. Tapaas Chakravarti	<b>40.5</b>
Ms. Rashida Adenwala	<b>0.38</b>

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. V. Santhanaraman	-
Mr. K. Balasubramanian	-
Mr. S. Sundar	-
Mr. Girish Kulkarni	-
Mr. Tapaas Chakravarti	-
Ms. Rashida Adenwala	-
Mr. Sanjay Choudhary, Chief Financial Officer	-
Ms. Sindhu M.S., Company Secretary	-

c. The percentage increase in the median remuneration of employees in the financial year: 5.7%

d. The number of permanent employees on the rolls of Company as on March 31, 2015: 1220

e. The explanation on the relationship between average increase in remuneration and Company performance: There has been no annual increase in the remuneration of the employees in FY 2015. The variance in median remuneration is due to 31% attrition.

**f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:**

Aggregate remuneration of key managerial personnel (KMP) in FY15 (Rs. crores)	1.81
Remuneration of KMP (as % of revenue)	0.98 %
Profit before Tax (PBT) (Rs. crores)	35.6
Remuneration of KMP (as % of PBT)	5.08%

**g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31, 2015	March 31, 2014	% Change
Market Capitalisation (Rs. crores)	191.86	219.22	(12.48)
Price Earnings Ratio	6.61	6.02	9.8

**h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	March 31, 2015	March 31, 2010 (IPO)	% Change
Market Capitalisation (Rs. crores)	191.86	889.95	(78.44)
Price Earnings Ratio	6.61	33.50	(80.27)

**i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: There has been no annual increase in the remuneration of the employees in FY 2015.**

**j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:**

	Mr. Tapaas Chakravarti	Mr. Sanjay Choudhary	Ms. Sindhu M.S.
Remuneration in FY15 (Rs. crores)	1.28	0.44	0.09
Revenue (Rs. crores)	184.5		
Remuneration as % of revenue	0.69%	0.24%	0.05%
Profit before Tax (PBT) (Rs. crores)	35.6		
Remuneration (as % of PBT)	3.59%	1.24%	0.25%

**k.** The key parameters for any variable component of remuneration availed by the Directors: Not Applicable.

**l. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.** Not Applicable.

**m. 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.

**n.** The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.



**FORM AOC-I**

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

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures****Part "A": Subsidiaries**

<b>A.</b>	
1. Name of the subsidiary	: <b>DQ Entertainment (Ireland) Limited</b>
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	: 31st March 2015
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	: Euro & INR 67.9314
4. Share capital	: 17,266,315 Shares of Euro 1 each
5. Reserves & surplus	: INR 206,878,385
6. Total assets	: INR 6,281,356,014
7. Total Liabilities	: INR 4,906,974,339
8. Investments	: NIL
9. Turnover	: INR 628,488,405
10. Profit/(Loss) before taxation	: INR (319,413,588)
11. Provision for taxation	: NIL
12. Profit/(Loss) after taxation	: INR (319,413,588)
13. Proposed Dividend	: NIL
14. % of shareholding	: 100 %
15. Country	: Ireland

<b>B.</b>	
1. Name of the subsidiary	: <b>DQ Powerkidz Private Limited</b>
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	: 31st March 2015
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	: NA
4. Share capital	: Rs. 100,000
5. Reserves & surplus	: (Rs. 100,000)
6. Total assets	: NIL
7. Total Liabilities	: NIL
8. Investments	: NIL
9. Turnover	: NIL
10. Profit/(Loss) before taxation	: (Rs. 64,581)
11. Provision for taxation	: NIL
12. Profit/(Loss) after taxation	: (Rs. 64,581)
13. Proposed Dividend	: NIL
14. % of shareholding	: 100 %
15. Country	: India

<b>C.</b>	
1. Name of the subsidiary	: <b>DQE ITES Park Private Limited</b>
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	: 31st March 2015
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	: NA
4. Share capital	: Rs.100,000
5. Reserves & surplus	: (Rs.100,000)
6. Total assets	: NIL
7. Total Liabilities	: NIL
8. Investments	: NIL
9. Turnover	: NIL
10. Profit/(Loss) before taxation	: (Rs. 59,678)
11. Provision for taxation	: NIL
12. Profit/(Loss) after taxation	: (Rs. 59,678)
13. Proposed Dividend	: NIL
14. % of shareholding	: 100 %
15. Country	: India

### 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	31 March 2015
2. 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%
3. Description of how there is significant influence	DQ Entertainment (International) Films Limited is a Joint Venture between DQ Entertainment (International) Limited and DQ Entertainment plc. The sharing ratio of DQE Plc is 60% and DQE India is 40% in the JV.
4. Reason why the associate/joint venture is not Consolidated	Consolidated
5. Networth attributable to Shareholding as per latest audited Balance Sheet	(Rs. 11,217,732)
6. Profit / Loss for the year	(Rs. 451,806)
i. Considered in Consolidation	YES
i. Not Considered in Consolidation	NO



METHOD  
ANIMATION



GlobalTV



# 5&1

52X11'  
CGI Animated  
TV Series  
4 to 8 Yrs



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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

## INDUSTRY STRUCTURE & DEVELOPMENT

The major animation markets include the United States, Canada, Japan, China, France, Britain, Korea and Germany. The current animation industry is influenced by large multinational studios as well as TV broadcast companies and cable channel companies, engaged in activities from pre-production to distribution, as well as new sources of revenue such as VOD sales and intellectual property licensing.

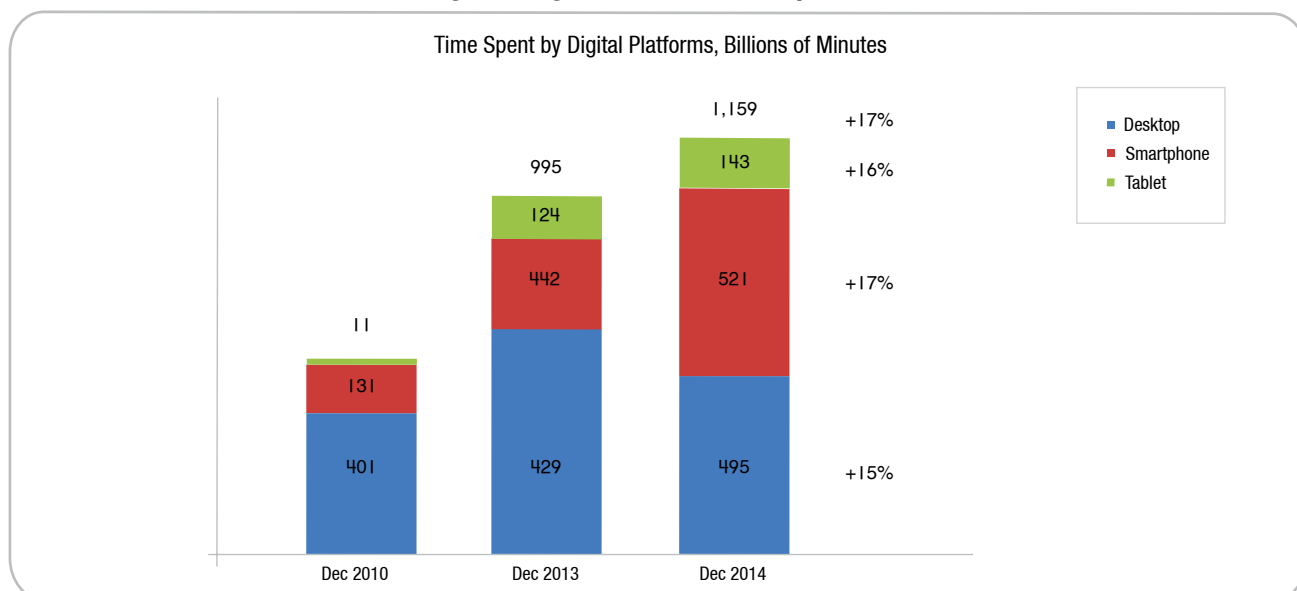
The multinational studios leverage various forms of partnership, co-production and joint ventures with global partners. Several countries subsidize their national film industries, including animation and therefore, strategies such as co-production have been adopted to explore global market opportunities and production subsidies.

The value of content is rising as content is increasingly being viewed on multiple devices. This is positive for developers of good content, leading to greater demand and higher pricing power. Global digital distribution growth is being driven by the

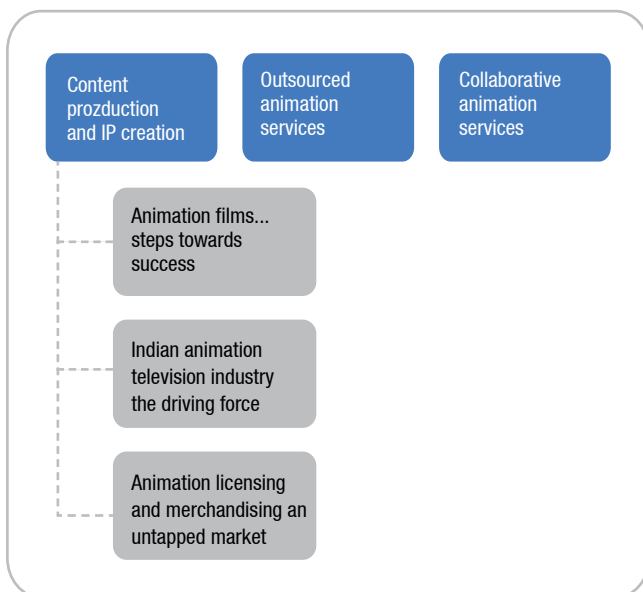
increasing use of internet broadband, home Wi-Fi, and public Wi-Fi networks. For example, U.S. fixed broadband network speeds have improved nearly 60% since 2011; while European internet providers plan to offer 50 mbs broadband speeds to over 50% of homes in 2015.

The increasing proliferation of tablets and smartphones is empowering increased content consumption, especially video. Moreover, younger views prefer to consume content online. A recent survey done by media consultant Frank N. Magid Advisers shows that among younger demographics (age 18-34), only 21% of them viewed TV as their primary medium, compared to 40% for all demographics. Global distribution is thus expected to grow further. This trend will increase pricing power for content developers as well as offer more ways to monetize content. Mergers & Acquisitions (M&As) in this industry will increase as larger players look for more content to increase their brands, leadership and content diversity, while distributors purchase content developers to hedge against rising content costs and to better engage with younger consumers.

### Global Digital Usage Tablets and Smartphones Growth



Source: Nielsen, Cisco Visual Network Index 2014, comScore, Goldman Sachs



Indian animation studios typically have three business models - content production, outsourced animation services and collaborative animation services.

### Content production and Intellectual Property creation

Indian animation companies are increasingly looking to own and co-produce intellectual property rights, a shift from the model of merely outsourcing animation production from international studios. This will not only enable the studios to generate revenues from content, but also create brands with possibility of monetization through various avenues including merchandising. DQE 'Jungle Book' is one such example.

The demand for local animation content has been rising over the past few years, which is exemplified by the regular release of locally produced movies such as 'Hanuman', 'Chaar Sahibzaade' and TV shows such as 'Motu Patlu', 'Pakdam Pakdai', 'Chhota Bheem', and many others. The popularity of channels such as Cartoon Network, Pogo, Nickelodeon, etc. has resulted in more opportunities for the studios in India. This demand for animation content is likely to help India evolve into a significant animation consumption country coupled with an untapped market for merchandising.

Globally, among the top 100 movies released, there were more than 10 animated movies including 'Big Hero 6', The 'Lego Movie', 'Penguins of Madagascar', 'How to train your Dragon 2', 'The Boxtrolls', 'Rio 2', Ribbit', 'Song of the Sea', 'Yellowbird' and 'Mr. Peabody & Sherman'.

### Indian Animation sector

Many animation channels carried more domestic content, driving the growth in the animation production segment. While India still appears to be a key destination for carrying out high-end outsourcing work, 2014 witnessed a lot of the more routine work being shifted to the Far East and China.

The Indian VFX industry continues to make its presence felt in all segments i.e. films, television and advertisements. Out of the 10 movies nominated for Oscars, VFX work for six movies was carried out in India. 2014 has also been the year of collaboration and consolidation for Indian VFX studios which can be seen with the acquisition of Reliance MediaWorks Ltd by Prime Focus Limited for USD 61 million and many others.

The Finance Minister, Arun Jaitley, acknowledged that the Film & Television Institute (FTII), Pune and Satyajit Ray Film & Television Institute, Kolkata should be accorded status of Institutes of national importance and proposed a National Centre for Excellence in Animation, Gaming and Special effects to be set-up in the coming year.



## Box office collection of international animated movies in 2013 and 2014 from India

Movie	Year	Gross collection (in INR millions)	Movie	Year	Gross collection (in INR millions)
How to Train your Dragon 2	2014	169	The Croods	2013	93
Rio 2	2014	144	Epic	2013	67
Big Hero 6	2014	30	Despicable Me 2	2013	52
The LEGO Movie	2014	16	Frozen	2013	36
Planes: Fire & Rescue	2014	9	Planes	2013	19
Mr. Peabody & Sherman	2014	9	Monsters University	2013	18
The Nut Job	2014	NA	Turbo	2013	16
Penguins of Madagascar	2014	NA	Cloudy with a chance of Meatballs 2	2013	8

### LICENSING AND MERCHANDISING ('L&M') AN UNTAPPED MARKET

L&M is a huge market, USD 150 billion (INR9 trillion) globally and growing at 5 per cent to 10 per cent in developed markets and 10 per cent to 15 per cent in developing markets. India has been a late entrant to the game but increasingly, consumer-product companies are realizing that brand recall works even better when brand communication happens through a character that children already relate to - Retail chains such as Shoppers Stop, Pantaloons, Westside and Lifestyle have started stocking up on kids' merchandise. Estimates show that organised retail in India is expected to grow from 9 per cent of the total retail market in 2015 to a staggering 20 per cent by 2020.

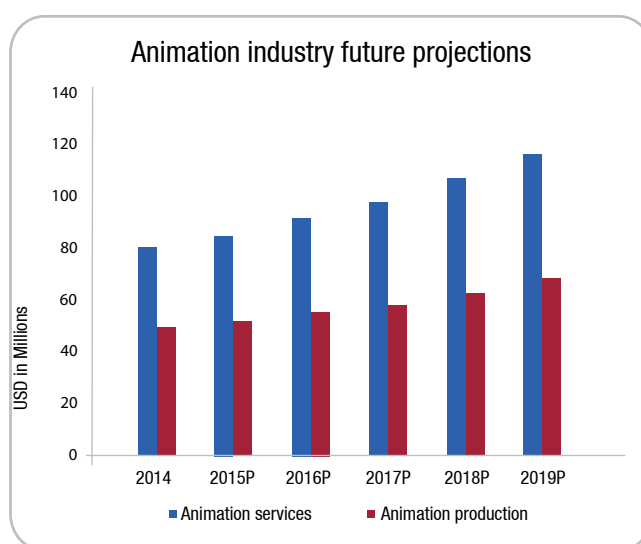
This growth is expected to give a good push to the merchandising industry as well. Disney was the pioneer in bringing character merchandising into the Indian L&M market in 2005. With characters such as 'Mickey Mouse', 'Donald Duck', 'Princess' and Marvel's 'Avengers', Disney currently has 3,000 Store Keeping Units ('SKUs') across six categories under license, from sheets and towels, to soft toys, fruit juice and bicycles. Since 2009, the business in this segment has claimed to have grown three times and with a high double-digit growth by not only expanding the category but also taking it to smaller towns.

Also, Viacom 18's consumer product division signed up DQ Entertainment's 'The Jungle Book' for licensing and merchandising business where Viacom 18 handles themed apparel, toys, books and stationery, and rolls them out in organised retail chains and standalone stores.

### FUTURE POTENTIAL

Today, revenue from L&M contributes a miniscule percentage of the overall revenue pie of the Indian animation industry. However, with new characters becoming popular on TV and given its widened reach in over 400 towns, a lot more opportunity exists.

There is a pressing need to streamline obstacles which inhibit the growth of this market and to put in place precise guidelines that would promote the progress of this segment for the local animation industry.



Source: KPMG in India analysis

## OUTSOURCED ANIMATION SERVICES

Indian animation studios mostly have adopted this low risk-low return business model, with the studios working either on a time and material basis (payment based on actual hours and expenses) or on a fixed payment basis (fixed fee for the project) with most of the outsourced animation work coming from studios in U.S., Canada and Europe. The partnership could be between one or more animation studios in India, between Indian animation studios and studios abroad, Indian studios and foreign TV channels/film producers, studios and advertising firms etc. Moreover, in outsourced animation services, the intellectual property of the product rests with the outsourcing firm.

2014 was a tough year for the Indian outsourcing industry. While some studios continued to deliver high-quality work for many Hollywood animation top grossers such as 'Mr. Peabody & Sherman' and 'How to Train Your Dragon 2', increasing competition from other countries especially China and Far East, limited government support coupled with slow pace of roll out of initiatives and declining cost arbitrage hindered growth. To counter some of this, a new trend currently observed is of modularisation of animation wherein experts from multiple animation studios (big and small) have come together and are providing specific services in the production value chain which they individually specialise in, for example some work on design, storyboarding, layouts etc while some focus more on animation, texturing, lighting etc. Such a model which is very popular in mature animated markets is being adapted by the local studios based on their ability to distribute work in modular units without loss of time or quality.

## CO-PRODUCTION AS NEW MODEL

In this model, there is a collaborative effort between studios in India and abroad with different core competencies that leverage on each other's expertise.

The partnership could be between Indian animation studios and foreign TV channels/film producers or animation studios in India and abroad etc. The Intellectual property rights and revenues are shared by the firms.

In 2014 India signed co-production treaties with China and Canada. India already has similar agreements with Brazil, New Zealand, and in Europe with Italy, Poland, France, Germany, Spain and the U.K. This is an important step for Indian studios as

it enables them not only to expand reach but also enter otherwise tough markets such as Europe where 70 per cent of the content shown on screen must be produced in the European Union countries.

DQ Entertainment completed co-production of series including 'Robin Hood – Mischief in Sherwood (with TF-1 France and ZDF Germany), 'Peter Pan Season I' (with Method Animation France), Little Prince III (with France Television France, WDR Germany, Method Animation France & RAI TV Italy), 'The Jungle Book Season 2' (with ZDF Germany, TF1 France and Moonscoop) and 'Lassie & Friends' in co-production with DreamWorks Classics USA, TF-1 France and ZDF Germany.

Though there are a few shows and movies which are co-produced in India, the overall potential still remains untapped.

## DIGITAL PLATFORM AS FUTURE

The internet is fast developing as a parallel medium for content distribution, a promising alternate platform to monetise content. Today, audiences are consuming large amounts of content online from YouTube and other similar platforms such as Amazon, Netflix, Hulu, Vudu, etc. using handheld devices, tablets and smart televisions.

Local content produced by start-ups and small players is often difficult to sell on the traditional broadcasting channels due to high cost and competition. The digital platform gives the much needed opportunity to show-case talent and in a cost effective manner; the use of digital platform is now not restricted to the small studios alone as the bigger studios have also set up their own online channels. A strong and sustainable digital strategy targeting all platforms including apps, tablets, smartphones, social media and YouTube enables the players to make use of its substantial library.

## INDIAN VFX INDUSTRY

VFX technology has redefined the art of audio visual storytelling; it adds to creativity of directors and cinematographers by enabling them to present their thoughts in innovative ways. More directors and writers are inclined towards projects where VFX forms an integral part of the filmmaking process.

Movies such as the 'Krrish' series, 'Ra.One', 'Endhiran', 'Eega' or the more recent releases such as 'Kick', 'Roar: Tigers of the Sundarbans' and 'Creature 3D' and SS Rajamoli's 'Bhahubali' serve as good testimonies to the capability of Indian VFX industry. VFX outsourcing work to India is also growing exponentially as the talent of Indian studios is being recognised worldwide; work performed is increasing in sophistication and more high-end international work is being outsourced to India.

## Key challenges

### ■ Lack of awareness and training

Absence of employable resources which is primarily due to low awareness of animation as a career and non-existence of a standardized and quality curriculum across the handful of institutes in India is a huge constraint in the animation sector. While sketching is a talent that is honed over a longer period of time, animation needs to be taught. There are only a handful of good schools in India for learning animation, illustration or design and the curriculum is also not up to international standards.

### ■ Piracy

Piracy is rampant. Weak IP Regulation and ineffective enforcement discourages players from producing their own IP.

### ■ Insufficient government support

Indian animation players lack government support that encourages growth of animation when compared to competing nations such as China, Japan, Canada, Malaysia, U.K., U.S. etc. either through favorable policy or tax rebates and grants.

There are many independent companies which are working on developing games. Presently, the gaming sector has its sights set on smartphone games because it is readily available and has a wider reach.

The technical expertise is making a mark in the world of gaming as well, animation for which has grown.

## C. BUSINESS STRATEGY

Through its experience in animation production and co-production, DQE has effectively built an IP development & distribution business division. Our focus will be on the development of new IP's and build our content library for 360 degree exploitation.

Distribution, merchandising and licensing of this proprietary content have opened up avenues to generate more revenue and ensure long-term profitability. The Jungle Book, Peter Pan, Lassie, 5 & It are DQE's homegrown properties of which The Jungle Book and Peter Pan have been well received in the global markets.

DQE understands the importance of global IP, the demand for original content in the market, and the long-term earnings power of a great franchise. Keeping this in mind, DQE is developing a wide portfolio of properties that include The Jungle Book, The New Adventures of Peter Pan, 5 & IT, Adventures of Lassie, and Robin Hood. DQE is also exploiting existing IP through Digital Media and Newer Delivery Formats Digital distribution of content through various online channels like YouTube, Amazon, Hulu etc.

DQE, with its strong talent pool of artists and animators, has set up a dedicated VFX division with a vision to be a prominent player in the VFX segment. DQE plans to take advantage of this fast growing segment in India and foreign markets. DQE has the capabilities to produce international quality VFX and plans to work on securing projects from Hollywood movies

## D. OUR BUSINESS DIVISIONS

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

### I. Animation

DQE takes great pride as being one of the few studios globally to produce feature film quality high definition television animated shows. Our quality of production is well appreciated by leading production studios such as Disney, DreamWorks, Saban Entertainment as well as leading Broadcasters such as TFI France, ZDF Germany, Canal Plus France, France Television France, Turner Network, ABC Australia, TVO Canada, Al Jazeera Middle East, Disney channels world-wide and many more.

Some of the projects in production are Peter Pan season II, Miles from Tomorrow Land - Disney Jr, Popples – Saban Entertainment, Sheriff Callie Wild West – Disney Jr, Seven Dwarfs & Me and Shabiyat, while production of new IPs such as 5 & IT, Super 4, Jungle Book season -III, Pegheads, have commenced.

*Production successfully completed and delivered*

- **Robin Hood, Mischief in Sherwood - Season I**  
52 x 11' - CGI TV series with Method Animation and TF1 France, ZDF Germany, ATV Turkey, DeA Kids Italy.
- **Lassie & Friends**  
26 x 22' 2D HD TV series with Dreamworks Classic Media USA, Super Prod & TF1 France, ZDF Germany.
- **Little Prince - Season 3**  
26 x 22' CGI TV series with Method Animation, France TV France, WDR Germany and RAI Italy
- **Manav**  
65' 2D Feature with Disney India.
- **Shabiyate - Season 9**  
15x13 CGI TV series with Fanar productions (UAE)
- **NFL - Season 3**  
20 x 22' CGI / 2D TV Series with Rollman Entertainment, USA for Nick Toons (USA)
- **The Jungle Book - Season 2**  
52 x 11 3D TV series being coproduced with ZDF TV (Germany), TF1 TV (France), Moonscoop (France), ZDF-E (Germany)
- **Jungle Book - Christmas Special**  
30' TV Feature
- **Peter Pan**  
TV Movie – 70" Motion books- ebooks

*Projects in production*

- **Peter Pan - Season 2**  
26 x 22' CGI TV series with ZDF Germany, De Agostini Italy, Method Animation and France TV
- **Miles from tomorrow land - Season I**  
22 X 22' CGI for Disney junior, USA
- **Popples**  
52 x 11' CGI for Saban Group, USA
- **Lady Bug**  
4 x 11' CGI with Zag Toons, USA
- **Sheriff Callie Wild West**  
52 x 11' CGI for Disney junior, USA
- **7 Dwarfs & Me**  
52 x 11' live action and CGI with ZDF, FTV, RAI and Method Animation, France
- **Shabiyate - Season 10**  
15 x 13' CGI TV series with Fanar Productions, UAE
- **Hive - Season 2**  
TV series with Lupus Films UK
- **Chimpoo & Simpoo**  
26 x 22' 2D TV series with ZeeQ Network, India
- **Eshafan**  
15 x 13' 2D series with Fanar Productions, UAE.

*Projects in pipeline*

- **Jungle Book - Season 3**  
CGI TV Series with Story Board Animation and ZDF Germany.
- **PegHeads**  
52 x 11' CGI with Story Animation LLC, Florida.
- **Pulcino Pio**  
2D TV series with RAI, Italy and Gruppo Alconi.

■ **5 & IT**

52 x 11' CGI TV Series with Disney channel Germany and Disney channel France

■ **Robin Hood - Season 2**

52 x 11' - CGI TV series with Method Animation and Pink Feather Productions.

**b. Visual Effects (“VFX”):**

The foray by your company into VFX for live action films has been successful with the team successfully producing VFX for several domestic live action films. The VFX pipeline has been strengthened with the addition of highly skilled talent, ready to take on international VFX film works in the near future. The Company has completed 5 projects in VFX and 3 more in production.

**c. DQE’s feature film division:**

With the closing of the distribution deal for the Feature film we will be all set to commence the production of the same in this current financial year.

**II. Licensing and Distribution**

**a. Broadcasting/ Merchandising / Licensing:**

DQE has been distributing and licensing content owned and produced by the Company as well as co-produced content for which we hold rights in certain territories. The performance has been satisfactory with more than 37 audio visual distribution deals and 14 licensing and merchandising deals worth US\$6.29 m signed in FY 14-15 and US\$ 4.0m worth and more in the pipeline.

Going forward we strive to focus more on the revenues derived from licensing and merchandising for our owned and co-owned properties. With the recently concluded deal with Discovery family channel in the United States, we are confident of achieving success in this market which represents a large potential in terms of licensing revenues globally.

**b. Digital**

Among many other initiatives, our digital kids entertainment channels launched during the last quarter of 2014 have gathered momentum and are generating revenues. Power Kids and Tiny Toonz are expanding their subscriber bases on a continual basis. Power Kids showcases animated content for children aged five and above, whereas Tiny Toonz is aimed at younger children. Both channels have now started to gain traction and have witnessed over 150,000 average daily online views resulting in increased revenues through both these channels.

**E. RISKS AND MITIGATION MEASURES**

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

Key Risk	Impact of risk	Mitigation / strategy
Global economy risk	<p>More than 90% of the revenues generated by DQE are from global sales i.e. either North America or Europe.</p> <p>Any recessionary trends in the global economy can adversely impact the performance of the Company.</p>	<p>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.</p> <p>Global clients prefer outsourcing and India is a preferred destination for outsourcing because of its compelling value proposition across people and technology.</p>



<p>Regulatory changes risk</p>	<p>The Company has operations in other countries as well.</p> <p>Any changes in local regulations can impact the profitability and growth.</p>	<p>DQE has a very robust legal and secretarial team which has been complying with the required local regulations across multiple jurisdictions and has not had any compliance issues thus far.</p> <p>Further the animation sector is not too regularized and hence there is not much of a threat in this regard. Nonetheless, the Company has adequate and well defined business contingency plans to deal with the changing regulatory environment.</p>
<p>Competition risk</p>	<p>The global Animation industry is highly competitive with competition arising from both the domestic and the global players having sizable presence in low cost geographies, deep pockets, strong client relationships, In house and Captive services companies etc.</p> <p>The stiff competition can lead to pressure on pricing, vendor consolidation and hence can impact company growth and Profitability.</p>	<p>Animation companies including DQE have been operating under competitive environment for several years.</p> <p>The said risk 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.</p> <p>The Company has deep domain knowledge, skilled workforce, delivery capabilities and efficient sales force, and relationship managers to help retain its competitive positioning amongst peers.</p>
<p>Currency risks</p>	<p>The exchange rate of DQE's major billing currencies like the GBP, USD and Euro have fluctuated widely in the recent past and may continue to fluctuate significantly in the future thus resulting in wide fluctuation in not only revenues but also forex losses and gains.</p> <p>Adverse currency impact could also lead to impact on Company's profitability being hit.</p>	<p>DQE has a well-established hedging plan which has been followed consistently over the past years. Hedging is used to undertake and protect the company from unfavorable currency movements wherever it feels so necessary &amp; the company does not undertake any speculative hedging. Majority of its revenue is contributed by its export activities &amp; a substantial portion of overall cost is incurred abroad which provides as a natural hedge.</p> <p>The Company has a Treasury department which seeks advice from Expert professionals and banks helping it in its hedging decisions.</p>

## F. OPPORTUNITIES & STRENGTHS

DQE has built a strong reputation within the global TV, feature film, and gaming sectors as a producer of 2D, 3D, and 3D stereoscopic CGI animation. DQE's list of over 100 clients boasts of some of the largest and most creative companies in the industry including the Disney Group - USA & Asia, ABC - Australia, Method Animation - France, The BBC - UK, Turner Entertainment - Asia, France Television - France, ZDF Enterprises - Germany, Nickelodeon Entertainment - USA and India, and Rollman Entertainment - USA

DQE has one of the largest pools of highly skilled animation professionals in the industry. The Company's professionals have a proven track record of adapting to the latest available technologies and delivering projects on or ahead of time for all genres of animation

DQE has been widely recognized by the global entertainment and animation industry as an organization that fosters excellence and encourages quality and creativity. The Company's vision of producing iconic brands and superior quality entertainment has enabled DQE to be an industry leader in a content-driven world. DQE's awards and recognitions by various national and international forums are an affirmation of the Company's commitment to quality and creativity.

DQE is focused on providing higher-margin services by gradually shifting from production services towards content providing and intellectual property (IP) development.

## G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Audit Department monitors and evaluates the efficacy and adequacy of the internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. 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 senior management 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.

During the year, the Audit Committee met regularly to review reports submitted by the Company Internal Audit team. All significant audit observations and follow-up actions thereon were reported to the Audit Committee

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.

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

## H. HUMAN RESOURCES

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

## I. OUTLOOK FOR THE FUTURE

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

New associations with leading networks and licensees globally are paving the way to monetize DQE's IP and co-produced content. DQE is expanding into a few new areas of business whilst continuing to see growth in its current business divisions.

DQE's team is also successfully working on the exploitation of their properties on digital media such as VOD and SVOD. Its VFX wing is also nurturing.

## CONSOLIDATED FINANCIALS - SEGMENTAL ANALYSIS

### A. Equity and Liabilities

#### I. Shareholder funds

a. Share Capital: The authorized share capital is Rs.800.00 million divided into 80,000,000 equity shares of Rs.10/- each. The issued, subscribed and paid up equity share capital is Rs.792.83 million divided into 79,283,000 equity shares of face value Rs.10/- each as at March 31, 2015. During the year there is no movement in share capital.

b. Reserves and Surplus: The Reserves and Surplus has decreased from Rs. 4,249.16 million to Rs. 3,680.82 million, a decrease of Rs.568.34 million. The decrease is on account of current year loss of Rs.197.13 million, adjustment of additional depreciation on account of changes in new Companies Act 2013 of Rs. 32.42 million and decrease in foreign currency translation of Rs. 338.79 million.

#### II. Non-current Liabilities

a. Long term borrowings: The borrowings are classified based on its maturity period. Loans that are due for repayment within one year from 31 March 2015 are classified under current liabilities as 'current maturity of long term borrowings' and the balance are placed under 'long term borrowings'. The total amount of long term borrowings including current maturity value are Rs. 3,544.90 million as on 31st March 2015 as against Rs. 1,772.95 million for the corresponding period in previous year. During the year, there is a net increase in the secured borrowings by Rs. 1,771.95 million. This increase is on account of new loans from banks obtained to the tune of Rs. 156.21 million and proceeds on issue of bonds to the tune of Rs. 2,191.15 million. These additional borrowings are offset by repayments made during current year to the extent of Rs.568.49 million, and the differential movement of Rs.6.92 million in loan is due to foreign currency translation adjustment.

b. Other Long term liabilities: The other long term liabilities include liabilities to the extent of Rs. 102.11 million in the nature of minimum guarantee & distribution payable for the distribution rights obtained and the balance of Rs.188 million is the advance paid by DQ Films to DQ Ireland.

c. Long term provisions: The long term provisions consist of the provisions for employee benefits viz., gratuity, leave encashment and sick leave which are valued as per Accounting Standard 15. The marginal decrease in provision in current year is due to reversals on account of attrition of associates.

#### III. Current Liabilities

a. Short term borrowings: The short term borrowings are towards working capital needs as on 31st March 2015 and the outstanding amount stands at Rs.798.81 million.

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

c. Other current liabilities: It consists of –Current maturities of long term borrowings to the extent of Rs. 495.50 million.

- Salary payable - Rs. 59.48 million
- Other current liabilities for services - Rs.6.63 million
- Statutory dues payable of Rs 71.49 million,
- Advance from customers of Rs.7.60 million.
- Interest accrued of Rs. 0.38 million.
- Income received in Advance of Rs.214.72 million.

d. Short term provisions: It consists of current portion of employee benefits, provision for taxation (net) and provision for retakes. This provision has increased by Rs. 49.18 million (net) and is mainly due to increase in provision for tax.

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## B. Assets

### I. Non-current Assets

#### a. Fixed Assets:

i. **Tangible Assets:** Tangible assets consist of Plant & Machinery, Office equipment's, Furniture, Fixtures & Interiors, Vehicles and Leasehold improvements. The Net block of tangible assets as on 31 March 2015 is Rs. 86.56 million as against Rs. 147 million in previous year.

During the year the Company added assets worth of Rs. 8.08 million and sold/written off of assets worth Rs. 73.18 million.

ii. **Intangible Assets:** Intangible assets consist of distribution rights to the extent of Rs. 2,903.38 million and computer software to the extent of Rs.273.21 million. During the year the company capitalized intangible assets to the extent of Rs.718.66 million and sold/write off of assets worth of Rs.182.30 million. The Net block of intangible assets is Rs.1,589.55 million as against Rs.1,332.35 million in previous year.

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

iv. **Intangible asset under construction** – It consists of intangible assets in development / production. These assets once fully developed / produced, they shall be capitalized and then amortized. As on 31 March 2015 Rs.3,654.30 millions are in Intangible assets under construction as against Rs. 4,386.54 million in the previous year.

**b. Deferred Tax Asset:** There is a deferred tax asset of Rs. 21.65 million as on 31 March 2015 as against a liability of Rs. 74.85 million for the corresponding period in previous year. The increase in the deferred tax asset of Rs. 96.50 million is mainly due to recognition of deferred tax asset on fixed assets as on 31st March 2015.

**c. Long term loans and advances:** It consists of capital advances to vendors, security deposits, long term prepaid expenses, claims receivable and MAT credit entitlement. Long term loans and advances as on 31 March 2015 is Rs. 219.49 million as against Rs. 322.97 million during the previous year.

**d. Other non-current assets:** It consists of deposits with banks with a maturity period of more than 12 months.

### II. Current Assets

**a. Trade Receivable:** All receivables are good and where ever required management has provided for provision for doubtful debts (trade receivables are net of provision for bad and doubtful debts) The increase in trade receivables when compared to previous year is due to slow down in collections due to the overall slowdown of economic condition in Europe and USA markets.

Total receivables as on 31 March 2015 is Rs. 3,419.68 million as against Rs. 2,598.00 million in the previous year. Receivables more than 180 days for the current year amounted to Rs. 3,167.61 million. Out of said receivables of more than 180 days the Company has recovered an amount of Rs. 773.75 mn till 10th August 2015 which amounts to 24.43% of the outstanding amount.

**b. Cash and bank balances:** Consists of balances with banks in current account, Remittance in transit, Cash on hand. The balance as at 31 March 2015 is Rs. 678.72 million as against the balance of Rs. 10.90 million of previous year.

**c. Short term loan and advances:** It consists of interest accrued on deposits, advance tax paid other advances and current portion of prepaid expenses. The balance as at March 2015 is Rs. 273.30 million as against Rs. 56.54 million of previous year.

**d. Other current assets:** It consist of unbilled revenue of Rs.266.71 million which contains revenue pertaining to projects for which work is in progress, but invoice is not raised as the prescribed milestones as per the agreement are not achieved.

## RESULT OF OPERATIONS

### I. 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 segment's result i.e. operating profit (excluding unallocated expenses) as a percentage of total segment result.

	Segmental revenue				Segment results			
	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014
	₹ in millions		% of revenue		₹ in millions		% of segmental results	
Animation	1423.41	1873.42	73.07	78.16	702.70	1,111.10	83.72	87.88
Distribution	524.57	523.37	26.93	21.84	136.69	153.20	16.28	12.12
Total	1947.98	2396.79	100	100	839.39	1,264.30	100	100
Unallocated expenses	-	-	-	-	(543.21)	(564.66)	-	-
Interest and finance expense	-	-	-	-	(427.26)	(251.65)	-	-
Profit before tax	-	-	-	-	(131.08)	447.99	-	-

### 2. Revenue

The financial year 2014-15 has witnessed a decrease of 19% in the total revenue to Rs. 1,947.98 million from Rs. 2,396.79 million in financial year 2013-14.

Animation revenue has decreased by 24.02% from Rs. 1873.42 million in 2013-14 to Rs. 1,423.41 million in 2014-15 and distribution revenue is increased marginally by 0.23% from Rs. 523.37 million in 2013-14 to Rs. 524.57 million in 2014-15.

### 3. Expenses:

**Production expenses:** Production expenses have increased from Rs. 192.28 million in financial years 2013-14 to Rs. 216.29 million in the financial year 2014-15. The increase is mainly due to increase in projects outsourced to third parties.

**Personnel Costs:** The breakup of personnel costs is as follows (₹ in Millions)

Personal Costs	31 March 2015	31 March 2014
Salaries and wages	550.08	668.99
Contribution to provident fund	35.82	44.79
Staff welfare expenses	5.59	7.25
Gratuity	37.84	1.96
Compensated absences	7.78	(3.43)
<b>Total</b>	<b>637.11</b>	<b>719.56</b>

The decrease in personal cost during the current year was due to reduction in the manpower by 523 associates during the year. As on 31st March 2015 the numbers of associates employed are 1220 as compared to 1743 associates in previous year.



### Administrative and Other Expenses:

Primarily consist of Professional and consultancy charges, Repairs and Maintenance, Rates and taxes, Auditors remuneration, Selling and distribution expenses, Directors remuneration, Travelling and conveyance expenses etc. The increase is due to foreign exchange fluctuation which has been grouped under administrative expenses as there was a net loss of Rs. 351.42 million as at 31 March 2015 as against the gain of Rs. 234.62 mn at year ended 31 March 2014.

### Interest and Financial Charges:

Consist of Interest on borrowings (both term loans and working capital loans), Bank charges etc. Interest and Financial Charges have increased from Rs. 251.65 million in 2013-14 to Rs.427.26 million in 2014-15. The increase is on account of new loans and interest on bonds newly issued during the year.

### Depreciation and Amortization:

(₹ in Millions)

Depreciation and Amortization	31 March 2015	31 March 2014
Tangible Assets	41.92	111.43
Intangible Assets	390.32	441.17
Total	432.24	552.60

Decrease in depreciation & amortization cost is mainly on account decrease in impairment of intangible assets. During the year ended 31 March 2015 Rs. 117.80 million is the impairment charge in intangible assets as against Rs.176.59 million in previous years. The remaining decrease is mainly due to the assets which got completely depreciated has been sold and hence corresponding depreciation on such assets have been decreased during the year.

### 4. Profit before interest, depreciation and tax ("PBIDT")

The PBIDT for the year under review stands at Rs.728.43 million as compared to Rs.1,252.24 million in the previous year. PBIDT as a % of total revenue has decreased from 52.25% in the previous year to 37.39% for the current year ended 31 March 2015. The decrease in PBIDT is mainly due to decrease in revenues by around 18.73% over the previous year ended 31 March 2014.

### 5. Profit after tax:

During the year there is a loss after tax of Rs. (197.13) million, as against a profit of Rs. 427.71 million in 2013-14. The loss during the year is mainly due to decrease in revenues by around 18.73% over the previous year 2013-14.



The new adventures of...

# Peter Pan

DQ ENTERTAINMENT



CGI  
52X22'  
4 to 8 Years



**HUMAN RESOURCES @ DQE**

# HUMAN RESOURCES AT DQE

## HR VISION

To equip DQE and all its stakeholders with continuous HR service excellence, in an endeavor to:

- Provide innovative modern solutions to enhance individual and organizational capability.
- Support the Core Leadership Team and Associates in developing a culture of service and continuous learning.
- Contribute to the well-being and contentment of our Associates while having them respected, challenged, valued and fairly treated.

## HR MISSION

To equip DQE with empowered Associates by creating passionate and creative work environment.

## HR VALUES

- Integrity
- Dedication
- Excellence
- Sensitivity
- Openness & Trust

## HR AT DQE

The HR department at DQE has been a catalyst for maximizing the value that Associates can contribute towards DQE's Success. It has transformed from a conventional transactional HR Service delivery model, to the role of a Business Partner with key emphasis on optimization of resources and espousal of strategic practices in accord to the dynamic business scenario.

We have a robust manpower planning process that ensures all steps from business requirements to sourcing and staffing are seamlessly aligned. Our distinct people integration model, not only ensures faster time-to-productivity, but it also integrates culturally diverse professionals into the organization by fostering a behavior based on a shared set of common values.

During the Financial Year 2014-15, even though there was a major phase of dip in the Manpower Trends, the Productivity/Output remained integral as per the company's expectations with the recruitment of Consultants. The HR initiatives have ensured that the morale of the Associates remained intact throughout.



## MATERIAL DEVELOPMENTS

Recruitment model is reformed to hire workforce more on Consultant roles than on permanent roles so as to bowdlerize the recurring bench costs. As the agreements are totally target driven, high and consistent performance was evidenced through this model.

The performance monitoring tools and review systems has been successful in building a performance oriented culture among the work groups. They also helped in identifying and discharging low performers which increased the attrition rate but are replaced with Consultants of similar capabilities at a lower cost in terms of pay.

## STEPS TAKEN TO RETAIN THE ASSOCIATES

A moderate level of Associate turnover is good as it makes space for new partnerships with fresh ideas and approaches. However to retain the competitive edge, one cannot afford to lose certain key performers as it could be very costly and may affect the internal morale.

Understanding the importance of retention, DQE has its' own strategies where key performers are identified and "Stay Interviews" are conducted as a part of the Quarterly Performance Reviews to make Associates clear on their career path and advancement.

Nonetheless, year 2014-15 is quiet a challenging year in terms of retaining the Associates where the Associate turn- over is high due to the increased demand for Animators in the market, career shift to other industries and further education.

To create an empowering platform to connect Associates with leaders as well as peer groups, HR was successful in continuing the Associate engagement initiatives like Fun @ Work, Health Camps, Newsletter which keep all stakeholders abreast of latest developments/initiatives and DQE Portal where a motivational story is shared every Monday under "Byte for Soul" section apart from the regular information and revision on people policies and practices.

The HR Team along with the concerned department Heads and Managers conducted many open house meetings throughout the year reiterating the goals and objectives of the Organization and future plans while motivating the work force so as to ensure high Associate morale.

## CORPORATE SOCIAL RESPONSIBILITY

Driven by the philosophy "The happiest people are not those getting more, but those giving more", DQ Smile Foundation, a non-profit initiative of DQ Entertainment was set up in 2008 as a gesture towards the corporate social responsibility. DQ Smile Foundation endeavors to make a positive contribution to the underprivileged and economically poor communities of the society, by supporting a wide range of socio-economic, educational and health benefits.



## HIGHLIGHTS OF DQ SMILE FOUNDATION FY2014-15

- 4 Workshops on Right Parenting Skills for Underprivileged Parents in Film Nagar Government School, Hyderabad.
- Donation through Heal –A-Child Foundation to a small girl, Sana for transplantation.
- Donation for surgery of a pre-mature baby boy of Mr & Mrs Solanki suffering from the hole in the windpipe.
- Donation to a visually challenged child, Ms. Kalyani for her education.

## TRAINING & DEVELOPMENT

### VISION:

To groom potential leaders who could drive their teams towards success by achieving the goals of the Organization.

To extend Soft skill and Technical training programs to enhance professional & personal skills of DQeites’.

To ensure a continuous growth in the efficiency and performance of individuals with adequate trainings on need basis.

DQ Smile Foundation membership drive



Organised cultural program for under privileged students



Session on Right Parenting Skills



Session on parenting skills Government School, Begumpet

Workshop on Effective Communication & Interpersonal Skills-I



Workshop on Effective Communication & Interpersonal Skills-II



Medical camp @ Chevella Village



Medical camp @ AC6



## HIGHLIGHTS OF I LEAD FY2014-15

- 2 Workshops were conducted on “Acting Skills for Animators.”
- 1 Workshop on “Managerial Effectiveness” was conducted covering the Middle Management Group.
- An enlightening talk on relationship management was conducted covering all female associates.
- Several workshops on “Effective Communication & Interpersonal Skills” were conducted covering all artist category associates.

### I L.E.A.D: I Learn, Experience, Align & Develop

“i Lead” is an in-house training portal designed to make T&D more accessible to all levels of Associates at DQE. As the abbreviation goes, “I Lead” in total supports the Associate to learn and groom for themselves practice and experience it in the real world. It assists to align them to the competition around and feel complete by developing themselves in areas required.

Workshop on Managerial Effectiveness



Donation of School Uniforms Alpha School @ Jubilee Hills



Training on acting and directing



Donation to Amaleshwari Vidhyaniketan

Donation of Computers to ZPH School, Chinnabadam



Session on parenting Skills Government School, Sunnabatti



Blood Donation Camp



Best Parent Award Ceremony



## ASSOCIATE ENGAGEMENT ACTIVITIES FY2014-15



Christmas Celebrations @ AC6, DLF & AC1



Fun Friday @ DLF



Fun Friday @ AC1



Fun Friday @ AC6



WOMENS DAY CELEBRATIONS @ AC1



WOMENS DAY CELEBRATIONS @ KOLKATA



WOMENS DAY CELEBRATIONS @ AC6



WOMENS DAY CELEBRATIONS @ DLF





ClassicMedia



SUPERPROD



ZDF enterprises

TFI



MEDIACORP TV 12

# The New Adventures of Lassie®

26X22'  
animated series



**CORPORATE GOVERNANCE**

# CORPORATE GOVERNANCE REPORT

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

These are articulated through Company's Code of Conduct, Corporate Governance Guidelines and charters of various sub-committees of the Board. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the stock exchanges with regard to Corporate governance.

## 2. CODE OF CONDUCT:

In its pursuit for excellence, the Company has a code of conduct for Board Members and Senior Management team and a code of conduct for prevention of Insider Trading in Securities of the Company. The copies of both these codes are available on the Company's website. All the Board members and Senior Management personnel have affirmed compliance with the code for the financial year ending 31st March 2015.

## 3. BOARD OF DIRECTORS:

(i) As on March 31, 2015, the Company has 6 Directors and 1 alternate Director. Of the 6 Directors, four (i.e. 66.67%) are Independent and Non-Executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

(ii) None of the Directors on the Board hold Directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2015 have been made by the Directors. None of the Directors are related to each other.

(iii) Independent Directors are Non-Executive Directors as defined under Clause 49(II)(B)(1) of the Listing Agreements entered into with the Stock Exchanges. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under Clause 49 of the Listing Agreement and Section 149 of the Act. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

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

(v) Four (4) Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows: May 30, 2014; August 14, 2014; November 13, 2014; February 13, 2015. The Board periodically has reviewed compliance reports of all laws applicable to the Company, prepared by the Company and appropriate steps taken by the Company, where applicable.

(vi) In the last Annual General Meeting of the Company held on September 30, 2014 all the Independent Directors were appointed to hold office for five consecutive years as per new Companies Act 2013.

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

(viii) The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2015 are given herein below:

Name of Director	Category	Number of Board meetings during the year 2014-15		Whether attended last AGM held on September 30, 2014	Number of Directorships in other Public Companies ^		Number of Committee position held in other Public Companies #	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Tapaas Chakravarti DIN 00559533 (CMD& CEO)	Non Independent, Executive	4	4	Yes	Nil	0	Nil	0
Ms. Rashida Adenwala DIN 00008212 (Professional, Non-Independent Director)	Non Independent, Professional	4	4	Yes	Nil	0	Nil	0
Mr. K. Balasubramanian DIN 00009132	Independent, Non- Executive	4	1	No	Nil	3	3	0
Mr. Girish Kulkarni DIN 00062382	Independent, Non- Executive	4	0	No	Nil	3	0	1
Mr. Neelesh Wagle DIN 00062436 (Alternate Director to Mr. Girish Kulkarni)	Independent, Non- Executive	4	1	No	Nil	Nil	Nil	Nil
Mr. S. Sundar DIN 03170456	Independent, Non- Executive	4	4	No	Nil	Nil	Nil	Nil
Mr.V.Santhanaraman DIN 00212334	Independent, Non- Executive	4	4	Yes	Nil	8	0	5
Ms.Manjiri Bhalerao* DIN 02300546	Nominee Director	2	2	No	Nil	Nil	Nil	Nil

\*Ms. Manjiri Bhalerao was appointed as Nominee Director representing Export Import Bank of India on May 30, 2014 and her nomination was withdrawn on December 8, 2014.

^ 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. COMMITTEES OF THE BOARD

### A. AUDIT COMMITTEE:

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

Name	Category	Number of meetings during the financial year 2014-15	
		Held	Attended
Mr.K Balasubramanian, (Chairman)	Independent, Non-Executive	4	1
Mr. S. Sundar	Independent, Non-Executive	4	4
Mr. V. Santhanaraman	Independent, Non-Executive	4	4
Ms.Rashida Adenwala	Non-Independent, Executive Director	4	4

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

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

The terms of reference of the Audit Committee include the powers as laid down in Clause 49 III (C), the role as stipulated in Clause 49 III (D) and review of information as laid in Clause 49(III) (E) of the Listing Agreement with the Stock Exchanges. The scope of activity of the Committee is also in consonance with the provisions of Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are broadly as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

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

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

9. Scrutiny of inter-corporate loans and investments;

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

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

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

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

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

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

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

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

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

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate and

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

The Audit Committee met four times during the year May 30, 2014; August 14, 2014; November 13, 2014 and February 13, 2015. The gap between two meetings did not exceed four months and the necessary quorum was present for all the meetings.

## 5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises:

- (i) Mr. S. Sundar - Chairman
- (ii) Mr. K. Balasubramanian
- (iii) Mr. V. Santhanaraman
- (iv) Ms. Rashida Adenwala.

The Nomination and Remuneration Committee has been empowered with the role and functions as per the provisions specified under Clause 49 of the Listing Agreement 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 identify and review the individuals capable of serving in the Board level or senior management team of the Company.

Except for Mr. Tapaas Chakravarti, who hold 41 shares each as nominees 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.

### **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 and
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.

The details of remuneration paid to Directors and KMP are given in Form MGT-9 forming part of Directors Report.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors constituted the Corporate Social Responsibility Committee on its meeting held on May 30, 2014. This Committee meets the criteria laid down in Section 135 of the Companies Act 2013 and rules made therein.

### Members of the Committee are:

- (i) Mr. Santhanaraman - Chairman
- (ii) Mr. Tapaas Chakravarti
- (iii) Ms. Rashida Adenwala

Ms. Sindhu M.S. will serve as Secretary of the committee. One meeting of the Committee was held during the year on February 13, 2015 which was attended by all the committee members.

The terms of reference of Corporate Social Responsibility Committee include:

1. Demonstrate commitment to the common good through responsible business practices and good governance.
2. Set high standards of quality in the delivery of services in the social realm.
3. Engender a sense of empathy and equity among employees of DQE to motivate them to give back to the society.

## 7. DETAILS OF REMUNERATION TO DIRECTORS/RELATED PARTY TRANSACTIONS:

(i) All the non-executive Directors of the Company are paid sitting fees @ Rs. 20,000/- (Rupees twenty thousand) for attending every meeting of the Board of Directors and Rs. 10,000/- (Rupees ten thousand) for every committee meeting.

(ii) The details of the salary paid to the executive/professional Directors of the Company are as follows:

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

Salary and allowance Rs. 4,032,000/-  
 Other perquisites Rs. 1,008,000/-  
 Commission Rs. 7,791,165/-  
 Total Rs. 12,831,165/-

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

Sitting fees Rs. 3,40,000/-  
 Professional fees Rs. 1,20,000/-  
 Total Rs. 13,291,165/-

(iii) No stock options were granted to the Directors during the financial year 2014-15.

(iv) The details of the related party transactions are given in the notes to the financial statements.

## 8. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

The Committee performs inter alia the role/functions as set out in Clause 49 of the listing agreement entered into with the Stock Exchanges and includes:

- (i) Investor relations and redressal of shareholders grievances in general and relating to non-receipt of dividends, interest, non- receipt of balance sheet etc.;
- (ii) Oversee the performance of Registrar and Transfer Agents; and
- (iii) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

## 9. DETAILS OF INVESTOR COMPLAINTS RECEIVED AND RESOLVED FROM APRIL 1 2014 TO MARCH 31 2015 ARE AS FOLLOWS.

Opening Balance	Received during the year	Resolved during the year	Closing Year
0	22	22	0

## 10. GENERAL SHAREHOLDER INFORMATION

### (i) Annual General Meeting:

Date: Wednesday, September 30, 2015

Time: 2.30 pm

Venue: Hotel 'The Plaza', 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad - 500 016.

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

(iii) As required under Clause 49(IV) (G) (i) of the Listing Agreement entered into with BSE and NSE, particulars of Directors seeking reappointment at the forthcoming Annual General Meeting (AGM) are given in the Notice of the AGM.

(iv) Date of Book Closure: 24th day of September 2015 to 30th day of September 2015.

(v) Listed at:

Bombay Stock Exchange 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.

**Stock Codes/Symbol** at Bombay Stock Exchange Limited: 533176 and National Stock Exchange of India Limited: DQE

**11. LISTING FEES** for the financial year 2014-15 has been paid to all the Stock Exchanges, where the shares of the Company are listed.

## 12. CORPORATE IDENTIFICATION NUMBER (CIN) OF THE COMPANY:

L92113TG2007PLC053585

## 13. VENUE AND TIME OF THE GENERAL MEETINGS HELD DURING THE LAST THREE YEARS:

### (i) Annual General Meeting:

Year	Date	Venue	Time	Special Resolution(s) passed
2013-14	30.09.2014	Hotel Haritha Plaza 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet,	2.30 pm	Nil
2012-13	27.09.2013	Hotel NKM's Grand 6-3- 563/31/1, Somajiguda, Erramanzil, Hyderabad.	2.30 pm	Nil
2011-12	10.08.2012	THE SQUARE HYDERABAD, # 6-3-870, Balayogi Paryatak Bhavan, Begumpet, Hyd-500 016	2.30 pm	Nos: One Re-appointment of Mr. Tapaas Chakravarti

(ii) Postal Ballot Meeting: Two postal ballot meetings were conducted during the year, the details of which are as follows.

Date of declaration of resolution	Resolution Number	Purpose	Votes cast in favour		Votes cast against	
			No of votes	%	No of votes	%
31.03.2015	1	Approval for RTP transaction with DQ Entertainment (Ireland) Limited, Wholly owned subsidiary.	178873	92.15	15230	7.85
	2	Approval for RTP with Method Animation S.A.S an Associate Company.	177853	91.63	16250	8.37
	3	Approval for remuneration to M/s R&A Associates, Company Secretaries.	187753	96.73	6350	3.27
10.10.2014	1	Approval of borrowing limits u/s 180(1)(c).	59479927	94.4	1067	5.60
	2	Sale/lease/creation of mortgage, charge etc. over the properties of the Company u/s 180(1)(a).	59480537	98.01	377	1.99
	3	Investment, providing corporate guarantee /security etc u/s 186.	59480537	98.84	217	1.16

(iii) Extra-Ordinary General Meetings:

There were no extra-ordinary general meetings held during the previous three financial years.

#### 14. 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/Surya (vernacular (Telugu) daily).

The Annual Report and the financial results are also displayed on the Company's website [www.dqentertainment.com](http://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 and are released to wire services/ press for information of the public at large and are also posted on the Company's website.

#### 15. MARKET PRICE DATA

The equity shares of the Company were listed on the Bombay Stock Exchange 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, 2014 to March 31, 2015 are as follows:



Month	Bombay Stock Exchange of India (BSE)		National Stock Exchange of India (NSE)	
	High Price	Low Price	High Price	Low Price
April 2014	31	26.75	31.55	26.95
May 2014	37.40	27.90	38.55	27.00
June 2014	35.75	25.70	35.80	25.70
July 2014	35.60	20.10	35.75	19.40
August 2014	25.70	16.90	25.60	17.00
September 2014	27.10	17.25	25.90	17.15
October 2014	30.50	23.25	30.50	23.20
November 2014	29.40	23.60	29.45	23.50
December 2014	32.50	23.45	32.40	23.40
January 2015	29.30	24.90	29.45	24.65
February 2015	27.90	22.50	28.00	22.00
March 2015	26.00	17.00	26.25	17.60

## 16. REGISTRAR AND TRANSFER AGENTS & PLACE FOR ACCEPTANCE OF DOCUMENTS

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

## 17. SHARE TRANSFER SYSTEM

99.84% of the equity shares of the Company are in electronic form as on March 31, 2015. Transfer of these 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 any of the above mentioned addresses.

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

## 18. DEMATERIALISATION OF SHARES AND LIQUIDITY

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.

## 19. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

As on March 31, 2015, the Company did not have any outstanding GDRs /ADRs /Warrants or any convertible instruments.

## 20. 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, Road No 3, Banjara Hills, Hyderabad - 500 034.	Registered office/ Corporate
2.	Municipal No. 8-2-268/10/D/1, Plot No 554, Road No 3, Banjara Hills, Hyderabad – 500 034.	Finance & Accounts
3.	Plot No. 5, Survey No. 403/151/2, Shaikpet Village, Women's co-operative Housing, Society, Road No. 2 Banjara Hills, and Hyderabad -500 039.	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-700 091.	Production Centre
6.	Plot No.5, Block-BP, Sector V, Salt Lake, Bidhannagar, Kolkata-700 091.	DQ School of Visual Arts

## 21. SHAREHOLDING PATTERN OF THE COMPANY AS ON MARCH 31, 2015

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS A PERCENTAGE OF (A+B)	AS A PERCENTAGE OF (A+B+C)	NUMBER OF SHARES	AS A PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)* 100
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>							
(1)	INDIAN							
(a)	Individual /HUF	6	246	246	0.00	0.00	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total A(1) :</b>	<b>6</b>	<b>246</b>	<b>246</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	1	59461972	59461972	75.00	75.00	59461972	75
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total A(2) :</b>	<b>1</b>	<b>59461972</b>	<b>59461972</b>	<b>75.00</b>	<b>75.00</b>	<b>59461972</b>	<b>75</b>
	<b>Total A=A(1)+A(2)</b>	<b>7</b>	<b>59462218</b>	<b>59462218</b>	<b>75.00</b>	<b>75.00</b>	<b>59461972</b>	<b>75</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	5	3290995	3290995	4.15	4.15	0	0.00
(b)	Financial Institutions /Banks	1	418000	418000	0.53	0.53	0	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	2	31196	31196	0.04	0.04	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(i)	Others	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total B(1) :</b>	<b>8</b>	<b>3740191</b>	<b>3740191</b>	<b>4.72</b>	<b>4.72</b>	<b>0</b>	<b>0.00</b>

(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	345	4841839	4841839	6.11	6.11	0	0.00
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	13845	6245728	6245725	7.88	7.88	0	0.00
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	111	4263697	4263697	5.38	5.38	0	0.00
(c)	Others							
	NON RESIDENT INDIANS	83	567658	567658	0.72	0.72	0	0.00
	CLEARING MEMBERS	40	33045	33045	0.04	0.04	0	0.00
	FOREIGN COMPANIES	1	128624	0	0.16	0.16	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total B(2) :</b>	<b>14425</b>	<b>16080591</b>	<b>15951964</b>	<b>20.28</b>	<b>20.28</b>	<b>0</b>	<b>0.00</b>
	<b>Total B=B(1)+B(2) :</b>	<b>14433</b>	<b>19820782</b>	<b>19692155</b>	<b>25.00</b>	<b>25.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>14440</b>	<b>79283000</b>	<b>79154373</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
(C)	<b>Shares held by custodians, against which Depository Receipts have been issued</b>							
(1)	Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00
(2)	Public	0	0	0	0.00	0.00	0	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>14440</b>	<b>79283000</b>	<b>79154373</b>	<b>100.00</b>	<b>100.00</b>	<b>59461972</b>	<b>75</b>

## 22. DISCLOSURES:

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.

We affirm that no employee has been denied access to the audit committee members.

We communicate with our investors on a regular basis through e-mail, telephone and one-on-one meetings either during investor conferences, road shows and Company visits. Our website contains information about all the business updates and other financial details.

### NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Ms. Sindhu M.S., Company Secretary & Compliance Officer

### 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

# CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF  
DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

We have examined the compliance of conditions of corporate governance by DQ ENTERTAINMENT (INTERNATIONAL) LIMITED ("the Company"), for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement(s) entered by the Company with the stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of 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 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad

Date: August 13, 2015

**(R.Ramkrishna Gupta)**

FCS No.: 5523

C P No.: 6696

Company Secretary in Practice



# 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:

1. We have reviewed the Balance Sheet and Profit and Loss account (standalone and consolidated), and all the schedules and notes on accounts, as well as the Cash Flow statements, and the Directors' report.

2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements.

3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.

4. To the best of our knowledge and belief, no material transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct and Ethics.

5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have 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 they are aware and the steps they have taken or propose to take to rectify these deficiencies

6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions) :

(i) There were no significant changes in internal controls during the year covered by this report.

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

(iii) There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.

(iv) There is no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record process, summarize and report financial data, there have been no material weakness in internal controls over financial reporting including any corrective actions with regard to deficiencies.

7) We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year. For the purpose of this declaration, Senior Management Team means the personnel of the Company who are members of its core management team excluding Board of Directors.

Hyderabad  
August 13, 2015

Tapaas Chakravarti  
CMD & CEO

Sanjay Choudhary  
Chief Financial Officer



METHOD

MARVEL



Turner  
A Time Warner Company



ABC  
Television



MAGNA  
HOME ENTERTAINMENT

Global TV

WORK  
POINT

# IRON MAN

## ARMORED ADVENTURES

52X22' HD CGI



# AUDITORS' REPORT

# INDEPENDENT AUDITORS' REPORT

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To  
The Members of DQ Entertainment (International) Limited

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of DQ Entertainment (International) Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Standalone Financial Statements*

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) In our opinion, there are no matters that may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(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 27(c) to the standalone financial statements.

ii. There are no 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 Company.

2. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure', a statement on the matters specified in paragraphs 3 and 4 of the Order.

## For MZSK & Associates

Chartered Accountants  
Firm Registration No.105047W

## Ananthkrishnan G

Partner  
Membership No.205226

Place : Hyderabad  
Date : 27th May 2015

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of DQ Entertainment (International) Limited on the financial statements for the year ended March 31st, 2015]

i.(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

ii. The Company is involved in the business of rendering services. Accordingly, the requirements of paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions stated in paragraph 3 (iii) (a) and (b) of the order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any continuing failure to correct any major weakness in the internal control system of the Company.

v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on 31st March, 2015 and the Company has not accepted any deposits during the year.

vi. The provisions of sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the order are not applicable to the Company.

vii. (a) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which were outstanding, as at 31st March, 2015 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act 1961	Income Tax	48,376,199	AY 2013-14	March 2013	Not yet paid
Income Tax Act 1961	Income Tax	83,640,965	AY 2014-15	March 2014	Not yet paid
Income Tax Act 1961	Income Tax	87,758,359	AY 2015-16	March 2015	Not yet paid
EPF Act 1952	Provident fund (Employers Contribution)	24,682,206	FY 2014-15	July 2014 to March 2015	Not yet paid

(b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Transfer Pricing	1,05,11,254	AY 2008-09	ITAT
Income Tax	Transfer Pricing	1,33,95,971	AY 2010-11	ITAT
Income Tax	Withholding tax on International Transactions	96,42,147	AY 2005-06, 2006-07 & 2007-08	Hon'ble High Court
Service Tax	Interest & Penalty Proceedings on import payments	1,32,01,091	FY 2006-07 to 2008-09	CESTAT
Service Tax	Tax Liability on Import of Production Services	3,15,08,245	FY 2006-07 to 2010-11	Commissioner (Appeals)
	<b>TOTAL</b>	<b>7,82,58,708</b>		



(c) There are no amounts due to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 and rules made thereunder.

**viii.** The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

**ix.** In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

**x.** In our opinion, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

**xi.** The Company has not obtained any term loans during the year.

**xii.** During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No.105047W

**Ananthkrishnan G**

Partner  
Membership No.205226

Place : Hyderabad  
Date : 27th May 2015

**Balance Sheet as at 31 March, 2015**
**Amount in ₹**

		As at		As at	
	Notes	31 March 2015		31 March 2014	
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	3	792,830,000		792,830,000	
(b) Reserves and Surplus	4	3,689,605,257		3,444,425,876	
			4,482,435,257		4,237,255,876
<b>(2) Non-Current Liabilities</b>					
(a) Long-Term Borrowings	5	208,925,532		583,667,174	
(b) Long Term Provisions	7	114,335,529		116,138,844	
			323,261,061		699,806,018
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	8	539,133,385		574,878,031	
(b) Trade Payables	9	149,568,696		61,384,800	
(c) Other Current Liabilities:					
(i) Current maturity of long term borrowings		117,017,279		189,011,212	
(ii) Others	10	366,831,498		302,266,460	
(d) Short Term Provisions	11	263,175,252		207,687,969	
			1,435,726,110		1,335,228,472
	<b>Total</b>		<b>6,241,422,428</b>		<b>6,272,290,366</b>
<b>II. ASSETS</b>					
<b>(1) Non-Current Assets</b>					
(a) Fixed assets	12				
(i) Tangible assets		86,558,416		147,002,268	
(ii) Intangible assets		898,069,639		980,158,647	
(iii) Capital work-in-progress		1,166,745		1,166,745	
(iv) Intangible asset under construction	12.1	339,152,239		417,898,540	
(b) Non-current investments	13	1,256,948,595		1,256,948,595	
(c) Deferred tax Assets (Net)	6	21,645,483		(74,852,448)	
(d) Long-term loans and advances	14	178,738,795		537,243,008	
(e) Other non-current assets	15	68,684,777		91,369,728	
			2,850,964,689		3,356,935,083

<b>(2) Current Assets</b>				
(a) Trade receivables	16	3,096,527,421		2,673,176,212
(b) Cash and bank balances	17	1,175,299		2,133,567
(c) Short-term loans and advances	18	8,900,255		6,942,934
(d) Other Current Assets - Unbilled revenue		283,854,764		233,102,570
			3,390,457,739	2,915,355,283
<b>Total</b>			<b>6,241,422,428</b>	<b>6,272,290,366</b>
Significant accounting policies	I			
Notes to accounts	2-39			

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

**For MZSK & Associates**

Chartered Accountants  
FRN 105047 W

**Tapaas Chakravarti**  
(CMD & CEO)

**V. Santhanaraman**  
(Director)

**Ananthkrishnan G**

Partner  
(M.No 205226)

**Sindhu Maladath Sisupalan**  
(Company Secretary)

**Sanjay Choudhary**  
(Chief Financial officer)

Place: Hyderabad

Date: 27-05-2015

## Statement of Profit and Loss for the year ended 31 March, 2015

Amount in ₹

	Notes	For the year ended	
		31 March 2015	31 March 2014
<b>Income:</b>			
Revenue from operations	19	1,815,650,965	1,798,097,939
Other income	20	29,608,706	219,731,392
<b>Total revenue</b>		<b>1,845,259,671</b>	<b>2,017,829,331</b>
<b>Expenses:</b>			
Production expenses	21	116,844,565	37,403,714
Personnel cost	22	633,714,387	716,229,746
Administrative and other expenses	23	164,703,319	181,427,740
Finance cost	24	207,338,409	196,241,334
Depreciation and amortisation expenses	12	366,634,642	509,143,927
		<b>1,489,235,322</b>	<b>1,640,446,461</b>
<b>Profit before tax</b>		<b>356,024,349</b>	<b>377,382,870</b>
Tax expense:			
Current tax		(106,981,335)	(110,595,093)
Earlier year taxes		17,850,399	(38,937,678)
Less: MAT credit entitlement		17,025,482	102,260,835
Less: MAT credit entitlement earlier year		(90,447,315)	(30,929,100)
Deferred tax		96,497,931	64,379,006
<b>Profit after Tax</b>		<b>289,969,511</b>	<b>363,560,840</b>
<b>Earnings Per Equity Share (Refer Note 35)</b>			
Basic -		3.66	4.59
Diluted -		3.66	4.59
Significant accounting policies	I		
Notes to accounts	2 - 39		

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

### For MZSK & Associates

Chartered Accountants  
FRN 105047 W

**Tapaas Chakravarti**  
(CMD & CEO)

**V. Santhanaraman**  
(Director)

### Ananthakrishnan G

Partner  
(M.No 205226)

**Sindhu Maladath Sisupalan**  
(Company Secretary)

**Sanjay Choudhary**  
(Chief Financial officer)

Place: Hyderabad

Date: 27-05-2015

## Cash Flow Statement for the year ended 31 March 2015

Amount in ₹

	31 March 2015		31 March 2014	
<b>A Cash flow from Operating Activities</b>				
Profit Before Tax		356,024,349		377,382,870
<i>Adjustments for</i>				
Depreciation and amortisation	366,634,648		509,143,927	
Depreciation transferred to capital account	-		-	
Interest income	(17,963,517)		(27,500,823)	
Liabilities no longer required written back	(3,247,404)		(901,646)	
Provision for bad and doubtful debts and other non cash items			56,099,775	
Interest expenses	177,030,921		168,103,469	
(Profit) / Loss on sale of fixed assets	(3,250,776)		(3,938,219)	
Unrealised gain due to exchange differences	39,779,858		(103,619,640)	
		558,983,730		597,386,843
Operating profit before working capital changes		915,008,079		974,769,713
<i>Adjustments for changes in</i>				
Trade and other receivables	(214,935,358)		(548,993,474)	
Trade payables, other liabilities and provisions	147,790,273		21,220,447	
	(67,145,085)		(527,773,027)	
Income tax paid	(17,022,282)		(8,710,734)	
		(84,167,367)		(536,483,761)
<b>Net Cash from Operating activities</b>		<b>830,840,712</b>		<b>438,285,952</b>
<b>B Cash flow from Investing Activities</b>				
Purchase of fixed assets - Tangibles	(8,077,551)		(407,630)	
Purchase of fixed assets - Intangible	(180,428,095)		(200,601,298)	
Proceeds from Sale of fixed assets	3,906,459		9,170,374	
Investment in Joint Venture company	-		(89,345,336)	
Investment in Subsidiary	-		-	
Proceeds/(Investments) in maturity of long term deposits	22,684,951		8,936,792	
Interest received on deposits with banks and other deposits etc.,	17,908,343		7,204,939	
<b>Net Cash used in Investing activities</b>		<b>(144,005,893)</b>		<b>(265,042,159)</b>



<b>C</b>	<b>Cash flow from Financing Activities</b>			
	Interest and financing charges paid	(176,384,811)		(166,595,938)
	Proceeds from borrowings from term loans	-		116,715,126
	Repayment of term loans	(475,663,629)		(306,534,249)
	Proceeds on account of working capital Loans (Net)	(35,744,646)		162,898,771
	<b>Net Cash from Financing activities</b>		<b>(687,793,086)</b>	<b>(193,516,290)</b>
	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>(958,267)</b>	<b>(20,272,497)</b>
	<b>Cash and cash equivalents as at the beginning of the year</b>		<b>2,133,567</b>	<b>22,406,064</b>
	Net foreign exchange difference		(1)	-
	<b>Cash and cash equivalents as at the end of the year</b>		<b>1,175,299</b>	<b>2,133,567</b>
	<i>(refer note 17)</i>			

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

**For MZSK & Associates**

Chartered Accountants  
FRN 105047 W

**Tapaas Chakravarti**  
(CMD & CEO)

**V. Santhanaraman**  
(Director)

**Ananthkrishnan G**

Partner  
(M.No 205226)

**Sindhu Maladath Sisupalan**  
(Company Secretary)

**Sanjay Choudhary**  
(Chief Financial officer)

Place: Hyderabad

Date: 27-05-2015

## Accounting Policies and Notes on Accounts

### I. Significant Accounting Policies

#### (a) Basis for Preparation of Financial Statements:

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

#### (b) Use of Estimates

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

#### (c) Fixed Assets:

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

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

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

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

#### (d) Depreciation and Amortization:

Depreciation on fixed assets other than leasehold improvements is provided on straight-line method at rates which are as follows:

Hardware & Software (CGI*)	30.00%
Hardware & Software (Others)	16.21%
Generators	16.21%
Office Equipment	10.00%
Furniture & Fixtures	10.00%
Vehicles	25.00%

\*Computer Generated Imagery

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

Leasehold improvements are amortized over the primary period of lease.

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

#### (e) Investment:

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

## **(f) Revenue Recognition**

### *(i) Production Revenue :*

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

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

### *(ii) Distribution Revenue:*

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

### *(iii) Training Revenue:*

Training Revenue is recognized over the period of instruction.

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

### *(iv) Dividends and Interest income:*

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

## **(g) Foreign Currency Transactions:**

### *(i) Initial Recognition*

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

### *(ii) Conversion*

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

### *(iii) Exchange Differences*

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

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

## **(h) Employee benefits**

### *i) Post-employment benefit plans*

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

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

### *ii) Short-term employee benefits*

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

### *iii) Long-term employee benefits*

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

## **(i) Public Issue related expenses**

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

## **(j) Taxation**

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

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

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

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

## **(k) Provision for retakes**

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

## **(l) Leases**

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

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**(m) Earnings Per Share**

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

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

**(n) Provisions, Contingent Liabilities and Contingent Assets**

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

**(o) Impairment**

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

**(p) Borrowing Costs**

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



## Notes on accounts for the year ended 31 March 2015

### 2. Company overview:

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

### 3. Share Capital:

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
<b>Authorised</b>		
80,000,000 Equity shares of Rs.10/- each (31.03.2014: 80,000,000 shares of Rs.10/- each)	800,000,000	800,000,000
	800,000,000	800,000,000
<b>Issued, Subscribed and Paid up</b>		
79,283,000 Equity shares of Rs.10/- each fully paid up (31.03.2014: 79,283,000 Equity shares of Rs.10/- each fully paid up)	792,830,000	792,830,000
	<b>792,830,000</b>	<b>792,830,000</b>

#### 3.1 Reconciliation of the number of shares

Particulars	As at	
	31 March 2015	31 March 2014
Opening balance	79,283,000	79,283,000
Closing balance	<b>79,283,000</b>	<b>79,283,000</b>

#### 3.2 Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each share holder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subjected to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

#### 3.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the company:

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

#### 3.4 Details of shares held by holding company and ultimate holding company:

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

### 3.5 Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2015):

Particulars	Year (Aggregate No. of Shares)				
	31 March 15	31 March 14	31 March 13	31 March 12	31 March 11
Bonus shares *	Nil	Nil	Nil	Nil	Nil

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

### 4. Reserves and Surplus

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Capital redemption Reserve	1,763,860	1,763,860
Securities premium Account	1,946,676,687	1,946,676,687
General reserve	5,487,393	5,487,393
Profit and loss Account		
Balance brought forward	1,489,697,936	1,126,137,096
Less: Additional Depreciation adjusted As per new Companies Act 2013**	(44,790,130)	-
Add: Profit for the year	289,969,511	363,560,840
Closing balance	1,734,877,317	1,489,697,936
Other Reserves		
Capital subsidy *	800,000	800,000
	<b>3,689,605,257</b>	<b>3,444,425,876</b>

\* Erstwhile DQ Entertainment Limited was sanctioned a Capital subsidy of Rs. 800,000 (31.03.2014: Rs.800,000) under clause 7(f) of ICT Incentive policy of the Government of Andhra Pradesh

\*\* Refer note 12 of depreciation adjustment

### 5. Long Term Borrowings

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Term loans - Secured		
From banks	208,925,532	583,667,174
	<b>208,925,532</b>	<b>583,667,174</b>

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

Nature of Security	Terms of Repayment
The term loans from bank for Rs. Nil (31.03.2014: Rs. 21,093,749) are secured by First pari passu charge on fixed assets of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	4 Qtrly Installments from Jan 2015. BR Plus 5.75%+.50% p.a payable monthly
The term loans from bank for Rs. 188,160,590 (31.03.2014: Rs. 275,684,632) are secured by First pari passu charge on fixed assets of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	14 Qtrly Installments from Mar 2015. BR Plus 5.75%+.50% p.a payable monthly
The term loans from bank for Rs. 18,133,335 (31.03.2014: Rs. 25,386,677) are secured by First pari passu charge on fixed assets of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	15 Qtrly Installments from Jan 2015. BR Plus 5.75%+.50% p.a payable monthly
The term loans from bank for Rs. Nil (31.03.2014: Rs. 261,444,788) are secured by first charge on the entire fixed assets pari-passu with existing lenders . Personal Guarantee of Mr. Tapaas Chakravarti	11 Quarterly Installments of \$ 0.375 MN for term loan from June'15 and 12 Quarterly Installments of \$ 0.045 MN for FITL loan from June'15 6M Libor+500 bps payable Qtrly
The term loans from bank for Rs. 2,631,607 (31.03.2014: Rs. 57,328) is secured by hypothecation of vehicles.	Repayable over a period of 3 years from the date of disbursements. Interest rate on these loans ranging from 6.99% to 11% p.a.

## 6. Deferred Tax

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

Amount in ₹

Timing Differences	(Liability) / Asset at 31 March 2014 (Rs.)	Current year (Charge) / Credit (Rs.)	(Liability) / Asset at 31 March 2015 (Rs.)
Depreciation	(121,310,635)	72,174,800	(49,135,835)
Gratuity	29,150,326	7,069,575	36,219,901
Leave encashment	13,439,215	(1,233,953)	12,205,262
Sick leaves	583,317	133,413	716,730
Provision for doubtful debts	2,727,495	18,911,930	21,639,425
IPO expenses u/s 35 D	557,834	(557,834)	-
<b>Deferred Tax (Liability)/Assets - Net</b>	<b>(74,852,448)</b>	<b>96,497,931</b>	<b>21,645,483</b>

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

## 7. Long Term Provisions

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Provision for employee benefits (Refer Note 34)	114,335,529	116,138,844
	<b>114,335,529</b>	<b>116,138,844</b>

## 8. Short Term Borrowings

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Working capital loans repayable on demand from banks - Secured	485,529,549	557,378,031
Loans and advances from related parties - Un-secured	53,603,836	17,500,000
	<b>539,133,385</b>	<b>574,878,031</b>

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

Nature of Security	Terms of Repayment
The working capital loans from bank for Rs. 38,577,428 (31.03.2014: Rs. 50,510,382) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with base rate plus 3.50% P.A. Payable monthly
The working capital loans from bank for Rs. 98,809,131 (31.03.2014: Rs. 100,997,714) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with base rate plus 3.50% P.A. Payable monthly
The working capital loans from bank for Rs. 348,142,990 (31.03.2014: Rs. 405,869,935) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with SBAR plus 4.00%

## 9. Trade Payables

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Sundry creditors		
for services	128,532,377	43,714,878
for others	21,036,319	17,669,922
	<b>149,568,696</b>	<b>61,384,800</b>

## 10. Other Current Liabilities - Others

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
<b>Others:</b>		
Interest accrued but not due	-	592,100
Interest accrued and due to banks	-	7,016,065
Other Payables:		
Statutory dues payable	71,487,495	66,400,063
Income received in advance	214,718,595	117,907,071
Advance from customers	7,600,674	10,955,815
Employee benefits payable	59,477,357	80,263,563
Services	13,547,377	19,131,783
	<b>366,831,498</b>	<b>302,266,460</b>

## 11. Short Term Provisions

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Provision for employee benefits (Refer Note: 34)	30,241,974	10,913,280
Others:		
Taxation (Net of Advance Tax of Rs. 17,022,282 ( 31.03.2014 : 130,258,224))	219,572,381	183,748,310
Retakes (Refer Note 1(k))		
Opening balance	13,026,379	21,275,131
Add: Additional provision for the year	13,749,416	17,667,849
Less: Utilised during the year (including reversals)	(13,530,641)	(25,916,601)
Closing balance	13,360,897	13,026,379
	<b>263,175,252</b>	<b>207,687,969</b>

12. Please refer page number 101 for schedule on Fixed Assets.



### 13. Non Current Investment

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Other Investments:		
Investment in Equity Instruments- at cost - Unquoted		
In 100% wholly owned subsidiary company -DQ Entertainment (Ireland) Limited (17,266,315 (31.03.2014 : 17,266,315 ) ordinary shares of face value Euro 1, fully paid)	1,167,503,270	1,167,503,270
In 100% wholly owned subsidiary company - DQ ITES Park Private Limited (9,999 (31.03.2014 : 9,999 ) ordinary shares of face value Rs. 10/- fully paid)	99,990	99,990
In 100% wholly owned subsidiary company -DQ Powerkidz Private Ltd. (9,999 (31.03.2014 : 9,999 ) ordinary shares of face value Rs. 10/- fully paid)	99,990	99,990
Investment in DQ Entertainment (International) Films Limited (1,155,553 (31.03.2014 : 1,155,553 ) ordinary shares of face value Euro. 1/- fully paid)	89,245,345	89,245,345
	<b>1,256,948,595</b>	<b>1,256,948,595</b>
Aggregate amount of quoted investments and Market Value thereof	-	-
Aggregate amount of unquoted investments	1,256,948,595	1,256,948,595
Aggregate provision for diminution in the value of investments	-	-

### 14. Long Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
(Unsecured, Considered Good)		
Capital advances	-	800,000
Security deposits	11,019,265	11,156,846
Loan and Advances to related party - to DQ Entertainment (Ireland) Limited		
Loans	-	246,718,313
Other advances:		
Prepaid expenses	1,999	-
Claims receivable	21,545,794	22,970,878
MAT credit entitlement	146,171,737	255,596,971
	<b>178,738,795</b>	<b>537,243,008</b>

### 15. Other Non-current assets:

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Long term deposits with banks with maturity period more than 12 months (including Rs. 66,684,777 (2014: Rs. 91,369,728) under lien to banks)	68,684,777	91,369,728
	<b>68,684,777</b>	<b>91,369,728</b>

## 16. Trade Receivable

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
<b>(Unsecured)</b>		
A) Debts outstanding for a period exceeding six months		
Considered good	2,318,342,427	1,609,679,303
Considered doubtful	63,664,091	76,941,993
B) Other debts	-	-
Considered good	778,184,994	1,063,496,909
Considered doubtful	-	-
	3,160,191,512	2,750,118,205
Less: Provision for bad and doubtful debts	(63,664,091)	(76,941,993)
	<b>3,096,527,421</b>	<b>2,673,176,212</b>

## 17. Cash and Bank Balances

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Cash and Cash Equivalents:		
Balances with Banks		
Current Accounts	1,146,352	2,107,460
Cash on hand	28,947	26,107
	<b>1,175,299</b>	<b>2,133,567</b>

## 18. Short Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
<b>(Unsecured considered good)</b>		
Interest accrued on deposits	97,697	42,523
Other advances	4,964,427	4,585,898
Prepaid expenses	3,838,131	2,314,513
	<b>8,900,255</b>	<b>6,942,934</b>

## 19. Revenue from Operations

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Production : Export	1,710,690,035	1,626,950,015
: Domestic	15,153,418	11,330,912
Distribution income	89,807,512	159,817,012
	<b>1,815,650,965</b>	<b>1,798,097,939</b>

## 20. Other Income

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Interest Income and others ( including TDS of Rs. 624,102 (31.03.2014 : Rs.896,989)	17,963,517	27,500,823
Profit on sale of fixed assets	3,250,776	3,938,219
Liabilities no longer required written back	3,247,404	901,646
Foreign exchange fluctuation gain (net)	-	180,182,880
Miscellaneous income	5,147,009	7,207,824
	<b>29,608,706</b>	<b>219,731,392</b>

## 21. Production Expenses

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Production expenses - Direct	89,198,653	5,339,044
Power and fuel	27,645,912	32,064,670
	<b>116,844,565</b>	<b>37,403,714</b>

## 22. Personnel Costs

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Salaries and wages	546,685,403	665,662,810
Contribution to provident fund	35,822,391	44,792,389
Staff welfare expenses	5,585,084	7,251,475
Gratuity*	37,840,474	1,960,240
Compensated absences*	7,781,035	(3,437,168)
	<b>633,714,387</b>	<b>716,229,746</b>

\* refer note 34.

## 23. Administrative and Other Expenses

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Communication expenses	4,945,997	6,565,953
Printing and stationery	3,054,095	1,662,008
Professional and consultancy charges	25,103,690	17,925,711
Repairs and Maintenance :		
Building	7,157,668	6,363,804
Plant and Machinery	8,990,534	5,303,061
Others	3,857,756	2,236,932
Insurance	1,104,727	3,151,430
Business promotion	5,675,839	5,991,190
Rates and taxes	3,138,427	2,423,207
Rent	31,009,180	30,254,557
Auditors remuneration	2,450,000	2,450,000
Directors remuneration	13,291,165	13,281,165
Selling and distribution expenses	10,065,498	910,326
Travelling and conveyance expenses	10,843,706	17,899,806
Provision for bad and doubtful debts (net)		55,870,464
Foreign Exchange Fluctuation Loss (net)	23,992,824	-
Miscellaneous expenses	10,022,213	9,138,126
	<b>164,703,319</b>	<b>181,427,740</b>

## 24. Finance Costs

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Interest on borrowings		
Terms loans	83,479,889	98,279,381
Working capital loan	93,551,032	69,824,088
Loss on Forward Contract	-	13,731,125
Loss on foreign currency transactions	-	(1,558,266)
Bank charges	4,878,685	6,385,946
Interest on Others	25,428,803	9,579,060
	<b>207,338,409</b>	<b>196,241,334</b>

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

## 26. Disclosure required by clause 32 of the Listing Agreements

Amount in ₹

Amount of loans & advances outstanding from subsidiaries as at 31 March 2015	Outstanding as at 31 March 2015	Maximum amount outstanding during the year	Outstanding as at 31 March 2014	Maximum amount outstanding during the year
Wholly Owned Subsidiary company - DQ Entertainment (Ireland) Limited	-	253,398,750	246,718,313	301,725,000

## 27

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Contingent Liabilities (to the extent not provided for)</b>		
a) Bonds executed in favour of customs and excise authorities	2,770,049	2,770,049
b) Letters of Credit (includes guarantee on behalf of DQ Entertainment Ireland Rs. 1,038,704,364 (31.03.2014: 1,060,397,701))	1,038,704,364	1,224,909,501
c) Demand Disputed on appeal		
1. Income Tax	33,549,372	20,153,401
2. Service Tax	44,709,336	44,709,336
The company has fair chances of succeeding in the appeals and therefore doesnot expect any liability to materialise.		

## 28

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Earnings in Foreign Currency - Accrual basis</b>		
Income from production	1,659,937,839	1,798,923,950
Other income	25,699,250	25,699,250
Distribution Income	87,500,989	157,560,923



29

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Expenditure in Foreign currency - Accrual basis</b>		
(Subject to deduction of tax where applicable)		
Overseas business travel	7,163,715	6,557,339
Production Expenses	525,142	2,426,880
Consultancy and other expenses	2,003,344	1,830,971
Financial Charges	9,959,515	15,445,987
<b>TOTAL</b>	<b>19,651,716</b>	<b>26,261,177</b>

30

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Payment to auditors as:		
Audit fees	2,250,000	2,250,000
Tax audit	150,000	150,000
Others	50,000	50,000
	<b>2,450,000</b>	<b>2,450,000</b>

31.

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Directors remuneration</b>		
Salaries and allowances	4,032,000	4,032,000
Other perquisite	1,008,000	1,008,000
Commission	7,791,165	7,791,165
	<b>12,831,165</b>	<b>12,831,165</b>
<b>Remuneration to Non - Whole-time Director</b>		
Sitting fees	340,000	330,000
Professional fees	120,000	120,000
<b>Total remuneration</b>	<b>13,291,165</b>	<b>13,281,165</b>

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

### 32.1 Related parties and their relationships

#### i) Holding and Subsidiary Companies

- DQ Entertainment (Mauritius) Limited - Holding company
- DQ Entertainment Plc - Parent of holding company
- DQ Entertainment (Ireland) Limited - Subsidiary company
- DQ Powerkidz Private Limited - Subsidiary company
- DQ Entertainment (International) Films Limited - Joint Venture company by DQE India and DQE Plc.
- DQE ITES Parks Private Limited - Subsidiary company

#### ii) Key management personnel

Mr. Tapaas Chakravarti - Managing Director & Chief Executive Officer  
 Mr. Sanjay Choudhary - Chief Financial Officer  
 Ms. Sindhu Maladath Sisupalan - Company Secretary

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

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

#### iv) Associate of the Ultimate Holding Company

Method Animation SAS

#### v) Firm in which a Director is a partner

R & A Associates

#### vi) Relative of a director

Mr. Hatim Adenwala - Senior Vice president Human Resources

### 32.2 Transactions with above in the ordinary course of business

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
<b>i) Subsidiary Company</b>		
Investment in DQE ITES Parks Private Limited	-	99,990
Investment in DQ Entertainment (International) Films Limited	-	89,245,345
Investment in DQ Entertainment (Ireland) Limited	-	-
Production consultancy provided to DQ Entertainment (Ireland) Limited	406,586,015	538,700,538
Professional consultancy & Others to DQ Entertainment (Ireland) Limited	16,944,317	25,699,250
<b>ii) Key management personnel</b>		
Loan from Managing Director & Chief Executive Officer ( Net)	53,603,836	17,500,000
Remuneration	12,831,165	12,831,165
<b>iii) Relative of key management personnel and Director</b>		
Remuneration	8,442,000	8,292,000
<b>iv) Associate of the Ultimate Holding Company</b>		
Revenue from Animation	95,621,401	59,437,596
Revenue from Distribution	37,508,203	-
<b>v) Professional fee to a director</b>	<b>120,000</b>	<b>120,000</b>
Professional fee to a Firm in which a Director is a partner	4,200,000	2,880,000

### 32.3 Balances outstanding

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>i) Ultimate Holding Company</b>		
Amount receivable at year end - DQ Entertainment Plc	1,535,750	1,495,250
<b>ii) Subsidiary Company</b>		
Amount receivable at year end - DQ Entertainment (Ireland) Limited	690,639,130	854,301,143
Loan to Subsidiary - DQ Entertainment (Ireland) Limited	-	246,718,313
<b>iii) Key management personnel</b>		
Amount payable to Managing Director & Chief Executive Officer	53,603,836	17,500,000
<b>iv) Associate of the Ultimate Holding Company</b>		
Amounts receivable	221,232,377	180,282,646

### 33 Leases

The Company's leasing arrangement is in respect of operating lease for premises. The Company has exclusive right to cancel the lease with prior notice. The aggregate lease rents payable are charged as rent in the Profit and Loss Account. The aggregate amount of Lease rentals charged to Profit and Loss account is Rs. 26,743,544 (31.03.2014: Rs.29,710,099).

### 34 Employee benefits as required under Accounting Standard 15:

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

Amount in ₹

Particulars	Year ending 31 March 2015		Year ending 31 March 2014	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Present Value of DBO at the beginning of the year	34,726,399	90,150,976	41,504,340	95,783,458
Current Service Cost	(4,785,037)	10,589,647	(6,757,726)	12,455,280
Interest Cost	3,160,102	8,203,740	3,403,356	7,854,244
Actuarial Losses /(Gains)	3,438,941	(1,704,958)	(82,798)	(18,349,284)
Benefits paid	(6,599,043)	(21,430,994)	(3,340,773)	(7,592,722)
<b>Present Value of DBO at the end of the year</b>	<b>29,941,362</b>	<b>85,808,411</b>	<b>34,726,399</b>	<b>90,150,976</b>
<b>Expense Recognized in the statements of Profit &amp; Loss account for the year ended</b>				
Current Service Cost	(4,785,037)	10,589,647	(6,757,726)	12,455,280
Interest Cost	3,160,102	8,203,740	3,403,356	7,854,244
(Gain) / Actuarial Losses	3,438,941	(1,704,958)	(82,798)	(18,349,284)
<b>Expense recognized in the Statement of Profit and loss account</b>	<b>1,814,006</b>	<b>17,088,429</b>	<b>(3,437,168)</b>	<b>1,960,240</b>
<b>Actual Contribution and Benefit Payments</b>				
Actual Benefit Payments	6,599,043	21,430,994	3,340,773	7,592,722
Actual Contributions	-	-	-	-
<b>Assumptions</b>				
Discount Rate %	7.80%	7.80%	9.10%	9.10%
Salary Escalation %	4.00%	4.00%	4.00%	4.00%

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Earnings Per Share (EPS)</b>		
a) Net Profit available for Equity Shareholders	289,969,511	363,560,840
b) Nominal Value Per Share	10	10
c) Basic Earning Per Share	3.66	4.59
d) Diluted Earning Per Share	3.66	4.59
	No's	No's
e) Weighted Average number of Equity Shares for Basic EPS	79,283,000	79,283,000
f) Weighted Average number of Equity Shares for Diluted EPS	79,283,000	79,283,000

### 36 Segmental Reporting as per Accounting standard 17:

#### 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 2015 is as follows:

Amount in ₹

	Animation	Distribution	Total
Revenue from operation	1,725,843,453	89,807,512	1,815,650,965
	<i>1,638,280,927</i>	<i>159,817,012</i>	<i>1,798,097,939</i>
<b>Total Revenue</b>	<b>1,725,843,453</b>	<b>89,807,512</b>	<b>1,815,650,965</b>
	<i>1,638,280,927</i>	<i>159,817,012</i>	<i>1,798,097,939</i>
Depreciation and Amortisation	-	316,975,689	316,975,689
		<i>354,182,724</i>	<i>354,182,724</i>
Segment result	1,104,584,745	(232,466,417)	872,118,328
	<i>1,031,057,480</i>	<i>(198,228,752)</i>	<i>832,828,728</i>
Unallocated expenses			(308,755,570)
			<i>(259,204,524)</i>
Operating Profit			563,362,758
			<i>573,624,204</i>
Net financing costs			(207,338,409)
			<i>(196,241,334)</i>
Income Tax expense			(66,054,838)
			<i>(13,822,030)</i>

<b>Profit after tax</b>			<b>289,969,511</b>
			<i>363,560,840</i>
Segment assets	4,348,418,822	1,478,268,700	5,826,687,522
	<i>4,648,194,162</i>	<i>1,664,050,016</i>	<i>6,312,244,178</i>
Unallocated assets			414,734,906
			<i>39,953,812</i>
<b>Total assets</b>			<b>6,241,422,428</b>
			<i>6,272,290,366</i>
Segment liabilities	962,838,556	579,980,207	1,542,818,763
	<i>1,224,541,996</i>	<i>184,154,214</i>	<i>1,408,696,210</i>
Unallocated liabilities			216,168,408
			<i>626,338,280</i>
<b>Total liabilities</b>			<b>1,758,987,171</b>
			<i>2,035,034,490</i>
<b>Capital expenditure</b>			
Tangible Fixed Assets			8,077,551
			<i>407,630</i>
Intangible Assets			261,470,050
			<i>200,601,298</i>

Note: Figures in italics represent previous year

### 36.2 Geographical Segment

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

Amount in ₹

	America	Europe	Others	Total
Revenue from operation				
Animation	735,530,373	618,663,932	371,649,147	1,725,843,452
	<i>380,984,841</i>	<i>690,663,747</i>	<i>566,632,339</i>	<i>1,638,280,927</i>
Distribution	9,601,689	56,345,909	23,859,914	89,807,512
	<i>66,989,598</i>	<i>299,901</i>	<i>92,527,513</i>	<i>159,817,012</i>
Total Revenue	745,132,062	675,009,841	395,509,061	1,815,650,963
	<i>447,974,439</i>	<i>690,963,648</i>	<i>659,159,852</i>	<i>1,798,097,939</i>
Total Assets	869,731,734	3,683,580,674	1,688,110,019	6,241,422,427
	<i>1,543,588,383</i>	<i>2,613,797,237</i>	<i>2,114,904,746</i>	<i>6,272,290,366</i>
<b>Capital expenditure</b>				
Tangible Fixed Assets				8,077,551
				<i>407,630</i>
Intangible Assets				261,470,050
				<i>200,601,298</i>

Note: Figures in italics represent previous year



### 37. Commitments

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	243,194,412	573,369,856

### 38. Amount Spent on Corporate Social Responsibility

(a) Gross amount required to be spent by the company during financial year 2014-15. 6,809,232

(b) Amount spent during the financial year 2014-15 :- Nil

The company has not spent 2% of the average net profit of the last three financial years towards its CSR expenditure for the year. The Company has formulated the CSR policy and constituted the CSR committee. The company has also identified the activities proposed to be undertaken. The company expects to spend the amount on its CSR activities during the FY 2015-16

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

Vide our report of date attached

For and on behalf of the Board

#### For MZSK & Associates

Chartered Accountants  
FRN 105047 W

**Tapaas Chakravarti**  
(CMD & CEO)

**V. Santhanaraman**  
(Director)

#### Ananthkrishnan G

Partner  
(M.No 205226)

**Sindhu Maladath Sisupalan**  
(Company Secretary)

**Sanjay Choudhary**  
(Chief Financial officer)

Place: Hyderabad

Date: 27-05-2015

## Schedules forming part of the Balance Sheet

### 12. Fixed Assets.

Amount in ₹

Particulars	Gross Block			Depreciation/Amortisation				Net Block		
	As at 1 April 2014	Additions	Deletions/ write off	As at 31 March 2015	As at 1 April 2014	For the year	Deletions/ write off	Adjustment*	As at 31 March 2015	As at 31 March 2014
<b>A. Tangible Assets</b>										
Leasehold land	14,350,000	-	-	14,350,000	2,384,876	434,805	-	-	11,530,319	11,965,124
Leasehold improvements	17,190,000	-	-	17,190,000	11,185,162	2,350,619	-	73,842	3,580,377	6,004,838
Plant & Machinery	785,096,231	598,550	64,197,312	721,497,469	676,181,447	33,785,851	64,145,014	24,721,835	50,953,350	108,914,784
Office equipments	11,618,350	471,179	64,000	12,025,529	4,929,959	1,597,446	64,000	1,149,753	4,412,371	6,688,391
Furniture, Fixtures & Interiors	28,715,751	-	308,000	28,407,751	17,688,522	2,500,272	308,000	-	8,526,957	11,027,229
Vehicles	16,450,951	7,007,822	8,608,940	14,849,833	14,049,049	1,251,308	8,005,566	-	7,555,042	2,401,902
<b>Total</b>	<b>873,421,283</b>	<b>8,077,551</b>	<b>73,178,252</b>	<b>808,320,582</b>	<b>726,419,015</b>	<b>41,920,301</b>	<b>72,522,580</b>	<b>25,945,430</b>	<b>86,558,416</b>	<b>147,002,268</b>
<b>B. Intangible Assets</b>										
Distribution rights*	1,828,043,607	246,920,554	76,093,389	1,998,870,772	883,457,442	316,975,689	76,093,390	-	874,531,031	944,586,165
Computer software	364,868,701	14,549,496	106,204,678	273,213,519	329,296,219	7,738,652	106,204,666	18,844,706	23,538,608	35,572,482
<b>Total</b>	<b>2,192,912,308</b>	<b>261,470,050</b>	<b>182,298,067</b>	<b>2,272,084,291</b>	<b>1,212,753,661</b>	<b>324,714,341</b>	<b>182,298,056</b>	<b>18,844,706</b>	<b>898,069,639</b>	<b>980,158,647</b>
<b>Grand Total</b>	<b>3,066,333,591</b>	<b>269,547,601</b>	<b>255,476,319</b>	<b>3,080,404,873</b>	<b>1,939,172,676</b>	<b>366,634,642</b>	<b>254,820,636</b>	<b>44,790,136</b>	<b>984,628,055</b>	<b>1,127,160,915</b>
<i>Previous year figures</i>	<i>3,272,543,635</i>	<i>136,383,459</i>	<i>342,593,503</i>	<i>3,066,333,591</i>	<i>1,767,390,096</i>	<i>509,143,927</i>	<i>337,361,347</i>	<i>337,361,347</i>	<i>1,127,160,915</i>	<i>-</i>

### Adjustment\*

Effective from April 1, 2014 the company has revised the useful life of the fixed asset based on the schedule II to the companies act 2013, for the purposes of providing depreciation on fixed asset. Accordingly the carrying amount of the assets as on April 1 2014 has been depreciated over remaining revised useful life of the fixed assets. Further an amount of Rs. 44.79 mn (Net of Deferred taxes Rs 30.25 mn) representing the carrying amount of the asset with revised useful life as NIL has been charged to the opening balance of retained earnings as on April 1, 2014.

## Distribution Rights\*

Distribution rights represent the costs incurred in acquiring distribution rights. The Company started acquiring these rights from the year 2003-04 and till date 40 series (31.03.2014: 38) of Animation rights have been acquired for different territories across the globe. The Company has performed testing for impairment of distribution rights which resulted in an impairment loss of Rs. 117,797,871 (31.03.2014: Rs.176,587,978) on account of recoverable amount of distribution rights being less than its carrying amount. The accumulated Impairment Loss as at 31.03.2015 on distribution rights amounted to Rs. 523,749,208 (31.03.2014: Rs.405,951,337).

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

### 12.1

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

(b) The company has borrowed specific borrowings (term loans) for development of distribution rights in respect of 1 project (2014: 1 project). The projects were considered to be qualifying assets, as these would take substantial period of time to get ready for their intended use. Interest cost on specific borrowings directly attributable to the those projects has been capitalised as mentioned below

Particulars	Amount in ₹	
	31.03.2015	31.03.2014
Total Interest cost incurred during the year	85,949,463	108,741,780
Less: Amount capitalized as borrowing cost as per AS 16	2,469,574	10,462,399
Net Interest cost transferred to Profit and Loss Account	83,479,889	98,279,381

(Refer note no.24)

# INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

## TO THE MEMBERS OF DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of DQ Entertainment (International) Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and jointly controlled entity comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and jointly controlled entity 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and

fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled entity as at 31st March, 2015, and their consolidated profits and their consolidated cash flows for the year ended on that date.

### OTHER MATTER

(a) We did not audit the financial statements of DQ Entertainment (Ireland) Limited (subsidiary) whose financial statements reflect total assets of Rs.620,39,24,984 as at 31st March, 2015, total revenues of Rs. 60,17,54,575 and net cash flows amounting to Rs.67,04,53,601 for the year ended on that date and DQ Entertainment (International) Films Limited (Joint Venture) whose financial statements reflect total assets of Rs.26,65,68,936 as at 31st March, 2015, total revenues of Rs. Nil and net cash flows amounting to Rs. Nil for the year ended on that date respectively, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports 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 this subsidiary and jointly controlled entity, and our report in terms of sub-sections (3) and of Section 143 of the Act, insofar as it relates to the this subsidiary and jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, is not applicable for the subsidiary and Joint Venture audited by other auditors as the entities are located outside India. For the subsidiary companies incorporated in India the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, is not applicable. Hence we do not give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company and subsidiaries incorporated in India, as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and Indian Subsidiaries, none of the directors of the Holding company and Indian Subsidiaries are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act. In respect of the foreign subsidiary and the foreign joint



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venture the provisions of Section 164(2) of the Act are not applicable.

(f) 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 and jointly controlled entity – Refer Note 27(c) to the consolidated financial statements.

ii. The Group and jointly controlled entity 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 incorporated in India.

**For MZSK & Associates**

Chartered Accountants

Firm Registration No. 105047W

**Ananthkrishnan G**

Partner

Membership No.205226

Place : Hyderabad

Date : 27th May 2015

## Consolidated Balance Sheet as at 31 March, 2015

Amount in ₹

		As at		As at	
	Notes	31 March 2015		31 March 2014	
<b>I. EQUITY AND LIABILITIES</b>					
(1) Shareholders' Funds					
(a) Share Capital	3	792,830,000		792,830,000	
(b) Reserves and Surplus	4	3,680,823,665		4,249,158,358	
			4,473,653,665		5,041,988,358
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	5	3,049,400,671		1,389,552,409	
(b) Deferred Tax Liability (Net)	6			74,852,448	
(c) Other Long Term Liabilities	7	290,109,753		357,258,763	
(d) Long Term Provisions	8	114,335,529		116,138,844	
			3,453,845,953		1,937,802,464
(3) Current Liabilities					
(a) Short Term Borrowings	9	798,807,955		889,309,434	
(b) Trade Payables	10	441,601,069		422,805,126	
(c) Other Current Liabilities:					
(i) Current Maturity of Long Term Borrowings		495,495,851		383,395,337	
(ii) Others	11	360,295,257		384,912,867	
(d) Short Term Provisions	12	256,104,880		206,920,833	
			2,352,305,012		2,287,343,596
	<b>Total</b>		<b>10,279,804,630</b>		<b>9,267,134,419</b>
<b>II. ASSETS</b>					
(I) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets		48,868,993		147,002,266	
(ii) Intangible Assets		1,627,235,448		1,332,346,611	
(iii) Capital Work-in-Progress		1,166,745		1,166,745	
(iv) Intangible Asset under Construction	13.1	3,654,300,877		4,386,535,427	
(b) Deferred Tax Assets (Net)	6	21,645,483			
(c) Long Term Loans & Advances	14	219,488,081		322,967,686	

(d) Other non-current assets	15	68,684,777		91,369,728	
			5,641,390,404		6,281,388,463
(2) Current Assets					
(a) Trade receivables	16	3,419,683,195		2,597,997,956	
(b) Cash and bank balances	17	678,718,412		10,901,077	
(c) Short-term loans and advances	18	273,303,860		56,538,098	
(d) Other Current Assets - Unbilled revenue		266,708,759		320,308,824	
			4,638,414,226		2,985,745,955
<b>Total</b>			<b>10,279,804,630</b>		<b>9,267,134,419</b>
Significant accounting policies	1				
Notes to accounts	2 - 39				

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

**For MZSK & Associates**

Chartered Accountants  
FRN 105047 W

**Tapaas Chakravarti**  
(CMD & CEO)

**V. Santhanaraman**  
(Director)

**Ananthkrishnan G**

Partner  
(M.No 205226)

**Sindhu Maladath Sisupalan**  
(Company Secretary)

**Sanjay Choudhary**  
(Chief Financial officer)

Place: Hyderabad

Date: 27-05-2015

## Consolidated Statement of Profit and Loss for the year ended 31 March, 2015

Amount in ₹

For the year ended			
	Notes	31 March 2015	31 March 2014
<b>Income:</b>			
Revenue From Operations	19	1,947,979,757	2,396,794,746
Other Income	20	12,694,191	14,072,763
<b>Total Revenue</b>		<b>1,960,673,949</b>	<b>2,410,867,509</b>
<b>Expenses:</b>			
Production Expenses	21	216,289,105	192,282,853
Personnel Cost	22	637,109,846	719,560,138
Administrative and Other Expenses	23	574,637,128	247,135,265
Finance Cost	24	427,262,389	251,649,337
Depreciation and Amortisation Expenses	12	432,243,283	552,599,892
Expenditure Transferred to Capital Account		(195,788,942)	(351,537)
		<b>2,091,752,808</b>	<b>1,962,875,947</b>
<b>Profit Before Tax</b>		<b>(131,078,859)</b>	<b>447,991,562</b>
Tax Expense:			
Current Tax		(104,783,841)	(117,058,366)
Earlier Year Taxes		15,652,905	(38,937,678)
Less: MAT Credit Entitlement		17,025,482	102,260,835
Less: MAT Credit Entitlement Earlier Year		(90,447,315)	(30,929,100)
Deferred tax		96,497,931	64,379,006
<b>Profit After Tax</b>		<b>(197,133,697)</b>	<b>427,706,259</b>
Earnings Per Equity Share (Refer Note 35)			
Basic -		(2.49)	5.39
Diluted -		(2.49)	5.39
Significant accounting policies	I		
Notes to accounts	2 - 39		

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

### For MZSK & Associates

Chartered Accountants  
FRN 105047 W

**Tapaas Chakravarti**  
(CMD & CEO)

**V. Santhanaraman**  
(Director)

### Ananthkrishnan G

Partner  
(M.No 205226)

**Sindhu Maladath Sisupalan**  
(Company Secretary)

**Sanjay Choudhary**  
(Chief Financial officer)

Place: Hyderabad

Date: 27-05-2015

## Consolidated Cash Flow Statement for the year ended 31 March 2015

Amount in ₹

		31 March 2015		31 March 2014	
<b>A</b>	<b>Cash flow from Operating Activities</b>				
	Profit Before Tax		(131,078,860)		447,991,562
	<i>Adjustments for</i>				
	Depreciation and amortisation	432,243,283		552,599,892	
	Depreciation transferred to capital account	-		(17,743)	
	Interest income	(6,162,716)		(8,968,769)	
	Liabilities no longer required written back	(3,247,404)		(1,125,147)	
	Provision for bad and doubtful debts and other non cash items			231,047,821	
	Interest expenses	409,169,468		200,829,616	
	(Profit) / Loss on sale of fixed assets	(3,250,776)		(3,938,219)	
	Unrealised gain due to exchange differences	327,293,124		(170,389,038)	
			1,156,044,979		800,038,413
	Operating profit before working capital changes		1,024,966,119		1,248,029,975
	<i>Adjustments for changes in</i>				
	Trade and other receivables	(897,215,471)		(799,240,447)	
	Trade payables, other liabilities and provisions	262,169,135		227,585,226	
		(635,046,335)		(571,655,221)	
	Income tax paid	(17,022,282)		(34,182,535)	
			(652,068,617)		(605,837,756)
	<b>Net Cash from Operating activities</b>		<b>372,897,502</b>		<b>642,192,219</b>
<b>B</b>	<b>Cash flow from Investing Activities</b>				
	Purchase of fixed assets - Tangibles	(8,077,551)		(407,630)	
	Purchase of fixed assets - Intangible	(1,293,851,935)		(1,071,519,182)	
	Proceeds from Sale of fixed assets	3,906,459		9,170,372	
	Investment in Joint Venture company	-		234,060,179	
	Investment in deposits				
	Investment in Subsidiary	-		-	
	Proceeds/(Investments) in maturity of long term deposits	22,684,951		8,936,792	
	Interest received on deposits with banks and other deposits etc.,	6,107,542		7,204,939	
	<b>Net Cash used in Investing activities</b>		<b>(1,269,230,535)</b>		<b>(812,554,530)</b>



<b>C</b>	<b>Cash flow from Financing Activities</b>			
	Interest and financing charges paid	(232,443,629)		(194,505,478)
	Repayment of Group Company loan	-		(20,142,208)
	Proceeds from borrowings from Banks /Bonds	2,295,568,481		510,778,999
	Repayment of Group Company loan			
	Repayment of term loans	(508,162,030)		(306,534,249)
	Proceeds on account of working capital Loans (Net)	(35,744,646)		162,898,771
	<b>Net Cash from Financing activities</b>		<b>1,519,218,176</b>	<b>152,495,835</b>
	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>622,885,143</b>	<b>(17,866,476)</b>
	<b>Cash and cash equivalents as at the beginning of the year</b>		<b>10,901,077</b>	<b>24,465,781</b>
	Net foreign exchange difference		44,932,192	4,301,772
	<b>Cash and cash equivalents as at the end of the year</b>		<b>678,718,412</b>	<b>10,901,077</b>

(refer note 17)

The notes are an integral part of the financial statements

Vide our report of date attached

For and on behalf of the Board

**For MZSK & Associates**

Chartered Accountants  
FRN 105047 W

**Tapaas Chakravarti**  
(CMD & CEO)

**V. Santhanaraman**  
(Director)

**Ananthkrishnan G**

Partner  
(M.No 205226)

**Sindhu Maladath Sisupalan**  
(Company Secretary)

**Sanjay Choudhary**  
(Chief Financial officer)

Place: Hyderabad

Date: 27-05-2015

## Accounting Policies and Notes on Accounts

### I. Significant Accounting Policies

#### a) Basis for Preparation of Consolidated Financial Statements:

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

#### b) Use of Estimates:

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

#### c) Fixed Assets:

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

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

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

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

#### d) Depreciation and Amortization:

Depreciation on fixed assets other than leasehold improvements is provided on straight-line method at rates which are as follows:

Hardware & Software (CGI*)	30.00%
Hardware & Software (Others)	16.21%
Generators	16.21%
Office Equipment	10.00%
Furniture & Fixtures	10.00%
Vehicles	25.00%

\*Computer Generated Imagery

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

Leasehold improvements are amortized over the primary period of lease.

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



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

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

**(e) Investment:**

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

**(f) Revenue Recognition:**

**(i) Production Revenue :**

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

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

**(ii) Distribution Revenue:**

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

**Royalties**

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

**(iii) Training Revenue:**

Training Revenue is recognized over the period of instruction. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iv) Dividends and Interest income:**

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

## **(g) Foreign Currency Transactions:**

### **(i) Initial Recognition**

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

### **(ii) Conversion**

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

### **(iii) Exchange Differences**

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

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

### **(iv) Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

### **(v) Translation of Non-integral foreign operation –**

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

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

## **(h) Employee benefits**

### **(i) Post-employment benefit plans**

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

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

### **(ii) Short-term employee benefits**

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

### **(iii) Long-term employee benefits**

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

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**(i) Taxation**

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

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

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

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

**(j) Provision for retakes**

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

**(k) Leases**

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

**(l) Earnings Per Share**

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

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

**(m) Provisions, Contingent Liabilities and Contingent Assets**

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

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**(n) Impairment**

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

**(o) Borrowing Costs**

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



## Notes an Accounts for the year ended 31 March 2015

### 2. Company overview:

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

### 3. Share Capital:

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
<b>Authorised</b>	800,000,000	800,000,000
80,000,000 Equity shares of Rs.10/- each (31.03.2014: 80,000,000 shares of Rs.10/- each)		
	800,000,000	800,000,000
<b>Issued, Subscribed and Paid up</b>		
79,283,000 Equity shares of Rs.10/- each fully paid up (31.03.2014: 79,283,000 Equity shares of Rs.10/- each fully paid up)	792,830,000	792,830,000
	792,830,000	792,830,000

#### 3.1 Reconciliation of the number of shares

Particulars	As at	
	31 March 2015	31 March 2014
Opening balance	79,283,000	79,283,000
<b>Closing balance</b>	<b>79,283,000</b>	<b>79,283,000</b>

#### 3.2 Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each share holder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subjected to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

#### 3.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the company:

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

#### 3.4 Details of shares held by holding company and ultimate holding company:

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

### 3.5 Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2015):

Particulars	Year (Aggregate No. of Shares)				
	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Bonus shares *	Nil	Nil	Nil	Nil	Nil

### 4. Reserves and Surplus

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Capital redemption Reserve	1,763,860	1,763,860
Securities premium Account	1,946,676,702	1,946,676,687
General reserve	5,487,393	5,487,393
Profit and loss Account		
Balance brought forward	1,928,539,712	1,500,833,453
Less: Additional Depreciation adjusted as per Companies Act 2013	(32,417,828)	1,698,988,187
Add: Profit for the year	(197,133,697)	427,706,259
Closing balance	1,698,988,187	1,928,539,712
Other Reserves		
Foreign currency translation reserve	27,107,524	365,890,706
Capital subsidy *	800,000	800,000
	<b>3,680,823,665</b>	<b>4,249,158,358</b>

\* Erstwhile DQ Entertainment Limited was sanctioned a Capital subsidy of Rs. 800,000 (31.03.2014: Rs.800,000) under clause 7(f) of ICT Incentive policy of the Government of Andhra Pradesh

### 5. Long Term Borrowings

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Term loans - Secured		
From Banks	553,249,744	966,587,452
13 % Convertible Bonds	2,230,923,363	-
From DQ Entertainment Plc. - Un secured	265,227,564	422,964,957
	<b>3,049,400,671</b>	<b>1,389,552,409</b>

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

Nature of Security	Terms of Repayment
The term loans from bank for Rs. Nil (31.03.2014: Rs. 21,093,749) are secured by First pari passu charge on fixed assets of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	4 Qtrly Installments from Jan 2015. BR Plus 5.75%+.50% P.A payable monthly
The term loans from bank for Rs. 188,160,590 (31.03.2014: Rs. 275,684,632) are secured by First pari passu charge on fixed assets of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	14 Qtrly Installments from Mar 2015. BR Plus 5.75%+.50% P.A payable monthly
The term loans from bank for Rs. 18,133,335 (31.03.2014: Rs. 25,386,677) are secured by First pari passu charge on fixed assets of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	15 Qtrly Installments from Jan 2015. BR Plus 5.75%+.50% P.A payable monthly
The term loans from bank for Rs. Nil (31.03.2014: Rs. 261,444,788) is Secured by first charge on the entire fixed assets pari-passu with existing lenders. Personal Guarantee of Mr. Tapaas Chakravarthi	11 Quarterly Installments of \$ 0.375 MN for term loan from June'15 and 12 Quarterly Installments of \$ 0.045 MN for FITL loan from June'15 6M Libor+500 bps payable Qtrly
The term loans from bank for Rs. 2,631,607 (31.03.2014: Rs. 57,328) is secured by hypothecation of vehicles.	Repayable over a period of 3 years from the date of disbursements. Interest rate on these loans ranging from 6.99% to 11% p.a.
The term loan from Axis bank for Rs. 344,324,212 (31.03.2014: Rs. 183,319,182) secured by 1) Counter Guarantee of the company, 2) First Pari Passu Charge on Entire Fixed Assets of the company both present & Future except Vehicles, 3) Second pari Passu charge on Current Assets of the company both Present & Future 4) Pari Pasu first charge on the F.D of Rs 1.50 Crore with our bank along with other banks/Financial Institutions.5) This security is in lieu of a charge of on a lease hold property (Valued at Rs 1.50 Crores) of the company. 6) Personal Guarantee of Mr.Tapaas Chakravarti.	Bullet maturity-Renewable every year for a period of Five Years. 3% + 6 months Libor.
The term loans from bank for Rs. Nil (31.03.2014: Rs. 199,601,096) is secured SBLC issued by a bank, which is in turn secured by first pari passu charge on fixed assets of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	6 monthly installments after 30 Months from First Draw down Date, 2.8% Plus 3M USD LIBOR Rate
During the year the group has raised funds by issue of bonds. The Bond holders have invested the funds at DQ Mauritius HO Level with a back to back issue of Bonds by DQ Ireland in favour of DQ Mauritius limited. The Bonds are secured by an assignments of all Registered IP's of DQ Ireland amounting to, a first fixed charge over all its present and future rights, titles and interests, including all Registered Intellectual Property acquired by it in the future. The unregistered IP's have been assigned as continuing security over all its present and future rights, titles and interests in and over all unregistered Intellectual Properties. Under this assignment agreement, the bondholders have granted DQ Entertainment (Ireland) Limited an exclusive, royalty-free licence to use all Intellectual Property assigned by it.	Half yearly interest and PIK @ 6.5% payable respectively and redemption at the end of 5th Anniversary.

## 6. Deferred Tax

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

Amount in ₹

Timing Differences	(Liability) / Asset at 31 March 2014 (Rs.)	Current year (Charge) / Credit (Rs.)	(Liability) / Asset at 31 March 2015 (Rs.)
Depreciation	(121,310,635)	72,174,800	(49,135,835)
Gratuity	29,150,326	7,069,575	36,219,901
Leave encashment	13,439,215	(1,233,953)	12,205,262
Sick leaves	583,317	133,413	716,730
Provision for doubtful debts	2,727,495	18,911,930	21,639,425
IPO expenses u/s 35 D	557,834	(557,834)	-
<b>Deferred Tax( Liability)/ Assets - Net</b>	<b>(74,852,448)</b>	<b>96,497,931</b>	<b>21,645,483</b>

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

## 7. Other Long Term Liabilities

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Minimum Guarantee Payable & Others	290,109,753	357,258,763
	<b>290,109,753</b>	<b>357,258,763</b>

## 8. Long Term Provisions

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Provision for employee benefits (Refer Note 34)	114,335,529	116,138,844
	<b>114,335,529</b>	<b>116,138,844</b>

## 9. Short Term Borrowings

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Secured Working capital loans repayable on demand from banks	745,204,119	871,809,434
Un-Secured Loans and advances from related parties	53,603,836	17,500,000
	<b>798,807,955</b>	<b>889,309,434</b>

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

The working capital loans from bank for Rs. 38,577,428 (31.03.2014: Rs. 50,510,382) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with base rate plus 3.50% p.a. Payable monthly
The working capital loans from bank for Rs. 98,809,131 (31.03.2014: Rs. 100,997,714) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with base Rate plus 5.75% p.a. payable monthly
The working capital loans from bank for Rs. 348,142,990 (31.03.2014: Rs. 405,869,935) is secured by first charge on all current assets and second charge on all fixed Assets (excluding vehicles) both present and future of DQ India on pari-passu basis and guarantee of a director	Repayable on demand with SBAR plus 4.00%
The working capital loans for Rs. 259,674,570 (31.03.2014: Rs. 314,431,403) is secured by SBLC issued by a bank which is in turn secured by first pari passu charge on fixed asstes of DQ India both present and future (excluding vehicles), Second pari-passu charge on the current assets of DQ India and guarantee of a director	6 Equal Monthly Instalments from Oct'14 and 2.5% plus 6 Months Euro Libor

## 10. Trade Payables

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Due to others		
Sundry creditors		
for services	420,564,750	405,135,204
for others	21,036,319	17,669,922
	<b>441,601,069</b>	<b>422,805,126</b>

## 11. Other Current Liabilities - Others

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Others:	-	592,100
Interest accrued but not due	380,961	42,693,902
Interest accrued and due to banks		
Other Payables:	71,487,495	66,400,063
Statutory dues payable	214,718,595	117,907,071
Income received in advance	7,600,674	10,955,815
Advance from customers	59,477,357	80,263,556
Employee benefits payable	6,630,175	66,100,360
Services		
	<b>360,295,257</b>	<b>384,912,867</b>

### 13. Short Term Provisions

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Provision for employee benefits (Refer Note: 34)	30,241,974	10,913,280
Others:		
Taxation (Net of Advance Tax of Rs. 17,022,282 ( 31.03.2014 : 130,258,224))	212,502,009	182,981,174
Retakes (Refer Note 1(k))		
Opening balance	13,026,379	21,275,131
Add: Additional provision for the year	13,749,416	17,667,849
Less: Utilised during the year (including reversals)	(13,530,641)	(25,916,601)
Closing balance	13,360,897	13,026,379
	<b>256,104,880</b>	<b>206,920,833</b>

### 14. Long Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
(Unsecured, Considered Good)		
Capital advances	-	800,000
Security deposits	11,019,265	11,156,846
Other advances:		
Prepaid expenses	40,751,285	32,442,991
Claims receivable	21,545,794	22,970,878
MAT credit entitlement	146,171,737	255,596,971
	<b>219,488,081</b>	<b>322,967,686</b>

### 15. Other Non-current assets

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
Long term deposits with banks with maturity period more than 12 months (Under lien to banks)	68,684,777	91,369,728
	<b>68,684,777</b>	<b>91,369,728</b>



## 16. Trade Receivable

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
(Unsecured)		
A) Debts outstanding for a period exceeding six months		
Considered good	3,103,950,837	1,617,215,659
Considered doubtful	63,664,091	76,941,993
B) Other debts	-	-
Considered good	315,732,358	980,782,297
Considered doubtful	-	-
	3,483,347,286	2,674,939,949
Less: Provision for bad and doubtful debts	(63,664,091)	(76,941,993)
	<b>3,419,683,195</b>	<b>2,597,997,956</b>

## 17. Cash and Bank Balances

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
a) Cash and Cash Equivalents:		
Balances with Banks		
Current Accounts	678,689,465	10,774,960
Cash on hand	28,947	126,117
Funds in Transit	-	-
	<b>678,718,412</b>	<b>10,901,077</b>

## 18. Short Term Loans and Advances

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
(Unsecured considered good)		
Others:		
Interest accrued on deposits	97,697	42,523
Other advances	269,368,032	46,065,928
Prepaid expenses	3,838,131	10,429,647
	<b>273,303,860</b>	<b>56,538,098</b>

## 19. Revenue from Operations

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Production : Export	1,408,254,116	1,862,087,867
: Domestic	15,153,418	11,330,912
Distribution income	524,572,223	523,375,967
	<b>1,947,979,757</b>	<b>2,396,794,746</b>

## 20. Other Income

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Interest Income and others (including TDS of Rs. 624,102 (31.03.2014 : Rs.896,989))	6,162,716	8,968,769
Profit on sale of fixed assets	3,250,776	3,938,219
Liabilities no longer required written back	3,277,207	1,125,147
Miscellaneous income	3,492	40,628
	<b>12,694,191</b>	<b>14,072,763</b>

## 21. Production Expenses

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Production expenses - Direct	188,643,193	160,218,183
Power and fuel	27,645,912	32,064,670
	<b>216,289,105</b>	<b>192,282,853</b>

## 22. Personnel Costs

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Salaries and wages	550,080,862	668,993,202
Contribution to provident fund	35,822,391	44,792,389
Staff welfare expenses	5,585,084	7,251,475
Gratuity*	37,840,474	1,960,240
Compensated absences*	7,781,035	(3,437,168)
	<b>637,109,846</b>	<b>719,560,138</b>

\* Refer Note 34

## 23. Administrative and Other Expenses

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Communication expenses	4,955,630	6,741,513
Printing and stationery	3,088,869	1,662,008
Professional and consultancy charges	79,592,429	92,464,224
Repairs and Maintenance :		
Building	7,157,668	6,363,804
Plant and Machinery	8,990,534	5,303,061
Others	3,857,756	2,236,932
Insurance	1,104,727	3,151,430
Business promotion	5,703,602	6,257,916
Rates and taxes	3,568,362	2,558,330
Rent	32,366,082	35,875,714
Auditors remuneration	5,333,871	7,207,671
Directors remuneration	13,709,592	13,718,863
Selling and distribution expenses	31,295,383	39,351,168
Travelling and conveyance expenses	11,041,772	18,273,865
Provision for bad and doubtful debts (net)		230,818,510
Foreign Exchange Fluctuation Loss/( Profit) (net)	351,420,416	(234,621,251)
Miscellaneous expenses	11,450,436	9,771,509
	<b>574,637,128</b>	<b>247,135,265</b>

## 24. Finance Costs

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Interest on borrowings		
Terms loans	231,785,222	122,097,441
Working capital loan	106,649,957	78,732,175
Loss on Forward Contract	-	13,731,125
Loss on foreign currency transactions	-	(1,471,863)
Bank charges	25,428,803	9,579,060
Interest on Others	63,398,406	28,981,399
	<b>427,262,389</b>	<b>251,649,337</b>

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

## 26. Disclosure required by clause 32 of the Listing Agreements

Amount in ₹

Amount of loans & advances outstanding from subsidiaries as at 31 March 2015	Outstanding as at 31 March 2015	Maximum amount outstanding during the year	Outstanding as at 31 March 2014	Maximum amount outstanding during the year
Wholly Owned Subsidiary company - DQ Entertainment (Ireland) Limited	-	253,398,750	246,718,313	301,725,000

## 27

Amount in ₹

Particulars	31 March 2015	31 March 2014
<b>Contingent Liabilities (to the extent not provided for)</b>		
a) Bonds executed in favour of customs and excise authorities	2,770,049	2,770,049
b) Letters of Credit (includes guarantee on behalf of DQ Entertainment Ireland Rs. 1,038,704,364 (31.03.2014: 1,060,397,701))	1,038,704,364	1,224,909,501
c) Demand Disputed on appeal		
1. Income Tax	33,549,372	20,153,401
2. Service Tax	44,709,336	44,709,336
The company has fair chances of succeeding in the appeals and therefore doesnot expect any liability to materialise		

Amount in ₹

## 28

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Earnings in Foreign Currency - Accrual basis</b>		
Income from production	1,659,937,839	1,798,923,950
Other income	25,699,250	25,699,250
Distribution Income	87,500,989	157,560,923

## 29

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Expenditure in Foreign currency - Accrual basis</b>		
(Subject to deduction of tax where applicable)		
Overseas business travel	7,163,715	6,557,339
Production Expenses	525,142	2,426,880
Consultancy and other expenses	2,003,344	1,830,971
Financial Charges	9,959,515	15,445,987
<b>TOTAL</b>	<b>19,651,717</b>	<b>26,261,177</b>

## 30

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Payment to auditors as:</b>		
Audit fees	2,250,000	2,250,000
Tax audit	150,000	150,000
Others	50,000	50,000
	<b>2,450,000</b>	<b>2,450,000</b>

## 31

Particulars	For the year ended	
	31 March 2015	31 March 2014
<b>Directors remuneration</b>		
Salaries and allowances	4,032,000	4,032,000
Other perquisite	1,008,000	1,008,000
Commission	7,791,165	7,791,165
	<b>12,831,165</b>	<b>12,831,165</b>
<b>Remuneration to Non - Whole-time Director</b>		
Sitting fees	340,000	330,000
Professional fees	120,000	120,000
<b>Total remuneration</b>	<b>13,291,165</b>	<b>13,281,165</b>

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

### 32.1 Related parties and their relationships

#### i) Holding and Subsidiary Companies

- DQ Entertainment (Mauritius) Limited - Holding company
- DQ Entertainment Plc - Parent of holding company
- DQ Entertainment (Ireland) Limited - Subsidiary company
- DQ Powerkidz Private Limited - Subsidiary company
- DQ Entertainment (International) Films Limited - Joint Venture company by DQE India and DQE Plc.
- DQE ITES Park Private Limited - Subsidiary company

#### ii) Key management personnel

Mr. Tapaas Chakravarti - Managing Director & Chief Executive Officer  
 Mr. Sanjay Choudhary - Chief Financial Officer  
 Ms. Sindhu Maladath Sisupalan - Company Secretary

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

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

#### iv) Associate of the Ultimate Holding Company

Method Animation SAS

#### v) Firm in which a Director is a partner

R & A Associates

#### vi) Relative of a director

Mr. Hatim Adenwala - Senior Vice president Human Resources

Amount in ₹

### 32.2 Transactions with above in the ordinary course of business

Particulars	31 March 2015	31 March 2014
<b>i) Subsidiary Company</b>		
Production consultancy provided to DQ Entertainment (Ireland) Limited	406,586,015	538,700,538
Professional consultancy & Others to DQ Entertainment (Ireland) Limited	13,206,856	25,699,250
<b>ii) Key management personnel</b>		
Loan from Managing Director & Chief Executive Officer	53,603,836	17,500,000
Remuneration	12,831,165	12,831,165
<b>iii) Relative of key management personnel and Director</b>		
Remuneration	8,442,000	8,292,000
<b>iv) Associate of the Ultimate Holding Company</b>		
Revenue from Animation	95,621,401	59,437,596
Revenue from Distribution	37,508,203	-
<b>v) Professional fee to a director</b>	<b>120,000</b>	<b>120,000</b>
Professional fee to a Firm in which a Director is a partner	4,200,000	2,880,000



### 32.3 Balances outstanding

Amount in ₹

Particulars	As at	
	31 March 2015	31 March 2014
<b>i) Ultimate Holding Company</b>		
Amount receivable at year end - DQ Entertainment Plc	1,535,750	1,495,250
<b>ii) Subsidiary Company</b>		
Amount receivable at year end - DQ Entertainment (Ireland) Limited	690,639,130	854,301,143
Loan to Subsidiary - DQ Entertainment (Ireland) Limited	-	246,718,313
<b>iii) Key management personnel</b>		
Amount payable to Managing Director & Chief Executive Officer	53,603,836	17,500,000
<b>iv) Associate of the Ultimate Holding Company</b>		
Amounts receivable	140,478,377	180,282,646

### 33 Leases

The Company's leasing arrangement is in respect of operating lease for premises. The Company has exclusive right to cancel the lease with prior notice. The aggregate lease rents payable are charged as rent in the Profit and Loss Account. The aggregate amount of Lease rentals charged to Profit and Loss account is Rs. 27,157,544 (31.03.2014: Rs.29,710,099).

### 34. Employee benefits as required under Accounting Standard 15:

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

Amount in ₹

Particulars	Year ending 31 March 2015		Year ending 31 March 2014	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Present Value of DBO at the beginning of the year	34,726,399	90,150,976	41,504,340	95,783,458
Current Service Cost	(4,785,037)	10,589,647	(6,757,726)	12,455,280
Interest Cost	3,160,102	8,203,740	3,403,356	7,854,244
Actuarial Losses /(Gains)	3,438,941	(1,704,958)	(82,798)	(18,349,284)
Benefits paid	(6,599,043)	(21,430,994)	(3,340,773)	(7,592,722)
<b>Present Value of DBO at the end of the year</b>	<b>29,941,362</b>	<b>85,808,411</b>	<b>34,726,399</b>	<b>90,150,976</b>
<b>Expense Recognized in the statements of Profit &amp; Loss account for the year ended</b>				
Current Service Cost	(4,785,037)	10,589,647	(6,757,726)	12,455,280
Interest Cost	3,160,102	8,203,740	3,403,356	7,854,244
(Gain) / Actuarial Losses	3,438,941	(1,704,958)	(82,798)	(18,349,284)

<b>Expense recognized in the Statement of Profit and loss account</b>	<b>1,814,006</b>	<b>17,088,429</b>	<b>(3,437,168)</b>	<b>1,960,240</b>
<b>Actual Contribution and Benefit Payments</b>				
Actual Benefit Payments	6,599,043	21,430,994	3,340,773	7,592,722
Actual Contributions	-	-	-	-
Assumptions				
Discount Rate %	7.80%	7.80%	9.10%	Amount in ₹
Salary Escalation %	4.00%	4.00%	4.00%	4.00%

### 35

Particulars	31 March 2015	31 March 2014
<b>Earnings Per Share (EPS)</b>		
a) Net Profit available for Equity Shareholders	(197,133,697)	427,706,259
b) Nominal Value Per Share	10	10
c) Basic Earning Per Share	(2.49)	5.39
d) Diluted Earning Per Share	(2.49)	5.39
	No's	No's
e) Weighted Average number of Equity Shares for Basic EPS	79,283,000	79,283,000
f) Weighted Average number of Equity Shares for Diluted EPS	79,283,000	79,283,000

### 36 Segmental Reporting as per Accounting standard 17:

#### 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 2015 is as follows:

	<b>Animation</b>	<b>Distribution</b>	<b>Total</b>
Revenue from operation	1,423,407,534	524,572,223	1,947,979,757
	<i>1,873,418,779</i>	<i>523,375,967</i>	<i>2,396,794,746</i>
<b>Total Revenue</b>	<b>1,423,407,534</b>	<b>524,572,223</b>	<b>1,947,979,757</b>
	<i>1,873,418,779</i>	<i>523,375,967</i>	<i>2,396,794,746</i>
Depreciation and Amortisation	-	382,584,329	382,584,329
		<i>366,311,073</i>	<i>366,311,073</i>
Segment result	702,704,285	136,689,654	839,393,939
	<i>1,111,097,345</i>	<i>153,201,855</i>	<i>1,264,299,200</i>
Unallocated expenses			(543,210,409)
			<i>(564,658,301)</i>
Operating Profit			296,183,530
			<i>699,640,899</i>
Net financing costs			(427,262,389)
			<i>(251,649,337)</i>
Income Tax expense			(66,054,838)
			<i>(20,285,303)</i>
Profit after tax			(197,133,697)
			<i>427,706,259</i>
Segment assets	3,201,451,376	5,798,333,191	8,999,784,567
	<i>2,447,745,407</i>	<i>6,171,872,002</i>	<i>8,619,617,409</i>
Unallocated assets			1,280,020,063
			<i>647,517,010</i>
Total assets			10,279,804,631
			<i>9,267,134,419</i>
Segment liabilities	4,414,458,996	630,751,472	5,045,210,468
	<i>347,069,292</i>	<i>140,009,703</i>	<i>487,078,995</i>
Unallocated liabilities			760,940,498
			<i>3,738,067,066</i>
Total liabilities			5,806,150,965
			<i>4,225,146,061</i>
Capital expenditure			
Tangible Fixed Assets			22,627,047
			<i>46,835,872</i>
Intangible Assets			704,107,611
			<i>369,166,422</i>

Note: Figures in italics represent previous year

### 36.2 Geographical Segment

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

Amount in ₹

	America	Europe	Others	Total
Revenue from operation				
Animation	781,657,599	122,534,124	519,215,811	1,423,407,534
	<i>445,400,046</i>	<i>818,076,570</i>	<i>609,942,162</i>	<i>1,873,418,778</i>
Distribution	212,156,811	158,253,639	154,161,772	524,572,223
	<i>68,357,835</i>	<i>57,949,234</i>	<i>397,068,898</i>	<i>523,375,967</i>
Total Revenue	993,814,411	280,787,763	673,377,583	1,947,979,757
	<i>513,757,881</i>	<i>876,025,804</i>	<i>1,007,011,060</i>	<i>2,396,794,745</i>
Total Assets	1,335,587,102	4,601,555,306	4,342,662,223	10,279,804,631
	<i>790,027,427</i>	<i>4,732,736,998</i>	<i>3,744,369,994</i>	<i>9,267,134,419</i>
Capital expenditure				
Tangible Fixed Assets				22,627,047
				<i>46,835,872</i>
Intangible Assets				704,107,611
				<i>369,166,422</i>

Note: Figures in italics represent previous year

### 37 Commitments

Amount in ₹

Particulars	For the year ended	
	31 March 2015	31 March 2014
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	243,194,412	1,044,091,205

### 38 Amount Spent on Corporate Social Responsibility

(a) Gross amount required to be spent by the company during financial year 2014-15. 7,122,709

(b) Amount spent during the financial year 2014-15 :- Nil

The company has not spent 2% of the average net profit of the last three financial years towards its CSR expenditure for the year. The Company has formulated the CSR policy and constituted the CSR committee. The company has also identified the activities proposed to be undertaken. The company expects to spend the amount on its CSR activities during the FY 2015-16

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

Vide our report of date attached

For and on behalf of the Board

#### For MZSK & Associates

Chartered Accountants  
FRN 105047 W

**Tapaas Chakravarti**  
(CMD & CEO)

**V. Santhanaraman**  
(Director)

#### Ananthkrishnan G

Partner  
(M.No 205226)

**Sindhu Maladath Sisupalan**  
(Company Secretary)

**Sanjay Choudhary**  
(Chief Financial officer)

Place: Hyderabad

Date: 27-05-2015

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

Amount in ₹

Particulars	Gross Block				Depreciation/Amortisation				Net Block		
	As at 1 April 2014	Additions	Deletions/ write off	Translation adjustment	As at 31 Mar 2015	As at 1 April 2014	For the year	Deletions/ write off	Translation /adjust- ment*	As at 31 Mar 2015	As at 31 March 2014
<b>Tangible Assets</b>											
Leasehold land	14,350,000	-	-	-	14,350,000	2,384,876	434,805	-	-	2,819,681	11,965,124
Leasehold improvements	17,190,000	-	-	-	17,190,000	11,185,162	2,350,619	-	73,842	13,609,623	6,004,838
Plant & Machinery	785,096,233	598,550	64,197,312	-	721,497,471	676,181,447	33,785,851	64,145,012	24,721,835	670,544,121	108,914,786
Office equipments	11,618,350	471,179	64,000	-	12,025,529	4,929,959	1,597,446	64,000	1,149,753	7,613,158	6,688,391
Furniture, Fixtures & Interiors	28,715,751	-	308,000	-	28,407,751	17,688,522	2,500,272	308,000	-	19,880,794	11,027,229
Vehicles	16,450,951	7,007,822	8,608,940	-	14,849,833	14,049,049	1,251,308	8,005,566	-	7,294,791	2,401,902
Total	873,421,285	8,077,551	73,178,252	-	808,320,584	726,419,015	41,920,301	72,522,578	25,945,430	721,762,168	147,002,270
<b>Intangible Assets</b>											
Distribution rights*	2,379,031,628	704,107,611	76,093,389	103,667,618	2,903,378,232	1,082,257,499	382,584,330	76,093,390	51,377,635	1,337,370,804	1,296,774,129
Computer software	364,868,701	14,549,496	106,204,678	-	273,213,519	329,296,219	7,738,652	106,204,666	18,844,706	249,674,911	35,572,482
Total	2,743,900,329	718,657,107	182,298,067	103,667,618	3,176,591,751	1,411,553,718	390,322,982	182,298,056	70,222,341	1,587,045,715	1,332,346,611
Grand Total	160,155,414	726,734,658	255,476,319	103,667,618	3,984,912,335	2,137,972,733	432,243,283	254,820,634	96,167,771	2,308,807,883	1,479,348,881
Previous year figures	3,713,492,985	60,155,414	342,593,501	86,266,716	3,617,321,614	1,891,406,578	552,599,892	337,361,346	31,327,613	2,137,972,737	-

### Translation / Adjustment\*

1. Adjustment: Effective from April 1, 2014 the company has revised the useful life of the fixed asset based on the schedule II to the companies act 2013, for the purposes of providing depreciation on fixed asset. Accordingly the carrying amount of the assets as on April 1 2014 has been depreciated over remaining revised useful life of the fixed assets. Further an amount of Rs. 44.79 mn (Net of Deferred taxes Rs 30.25 mn) representing the carrying amount of the asset with revised useful life as NIL has been charged to the opening balance of retained earnings as on April 1, 2014.

2. Translation: Translation is due to exchange differences.



## Distribution Rights\*

Distribution rights represent the costs incurred in acquiring distribution rights. The Company started acquiring these rights from the year 2003-04 and till date 50 series (31.03.2014: 44) of Animation rights have been acquired for different territories across the globe. The Company has performed testing for impairment of distribution rights which resulted in an impairment loss of Rs. 117,797,871 (31.03.2014: Rs.176,587,978) on account of recoverable amount of distribution rights being less than its carrying amount. The accumulated Impairment Loss as at 31.03.2015 on distribution rights amounted to Rs. 566,921,852 (31.03.2014: Rs.449,123,981).

Distribution Rights for 14 series with gross block of Rs.225,230,900 and amortisation/impairment of Rs.225,230,900 have been written off during the year. These are fully amortised/impaired and there will be no impact on P & L account.

### 12.1

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

(b) The company has borrowed specific borrowings (term loans) for development of distribution rights in respect of 1 project (2013: 2 projects). The projects were considered to be qualifying assets, as these would take substantial period of time to get ready for their intended use. Interest cost on specific borrowings directly attributable to the those projects has been capitalised as mentioned below

Amount in ₹

Particulars	31 March 2015	31 March 2014
Total Interest cost incurred during the year	108,741,780	101,383,033
Less: Amount capitalized as borrowing cost as per AS 16	10,462,399	7,608,582
Net Interest cost transferred to Profit and Loss Account	98,279,381	93,774,451

## Statement of Net Assets and Profit or Loss attributable to owners and minority interest

Name of the entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent : DQE India</b>	100.20%	4,482,435,254	-62.26%	122,731,699
<b>Subsidiaries</b>				
<b>Indian</b>				
DQE Powerkidz	0.00%	-	0.03%	(64,581)
DQE ITES	0.00%	-	0.03%	(59,678)
<b>Foreign</b>				
DQ Ireland	0.00%	-	162.03%	(319,413,588)
<b>Minority Interests in all subsidiaries Associates (Investment as per the equity method)</b>				
<b>Indian</b>	Nil	Nil	Nil	Nil
<b>Foreign</b>	Nil	Nil	Nil	Nil
<b>Joint Ventures (as per proportionate consolidation/ investment as per the equity method)</b>				
<b>Indian</b>	Nil	Nil	Nil	Nil
<b>Foreign</b>				
DQ Films	-0.20%	(8,781,589)	0.23%	(451,808)
<b>TOTAL</b>	<b>100%</b>	<b>4,473,653,665</b>	<b>100%</b>	<b>(197,133,697)</b>



# AGM NOTICE

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**NOTICE** is hereby given that the Eighth Annual General Meeting of DQ Entertainment (International) Limited will be held on Wednesday, September 30, 2015, at 02.30 p.m. IST at Hotel 'The Plaza', 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad - 500 016, to transact the following business:

## ORDINARY BUSINESS

### Item no.1 – Adoption of financial statements

To consider and adopt the Audited Financial Statements (including audited consolidated financial statements) of the Company for the financial year ended 31st March, 2015 and the Reports of the Board of Directors and Auditors thereon.

### Item no.2 – Appointment of Director

To appoint a Director in place of Ms. Rashida Adenwala (DIN 00008212), who retires by rotation and, being eligible, seeks re-appointment.

### Item no.3 – Appointment of Auditors

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. MZSK & Associates, Chartered Accountants (Firm Registration No. 105047W), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Ninth AGM of the Company to be held in the year 2016, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors”

## SPECIAL BUSINESS:

### Item no. 4 – Appointment of Mr. B. N. Sirish as Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. B. N. Sirish (DIN - 02023568), who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 13, 2015, in terms of Section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term up to September 29, 2020.”

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**Item no. 5 – Appointment of Mr. Auknoor Goutam as Independent Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Auknoor Goutam (DIN 02652304), who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 13, 2015, in terms of Section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term up to September 29, 2020.”

**Item no. 6 – Alteration of Articles of association of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors  
For **DQ Entertainment (International) Limited**

**Sindhu Maladath Sisupalan**  
Company Secretary

Hyderabad, August 13, 2015

**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](http://www.dqentertainment.com)  
CIN No: L92I13TG2007PLC053585



## IMPORTANT NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of the business under Item Nos. 4 to 6 of the Notice, is annexed hereto.

**2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members** not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th September, 2015 to Wednesday, 30th September, 2015 (both days inclusive).

4. 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.

5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

6. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/reappointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

7. Electronic copy of the Notice of the 8th 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 Participant(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 8th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Slip and Proxy Form is being sent in the permitted mode.

8. Members may also note that the Notice of the 8th Annual General Meeting and the Annual Report for 2015 will also be available on the Company's website [www.dqentertainment.com](http://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](mailto:investors@dqentertainment.com).

## 9. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 8th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Karvy Computershare Private Limited (Karvy).

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.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The instructions for shareholders voting electronically are as under:

- (i) The remote e-voting period will commence from Sunday, September 27, 2015 (9.00 am IST) and shall end on Tuesday, September 29, 2015

(5.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2015, may cast their vote electronically. The e-voting module shall be disabled on September 29, 2015 at 5.00 pm.

(ii) The shareholders should open their web browser during the voting period and navigate to 'https://evoting.karvy.com'.

(iii) Enter the login credentials [i.e., user id and password]. Your Folio No. / DPID Client ID will be your user 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.

(iv) After entering the details appropriately, click on LOGIN.

(v) You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and one's special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) You need to login again with the new credentials.

(vii) On successful login, the system will prompt you to select the EVSN i.e. DQ Entertainment (International) Limited

(viii) On the voting page, enter the number of shares as on the cutoff date i.e., 23rd September, 2015 under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/ AGAINST taken together should not exceed the total shareholding as on the cut-off date. You may also choose the option ABSTAIN and the shares held will not be counted under either head.

(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) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, 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.

(xi) Members holding multiple folios / demat account shall choose the voting process separately for each folio / demat account.

(xii) The voting rights of the members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date i.e.23rd September, 2015.

(xiii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual for members available at the download section of <http://evoting.karvy.com> or contact Karvy at Tel. No. 1800 345 4001 (tollfree).

(xiv) The resolutions shall be deemed to be passed on the date of the annual general meeting, subject to receipt of sufficient votes.

(xv) 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 authorized representative(s), to the Scrutinizer through e-mail on [ramakrishna.fcs@gmail.com](mailto:ramakrishna.fcs@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "CorporateName\_EVSN."

V. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date (23rd September, 2015) only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

VI. Mr. R. Ramakrishna Gupta, Practicing Company Secretary(C.P. No. 6696), 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.



VII. 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 "remote e-voting" or "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.

VIII. 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, not later than three days 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.

IX. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company ([www.dqentertainment.com](http://www.dqentertainment.com)) and on Service Provider's website (<https://evoting.karvy.com>) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 4 and 5**

Mr. Auknoor Goutam and Mr. B.N. Sirish were appointed as Additional Directors on August 13, 2015, in terms of Section 161(1) of the Companies Act, 2013, in the category of 'Non-Executive Independent' and are continuing as 'Independent Directors'. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office upto the date of the next AGM and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors which came into effect from April 1, 2014, the Independent Directors shall be appointed for not more than two terms of five years

each and shall not be liable to retire by rotation. The Nomination and Remuneration Committee and, the Board of Directors have recommended the appointment of Mr. B. N. Sirish and Mr. Auknoor Goutam as Independent Directors of the Company.

Mr. B. N. Sirish and Mr. Auknoor Goutam have given declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act, and being eligible, offer themselves for appointment as Independent Directors for a term as stated in the Resolutions.

In the opinion of the Board, each of these Directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. Notice has been received from the members signifying their intention to propose appointment of these Directors along with a deposit of Rupees One lakh each.

A brief profile of Mr. B. N. Sirish and Mr. Auknoor Goutam, including nature of their expertise and other disclosures as required under Clause 49 of the Listing Agreement, are provided in the Annexure to this Notice.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

Except Mr. B. N. Sirish and Mr. Auknoor Goutam, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item Nos. 4 and 5.

The Board recommends the Ordinary Resolution set out at items No. 4 and 5 of the Notice for approval by the shareholders.

### **Item No. 6**

With the coming into force of the Act several regulations of the existing Articles of Association (AoA) of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

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The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

By Order of the Board of Directors  
For **DQ Entertainment (International) Limited**

Hyderabad, August 13, 2015

**Sindhu Maladath Sisupalan**  
Company Secretary

**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](http://www.dqentertainment.com)

CIN No: L92113TG2007PLC053585

## ADDITIONAL INFORMATION ON DIRECTORS

Details of the Directors seeking appointment/re-appointment at the Annual General Meeting(In pursuance of Clause 49 of the Listing Agreement)

<b>Name of Director</b>	Ms. Rashida Adenwala	Mr. B.N. Sirish	Mr. Auknoor Goutam
<b>Age</b>	51 years	51 years	49 years
<b>Qualification</b>	Graduate in Commerce & law and a qualified Company Secretary.	Fellow Chartered Accountant of Institute of Chartered Accountants of India (ICAI); Diploma in Information Systems Audit of ICAI; Certificate course in International Taxation of ICAI; Bachelor of Commerce from Osmania University.	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.
<b>Expertise</b>	Legal, Corporate Affairs, Corporate Governance, Finance & Internal Audit, Member of the Secretarial Standards Board constituted by ICSI for the years 2006 and 2008, Member of Expert Advisory Board of ICSI.	Statutory audits, Internal audits, Bank branch audits, Direct Taxes including international taxation, NRI taxation and remittances, Appeals, Management Advisory Services, Start-up Mentoring.	Core competency in corporate leadership, project management, human capital management, administration, operations, finance, technology adaptation, strategy, planning and alignment.
<b>Directorships held in other companies *</b>	R & A Corporate Consultants India Private Limited	-	Zumpu Software Solutions Private Limited
<b>Chairman/ Member of Committees as on March 31, 2015</b>	-	-	-
<b>Number of shares held in the Company as on March 31, 2015</b>	Nil	Nil	Nil

Note: \* This does not include position in foreign companies, position as an advisory board member and position in companies under Section 8 of Companies Act 2013 but includes private limited companies.



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# The Little Prince

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**COMPANY INFORMATION**

# COMPANY INFORMATION

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## DIRECTORS

### **Tapaas Chakravarti**

Chairman, Managing Director and Chief Executive Officer

### **Rashida Adenwala**

Professional and Non – Independent Director

### **S. Sundar**

Non – Executive and Independent Director

### **B. N. Sirish**

Non – Executive and Independent Director

### **Auknoor Goutam**

Non – Executive and Independent Director

## REGISTERED OFFICE

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

## STATUTORY AUDITORS

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

## REGISTRAR & SHARE TRANSFER AGENT

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

## COMPANY SECRETARY

Sindhu Maladath Sisupalan  
644, Aurora Colony,  
Road No.3, Banjara Hills,  
Hyderabad – 500 034.





**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**

**Regd Office: 644, Aurora Colony, Road No.3, Banjara Hills, Hyderabad-500 034, Telangana, INDIA.**  
CIN: L92113TG2007PLC053585 Website: www.dqentertainment.com Tel: 91-40-23553726 & 27

**ATTENDANCE SLIP**

**Eighth Annual General Meeting, Wednesday, 30 September, 2015 at 2.30 p.m.**  
at Hotel 'The Plaza', 6-3-870, Tourism Plaza, 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**

**Regd Office: 644, Aurora Colony, Road No.3, Banjara Hills, Hyderabad-500 034, Telangana, INDIA.**  
CIN: L92113TG2007PLC053585 Website: www.dqentertainment.com Tel: 91-40-23553726 & 27

**PROXY FORM - MGT - I I**

(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 8th Annual General Meeting of the Company to be held on **Wednesday, the 30th day of September 2015 at 2.30 p.m.** at Hotel 'The Plaza', 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad - 500 016 and at any adjournment thereof, in respect of such resolutions as are indicated below:

**Ordinary Business**

- Resolution No. 1 : Adoption of Audited Financial Statements for the financial year ended March 31, 2015.
- Resolution No. 2 : Re-appointment of Ms. Rashida Adenwala as a Director of the Company.
- Resolution No. 3 : Appointment of Auditors.

Vote (see Note 2)	
For	Against
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

**Special Business**

- Resolution No. 4 : Appointment of Mr. B. N. Sirish as Independent Director of the Company.
- Resolution No. 5 : Appointment of Mr. Auknoor Goutam as Independent Director of the Company.
- Resolution No. 6 : Alteration of Articles of Association of the Company.

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ....., 2015

Signature of Shareholder (s) .....Signature of Proxy Holder (s).....

Affix  
revenue  
stamp

**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**

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