



## **DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**

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

**June 29, 2020**

The Manager (Listing) Department of Corporate Services BSE Limited P J Towers, Dalal Street, Mumbai — 400 001. Company Code: 533176 (BSE)	The Manager (Listing), National Stock Exchange of India Limited, “Exchange Plaza” Bandra - Kurla Complex Mumbai- 400 051. Company Code: DQE (NSE)
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Dear Sir/Madam,

**Sub: Outcome of the Board Meeting held on June 29, 2020**

Kindly note that the Board of Directors of the Company at their meeting held on June 29, 2020 have, *interalia*:

1. Approved the Annual Audited financial results (Standalone & consolidated) for the quarter and year ended March 31, 2020.
2. Took note of the resignation of Mr. B. N Sirish as Independent Director of the Company.

The Directors have not recommended any dividend on the equity shares of the Company for the financial year ended March 31, 2020.

Kindly find enclosed herewith the following documents:

1. Audited financials (Standalone & consolidated) in the format prescribed under Schedule III of Companies Act, 2013.
2. Auditors report issued by M/s MSKA & Associates, Chartered Accountants - Statutory Auditors of the Company.
3. Statement of Impact of Audit Qualification.

The meeting commenced at 12.00 noon and concluded at 4.15 p.m.

Kindly take the same on record and upload on the stock exchanges website.

Thanking you

Yours truly

**For DQ Entertainment (International) Limited**



Tapaas Chakravarti  
(CMD & CEO)  
Encl: As above





644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034  
Standalone Statement of Profit and Loss for the Quarter and Year ended 31 March ,2020

		Year ended		Quarter ended		
		Figures for the current reporting period - 31-Mar-20	Figures for the current reporting period - 31-Mar-19	Figures for the Current Quarter - 31-Mar-20	Figures for the Corresponding Quarter - 31-Mar-19	Figures for the Corresponding Quarter ended 31-Dec-19
		(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)
	<b>INCOME</b>					
I	Revenue From operations	402.74	822.39	47.82	56.78	59.24
II	Other Income	82.57	57.05	4.27	43.13	25.91
III	Total Income (I+II)	485.31	879.44	52.09	99.91	85.15
	<b>EXPENSES</b>					
IV	Production expenses	20.81	25.17	3.54	7.20	4.17
	Purchases of Stock-in-Trade	-	-	-	-	-
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	-	-	-	-	-
	Employee benefits expense	489.08	517.75	99.93	126.93	112.27
	Finance costs	316.08	275.76	92.57	77.46	79.10
	Depreciation and amortization expenses	153.60	190.04	51.55	88.24	30.70
	Other expenses	250.23	382.34	24.57	98.09	56.47
	Total expenses (IV)	1,229.80	1,391.06	272.16	397.92	282.71
V	Profit/(loss) before exceptional items and tax (I-IV)	(744.49)	(511.62)	(220.07)	(298.01)	(197.56)
VI	Exceptional Items	(93.72)	(57.68)	(61.99)	4.42	(17.09)
VII	Profit/ (loss) after exceptions items and before tax(V-VI)	(650.77)	(453.94)	(158.08)	(302.43)	(180.47)
VIII	Tax expense:					
	(1) Current tax	-	-	-	-	-
	(2) MAT Credit Entitlement	(2.64)	-	-	-	-
	(3) Deferred tax	(67.08)	(44.98)	(33.84)	(8.79)	(10.97)
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(581.05)	(408.96)	(124.24)	(293.64)	(169.50)
X	Profit/(loss) from discontinued operations	-	-	-	-	-
XI	Tax expenses of discontinued operations	-	-	-	-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-
XIII	Profit/(loss) for the period (IX+XII)	(581.05)	(408.96)	(124.24)	(293.64)	(169.50)
XIV	Other Comprehensive Income					
	A. (i) Items that will not be reclassified to profit or loss	20.88	5.69	10.31	0.77	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	7.33	2.00	3.62	0.27	-
	B. (i) Items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
XV	Total Comprehensive Income for the period (XIII+XIV)Comprising Profit (Loss) and Other comprehensive Income for the period )	(552.84)	(401.27)	(110.31)	(292.60)	(169.50)
XVI	Earnings per equity share (for continuing operation):					
	(1) Basic	(7.33)	(5.16)	(1.57)	(3.70)	(2.14)
	(2) Diluted	(7.33)	(5.16)	(1.57)	(3.70)	(2.14)
XVII	Earnings per equity share (for discontinued operation):					
	(1) Basic	-	-	-	-	-
	(2) Diluted	-	-	-	-	-
XVIII	Earning per equity share (for discontinued & continuing operation)					
	(1)Basic	(7.33)	(5.16)	(1.57)	(3.70)	(2.14)
	(2) Diluted	(7.33)	(5.16)	(1.57)	(3.70)	(2.14)

Tapaas Chakravarti

CMD & CEO  
DIN:00559533

Place: Hyderabad

Date: 29th June, 2020





**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**  
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

**Standalone Statement of Assets and Liabilities as at 31 March, 2020**

Particulars	(Rs in million)	
	As at 31 March 2020 (Audited)	As at 31 March 2019 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, Plant and Equipment	48.89	47.80
(b) Capital work-in-progress	2.35	2.28
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other Intangible assets	238.08	347.14
(f) Intangible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financial Assets	-	-
(i) Investments	2,307.93	2,283.91
(ii) Trade receivables	-	-
(iii) Loans	-	-
(iv) Other Asset	18.90	44.23
(i) Deferred tax assets (net)	963.26	900.87
(j) Other non-current assets	12.77	14.66
<b>Current assets</b>		
(a) Inventories	-	-
(b) Financial Assets	-	-
(i) Investments	-	-
(ii) Trade receivables	1,004.75	1,102.25
(iii) Cash and cash equivalents	0.05	0.08
(iv) Bank balances other than (iii) above	16.24	25.65
(v) Loans	-	-
(vi) Other Asset	-	-
(c) Current Tax Assets (Net)	-	-
(d) Other current assets	35.04	320.27
<b>Total Assets</b>	<b>4,648.26</b>	<b>5,089.14</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share capital	792.83	792.83
(b) Other Equity	817.88	1,378.06
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
(a) Financial Liabilities	-	-
(i) Borrowings	-	-
(ii) Trade payables	-	-
(iii) Other financial liabilities (other than those specified in item (b), to be specified)	-	-
(b) Provisions	80.73	93.62
(c) Deferred tax liabilities (Net)	-	-
(d) Other non-current liabilities	7.31	5.52
<b>Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	742.78	785.60
(ii) Trade payables	50.61	36.54
(iii) Other financial liabilities (other than those specified in item (c))	-	-
(b) Other current liabilities	2,030.74	1,890.93
(c) Provisions	125.38	106.04
(d) Current Tax Liabilities (Net)	-	-
<b>Total Equity and Liabilities</b>	<b>4,648.26</b>	<b>5,089.14</b>

Tapaas Chakravarti  
CMD & CEO  
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**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**  
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Standalone Segment Revenue and Results

(Rs in million)					
Particulars	Figures for the current reporting year ended - 31-Mar-20	Figures for the current reporting year ended - 31-Mar-19	Figures for the Current Quarter - 31-Mar-20	Figures for the Corresponding Quarter - 31-Mar-19	Figures for the Corresponding Quarter ended 31-Dec-19
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)
<b>Segment Revenue</b>					
Animation	384.97	799.80	43.77	50.77	56.07
Distribution	17.77	22.59	4.05	6.01	3.17
<b>Total</b>	<b>402.74</b>	<b>822.39</b>	<b>47.82</b>	<b>56.78</b>	<b>59.24</b>
Less: Inter Segment Revenue	-	-	-	-	-
<b>Net Income from Operations</b>	<b>402.74</b>	<b>822.39</b>	<b>47.82</b>	<b>56.78</b>	<b>59.24</b>
<b>Segment Results -Profit/(loss)</b>					
Animation	(389.09)	(20.34)	(70.44)	-92.65	(112.33)
Distribution	(78.53)	(112.92)	(18.28)	-43.55	(21.55)
Unallocated	132.93	(44.92)	23.21	-88.77	32.51
<b>Segment Results before Interest and Finance Expense and Tax Expenses</b>	<b>(334.69)</b>	<b>(178.18)</b>	<b>(65.51)</b>	<b>(224.97)</b>	<b>(101.37)</b>
Interest and Finance Expense	316.08	275.76	92.57	77.46	79.10
<b>Profit / (Loss) before tax</b>	<b>(650.77)</b>	<b>(453.94)</b>	<b>(158.08)</b>	<b>(302.43)</b>	<b>(180.47)</b>
<b>Segment Assets</b>					
Animation	4,024.00	4,236.85	4,024.00	4,236.85	3,980.35
Distribution	241.99	350.23	241.99	350.23	276.40
Unallocated	382.27	502.06	382.27	502.06	385.10
<b>Total</b>	<b>4,648.26</b>	<b>5,089.14</b>	<b>4,648.26</b>	<b>5,089.14</b>	<b>4,641.85</b>
<b>Segment Liabilities</b>					
Animation	2,895.30	2,697.03	2,895.30	2,697.03	2,866.64
Distribution	1.67	9.35	1.67	9.35	2.27
Unallocated	140.58	211.87	140.58	211.87	48.30
<b>Total</b>	<b>3,037.55</b>	<b>2,918.25</b>	<b>3,037.55</b>	<b>2,918.25</b>	<b>2,917.21</b>

Tapaas Chakravarti

CMD & CEO  
DIN:00559533


Place: Hyderabad  
Date: 29th June, 2020



**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**  
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**Cash Flow Statement for the year ended 31 March 2020**

	<i>Rs in million</i>	
	31 March 2020	31 March 2019
<b>A. Cash Flows from Operating Activities</b>		
Profit before Tax as per the Statement of Profit & Loss	(650.77)	(453.94)
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	153.60	190.04
Interest income	(0.73)	(2.02)
Liabilities no longer required written back	(0.62)	(8.02)
Interest expenses	316.08	275.76
Bad debts written off	0.45	-
(Profit) / Loss on sale of fixed assets	-	(0.02)
Unrealised (gain)/loss due to exchange differences	(94.64)	(57.68)
<b>Operating profit before working capital changes</b>	(276.63)	(55.88)
<b>Movement in Working Capital</b>		
(Increase)/Decrease in Loans & Advances, Trade Receivables & Other Current Assets	283.90	392.80
Increase/(Decrease) in Current Liabilities & Provisions	75.37	(121.39)
Cash generated from operations	82.64	215.53
Taxes paid	-	(30.28)
<b>Net Cash from/(used in) Operating Activities</b>	<b>82.64</b>	<b>185.25</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of fixed assets - Tangibles	(1.38)	(17.69)
Purchase of fixed assets - Intangible	-	-
Insurance Claim on Fixed Assets	7.40	-
Proceeds/(Investments) in maturity of long term deposits	-	-
Proceeds/(Investments) in Subsidiary	-	-
Change in other investing activities	-	-
<b>Net cash from/(used in) Investing Activities</b>	<b>6.02</b>	<b>(17.69)</b>
<b>C. Cash Flows from Financing Activities</b>		
Increase in share Capital	-	-
Interest Income	0.73	2.02
Proceeds from maturity of deposits	25.12	-
Interest and financing charges paid	(58.53)	(62.68)
Borrowings Repaid	(65.42)	(120.16)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(98.10)</b>	<b>(180.82)</b>
Net increase in Cash and Cash Equivalents (A+B+C)	(9.44)	(13.26)
Cash and Cash Equivalents at the beginning of the year	25.73	38.99
<b>Cash and Cash Equivalents at the end of the year</b>	<b>16.29</b>	<b>25.73</b>
<b>Notes:</b>		
<b>Components of cash and cash equivalents as at</b>		
Balance with Banks		
In Current Account	16.24	25.65
Cash in Hand	0.05	0.08
	<b>16.29</b>	<b>25.73</b>

  
**Tapaas Chakravarti**  
CMD & CEO  
DIN:00559533

Place: Hyderabad  
Date: 29th June, 2020





**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**  
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- 1) The audited standalone financial results for the quarter and year ended March 31, 2020 were reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on June 29, 2020
- 2) The audited standalone financial results of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (IND AS) prescribed under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, other accounting principles generally accepted in India and guidelines issued by Securities and Exchange Board of India ("SEBI").
- 3) Investor can also view the financial results (standalone and consolidated) on the company's website "www.dqentertainment.com" as well as the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 4) Exceptional items are foreign exchange gain / (loss) arisen on foreign exchange fluctuation calculated on translation of monetary items.
- 5) Corresponding quarter / year figures have been regrouped / reclassified wherever necessary to conform to the classification on the current quarter / year classification.
- 6) Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on April 01, 2019 using the modified retrospective method.

7) (a) By virtue of Bond Instrument entered between OL Master Limited ("Bondholders"), DQ Entertainment (Mauritius) Limited ("DQE Mauritius" - Our Holding Company) and DQ Entertainment (Ireland) Limited ("DQE Ireland" - our wholly owned subsidiary Company) in the year 2014 and due to the non-payment of the cash coupon and the consequent Redemption amount which constituted an Event of default under the aforementioned Instrument, the Bondholders have appointed Receivers on the assets of our wholly owned subsidiary Company i.e. DQE Ireland w.e.f 15th October, 2019.

The Receivers have now taken control of all the intellectual properties and the Bank accounts of our subsidiary Company (DQE Ireland) and all affairs and business, of our subsidiary Company is now being managed by the Receivers appointed by the Bondholders.

The company has informed the stock exchanges regarding the above fact.

The company is actively pursuing with potential investors, in order to raise the required funds and settle the dues of the Bondholders as well as the Banks.

(b) The company has intangibles to the value of Rs.238 Mn as at March 31, 2020. The carrying value of these intangible assets were supported through the projected revenue streams as of 31.03.2020 from exploitation, discounted to their present values using a discount factor of 18.2%. The company is of the opinion that the carrying value of the intangible assets is Rs.238 Mn as at March 31, 2020, on franchise basis, are still worth at least the net amount stated based on a combination of supporting discounted projected revenue streams made earlier.

(c) The company has total investment in DQ Ireland of Rs 2,308 Mn (comprising of Equity investments – Rs. 1,168 Mn and Loans – Rs. 1,140 Mn) and receivable balance of Rs.990 Mn. The subsidiary's assets comprise primarily of intangible properties. The company is not able to estimate the projected revenue streams of these intangibles, consequent to the appointment of the Receivers for its subsidiary DQ Ireland.

(d) The company has incurred losses for the quarter and for the year ended, March 31, 2020. The company has also submitted a request letter to the bankers in November 2019, for onetime settlement of its loans (classified as NPA by bankers) and the bankers are actively considering the said application. Further the company is making all efforts to raise funds to settle the dues of the Banks and is in discussion with few agencies.

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

8) The Company has Deferred Tax Asset of Rs.963.26 Mn as on 31st March 2020 and these were reviewed and re-assessed by the Management in view of continuing losses. Management expects that there is a reasonable certainty about future revenues based on business outlook. Management is also confident about raising of funds and settlement the loans in near future, there by decrease the finance costs.

Based on above, Management believes that taxable profits will be available for utilization of these deferred tax assets in future.

9) Note on Covid 19

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been/was further extended till May 31, 2020. This pandemic and response thereon are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

On account of the above lock down, the company's operation was impacted from 18th of March 2020 and the operation commenced on 4th June 2020.

Management has been able to make a complete assessment of the impact of COVID-19 pandemic on its financial position as at March 31, 2020. All expenses including employee benefit expenses, finance cost and other expenses, up to March 2020 have been charged to the profit and loss account.

None of the assets have been impacted on account of the lockdown caused by the pandemic and hence no impairment / provision is required in the books of the account.

The impact of the global health pandemic may be different from that estimated as at the date of provision of these financials statements and the Company will continue to closely monitor any material charges to future economic conditions.

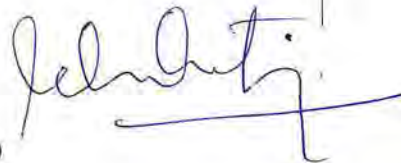
Place: Hyderabad

Place: Hyderabad

Date: 7th June 2019

Date: 7th June 2019

Tapaas Chakravarti  
CMD & CEO  
DIN:00559533  
Place: Hyderabad  
Date: 29th June, 2020





**Independent Auditor's Report on Quarterly Standalone Financial Results and Year to Date Standalone Financial Results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

**To the Board of Directors of DQ Entertainment (International) Limited**

**Report on the Audit of Standalone Financial Results**

**Qualified Opinion**

We have audited the accompanying standalone annual financial results of **DQ Entertainment (International) Limited** (hereinafter referred to as 'the Company') for the quarter and year ended 31st March 2020 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid Statement:

(i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

(ii) give a true and fair view in conformity with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of net loss and other comprehensive income and other financial information of the Company for the year ended 31<sup>st</sup> March 2020.

**Basis for Qualified Opinion:**

- a) Our limited review report on the unaudited standalone financial results of the Company for the quarter ended 31<sup>st</sup> December 2019 was qualified in respect of the matters stated below:
- i. Recoverability of Investments & receivables aggregating Rs. 2,308 Mn and Rs 990 Mn respectively of the wholly owned subsidiary DQ Entertainment (Ireland) Limited (DQ Ireland) is not ascertainable. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts, we are unable to comment on the same. The provision, if any, with respect to these investments & receivables is not ascertainable at present. In the absence of adequate





information, we are unable to comment on the carrying value of investments & receivables (Note 7(c) of the Statement).

- ii. The carrying value of intangibles amounting to Rs. 238 Mn. The company is not able to estimate the projected revenue streams of these intangibles. The provision for Impairment, if any, of the aforesaid intangibles in compliance with IND AS 36: Impairment of Assets is not ascertainable at present. In the absence of adequate information, we are unable to comment on carrying value of intangible assets (Note 7(b) of the statement).

- b) Further, The Company has Rs 963 Mn as Deferred Tax Asset as on 31st March 2020. The principles of Ind AS states that deferred tax asset shall be recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. In our opinion, considering the continued losses being incurred by the company and the present scenario of the Company's business, there is no certainty that the company would have sufficient future taxable income to justify the continuation of Deferred Tax Asset. In the absence of adequate information, we are unable to comment on the carrying value of deferred tax asset (Note 8 of the statement).

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 7(d) to the Statement herein it is stated that, the Company has incurred accumulated losses for the quarter and year ended 31<sup>st</sup> March 2020 and the cash flows are insufficient for servicing the bank loans & interest payments. These conditions indicate existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In view of the company's plan to restructure the loan, the standalone financial results of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

#### **Board of Directors' Responsibilities for the Standalone Financial Results**

This Statement have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of this Statement that give a true and fair view of the net loss and other comprehensive income in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended issued thereunder and other accounting principles generally accepted





in India and in compliance with Regulation 33 of the Listing Regulations. The Board of Directors of the Company are responsible for 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement 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 Statement by the Directors of the Company, as aforesaid.

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

The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

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

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to





draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance of the Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

1. The Statement include the results for the quarter ended 31<sup>st</sup> March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.

Our opinion is not modified in respect of the above matter.

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

  
**Amit Kumar Agarwal**  
Partner  
Membership No. 214198  
UDIN: 20214198AAAADN4222

Place: Hyderabad  
Date: 29<sup>th</sup> June 2020

**Annexure-I**

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-  
with Annual Audited Financial Results - (Standalone)**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	402.74	402.74
	2	Total Expenditure	1,229.80	1,229.80
	3	Net Profit/(Loss)	(581.05)	(581.05)
	4	Earnings Per Share	(7.33)	(7.33)
	5	Total Assets	4,648.26	4,648.26
	6	Total Liabilities	3,037.55	3,037.55
	7	Net Worth	1,610.71	1,610.71
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	<b>Audit Qualification 1:</b>			
	a.	<b>Details of Audit Qualification:</b> Recoverability of Investments & receivables aggregating Rs. 2,308 Mn and Rs 990 Mn respectively of the wholly owned subsidiary DQ Entertainment (Ireland) Limited (DQ Ireland) is not ascertainable. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts, we are unable to comment on the same. The provision, if any, with respect to these investments & receivables is not ascertainable at present. In the absence of adequate information, we are unable to comment on the carrying value of investments & receivables.		
	b.	Type of Audit Qualification : Qualified Opinion		
	c.	Frequency of qualification: Have been reporting this qualification since June 2019 Limited Review.		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:  (i) Management's estimation on the impact of audit qualification: (ii) If management is unable to estimate the impact, reasons for the same: The value of the subsidiary is dependent on the value of the intangible assets in subsidiary. The company is not able to estimate the projected revenue streams of these intangibles, consequent to the appointment of the Receivers for its subsidiary DQ Ireland. The company is actively pursuing with potential investors, in order to raise the required funds and settle the dues of the Bondholders as well as the Banks. Because of these uncertainties management is not able to estimate the impact on the financial statements.		



		<p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In the absence of adequate information, we are unable to comment on the carrying value of investments &amp; receivables. The amount under qualification is Rs 3,298 Mn.</p>
<b>Audit Qualification 2:</b>		
a.	<p><b>Details of Audit Qualification:</b> The carrying value of intangibles amounting to Rs. 238 Mn. The company is not able to estimate the projected revenue streams of these intangibles. The provision for Impairment, if any, of the aforesaid intangibles in compliance with IND AS 36: Impairment of Assets is not ascertainable at present. In the absence of adequate information, we are unable to comment on carrying value of intangible assets.</p>	
b.	Type of Audit Qualification : Qualified Opinion	
c.	Frequency of qualification: Have been reporting this qualification since June 2019 Limited Review.	
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA	
e.	<p>For Audit Qualification(s) where the impact is not quantified by the auditor:</p> <p>(i) <b>Management's estimation on the impact of audit qualification:</b> (ii) <b>If management is unable to estimate the impact, reasons for the same:</b> The subsidiary's assets comprise primarily of intangible properties. The company is not able to estimate the projected revenue streams of these intangibles, consequent to the appointment of the Receivers for its subsidiary DQ Ireland. The company is actively pursuing with potential investors, in order to raise the required funds and settle the dues of the Bondholders as well as the Banks. Because of these uncertainties management is not able to estimate the impact on the financial statements.</p> <p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In the absence of adequate information, we are unable to comment on the carrying value of investments &amp; receivables. The amount under qualification is Rs 238 Mn.</p>	
<b>Audit Qualification 3:</b>		
<p><b>Details of Audit Qualification:</b> Further, The Company has Rs 963 Mn as Deferred Tax Asset as on 31st March 2020. The principles of Ind AS states that deferred tax asset shall be recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. In our opinion, considering the continued losses being incurred by the company and the present scenario of the Company's business, there is no certainty that the company would have sufficient future taxable income to justify the continuation of Deferred Tax Asset. In the absence of adequate information, we are unable to comment on the carrying value of deferred tax asset.</p>		
Type of Audit Qualification : Qualified Opinion		
Frequency of qualification: Qualification appearing for the first time.		
For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA		

For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) **Management's estimation on the impact of audit qualification:**

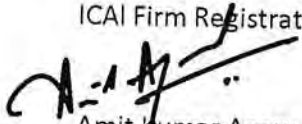
(ii) **If management is unable to estimate the impact, reasons for the same:**

Management expects that there is a reasonable certainty about future revenues based on business outlook. Management is also confident about raising of funds and settle the loans in near future, there by decrease the finance costs. Management believes that taxable profits will be available for utilization of these deferred tax assets in future in view of the fact that the company is actively pursuing with potential investors, in order to raise the required funds and settle the dues of the Bondholders as well as the Banks recover the assets. Due to these factors the management is unable ascertain the impact at this point of time.

(iii) **Auditors' Comments on (i) or (ii) above:**

In the absence of adequate information, we are unable to comment on the carrying value of investments & receivables. The amount under qualification is Rs 963 Mn.

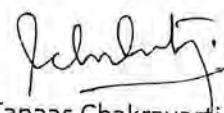
For MSKA & Associates  
Chartered Accountants  
ICAI Firm Registration No.105047W

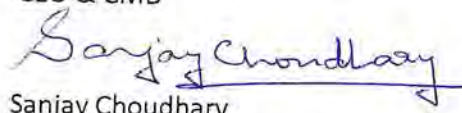
  
Amit Kumar Agarwal  
Partner

M. No.: 214198

Dated : 29<sup>th</sup> June, 2020

For DQ Entertainment (International) Limited

  
Tapaas Chakravarti  
CEO & CMD

  
Sanjay Choudhary  
Chief Financial Officer





**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**

644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

**Consolidated Statement of Profit and Loss for the Quarter and Year ended 31 March 2020**

Rs. in million

Particulars	Year ended		Quarter ended		
	Figures for the current reporting period - 31-Mar-20	Figures for the current reporting period - 31-Mar-19	Figures for the Current Quarter - 31-Mar-20	Figures for the Corresponding Quarter - 31-Mar-19	Figures for the Corresponding Quarter ended 31-Dec-19
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)
I Revenue From operations	441.75	977.50	47.82	280.28	59.24
II Other Income	87.25	548.54	4.25	190.42	25.91
III Total Income (I+II)	529.00	1,526.04	52.07	470.70	85.15
IV EXPENSES					
Production expenses	29.36	26.24	3.54	7.70	4.17
Purchases of Stock-in-Trade	-	-	-	-	-
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	-	-	-	-	-
Employee benefits expense	491.43	522.83	99.94	128.18	112.27
Finance costs	413.81	467.56	92.57	126.26	79.10
Depreciation and amortization expenses	383.75	745.93	51.55	392.44	30.70
Other expenses	272.64	433.02	24.53	108.32	56.60
Expenses transferred to Capital account	(33.13)	(304.25)	-	(80.72)	-
Total expenses (IV)	1,557.86	1,891.33	272.13	682.18	282.84
V Profit/(loss) before exceptional items and tax (I-IV)	(1,028.86)	(365.29)	(220.06)	(211.48)	(197.69)
VI Exceptional Items	90.30	302.15	(61.99)	129.82	(17.09)
VII Profit/ (loss) after exceptions items and before tax(V-VI)	(1,119.16)	(667.44)	(158.07)	(341.30)	(180.60)
VIII Tax expense					
(1) Current tax	-	11.76	-	11.76	-
(2) MAT Credit Entitlement	(2.64)	-	-	-	-
(3) Deferred tax	(67.08)	(44.98)	(33.84)	(8.79)	(10.97)
Profit (Loss) for the period from continuing operations (VII-VIII)	(1,049.44)	(634.22)	(124.23)	(344.27)	(169.63)
X Profit/(loss) from discontinued operations	-	-	-	-	-
XI Tax expenses of discontinued operations	-	-	-	-	-
XII Profit/(loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-
XIII Profit/(loss) for the period (IX+XII)	(1,049.44)	(634.22)	(124.23)	(344.27)	(169.63)
XIV Other Comprehensive Income					
A. (i) Items that will not be reclassified to profit or loss	20.88	5.69	10.31	0.77	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	7.33	2.00	3.62	0.27	-
B. (i) Items that will be reclassified to profit or loss	-	-	-	-	-
(ii) income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total Comprehensive Income for the period (XIII+XIV)Comprising Profit (Loss) and Other comprehensive Income for the period )	(1,021.23)	(626.53)	(110.30)	(343.23)	(169.63)
XV Earnings per equity share (for continuing operation):					
(1) Basic	(13.24)	(8.00)	(1.57)	(4.34)	(2.14)
(2) Diluted	(13.24)	(8.00)	(1.57)	(4.34)	(2.14)
XVII Earnings per equity share (for discontinued operation):					
(1) Basic	-	-	-	-	-
(2) Diluted	-	-	-	-	-
Earning per equity share (for discontinued & continuing operation)					
(1)Basic	(13.24)	(8.00)	(1.57)	(4.34)	(2.14)
(2) Diluted	(13.24)	(8.00)	(1.57)	(4.34)	(2.14)

Tapaas Chakravarti  
CMD & CEO  
DIN:00559533

Place: Hyderabad  
Date: 29th June,2020



**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**  
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

**Audited Consolidated Statement of Assets and Liabilities as at 31 March, 2020**

		<i>(Rs in million)</i>	
	Particulars	Figures as at 31 March 2020	Figures as at 31 March 2019
		(Audited)	(Audited)
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
	(a) Property, Plant and Equipment	48.89	47.80
	(b) Capital work-in-progress	2.35	2.28
	(c) Investment Property		
	(d) Goodwill		
	(e) Other Intangible assets	238.08	3,362.04
	(f) Intangible assets under development	-	2,857.27
	(g) Investment	2,307.93	-
	(h) Financial Assets	18.90	44.27
	(i) Investments	-	-
	(ii) Trade receivables		
	(iii) Loans		
	(i) Deferred tax assets (net)	963.26	900.87
	(j) Other non-current assets	12.77	16.71
	<b>Current assets</b>		
	(a) Inventories		
	(b) Financial Assets		
	(i) Investments		
	(ii) Trade receivables	1,004.75	198.04
	(iii) Cash and cash equivalents	0.05	0.08
	(iv) Bank balances other than (iii) above	16.34	38.85
	(v) Loans		
	(vi) Others		
	(c) Current Tax Assets (Net)		
	(d) Other current assets	35.04	343.56
	<b>Total Assets</b>	<b>4,648.36</b>	<b>7,811.77</b>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity Share capital	792.83	792.83
	(b) Other Equity	817.38	298.73
	<b>LIABILITIES</b>		
	<b>Non-current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	-	3,720.92
	(ii) Trade payables	-	-
	(iii) Other financial liabilities (other than those specified in item (b), to be specified)	-	-
	(b) Provisions	88.04	99.15
	(c) Deferred tax liabilities (Net)	-	-
	(d) Other non-current liabilities		
	<b>Current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	742.78	876.81
	(ii) Trade payables	51.21	89.07
	(iii) Other financial liabilities (other than those specified in item (c))	-	-
	(b) Other current liabilities	2,030.74	1,828.22
	(c) Provisions	125.38	106.04
	(d) Current Tax Liabilities (Net)	-	-
	<b>Total Equity and Liabilities</b>	<b>4,648.36</b>	<b>7,811.77</b>

Tapaas Chakravarti  
CMD & CEO  
DIN:00559533

Place: Hyderabad  
Date: 29th June, 2020





**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**

644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

**Consolidated Segment Revenue and Results**

(Rs in million)

Particulars	Year ended		Quarter ended		
	Figures for the current reporting period - 31-Mar-20	Figures for the current reporting period - 31-Mar-19	Figures for the Current Quarter - 31-Mar-20	Figures for the Corresponding Quarter - 31-Mar-19	Figures for the Corresponding Quarter ended 31-Dec-19
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)
<b>Segment Revenue</b>					
Animation	373.68	553.18	43.76	121.00	56.08
Distribution	68.07	424.32	4.06	159.28	3.16
<b>Total</b>	<b>441.75</b>	<b>977.50</b>	<b>47.82</b>	<b>280.28</b>	<b>59.24</b>
Less: Inter Segment Revenue		-	-	-	-
<b>Net Income from Operations</b>	<b>441.75</b>	<b>977.50</b>	<b>47.82</b>	<b>280.28</b>	<b>59.24</b>
<b>Segment Results -Profit/(Loss)</b>					
Animation	(411.08)	(13.83)	(101.02)	(57.05)	(113.24)
Distribution	(280.78)	242.07	(9.89)	354.00	(19.06)
Unallocated	(13.49)	(428.12)	45.41	(511.99)	30.80
<b>Segment Results before Interest and Finance Expense and Tax Expenses</b>	<b>(705.35)</b>	<b>(199.88)</b>	<b>(65.50)</b>	<b>(215.04)</b>	<b>(101.50)</b>
Interest and Finance Expense	413.81	467.56	92.57	126.26	79.10
<b>Profit / (Loss) before tax</b>	<b>(1,119.16)</b>	<b>(667.44)</b>	<b>(158.07)</b>	<b>(341.30)</b>	<b>(180.60)</b>
<b>Segment Assets</b>					
Animation	4,024.00	1,294.77	4,024.00	1,294.77	1,939.22
Distribution	241.99	6,334.67	241.99	6,334.67	266.55
Unallocated	382.37	182.33	382.37	182.33	2,436.20
<b>Total</b>	<b>4,648.36</b>	<b>7,811.77</b>	<b>4,648.36</b>	<b>7,811.77</b>	<b>4,641.97</b>
<b>Segment Liabilities</b>					
Animation	2,895.91	2,772.92	2,895.91	2,772.92	2867.28
Distribution	1.76	78.42	1.76	78.42	2.27
Unallocated	140.48	3,868.87	140.48	3,868.87	48.29
<b>Total</b>	<b>3,038.15</b>	<b>6,720.21</b>	<b>3,038.15</b>	<b>6,720.21</b>	<b>2,917.84</b>

Tapaas Chakravarti

CMD & CEO

DIN:00559533

Place: Hyderabad

Date: 29th June,2020



**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**  
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034

Cash Flow Statement for the year ended 31 March 2020

	(Rs in million)	
	31 March 2020	31 March 2019
<b>A. Cash Flows from Operating Activities</b>		
Profit before Tax as per the Statement of Profit & Loss	(1,119.15)	(667.44)
Adjustments for:		
Depreciation and Amortisation Expense	383.75	745.93
Interest income	(6.86)	(11.50)
Restructure of Bonds	-	(493.88)
Liabilities no longer required written back	(1.92)	(8.34)
Interest expenses	316.08	275.76
Bad debts written off	2.72	6.93
(Profit) / Loss on sale of fixed assets	-	(0.02)
Unrealised (gain)/loss due to exchange differences	90.32	302.20
<b>Operating profit before working capital changes</b>	(335.06)	149.64
<b>Movement in Working Capital</b>		
(Increase)/Decrease in Loans & Advances, Trade Receivables & Other Current Assets	388.41	214.69
Increase/(Decrease) in Current Liabilities & Provisions	10.46	(225.53)
Cash generated from operations	63.81	138.80
Taxes paid	-	(30.28)
<b>Net Cash from/(used in) Operating Activities</b>	63.81	108.52
<b>B. Cash Flows from Investing Activities</b>		
Purchase of fixed assets - Tangibles*	(1.38)	(193.66)
Purchase of fixed assets - Intangible	-	(10.81)
Insurance Claim on Fixed Assets	7.40	-
Proceeds from sale of Equipment	-	0.69
Proceeds/(Investments) in Subsidiary	-	-
Change in other investing activities	-	-
<b>Net cash from/(used in) Investing Activities</b>	6.02	(203.78)
<b>C. Cash Flows from Financing Activities</b>		
Increase in share Capital	-	-
Interest Income	0.73	2.02
Proceeds from maturity of deposits	25.12	-
Proceeds from short term borrowings/Long term borrowings	-	204.05
Interest and financing charges paid	(52.80)	(64.63)
Borrowings Repaid	(65.42)	(125.44)
<b>Net Cash from/(used in) Financing Activities</b>	(92.37)	16.00
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	(22.54)	(79.26)
Cash and Cash Equivalents at the beginning of the year	38.93	118.19
<b>Cash and Cash Equivalents at the end of the year</b>	16.39	38.93
<b>Notes:</b>		
<b>Components of cash and cash equivalents as at</b>		
Balance with Banks		
In Current Account	16.34	38.85
Cash in Hand	0.05	0.08
	16.39	38.93

Note:

\* Purchase of Fixed Asset tangibles shown under investing activities includes Rs.44,316,939 on account of Right to use building(ROU)

Tapaas Chakravarti  
CMD & CEO  
DIN:00559533

Place: Hyderabad  
Date: 29 June 2020





**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**  
**644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034**

1) The audited consolidated financial results for the quarter and year ended March 31, 2020 were reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 29 June, 2020

2) The audited consolidated financial results of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (IND AS) prescribed under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, other accounting principles generally accepted in India and guidelines issued by Securities and Exchange Board of India ("SEBI").

3) Investor can also view the financial results (standalone and consolidated) on the company's website "www.dqentertainment.com" as well as the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

4) \*Exceptional items are foreign exchange gain / (loss) arisen on foreign exchange fluctuation calculated on translation of monetary items.

5) Corresponding quarter / period figures have been regrouped / reclassified wherever necessary to conform to the classification on the current period classification.

6) Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on April 01, 2019 using the modified retrospective method.

7) (a) By virtue of Bond Instrument entered between OL Master Limited ("Bondholders"), DQ Entertainment (Mauritius) Limited ("DQE Mauritius" - Our Holding Company) and DQ Entertainment (Ireland) Limited ("DQE Ireland" - our wholly owned subsidiary Company) in the year 2014 and due to the non-payment of the cash coupon and the consequent Redemption amount which constituted an Event of default under the aforementioned Instrument, the Bondholders have appointed Receivers on the assets of our wholly owned subsidiary Company i.e, DQE Ireland w.e.f 15th October, 2019. The loss of control is accounted in accordance with Ind AS 110 - Consolidated Financial Statements.

The Receivers have now taken control of all the intellectual properties and the Bank accounts of our subsidiary Company (DQE Ireland) and all affairs and business, of our subsidiary Company is now being managed by the Receivers appointed by the Bondholders.

The group has total investment in DQ Ireland of Rs 2,308 Mn (comprising of Equity investments – Rs. 1,168 Mn and Loans – Rs. 1,140 Mn) and receivable balance of Rs.990 Mn. DQ Ireland's assets comprise primarily of intangible properties. The group is not able to estimate the projected revenue streams of these intangibles, consequent to the appointment of the Receivers for DQ Ireland.

The group has informed the stock exchanges regarding the above fact.

The group is actively pursuing with potential investors, in order to raise the required funds and settle the dues of the Bondholders as well as the Banks.

(b) The group has intangibles to the value of Rs.238 Mn as at March 31, 2020. The carrying value of these intangible assets were supported through the projected revenue streams as of 31.03.2020 from exploitation, discounted to their present values using a discount factor of 18.2%. The group is of the opinion that the carrying value of the intangible assets is Rs.238 Mn as at March 31, 2020, on franchise basis, are still worth at least the net amount stated based on a combination of supporting discounted projected revenue streams made earlier and the company's efforts to settle the dues of the bond holders.

(c) The company has incurred losses for the quarter and Year ended March 31, 2020. The company has also submitted a request letter to the bankers in November 2019, for onetime settlement of its loans (classified as NPA by bankers) and the bankers are actively considering the said application. Further the company is making all efforts to raise funds to settle the dues of the Banks and is in discussion with few agencies.

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

8) Due to loss of control over subsidiary, DQ Ireland has not been consolidated for the quarter and year ending March 31, 2020. Consequently, the corresponding quarter/period figures may not be comparable.

9) The Company has Deferred Tax Asset of Rs.963.26 Mn as on 31st March 2020 and these were reviewed and re-assessed by the Management in view of continuing losses. Management expects that there is a reasonable certainty about future revenues based on business outlook. Management is also confident about raising of funds and settlement the loans in near future, there by decrease the finance costs.

Based on above, Management believes that taxable profits will be available for utilization of these deferred tax assets in future.

10) Note on Covid 19

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been/was further extended till May 31, 2020. This pandemic and response thereon are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

On account of the above lock down, the company's operation was impacted from 18th of March 2020 and the operation commenced on 4th June 2020.

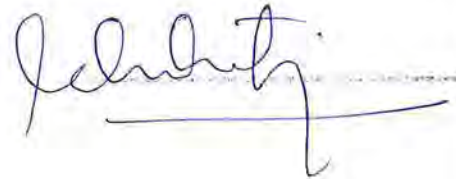
Management has been able to make a complete assessment of the impact of COVID-19 pandemic on its financial position as at March 31, 2020. All expenses including employee benefit expenses, finance cost and other expenses, up to March 2020 have been charged to the profit and loss account.

None of the assets have been impacted on account of the lockdown caused by the pandemic and hence no impairment / provision is required in the books of the account.

The impact of the global health pandemic may be different from that estimated as at the date of provision of these financials statements and the Company will continue to closely monitor any material charges to future economic conditions.

Tapaas Chakravarti

CMD & CEO  
DIN:00559533



Place: Hyderabad  
Date: 29th  
June, 2020



**Independent Auditor's Report on Quarterly Consolidated Financial Results and Year to Date  
Consolidated Financial Results pursuant to the Regulation 33 of the SEBI (Listing Obligations and  
Disclosure Requirements) Regulations 2015**

**To the Board of Directors of DQ Entertainment (International) Limited [Holding Company]**

**Report on the Audit of Consolidated Financial Results**

**Qualified Opinion**

We have audited the accompanying consolidated annual financial results of **DQ Entertainment (International) Limited** (hereinafter referred to as the 'Holding Company') and its jointly controlled entity quarter and year ended 31<sup>st</sup> March 2020, ('the Statement') attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid Statement:

(i) include the annual financial results of the following entities

Sr. No	Name of the Entity	Relationship with the Holding Company
1	DQ Entertainment (International) Films Limited	Joint Venture
2	DQ Ireland Entertainment (Ireland) Limited	Subsidiary till 15 <sup>th</sup> October 2019

(ii) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

(iii) give a true and fair view in conformity with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of net loss and other comprehensive income and other financial information of the Group for the year ended 31<sup>st</sup> March 2020.

**Basis for Qualified Opinion**

a) Our limited review report on the unaudited standalone financial results of the Company for the quarter ended 31<sup>st</sup> December 2019 was qualified in respect of the matters stated below:



- i. Recoverability of investments & receivables aggregating Rs.2,308 Mn and Rs 990 Mn respectively of the wholly owned subsidiary DQ Entertainment (Ireland) Limited (DQ Ireland-where in there is loss of control) is not ascertainable. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts, we are unable to comment on the same. The provision, if any, with respect to these investments & receivables is not ascertainable at present. In the absence of adequate information, we are unable to comment on the carrying value of investments & receivables (Note 7(a) of the statement).
  - ii. The carrying value of intangibles amounting to Rs. 238 Mn. The company is not able to estimate the projected revenue streams of these intangibles. The provision for impairment, if any, of the aforesaid intangibles in compliance with IND AS 36: Impairment of Assets is not ascertainable at present. In the absence of adequate information, we are unable to comment on carrying value of intangible assets (Note 7(b) of the statement).
- b) Further, The Company has Rs 963 Mn as Deferred Tax Asset as on 31st March 2020. The principles of Ind AS states that deferred tax asset shall be recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. In our opinion, considering the continued losses being incurred by the company and the present scenario of the Company's business, there is no certainty that the company would have sufficient future taxable income to justify the continuation of Deferred Tax Asset. In the absence of adequate information, we are unable to comment on the carrying value of deferred tax asset (Note 9 of the statement).

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 7(c) to the Statement wherein it is stated that, the Company has incurred accumulated losses for the quarter and year ended 31<sup>st</sup> March 2020 and the cash flows are insufficient for servicing the bank loans & interest payments. These conditions indicate existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In view of the company's plan to restructure the loan, the standalone financial results of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group, its jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.





## **Board of Directors' Responsibilities for the Consolidated Financial Results**

These Statement have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of this Statement that give a true and fair view of the net loss and other comprehensive income and other financial information of the Group including its jointly controlled entities in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its jointly controlled entities 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement 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 Statement by the Directors of the Holding Company, as aforesaid.

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

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

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud





may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its jointly controlled entities to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

1. The Statement include the unaudited Financial Results of a jointly controlled entity, whose Financial Statements reflect Group's share of total assets of Rs.0.10 Mn as at 31<sup>st</sup> March 2020, Group's share of total revenue of NIL and NIL and Group's share of total net loss after tax of NIL and Rs. 0.09 Mn for the quarter ended 31<sup>st</sup> March 2020 and for the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 respectively, as considered in the Statement. These unaudited Financial Statements have been





furnished to us by the Board of Directors and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entity is based solely on such unaudited Financial Statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements are not material to the Group.

Our opinion is not modified in respect of this matter.

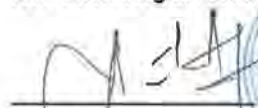
2. The Statement include the unaudited Financial Results of One subsidiary, whose Financial Statements/Financial Results reflect Group's share of total revenue of Rs. 57.14 Mn and Group's share of total net loss after tax of Rs.494.86 Mn for the period 1<sup>st</sup> April 2019 to 30<sup>th</sup> September 2019 respectively, as considered in the Statement. These unaudited Financial Results have been furnished to us by the Board of Directors and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited Financial Results. Due to loss of control over the subsidiary during the year, financial results of the subsidiary is included till the period ended 15<sup>th</sup> October 2019 only. Our opinion on the Statement is not modified with respect to our reliance on the work done and the Financial Results/financial information certified by the Board of Directors.
3. The Statement include the results for the quarter ended 31<sup>st</sup> March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.

Our opinion is not modified in respect of this matter.

**For MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W



**Amit Kumar Agarwal**

Partner

Membership No.:214198

UDIN: 20214198AAAADO1715



Place: Hyderabad

Date:29<sup>th</sup> June 2020

# Annexure-I

## Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	529.00	529.00
	2	Total Expenditure	1,557.86	1,557.86
	3	Net Profit/(Loss)	(1,049.44)	(1,049.44)
	4	Earnings Per Share	(13.24)	(13.24)
	5	Total Assets	4,648.36	4,648.36
	6	Total Liabilities	3,038.15	3,038.15
	7	Net Worth	1,610.21	1,610.21
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification 1:			
	a.	<b>Details of Audit Qualification:</b> Recoverability of investments & receivables aggregating Rs.2,308 Mn and Rs 990 Mn respectively of the wholly owned subsidiary DQ Entertainment (Ireland) Limited (DQ Ireland-where in there is loss of control) is not ascertainable. Due to unavailability of sufficient appropriate audit evidence to corroborate management's assessment of recoverability of the above said amounts, we are unable to comment on the same. The provision, if any, with respect to these investments & receivables is not ascertainable at present. In the absence of adequate information, we are unable to comment on the carrying value of investments & receivables.		
	b.	Type of Audit Qualification : Qualified Opinion		
	c.	Frequency of qualification: Have been reporting this qualification since June 2019 Limited Review.		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:  (i) <b>Management's estimation on the impact of audit qualification:</b> (ii) <b>If management is unable to estimate the impact, reasons for the same:</b> The value of the subsidiary is dependent on the value of the intangible assets in subsidiary. The company is not able to estimate the projected revenue streams of these intangibles, consequent to the appointment of the Receivers for its subsidiary DQ Ireland. The company is actively pursuing with potential investors, in order to raise the required funds and settle the dues of the Bondholders as well as the Banks. Because of these uncertainties management is not able to estimate the impact on the financial statements.		



		<p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In the absence of adequate information, we are unable to comment on the carrying value of investments &amp; receivables. The amount under qualification is Rs 3,298 Mn.</p>
<b>Audit Qualification 2:</b>		
a.	<b>Details of Audit Qualification:</b>	The carrying value of intangibles amounting to Rs. 238 Mn. The company is not able to estimate the projected revenue streams of these intangibles. The provision for Impairment, if any, of the aforesaid intangibles in compliance with IND AS 36: Impairment of Assets is not ascertainable at present. In the absence of adequate information, we are unable to comment on carrying value of intangible assets.
b.	Type of Audit Qualification :	Qualified Opinion
c.	Frequency of qualification:	Have been reporting this qualification since June 2019 Limited Review.
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	NA
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	<p>(i) <b>Management's estimation on the impact of audit qualification:</b> (ii) <b>If management is unable to estimate the impact, reasons for the same:</b> The subsidiary's assets comprise primarily of intangible properties. The company is not able to estimate the projected revenue streams of these intangibles, consequent to the appointment of the Receivers for its subsidiary DQ Ireland. The company is actively pursuing with potential investors, in order to raise the required funds and settle the dues of the Bondholders as well as the Banks. Because of these uncertainties management is not able to estimate the impact on the financial statements.</p> <p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In the absence of adequate information, we are unable to comment on the carrying value of investments &amp; receivables. The amount under qualification is Rs 238 Mn.</p>
<b>Audit Qualification 3:</b>		
<b>Details of Audit Qualification:</b>		
Further, The Company has Rs 963 Mn as Deferred Tax Asset as on 31st March 2020. The principles of Ind AS states that deferred tax asset shall be recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. In our opinion, considering the continued losses being incurred by the company and the present scenario of the Company's business, there is no certainty that the company would have sufficient future taxable income to justify the continuation of Deferred Tax Asset. In the absence of adequate information, we are unable to comment on the carrying value of deferred tax asset.		
Type of Audit Qualification : Qualified Opinion		
Frequency of qualification: Qualification appearing for the first time.		
For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA		

For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) **Management's estimation on the impact of audit qualification:**

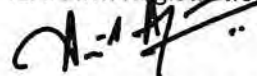
(ii) **If management is unable to estimate the impact, reasons for the same:**

Management expects that there is a reasonable certainty about future revenues based on business outlook. Management is also confident about raising of funds and settle the loans in near future, there by decrease the finance costs. Management believes that taxable profits will be available for utilization of these deferred tax assets in future in view of the fact that the company is actively pursuing with potential investors, in order to raise the required funds and settle the dues of the Bondholders as well as the Banks recover the assets. Due to these factors the management is unable ascertain the impact at this point of time.

(iii) **Auditors' Comments on (i) or (ii) above:**

In the absence of adequate information, we are unable to comment on the carrying value of investments & receivables. The amount under qualification is Rs 963 Mn.

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



Amit Kumar Agarwal  
Partner

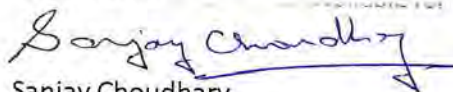
M. No.: 214198

Dated : 29<sup>th</sup> June, 2020

For DQ Entertainment (International) Limited



Tapaas Chakravarti  
CEO & CMD



Sanjay Choudhary  
Chief Financial Officer