



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

644, Aurora colony, Road No.3, Banjara Hills, Hyderabad - 5000 034. INDIA  
Tel: +91-40-23553726 & 27 Fax: +91-40-23552594  
CIN: L92113TG2007PLC053585

**August 27, 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)
--	--

Dear Sir/Madam,

**Sub: Outcome of the Board Meeting held on August 27, 2020**

Kindly note that the Board of Directors of the Company at their meeting held on August 27, 2020 have, *interalia*:

1. Approved the un-audited financial results (Standalone & consolidated) for the quarter ended June 30, 2020.
2. Approved the re-appointment of Mr. Tapaas Chakravarti as CMD and CEO of the Company for another term of three years subject to the approval of shareholders at the ensuing Annual General Meeting.
3. Approved the re-appointment of Mr. Auknoor Gautam as Independent Director of the Company for another term of five years subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Kindly find enclosed herewith the following documents:

1. Un-Audited financials (Standalone & Consolidated) in the format prescribed under Schedule III of Companies Act, 2013.
2. Limited Review report issued by M/s MSKA & Associates, Chartered Accountants - Statutory Auditors of the Company.

Further, the Company has received a letter from NSE NSE/LIST-SOP/CG/FINES/101661 dated August 20, 2020 for non-compliance of Regulation 17(1) of SEBI (LODR) Regulations, 2015 and the same was placed before the Board. The Board acknowledged the application filed for the waiver of the penalty imposed by NSE for the non-compliance of aforementioned regulation.


The meeting commenced at 4.30 p.m. and concluded at 6.45 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**  
CEO & CMD



644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034  
Unaudited Standalone Statement of Profit and Loss for the Quarter ended 30 June, 2020

		Rs in million			
	Particulars	Figures for the current quarter ended 30-June-20	Figures for the Previous quarter ended 31-Mar-20	Figures for the Corresponding Quarter ended 30-June-19	Figures for the Previous Year ended 31-Mar-20
		Unaudited	Unaudited	Unaudited	(Audited)
	<b>INCOME</b>				
I	Revenue From operations	8.97	47.82	149.13	402.74
II	Other Income	5.48	4.27	4.19	82.57
III	Total Income (I+II)	14.45	52.09	153.32	485.31
IV	<b>EXPENSES</b>				
	Production expenses	3.22	3.54	7.93	20.81
	Purchases of Stock-in-Trade	-	-	-	-
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	-	-	-	-
	Employee benefits expense	82.78	99.93	138.56	489.08
	Finance costs	87.38	92.57	71.84	316.08
	Depreciation and amortization expenses	33.95	51.55	35.66	153.60
	Other expenses	27.83	24.57	92.81	250.23
	Total expenses (IV)	235.16	272.16	346.80	1,229.80
V	Profit/(loss) before exceptional items and tax (I-IV)	(220.71)	(220.07)	(193.48)	(744.49)
VI	Exceptional Items	(10.81)	(61.99)	9.54	(93.72)
VII	Profit/ (loss) after exceptions items and before tax(V-VI)	(209.90)	(158.08)	(203.02)	(650.77)
VIII	Tax expense:				
	(1) Current tax	-	-	-	-
	(2) MAT Credit Entitlement	-	-	(2.64)	(2.64)
	(3) Deferred tax	(5.60)	(33.84)	0.15	(67.08)
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(204.30)	(124.24)	(200.53)	(581.05)
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)	(204.30)	(124.24)	(200.53)	(581.05)
XIV	Other Comprehensive Income				
	A. (i) Items that will not be reclassified to profit or loss	5.22	10.31	1.42	20.88
	(ii) Income tax relating to items that will not be reclassified to profit or loss	1.83	3.62	0.50	7.33
	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 )	(197.25)	(110.31)	(198.61)	(552.84)
XVI	Earnings per equity share (for continuing operation):				
	(1) Basic	(2.58)	(1.57)	(2.53)	(7.33)
	(2) Diluted	(2.58)	(1.57)	(2.53)	(7.33)
XVII	Earnings per equity share (for discontinued operation):				
	(1) Basic	-	-	-	-
	(2) Diluted	-	-	-	-
XVIII	Earning per equity share (for discontinued & continuing operation)				
	(1)Basic	(2.58)	(1.57)	(2.53)	(7.33)
	(2) Diluted	(2.58)	(1.57)	(2.53)	(7.33)

Tapaas Chakravarti

CMD & CEO  
DIN:00559533

Place: Hyderabad

Date: 27th August, 2020





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

Standalone Segment Revenue and Results

(Rs in million)				
Particulars	Figures for the current quarter ended 30-June-20	Figures for the Previous quarter ended 31-Mar-20	Figures for the Corresponding Quarter ended 30-June-19	Figures for the Previous Year ended 31-Mar-20
	Unaudited	Unaudited	Unaudited	(Audited)
<b>Segment Revenue</b>				
Animation	8.10	43.77	147.13	384.97
Distribution	0.87	4.05	2.00	17.77
Total	8.97	47.82	149.13	402.74
Less: Inter Segment Revenue	-	-	-	-
<b>Net Income from Operations</b>	8.97	47.82	149.13	402.74
<b>Segment Results -Profit/(loss)</b>				
Animation	(100.06)	(70.44)	(69.72)	(389.09)
Distribution	(22.36)	(18.28)	(29.92)	(78.53)
Unallocated	(0.10)	23.21	(31.54)	132.93
<b>Segment Results before Interest and Finance Expense and Tax Expenses</b>	(122.52)	(65.51)	(131.18)	(334.69)
Interest and Finance Expense	87.38	92.57	71.84	316.08
<b>Profit / (Loss) before tax</b>	(209.90)	(158.08)	(203.02)	(650.77)
<b>Segment Assets</b>				
Animation	3,992.74	4,024.00	4,383.55	4,024.00
Distribution	227.24	241.99	316.03	241.99
Unallocated	406.43	382.27	247.26	382.27
<b>Total</b>	<b>4,626.41</b>	<b>4,648.26</b>	<b>4,946.84</b>	<b>4,648.26</b>
<b>Segment Liabilities</b>				
Animation	3,062.02	2,895.30	2,897.31	2,895.30
Distribution	4.89	1.67	3.53	1.67
Unallocated	153.10	140.58	75.64	140.58
<b>Total</b>	<b>3,220.01</b>	<b>3,037.55</b>	<b>2,976.48</b>	<b>3,037.55</b>

Tapaas Chakravarti

CMD & CEO  
DIN:00559533

Place: Hyderabad  
Date: 27th August, 2020



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

- 1) The unaudited standalone financial results for the quarter ended June 30, 2020 were reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on August 27, 2020
- 2) The 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) (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 taken control w.e.f 15th October, 2019, 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 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.215 Mn as at June 30, 2020 ( 31 March, 2020 - Rs.238 Mn) . 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.215 Mn as at June 30, 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 2,310 Mn ( 31 March, 2020 - Rs.2,308 Mn) (comprising of Equity investments – Rs. 1,168 Mn (31 March, 2020 - Rs.1,168 Mn) and Loans – Rs. 1,142 Mn ( 31 March, 2020 - Rs.1,140 Mn) and receivable balance of Rs.998 Mn ( 31 March, 2020 - 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 ended, June 30, 2020 and accumulated losses of Rs 1,380 Mn as on 30th June, 2020 (31 March, 2020 - Rs.1,175 Mn) . 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.



7) The Company has Deferred Tax Asset of Rs.968.86 Mn as on 30 June 2020 ( 31 March, 2020 - Rs. 963.26 Mn) 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.

8) 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 June 30, 2020. All expenses including employee benefit expenses, finance cost and other expenses, up to June 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.





**& Associates**

Chartered Accountants

1101/B, Manjeera Trinity Corporate,  
JNTU-Hitech City Road, Kukatpally,  
Hyderabad 500072, Telangana, INDIA  
Tel: +91 040 6814 2999

**Independent Auditor's Review Report on unaudited quarterly financial results of the DQ Entertainment (International) Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**The Board of Directors**

**DQ Entertainment (International) Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of **DQ Entertainment (International) Limited** ('the Company') for the quarter ended June 30, 2020 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulation').
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether financial results are free of material misstatements. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Basis for Qualified Conclusion:
  - i. Recoverability of Investments & receivables aggregating Rs.2,310 Mn and Rs 998 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 6(c) of the Statement).
  - ii. The carrying value of intangibles amounting to Rs. 215 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 6(b) of the statement).





- iii. The Company has Rs 969 Mn as Deferred Tax Asset as on 30th June 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 7 of the statement).

Our audit report dated 29<sup>th</sup> June 2020 on the standalone financial statements for the year ended March 31, 2020 was also qualified in respect of these matters. These qualifications have not been addressed by the Management of the Company in the unaudited financial results for the quarter ended June 30, 2020.

5. Based on our review conducted as above, with the exception of the matter described in the paragraph 4 and the effects thereon, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Material Uncertainty Related to Going Concern

We draw attention to Note 6(d) to the Statement herein it is stated that, the Company has incurred losses for the quarter ended 30<sup>th</sup> June 2020 and has accumulated losses of Rs 1,380 Mn as of 30<sup>th</sup> June 2020. 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 conclusion 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: 20214198AAAAEF8951

Place: Hyderabad

Date: 27-08-2020





**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**  
644, Aurora Colony, Road No. 3, Banjara Hills, Hyderabad - 500034  
**Consolidated Statement of Profit and Loss for the Quarter ended 30 June 2020**

		<i>Rs. in million</i>			
	Particulars	Figures for the current quarter ended 30-June-20	Figures for the Previous quarter ended 31-Mar-20	Figures for the Corresponding Quarter ended 30-June-19	Figures for the Previous Year ended 31-Mar-20
		Unaudited	Unaudited	Unaudited	(Audited)
I	Revenue From operations	8.97	47.82	178.38	441.75
II	Other Income	5.48	4.25	8.18	87.25
III	Total Income (I+II)	14.45	52.07	186.56	529.00
IV	EXPENSES				
	Production expenses	3.22	3.54	8.93	29.36
	Purchases of Stock-in-Trade	-	-	-	-
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	-	-	-	-
	Employee benefits expense	82.78	99.94	139.75	491.43
	Finance costs	87.38	92.57	120.17	413.81
	Depreciation and amortization expenses	33.95	51.55	131.65	383.75
	Other expenses	27.83	24.53	103.12	272.64
	Expenses transferred to Capital account	-	-	(12.09)	(33.13)
	Total expenses (IV)	235.16	272.13	491.53	1,557.86
V	Profit/(loss) before exceptional items and tax (I-IV)	(220.71)	(220.06)	(304.97)	(1,028.86)
VI	Exceptional Items	(10.81)	(61.99)	(52.15)	90.30
VII	Profit/ (loss) after exceptions items and before tax(V-VI)	(209.90)	(158.07)	(252.82)	(1,119.16)
VIII	Tax expense				
	(1) Current tax	-	-	-	-
	(2) MAT Credit Entitlement	-	-	(2.64)	(2.64)
	(3) Deferred tax	(5.60)	(33.84)	0.16	(67.08)
	Profit (Loss) for the period from continuing operations (VII-VIII)	(204.30)	(124.23)	(250.34)	(1,049.44)
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)	(204.30)	(124.23)	(250.34)	(1,049.44)
XIV	Other Comprehensive Income				
	A. (i) Items that will not be reclassified to profit or loss	5.22	10.31	1.42	20.88
	(ii) Income tax relating to items that will not be reclassified to profit or loss	1.83	3.62	0.50	7.33
	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 )	(197.25)	(110.30)	(248.42)	(1,021.23)
XVI	Earnings per equity share (for continuing operation):				
	(1) Basic	(2.58)	(1.57)	(3.16)	(13.24)
	(2) Diluted	(2.58)	(1.57)	(3.16)	(13.24)
XVII	Earnings per equity share (for discontinued operation):				
	(1) Basic	-	-	-	-
	(2) Diluted	-	-	-	-
XVIII	Earning per equity share (for discontinued & continuing operation)				
	(1)Basic	(2.58)	(1.57)	(3.16)	(13.24)
	(2) Diluted	(2.58)	(1.57)	(3.16)	(13.24)

Tapaas Chakravarti  
CMD & CEO  
DIN:00559533  
Place: Hyderabad  
Date: 27th August, 2020





**DQ ENTERTAINMENT (INTERNATIONAL) LIMITED**

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

Consolidated Segment Revenue and Results

<i>(Rs in million)</i>				
Particulars	Figures for the current quarter ended 30-June-20	Figures for the Previous quarter ended 31-Mar-20	Figures for the Corresponding Quarter ended 30-June-19	Figures for the Previous Year ended 31-Mar-20
	Unaudited	Unaudited	Unaudited	(Audited)
<b>Segment Revenue</b>				
Animation	8.10	43.76	145.95	373.68
Distribution	0.87	4.06	32.43	68.07
Total	8.97	47.82	178.38	441.75
Less: Inter Segment Revenue		-	-	-
<b>Net Income from Operations</b>	8.97	47.82	178.38	441.75
<b>Segment Results -Profit/(Loss)</b>				
Animation	(100.06)	(101.02)	(70.96)	(411.08)
Distribution	(22.36)	(9.89)	(106.94)	(280.78)
Unallocated	(0.10)	45.41	45.25	(13.49)
<b>Segment Results before Interest and Finance Expense and Tax Expenses</b>	(122.52)	(65.50)	(132.65)	(705.35)
Interest and Finance Expense	87.38	92.57	120.17	413.81
<b>Profit / (Loss) before tax</b>	(209.90)	(158.07)	(252.82)	(1,119.16)
<b>Segment Assets</b>				
Animation	3,992.74	4,024.00	1,311.43	4,024.00
Distribution	227.24	241.99	6,201.04	241.99
Unallocated	406.54	382.37	123.91	382.37
<b>Total</b>	<b>4,626.52</b>	<b>4,648.36</b>	<b>7,636.38</b>	<b>4,648.36</b>
<b>Segment Liabilities</b>				
Animation	3,062.64	2,895.91	2,864.50	2,895.91
Distribution	4.89	1.76	160.09	1.76
Unallocated	153.10	140.48	3,773.64	140.48
<b>Total</b>	<b>3,220.63</b>	<b>3,038.15</b>	<b>6,798.23</b>	<b>3,038.15</b>

Tapaas Chakravarti

CMD & CEO  
DIN:00559533

Place: Hyderabad

Date: 27th August,2020



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

1) The consolidated financial results for the quarter ended June 30, 2020 were reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 27 August, 2020

2) The 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) (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. The loss of control is accounted in accordance with Ind AS 110 -Consolidated Financial Statements.

The Receivers have taken control w.e.f 15th October, 2020, 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 being managed by the Receivers appointed by the Bondholders.

The group has total investment in DQ Ireland of Rs 2,310 Mn ( 31 March, 2020 - Rs.2,308 Mn) (comprising of Equity investments – Rs. 1,168 Mn ( 31 March, 2020 - Rs.1,168 Mn ) and Loans – Rs. 1,142 Mn ( 31st March, 2020 -Rs.1,140 Mn ) and receivable balance of Rs.998 Mn ( 31 March, 2020 - 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 w.e.f.15 October, 2019.

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.215 Mn as at June 30, 2020 ( 31 March, 2020 - Rs.238 Mn). 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.215 Mn as at 30 June, 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 ended June 30, 2020 and accumulated losses of Rs 1,374 Mn as on 30th June, 2020 ( 31 March, 2020 - Rs.1,170 Mn). 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.

7) Due to loss of control over subsidiary, DQ Ireland has not been consolidated for the quarter and period ending June 30, 2020. Consequently, the corresponding quarter/period figures may not be comparable.

8) The Company has Deferred Tax Asset of Rs.968.86 Mn as on 30th June, 2020 ( 31 March,2020 - Rs.963.26 Mn) 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

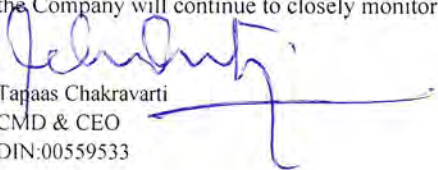
The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the 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 June 30, 2020. All expenses including employee benefit expenses, finance cost and other expenses, up to June 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: 27th August,2020

**Independent Auditor's Review Report on Consolidated Unaudited Quarterly financial results of the Group and Joint Venture pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**The Board of Directors****DQ Entertainment (International) Limited**

1. We have reviewed the accompanying statement of consolidated unaudited financial results of **DQ Entertainment (International) Limited** ('the Holding Company'), and its share of the net loss after tax and total comprehensive loss of its joint venture for the quarter ended 30<sup>th</sup> June 2020 ('the Statement'), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulations').
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. This Statement includes the results of the following entities:

Sr. No	Name of the Company	Relationship with the Holding Company
1	DQ Entertainment (International) Films Limited	Joint Venture

5. Basis for Qualified Conclusion:

- i. Recoverability of investments & receivables aggregating Rs.2,310 Mn and Rs 998 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 6(a) of the statement).

- ii. The carrying value of intangibles amounting to Rs. 215 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 6(b) of the statement).
- iii. The Company has Rs 969 Mn as Deferred Tax Asset as on 30<sup>th</sup> June 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 8 of the statement).

Our audit report dated 29<sup>th</sup> June 2020 on the consolidated financial statements for the year ended March 31, 2020 was also qualified in respect of these matters. These qualifications have not been addressed by the Management of the Group in the unaudited financial results for the quarter ended June 30, 2020.

- 6. Based on our review conducted and procedures performed as stated in paragraph 3 above and with the exception of the matter described in the paragraph 5 and the effect thereon, nothing has come to our attention that causes us to believe that the accompanying Statement are prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

We draw attention to Note 6(c) to the Statement wherein it is stated that, the Company has incurred losses for the quarter ended 30<sup>th</sup> June 2020 and has accumulated losses of Rs 1,374 Mn as of 30<sup>th</sup> June 2020. 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 conclusion is not modified in respect of this matter.



8. The consolidated unaudited financial results includes the Group's share of net loss after tax of Rs.0 Mn (absolute amount of Rs 2,000) for the quarter ended 30<sup>th</sup> June 2020, as considered in the consolidated unaudited financial results, in respect of a joint venture, based on their financial results which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these financial results are not material to the Group.

Our conclusion on the Statement 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: 20214198AAAAEG8536



Place: Hyderabad

Date: 27<sup>th</sup> August 2020.