DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

ANNUAL REPORT

2013

Imagination and Beyond

COMPANY VISION

To be one of the global leading independent children's media company with a comprehensive portfolio of iconic international brands and intellectual properties supported by technologically advanced and cost effective production platform.

To develop own content programs that are global in appeal with deliverable capabilities across any media platform and effectively exploit the Intellectual Properties through a 360 monetization strategy by way of broadcasting, merchandising, licencing, publishing, online games, music rights, home video digital media and feature film.

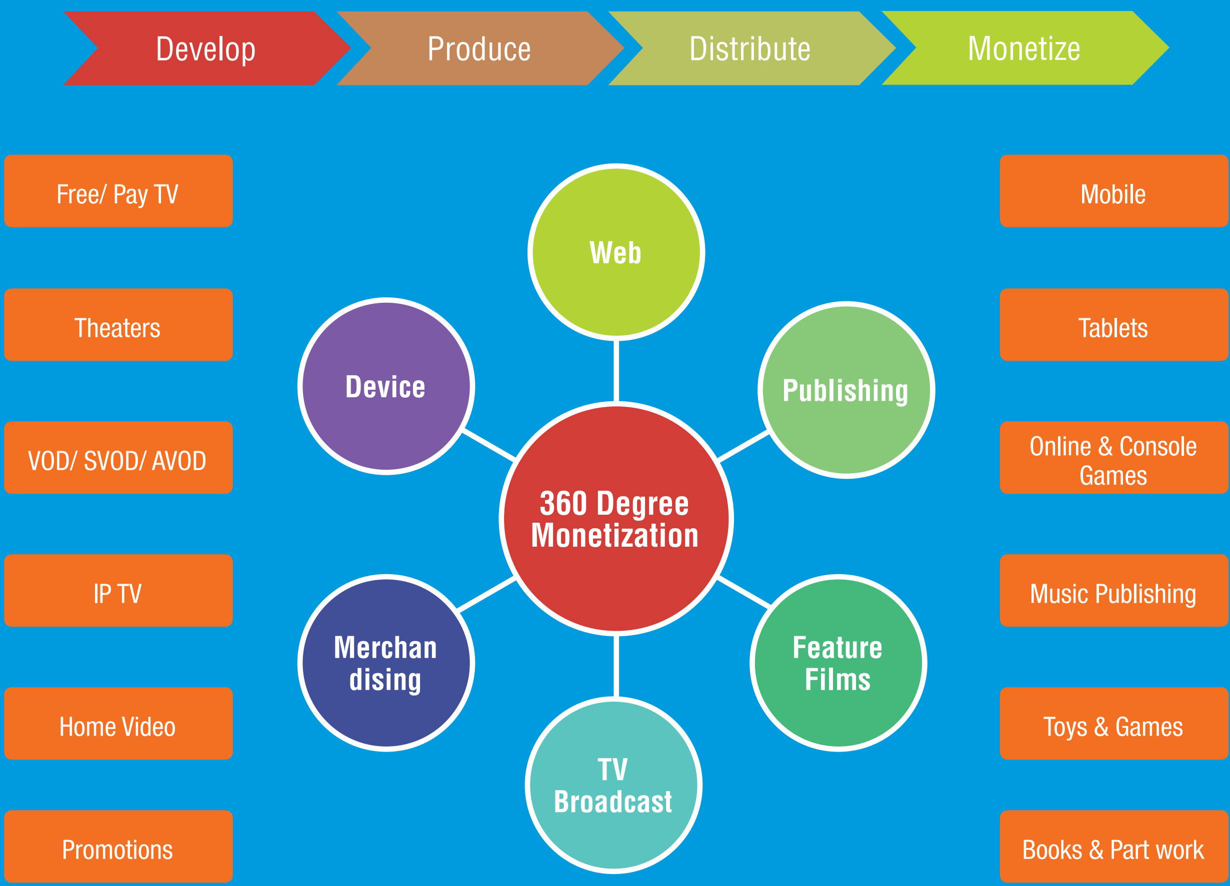
CONTENTS

Power of IP in creative industries

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

The success of our flagship IP ‘ The Jungle Book ’ in 3D created by the company is evident in the licensing and distribution revenues that are beginning to surpass those from the traditional avenues of broadcast licensing. We are confident to achieve exponential growth in this area as the portfolio of our Intellectual Properties continues to rise.

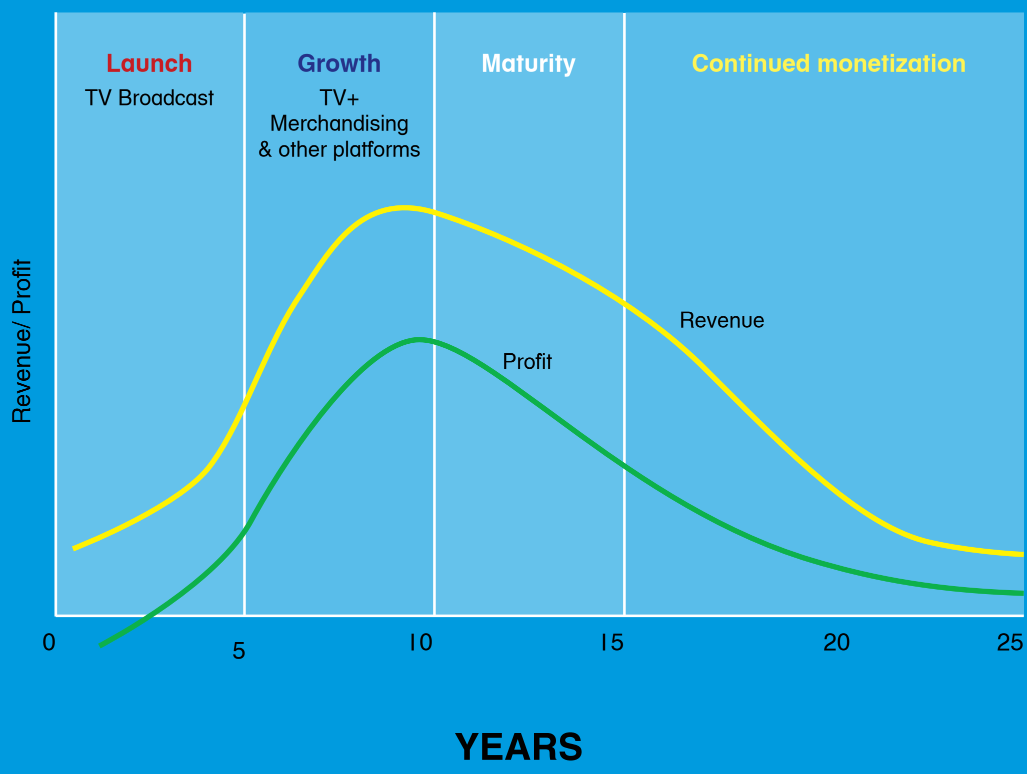
360 Degree IP Monetization



In the life cycle of IP monetization, the ROI for the property in the first cycle of monetization (0-5 years – Launch phase) after the content is ready to go to market, evidences a gradual increase starting with television broadcast revenues. These are later compounded as the content gets delivered to multiple platforms such as mobile, online, video-on demand and other alternatives such as licensing and merchandising. Trends indicate that the second cycle of monetization of the IP (5-10 years), when the ancillary revenues kick in from a 360 degree monetization approach, is the real Growth phase when the revenues are maximized. This is usually in parallel with continued production or follow-up seasons of TV series or sequels as the case may be. (Refer: IP Life Cycle below)

We are also seeking to explore new frontiers of Animated Theatrical film production and distribution as a further integration and exploitation of our Intellectual Property assets.

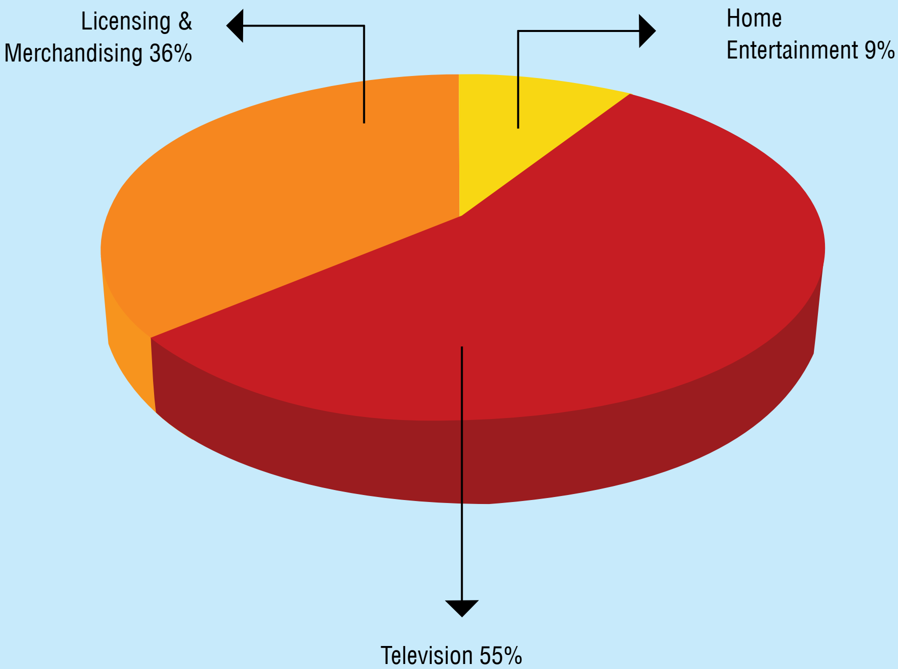
IP Life Cycle



POWER OF IP

- DQE believes in the power of Intellectual Property(IP) and is strongly focused on the creation of world class IPs aimed to cater to the global audience.
- DQE has the strength and experience to monetize IP in various platforms like distribution, merchandising, digital rights & licensing.
- DQE ventured in to IP creation with its first fully home grown property 'The Jungle Book'.
- Jungle book franchise is an aggressively growing brand that has its presence in over 169 countries on various broadcast platforms with more than 300 categories of merchandise launched in various part of the world.
- JB series has created a great fan base which paved the way for the second season of the series, a couple of TV features and a feature film in the pipeline.
- The New Adventures of Peter Pan another major IP developed by DQE has been pre sold to more than 100 countries and counting.
- DQE understands the importance of global IP, the demand for original content in the market & the money involved in a great franchise.
- Keeping this in mind DQE is developing a wide portfolio of properties that include The Jungle Book, The New Adventures of Peter Pan, 5&IT, Adventures of Lassie, Robin Hood etc.

The Jungle Book 360 Degree Monetization



THE JUNGLE BOOK PARTNERS / CLIENTS WORLD WIDE

THE JUNGLE BOOK BRAND HIGHLIGHTS

- The Jungle Book Licensing &Merchandising(L&M) activities kicked off in 2012 & have many licensees world over.
- The brand has generated over USD 26 mn worth of contracts through various broadcast and licensing deals signed world wide,of which over USD 10 mn has already been cash flowed
- The brand has its reach in more than 169 countries which includes all Major European countries, North America, parts of Asia and the Middle East.
- Have more than 300 categories of products developed through various licensee. Products include toys, plush, puzzles, skates, outdoors, apparels, nightwear, back to school products, electronic toys etc.
- The brand has a flourishing publishing programme with major publishing houses like Hachette, Egmont, Scholastic, Bruno, Edikart, Jungle online, Blue Ocean, Sole Di carta.
- The Jungle Book brand is looking to get stronger in the L&M space with the launch of season 2.
- Master Toy tie up with Sunmate on a worldwide basis.
- Exclusive Toys Launch in association with " Toys R Us" since June 2013.
- A 3 year QSR Promotions in association with Burger King through their outlets worldwide.
- Digital monetization of the series through App Game "The Fruit Dash" launched by Budge Studios in June 2013.
- The Jungle Book tie up with Walmart for exclusive gift set with DVD, collectible Mowgli and Baloo figures in the US.
- Major toy distributors appointed in various territories and toys are all set to hit the market by the third quarter of 2013.

JUNGLE BOOK : BRAND ASSOCIATION

THE JUNGLE BOOK LICENSING AND MERCHANDISING DEALS INCLUDE

TOYS R US – Toys, plush etc. for Middle East & USA

Burger King – worldwide promotion deal

Wal-Mart has launched 250,000 dvds and 250,000 figurines across North America

Leap Frog – Online Apps worldwide

Budge studio launched the JB Apps for IOS and Android platform

Craft stone group – A premiere company in the manufacture of plush and stuff toys to do JB plush for Asia Europe & USA

My Idol Pops (USA & Canada) Molded Lollypops and candies

Pacific Play Tents (USA & Canada) for play tents

Komar Kids (USA & Canada) Sleepwear

Nestle for producing Easter Eggs in Italy

Mandodari For Part works in Italy

Quick for QSR promotions in France and French speaking Europe

TV Mania for Kids Apparel in France

Spark toys doing various toys in Israel

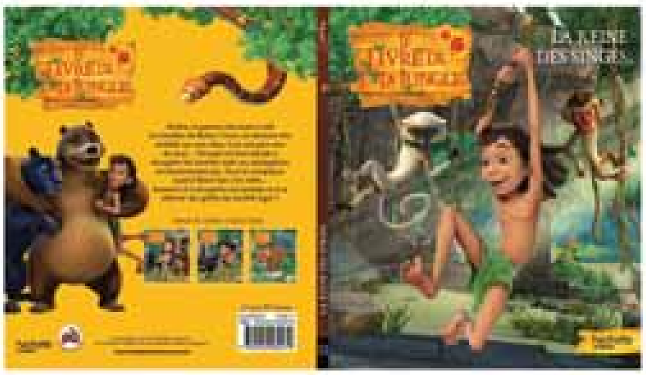
Show Time attraction in Australia doing costume appearances & live events

Pacific brands doing the sleep wear, under wear & beach wear for Kids in Australia

Isssac Morris (USA & Canada) for apparel including sets and separate

Nanco Sales (USA & Canada) Soft sculpted vinyl inflates, rubber basket balls, & novelty play balls of various materials

JUNGLE BOOK PUBLISHING

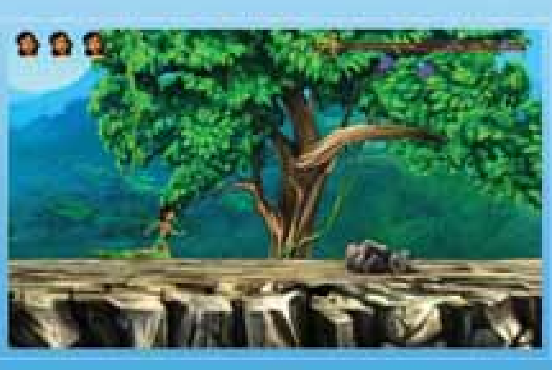


JUNGLE BOOK TOYS

JUNGLE BOOK ONLINE GAMES AND APPS

Fruit Dash a free mobile app designed for Tablets & Phones, IOS & Android Platform co developed with Canadian game developers Budge Studio.

DQE also has developed its own android based game called "The Great Escape" which will be available in all android based devices from July 2013.



Platforms	Tables and smartphones (ios and Android)
Target audience	5–8 years old
Genre	Arcade

THE JUNGLE BOOK LICENSING AND MERCHANDISING DEALS

Sr no	Licensee	Territory	Category
1	SUNMATE	USA	Toys, Apparel, Outdoor etc
2	BURGER KING	World Wide	Promotions
3	UNIVERSAL TRENDS	German Speaking Europe	Toys,puzzles & Board games
4	HACHETTE	World Wide French excluding Canada	Publishing
5	UNIVERSAL MUSIC	World Wide	Music Publishing
6	EGMONT	German Speaking Europe	Publishing
7	BELTEX	Germany , Austria , Switzerland	Bed Linen
8	NANCO	USA & Canada	Soft sculpted toys
9	BLUE OCEAN ENTERTAINMENT AG	German Speaking Europe	Jungle Book Magazine
10	EDIKART	Italy	Coloring Book, Story Books
11	UNIVERSAL MUSIC GMBH	Germany , Austria , Switzerland	Audio Books
12	BRUNO	Spain	Publishing
13	BELTEX	France, Benelux	Bed Linen
14	QUICK	France, Belgium, Luxembourg,	Promotions
15	DARPEJE	France , Benelux	Outdoors
16	SCHOOL PACK	France, Belgium, Luxembourg	Back Packs
17	TV MANIA	France, Benelux	Apparels
18	KOMAR KIDS, LLC.	USA & Canada	Kids Sleepwears, Robes, Cover Ups
19	AHIM FRIED	Israel	Bed Linen
20	PACIFIC PLAY TENTS	USA & Canada	Play Tents
21	ISAAC MORRIS LTD.	USA & Canada	Apparel
22	SOLE DI CARTA	Italy , San Marino , Vatican City	Coloring Books, Activity Book
23	REITH MULLER	German Speaking Europe	Party Goods
24	BIO WORLD	India	Apparels
25	SCHOLASTICS	UK	Popcorn Readers
26	SWADESH ESSFIL	India	Pens, Stationery,

27	BLUE OCEAN ENTERTAINMENT AG	German Speaking Europe	Sticker Collections & Albums
28	UNIVERSAL CARDS	German Speaking Europe	Stationery
29	TNF PARTNERS	Italy San Marino Vatican City	Apparel , Bedsheets
30	SPARK TOYS	Israel	Toys
31	PACIFIC BRANDS	Australia , Newzealand	Underwear, Socks and Sleep wear
32	SHOWTIME ATTRACTIONS	Australia	Costume Character Appearences
33	HAKSAN	South Korea	Coloring Books, Sticker Books, Puzzles
34	BURGER RACH	Israel	Promotions
35	JUNGLE ONLINE	France	Comic Publishing
36	US PLAYING CARD CO.	USA & Canada	Playing Cards
37	NESTLE	Israel	Promotions
38	BIMNAMBOM	Israel	Kindergarten Bags
39	DUMONT	German Speaking Europe	Wall Calenders
40	BOSKATAN	Israel	Magnet Puzzles , Puzzles , Memory Game
41	COOL GAMES	Israel	Puzzle & Games
42	K & L WALL ART	German Speaking Europe	Wall Tattoo
43	MODAN	Israel	Kindergarten Bags
44	HAGIM	Israel & West Bank Territories	Kindergarten Bags
45	MY IDOL POPS, LLC.	USA & Canada	Molded Lolipops
46	Craftstone Group	USA & Canada	Printed Plush Toys
47	Glittertainment LLC	USA & Canada	Temporary Tattos
48	Nestle (Italy)	Italy, San Marino , Vatican City	Promotions
49	Compupress	Greece , Cyprus	DVD Partworks
50	Cosrich	USA	HBA & First Aid,
51	K & L WALL ART(Extension)	German Speaking Europe	Wall Tattoo
52	Walls 360	USA & Canada	Wall Graphics , Wall Decors,
53	Buy Seasons	USA & Canada	Party Goods, Personalized Items

54	Marken Tosi	Korea	Coloring Book, Game Books
55	Ipam	Korea	Tooth Brushes, Bandage, Masks, Candies
56	Baum Textile mills	USA & Canada	Fleece Fabric, Cotton Fabric
57	Allied product Corporation	North America	Puzzle Books for Kids & Family
58	Magic Jump	USA & Canada	Inflatable Bounce houses
59	Cardinal Toy Industries	USA & Canada	Board Games, Lenticular Puzzles, Wooden Games
60	Treasures LLC	USA & Canada	Plush Size 7" to 11"
61	Dragon I Toys	USA ,Canada ,South Africa,New Zealand	Battery Operated Animatic Plush
62	New Castle Fabric	USA & Canada	Branded fleece, Blanket & Fleece Kits
63	Air Transat	All Air Transat Flights	In Flight Entertainment
64	LA Rug	USA & Canada	Childrens Play rugs
66	Newco	USA & Canada	Bean Bags, Bean Bag Chairs, Toy Boxes, Adult Furniture
67	Kelly Toys	USA , Canada & South Africa	Plush Characters in all sizes , Pillow Chums
68	Gruppo Cartorama	Italy	Back to school gift products
69	Union Underwear	USA & Canada	Boys & Girls Underwear & Separate sets
70	Bendon Publishing	USA & Canada	Coloring Books, Activity Books Board Books
71	Play Wow International	USA ,Canada ,South Africa,New Zealand	Inflatable Bath Toys
72	Fabricas Selectas	USA & Canada	Play Balls, Toy Marbles & Inflatable Games

THE JUNGLE BOOK TELEVISION & HOME VIDEO DEALS

Sr. No.	Broadcaster/Licensee	Territory	Rights
1	TF1 / MOONSCOOP	France & French speaking Europe	Television & Home Video
2	ZDF	Germany & German speaking Europe	Television & Home Video
3	RAI TV	Italy	Television
4	NBC UNIVERSAL	UK, France, Australia, NewZealand & Japan	Home Video
5	B CHANNEL	Indonesia	Television & Home Video
6	BBC	UK	Television
7	PHASE 4 FILMS	North America	Home Video
8	DISNEY	Pan Asia (27 countries)	Television
9	TURNER	Italy	Television

10	DISNEY	USA	Television
11	TVE	Spain	Television
12	DISNEY	Spain & Portugal	Television
13	JCCTV	22 Arabic Countries	Television
14	TELEQUEBEC	Canada - French Speaking	Television
15	TURNER	Germany	Television
16	ATV	Turkey	Television
17	TELEVISIA	Mexico	Television
18	ABC AUSTRALIA	Australia	Television
19	TV3	Spain	Television
20	TVO	Canada - English Speaking	Television
21	NPO	Netherland	Television
22	VRT	Belgium	Television
23	YLE	Finland	Television
24	SVT	Sweden	Television
25	NRK	Norway	Television
26	CHELLO CENTRAL	Ex Yugoslavia	Television
27	THAI PBS	Thailand	Television
28	EBS	Republic of Korea	Television
29	HITLAB	Russia/Ukraine	Home Video
30	JUST 4 KIDS	Netherland	Home Video
31	DIRECT SIGHT	Ukraine	Home Video
32	RTV	Slovenia	Television
33	TIGA	Thailand	Home Video
34	GREENARAE MEDIA	Republic of Korea	Home Video
35	MEDIACORP	Singapore	Television
36	NOGA	Israel	Television
37	E Junior	UAE	Television
38	PLAY RECORDS	Israel	Home Video
39	Escalada	Malaysia	Television
40	Knowledge	USA	Television

THE NEW ADVENTURES OF **PETER PAN** BRAND HIGHLIGHTS

- The New Adventures of Peter Pan series has already been pre-sold to 100+ territories for broadcast.
- The brand has attracted more than 30 licensees representing more than 80+ categories of products worldwide.
- The brand has already gained worldwide deals worth 10+ million USD to be earned over a period of three to four years starting FY 2013-14
- Second season in production driven by global broadcast community
- Broadcast rating has been strong in various territories where the series has started broadcasting.

PETER PAN LICENSING AND MERCHANDISING DEALS

Intimage	Intimage to do sleepwear, beach wear, under wear for Kids in Italy
Jungle Online	For publishing comics in Belgium
DUE IN	To develop apparel in Italy, San Marino & Vatican City
CisCA	For producing Easter Egg chocolates in Italy, San Marino & Vatican City
DeAGOSTINI EDITORE	Dea Libri Spa to publish books Italy, San Marino, Vatican City, Italian Switzerland
flunch	QSR promotions in France
Play Press	Coloring books & activity books in Italy, San Marino, Vatican City
Showtime Attractions	Doing Costume appearances & live events in Australia

PETER PAN
MERCHANDISE

PETER PAN TELEVISION & HOME VIDEO DEALS

Sr. No.	Broadcaster/Licensee	Territory	Rights
1	ZDF	Germany & German speaking Europe	Television & Home Video
2	De Agostini	Italy	Television & Home Video
3	Tele Quebec	Canada	Television
4	Turner	South East Asia	Television
5	ABC	Australia	Television
6	ATV	Turkey	Television
7	Noga	Israel	Television
8	JCCTV	22 Arabic Nations	Television
9	EBS	Korea	Television
10	Escalada	Malaysia	Television
11	Evision	UAE	Television
12	Media Corp	Singapore	Television
13	Work Point	Thailand	Television
14	TIGA	Thailand	Home Video

PETERPAN LICENSING AND MERCHANDISING DEALS

S.No	Name of the party	Category	Territory
1	INTIMAGE	Nightwears, Seawears, Underwears	Italy, San Marino,Vatican City
2	JUNGLE ONLINE	Comic Publishing	Belgium
3	DUE IN	T Shirts, Long Sleeved Shirts , Sweat Shirts & Sweat pants	Italy, San Marino,Vatican City
4	CISCA	Easter Eggs	Italy, San Marino,Vatican City
5	LIBRI SPA	Traditional picture books,Color Registers and activities,Pop-up books, carousel with 3 D scenarios,Toy books with puzzle or with sound /tactile/bright elements. Books “allcardboard” shaped and/or with windows or elements of cardboard furniture	Italy, San Marino,Vatican City,Italian Swithzerland
6	FLUNCH	Restraunt Promotions	France
7	PLAY PRESS	Coloring Books, Activity Books, 3D Magic gadgets	Italy, San Marino,Vatican City, Ticinio
8	SHOW TIME ATTRACTION	Costume Character Appearences	Australia & Newzealand

LICENSING & DISTRIBUTION - 2012-13

Our licensing and distribution efforts are proving increasingly successful on a global scale and have created long term and sustained value for DQE by forging new partnerships across various markets,platforms and product categories. During the year:

- 39 new merchandising deals were signed relating to our 'The Jungle Book' & 'Peter Pan franchise'
- 26 new broadcasting agreements have been signed for a variety of properties including The Jungle Book, Peter Pan, Iron Man,Charlie Chaplin,Robin Hood and many more.

MERCHANDISING DEALS - 2012-13

THE JUNGLE BOOK

Sr. No	Licensee	Category	Territory
1	My Idol Pops, LLC.	Molded Lolipops	USA & Canada
2	US Playing Card Co.	Playing Cards	USA & Canada
3	Nestle	Easter Promotions	Italy ,San Marino , Vatican City
4	Compupress	DVD Partwork	Greece , Cyprus
5	Glittertainment	Tattoos	USA & Canada
6	Craftstone Group	Printed Plush Toys, Plush Accessories, Plush Key Chain , Bean Bag Plush	USA & Canada
7	Cosrich	HBA First aid, Eco Friendly water crayons	USA & Canada
8	Hilco	Candies & Confectionary	USA & Canada
9	Walls 360	Wall Graphics , Wall Decals , Wall Stickers	USA & Canada
10	Buy Seasons	Party Goods, Personalized items , Electronic Invitations	USA & Canada
11	Zazzle	Clothing Accessories , Cards & Postage , Home & Pets, Office Products , Electronics	USA & Canada
12	Ipam	Toothbrush , Bandage, Mask , Candy	Korea
13	Leap Frog	Mobile Apps	Worldwide

14	Baum Textile Mills	Fleece Fabric , Cotton Fabric	USA & Canada
15	Allied Product Corporation	Spring Book Kids Puzzle , Spring Book Family Puzzle , Majestic Puzzle	North America
16	Baum Textile Mills	Fleece Fabric , Cotton Fabric	USA & Canada
17	Magic Jump Inc	Inflatable Bouncy Houses	USA & Canada
18	Cardinal Industries Inc	Board Games , Lenticular Puzzles , wood Puzzles	USA & Canada
19	Treasures LLc	Plush In sizes 7" to 11" with or without sound	North America
20	Burger King	QSR Promotions	World-wide
21	Dragon I Toys	Battery Operated Animatronic Plush	USA , Canada , Australia , New Zealand & South Africa
22	Dynamic Displays	Helium or Cold air Baloons	North America
23	Koba Entertainment	Full length & mini shows	North America
24	New Castle	Branded Fleece Blanket & Fleece Kit	USA & Canada
25	Air Transat	Episodic view on Air Transist flight Eng/French	All Air Transat Flights
26	La Rug inc	Mud Pile rug , High Pile Rug	USA & Canada
27	Newco	Bean Bag , Bean Bag Chairs , Toy Boxes, Children Foam Furniture, Adult Furniture,Night Stand , Desks & Dressers	USA & Canada
28	Kelly Toy	Plush Characters in all sizes. Pillow Chums	USA ,Canada & South Africa
29	Gruppo Cartorama	Back to school and gift products	Italy
30	Wimpy Marketing	Give away with meal purchase	South Africa , Swaziland , Botswana , Mauritius , Namibia
31	Gruppo Cartorama	Back to school and gift products	Italy

THE NEW ADVENTURES OF PETERPAN

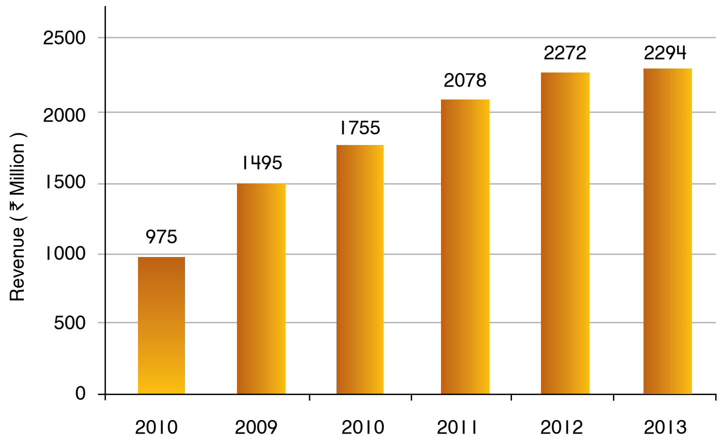
Sr. No	NAME OF THE PARTY	BROADCASTER	TERRITORY
1	Intimage	Nightwear , Seawear, Underwear	Italy
2	Jungle Online	Comic Publishing	Belgium
3	Due In	T Shirts, Long Sleeved Shirts , Sweat Shirt & Sweat pants	Italy, San Marino,Vatican City
4	Cisca	Easter Eggs	Italy, San Marino,Vatican City
5	Libri Spa	Traditional picture books,Color Registers and activities,Pop-up books, carousel with 3 D scenarios,Toy books with puzzle or with sound /tactile/bright elements. Books “allcardboard” shaped and/or with windows or elements of cardboard furniture	Italy, San Marino,Vatican City,Italian Swithzerland
6	Play Press	Coloring Book, Activity Book, 3D Magic gadgets	Italy, San Marino,Vatican City, Ticinio
7	Flunch	QSR	France
8	Showtime Attractions	Costume Character Appearences	Australia & Newzealand

BROADCAST & HOME VIDEO DEALS SIGNED IN 2012-13

Sr. No	PROPERTY	BROADCASTER	TERRITORY
1	JUNGLE BOOK 1	PHASE 4	North America
2	JUNGLE BOOK 2	DISNEY	Brunei·Cambodia·EastTimor·Indonesia ·Laos·Malaysia·Maldives·Mangolia·Myanmar·Philippines·Thailand·Singapore· Veitnam·Papua New Guinea·Palau
3		E VISION	United Arab Emirates
4		NOGA	Israel
5	PETER PAN	ABC	Australia
6		AL JAZEERA	Middle East
7		SKY ITALIA	Italy
8		RAI TV	Italy
9		E VISION	United Arab Emirates

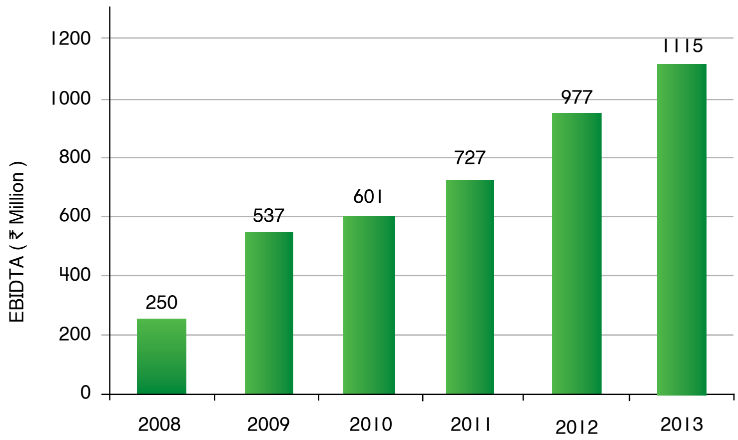
10	PETER PAN	WORKPOINT	Thailand
11		TIGA	Thailand
12		MEDIACORP	Singapore
13		EBS	Korea
14	LASSIE	AL JAZEERA	Middle East
15		ZDF	Germany & German speaking Europe
16		GLOBAL PERKASA	Indonesia
17		WORKPOINT	Thailand
18	CHAPLIN & CO	CHEERS MEDIA	Veitnam
19		AL JAZEERA	Middle East
20		WORK POINT	Thailand
21	ROBIN HOOD	GLOBAL PERKASA	Indonesia
22		NOGA	Israel
23	5 & IT	NOGA	Israel
24	TARADUNCAN	GLOBAL PERKASA	Indonesia
25	GALACTIC FOOTBALL	GLOBAL PERKASA	Indonesia
26	IRON MAN 2	TIGA	Thailand

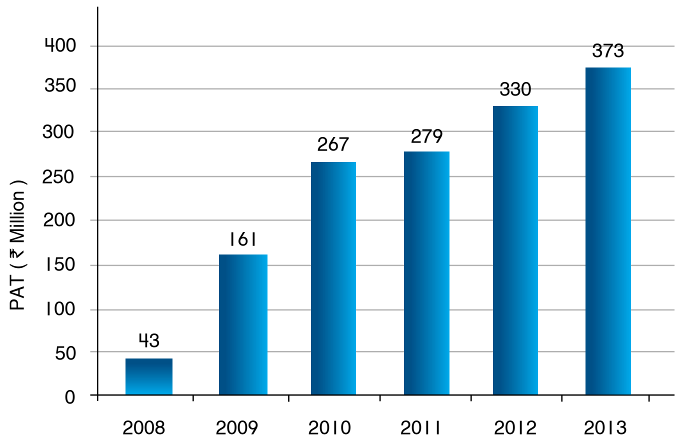
FINANCIAL HIGHLIGHTS



REVENUE

EBIDTA





PROFIT AFTER TAX

Order book currently at **INR 6588 Mn****

**EBITDA is calculated by adding depreciation and amortization expenses to the operating results before financing cost.*
***Includes contracted forward production revenues and signed licensing & distribution deals.*

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Tapaas Chakravarti, CMD & CEO

"Globally acclaimed iconic children's brands provide great opportunities to create content for multiple platforms of delivery like TV, Feature Films, Home Video and Games. It results in the possibility to distribute, license globally and monetize content over a long period of time."

Dear Shareholders

I am delighted to present our annual results for the year ended March 31 2013.

The global economic scenario, especially in Europe and North America, continues to be very challenging. The onus is on the company custodians and management to keep on delivering results even in times such as these. Creative businesses mainly need to focus on core assets and deriving as much from them as possible. Value creation from Intellectual Property ('IP') development has emerged as an asset around which business models and financing are increasingly being focussed.

Building upon our deep expertise in producing high end 3D, CGI and 2D digital animation, we took the step, 3 years ago, into IP based production of digital content for television. The development, financing (through pre-sales globally), production, distribution and ancillary exploitation of entertainment content across all platforms of deliveries is paving the way for long term sustainable revenues for the Company.

The Company is firmly on the path to identify new IP opportunities and generate high calibre creative content for worldwide distribution and exploitation.

2. OPERATING HIGHLIGHTS:

This year we have good examples of our success in the area of value creation through IP development, which in a short period of time has gathered considerable momentum.

Most notable amongst these properties are : the 3D TV Series "**The Jungle Book**" which is now in second season of production approved by many international broadcasters; the 3D TV Series "**The New Adventures of Peter Pan**" which was successfully delivered by us this year and is already airing with high ratings on networks such as Sky Italia (Italy) and TF1 (France); and the 3D TV Series Little Prince which has been commissioned for a third season.

New project commissions include some prestigious titles like: TV series such as **NFL Rush Zone for Nick Toons (USA), a TV feature for Disney India, Jungle Book Second Season for ZDF(Germany) and TF1 (France) and Little Prince Season 3 for France Television and other Broadcasters in Europe.** We continue to benefit from our cross continental relationships with global networks and production partners established through diligent and timely completion of projects undertaken.

Our content creation is managed via a highly efficient and proprietary production and tracking system that significantly improves resource optimisation. Against the backdrop of shrinking budgets and poor economic conditions that prevail worldwide, the Company has sustained qualitative growth in terms of content production and distribution and capitalised on opportunities in the entertainment marketplace, globally.

LICENSING AND DISTRIBUTION

Our licensing and distribution efforts have proven increasingly successful on a global scale and are helping to create long term and sustained value for DQE. Our sales team is continuing to negotiate new deals across all our portfolio of properties.

- 39 new merchandising deals were signed for "The Jungle Book" and "The New Adventures of Peter Pan". Noteworthy amongst these are the '**Quick Service Restaurant (QSR) Promotional deal with Burger King** across 14,000 restaurants worldwide which started in the UK and USA in June '13 followed by Latin America, Europe and Middle East and the exclusive launch of The Jungle Book Home Video in **Wal-Mart stores** across USA.

- **The Jungle Book 60'** TV feature that is now available through **Phase 4 films in the Redbox** rental catalogue is currently topping the popularity charts being the **#1 family film viewed in Canada and #4 in the U.S.!** Red Box, the popular DVD rental site in North America with 34.5% market share, has 42,000 kiosks at more than 34,000 locations and specializes in the rental of DVDs, Blu-ray Discs, and video games via automated retail kiosks.

- More than 25 new broadcasting and home video agreements have been signed for a variety of properties including Ironman, Lassie, Jungle Book, Peter Pan and Tara Duncan with leading networks such as Turner, ZDF Germany, Tele Quebec and TVO Canada, Disney XD USA, Nickelodeon etc.

The licensing and distribution revenues currently represent approximately 21% of total revenues and have progressed very well during the year.

The Company had signed a major licensing and merchandising contract during the previous year, with a leading licensing agency in the USA for a period of four years. The said contract was on a non-cancellable basis resulting in an upfront recognition of distribution revenue of INR 16.39 crores last year.

The New Adventures of Peter Pan series is just launched globally and the revenue from the distribution of this series will accrue from the current year and enable us to improve the cash flows.

PRODUCTIONS SUCCESSFULLY COMPLETED AND DELIVERED :

- **The New Adventures of Peter Pan** - 26 x 22' 3D HD Stereoscopic TV series, DQE IP, co-produced with ZDF Group (Germany), and Method Animation (France), supported by France Television, De Agostini Group (Italy), ATV (Turkey), B Channel-Indonesia, JCCTV (Middle East) and Noga (Israel) has been successfully delivered.

- **Mickey Mouse Club House Season 4&5** - CGI TV Series for Walt Disney Television Animation (USA) was delivered, cementing our long standing relationship with Disney USA, over 5 seasons of this TV series.

- **Charlie Chaplin Season 1** – 104 x 6' 3D TV Series with Method Animation was successfully produced and delivered to France Television, MK 2 (France) and WDR-Germany

- **Casper Season 2** – 52 x 11' 3D TV Series with Harvey Entertainment (USA), Moonscoop & Cartoon Network (USA), TF-1 (France) and Moonscoop (France) was delivered after production of season 1 by DQE

- **Keymon Ache** – 1 x 70' animated TV feature produced and delivered to Nickelodeon India

- **Little Prince Season 2** – 3D TV Series with Method Animation, for France Television, and RAI (Italy)

- **Omkar season 3** with Turner International – Cartoon Network

NEW PROJECTS SIGNED IN THE YEAR 2012-13

We have signed new co-productions/work-for-hire contracts (but not yet in production) with international partners for delivery over the next 18-24 months as follows:

- **Raz and Benny** -52 x 11' CGI TV series with Foot Hill Entertainment, Europe

- **Leo & Pisa gang** – 52 x 11' CGI TV series with MPP (Germany)

- **NFL Rush Zone 3** – 20 x 22' CGI & 2D TV Series with Rollman Entertainment, USA for Nick Toons(USA)

- **Iesodo** – 10x13' CGI TV series with Rollman Entertainment (USA)

- **Manav** – 65' 2D TV Feature with Disney India

PROJECTS IN PRODUCTION:

Our production pipeline continues to be robust optimising the utilisation of man and machine resources. The under mentioned are currently in production to be progressively completed for delivery in 2013-14.

- **The Jungle Book Season 2** – 52 x 11 3D TV series being coproduced with ZDF TV (Germany), TF1 TV (France), Moonscoop (France), ZDF-E (Germany)

- **Jungle Book Christmas Special** – CGI TV Feature coproduced with ZDF TV (Germany) and Moonscoop (France)

- **Lassie & Friends** – 52 x 11' 2D TV series being coproduced series with Dreamworks Classics (USA), TF1 (France), ZDF (Germany) and Noga (Israel)

- **Robin Hood, Mischief in Sherwood** – 52 x 11 3D TV series being coproduced with Method Animation (France), TF1 (France), ATV (Turkey), De Agostini (Italy) and ZDF (Germany)

- **Lanfeust** – 26 x 22' 3D TV series coproduced with Gaumont Alphanim (France)

- **Little Prince Season 3** – 26 x 22' CGI TV series – third season of this iconic series with Method Animation (France), France Televisions and RAI (Italy)

- **NFL Rush Zone 2** – 24 x 22' CGI & 2D TV Series with Rollman Entertainment (USA) for Nick Toons(USA)

- **The Rising Star** – 26 x 22' 2D TV series coproduced with TMS Entertainment (Japan) and Kodansha (Japan)

- **Keymon Season 2** – 52 x 11' 2D TV series with Nick India

- **3D Jungle Book Christmas Special**- Jungle All The Way coproduced with ZDF (Germany) and Disney channel.

OTHER PRODUCTIONS CURRENTLY IN DEVELOPMENT :

- **5 & IT** - 52 x 11' 3D HD TV series to be coproduced with ZDF Enterprises (Germany)

- **The Wind in the Willows** - 52 x 11' TV Series under development by our IP creative team

- **The Jungle Book Feature Film** – 90' 3D stereoscopic feature film

The Jungle Book Feature film is in advanced stages of development with a highly acclaimed team of international talent from the world of feature animation, which includes Screenwriter Billy Frolick ("Madagascar" and "Holy Cow"), Co-Directors Jun Falkenstein ("The Tigger Movie", "The Smurfs" and "Despicable Me") and Kevin Johnson ("Alvin and the Chipmunks: Chipwrecked", "Harry Potter & The Sorcerer's Stone", "Astro Boy" and "Stuart Little").

The scripting and the sizzle reel (pilot) have been completed and we have had initial discussions with major distributors in the US as well as feature film financing companies. Advanced negotiations are underway for the financing of US$ 40 million for the production of The Jungle Book feature film, through a film fund managed by a company specialising in motion picture financing, funding and consulting on worldwide distribution of films.

The film will be produced under my direct supervision as Executive Producer along with Eric S. Rollman, CEO of Rollman Entertainment, Inc., (former President of Marvel Animation and Saban/Fox Family Productions) and Rouhini Jaswal, Vice President (Intellectual Properties) of DQE. The film is targeted to be released in 2015.

AWARDS AND ACCOLADES :

- DQE received the "Best Indian Animated TV Series" award for its highly successful series The Jungle Book at Infocom- Assocham EME in March 2013.

- NFL Rush Zone season 2, produced by DQE for Nick Toons USA, is nominated at 3 different awards for Best Animated Show at Namic Awards, Best new series at Cynopsis kids Imagination awards and for outstanding achievement in main title and graphic design at Daytime Emmy Awards 2013.

OUR KEY STRATEGIC PRIORITIES FOR THE FORTHCOMING YEAR INCLUDE :

- Continued expansion of our portfolio of global and iconic branded intellectual properties (IPs) such as a second season of The Jungle Book TV series and a second season of the Peter Pan TV series

- Capitalize on our skillsets of high calibre visual effects (VFX) and 3D stereoscopic theatrical animation production

- Accelerate growth in licensing and distribution through focus on hitherto untapped markets such as China, Latin America and Eastern Europe

- Exploitation of newer delivery formats through the development of Apps and interactive games for our famous IPs such as Jungle Book and Peter Pan.

- To improve the cash flow position substantially.

OUTLOOK :

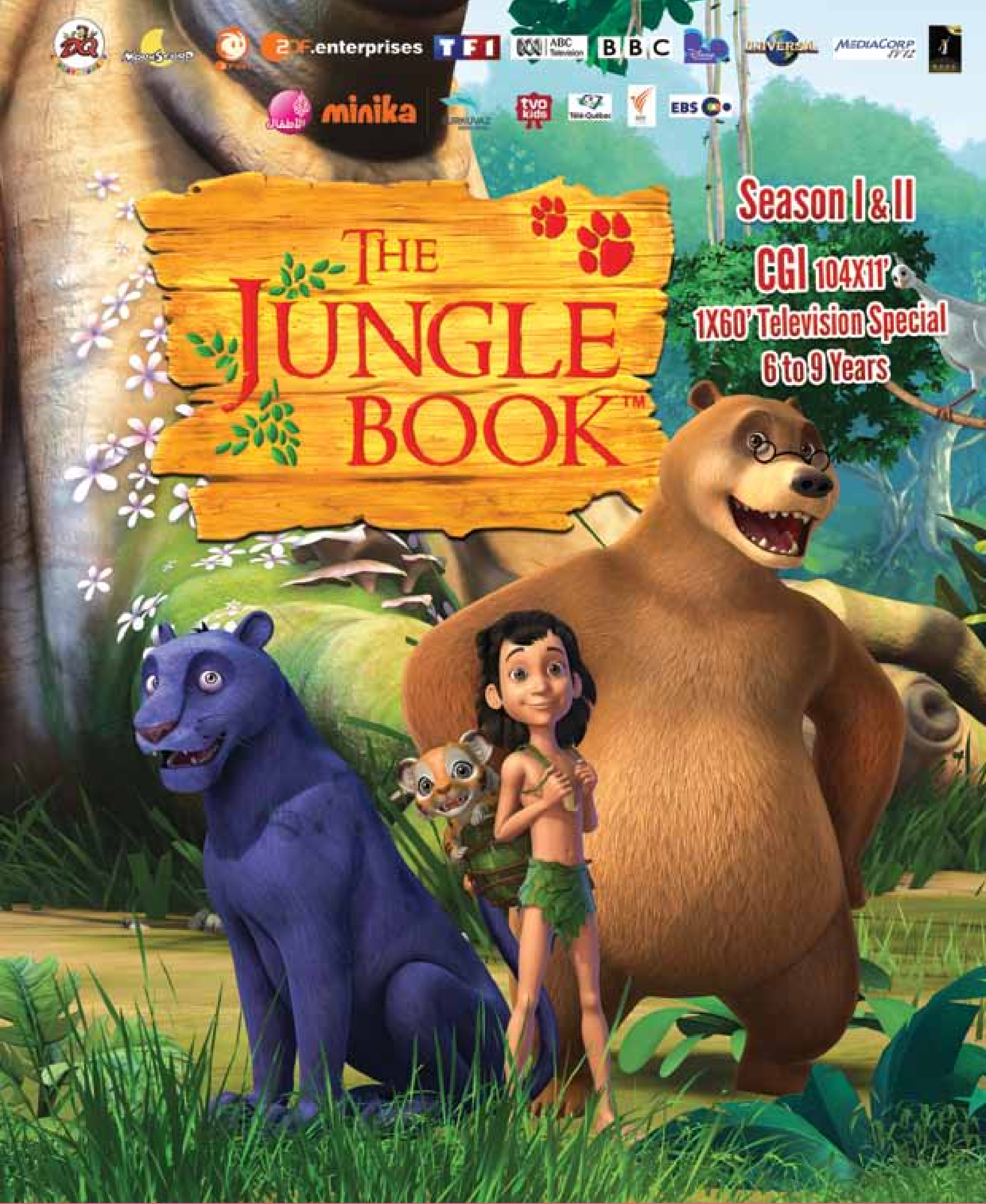
The production pipeline for the year ahead is strong with productions of The Jungle Book Second Season, The New Adventures of Peter Pan Second Season, Lassie & Friends, 5 & It 3D TV series, Wind in the Willows, Lanfeust First Season, NFL Rush Zone Second Season, The Rising Star and other productions including the Jungle Book Feature Film. These will also give a major boost to our licensing & distribution revenues and the Company is confident of achieving its targeted growth in the years to come.

APPRECIATION :

Over the years I have learnt that sometimes plans never go quite as expected, but the true measure of an organization is how it reacts to challenges and opportunities. The past year has strengthened my belief in our management's and associates' capabilities to achieve in a rapidly changing and challenging world. I thank them for their support and continued hard work and dedication.

I sincerely thank our valued stakeholders and board members, as well as our partners' world-wide and valued clients, business associates, bankers and government authorities for their continuous support and trust.

Tapaas Chakravarti
CMD & CEO
30 May 2013



INDUSTRY OVERVIEW

INDUSTRY OVERVIEW

GLOBAL ANIMATION INDUSTRY

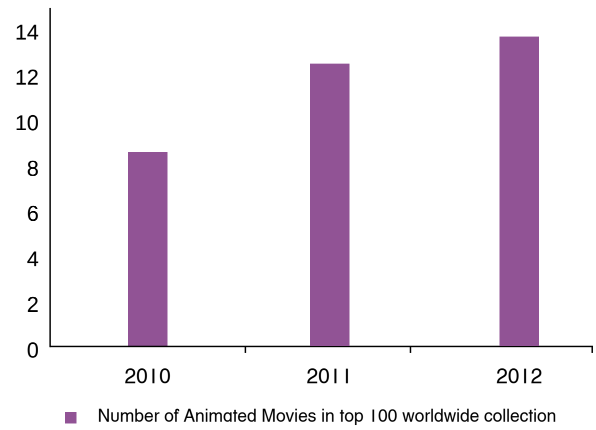
The size of the global animation industry was about USD 207 billion in 2012. The major animation markets include the United States, Canada, Japan, China, France, Britain, Korea and Germany. Most of the segments in the animation industry are growing at the rate of 7% YoY. The outsourced computer animation production market is increasingly being tapped by North American and European film and television program producers.

The major factors behind outsourcing of animation content to the Asia/Pacific region are the availability of trained skills at lower labor rates. The multinational studios leverage various forms of partnership, coproduction and joint ventures with global partners. Several countries subsidize their national film industries, including animation and therefore, strategies such as co-production have been adopted to explore global market opportunities and production subsidies.

Co-production has emerged as a popular strategy for studios in many countries. Funding flows for co-production, from Hollywood to other countries and vice versa are very common.

As coproduction has increased, animation studios in China and India have become popular co-production partners of studios in Europe, Japan, and North America. From the point of view of the major studios, co-production can provide flexibility while working with small studios and bring new and fresh creativity from other countries.

Number of Animated Movies in top 100 worldwide collection



Source: www.boxofficemojo.com

Rank	Movie	Studio	Year	World Wide Box Office Collection
1	Hotel Transylvania	Sony Pictures	2012	$346,903,784
2	Wreck-It Ralph	Walt Disney Pictures	2012	$471,222,889
3	Rise of the Guardians	DreamWorks Animation	2012	$303,712,758
4	Madagascar 3: Europe's Most Wanted	DreamWorks Animation	2012	$742,110,251
5	Brave	Pixar	2012	$538,788,207
6	The Pirates! Band of Misfits	Sony Pictures	2012	$123,054,041
7	Ice Age: Continental Drift	20th Century Fox	2012	$877,244,782
8	Epic	20th Century Fox	2013	$244,680,382
9	The Croods	DreamWorks Animation	2013	$582,739,165

Source: www.boxofficemojo.com

ANIMATED FILMS - A LARGE, GROWING MARKET GLOBALLY

The animation-film category has expanded significantly in recent years, both in terms of releases and box-office collection. Of the top 100 grossing movies released in Hollywood in 2012, 13 were animated.

INDIAN ANIMATION INDUSTRY

The Indian animation industry comprises of independent animation studios like DQ Entertainment and Green Gold Animation, Indian divisions of international studios like Rhythm and Hues and Technicolor, animation divisions of large Indian houses like Tata Elxsi and Reliance Animation and several small independent studios. It is estimated that there are about 300 animation companies in India employing more than 12,000 people with nearly a quarter working as freelance animators.

India offers the benefits of lower production costs, strong creative and technical skills, and a large population of people fluent in English. Contract work for foreign companies has helped production studios in India build the domestic animation market, resulting in a spate of commercials, TV shows, educational videos and feature films Studios incorporating 2D and 3D animation, computer-generated special effects, and live action in their productions. Larger studios throughout the world are increasingly relying on India's talent and resources.

Indian animation companies are moving up the value chain to own and co-produce intellectual property rights. This is a shift from the model of outsourcing animation production from international studios. The Indian animation companies are also focusing on strategic alliances with overseas studios with the eye to establish a presence in the global animation market.

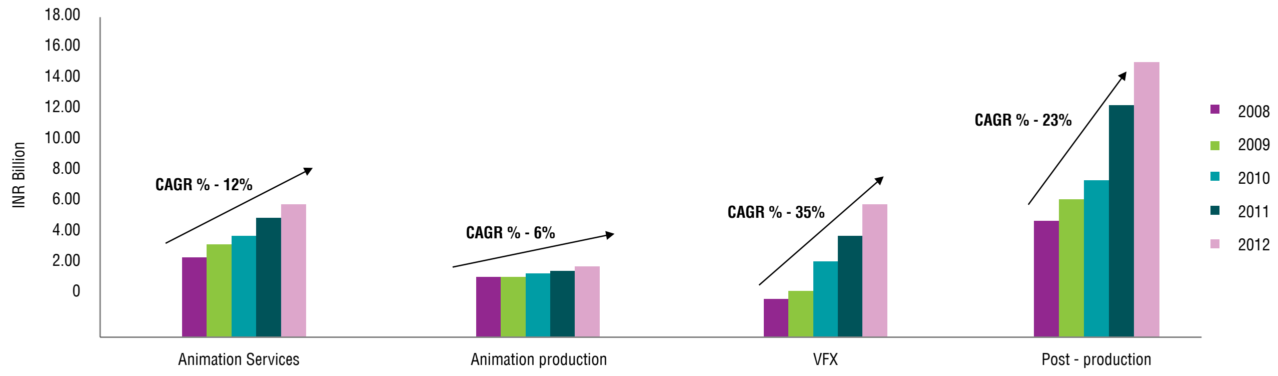
Indian studios are developing rapidly and a trend being witnessed is one of modularization of animation wherein expert from multiple animation companies, come together to execute specific functions in the production value chain. Some work on the design, storyboarding, layouts etc. while others focus more on other elements of the process i.e. animation, texturing, lighting etc. These were models which had been perfected previously in mature animation countries such as Korea. This model is being increasingly adopted by Indian animation studios based on the ability of the studios to be process driven enough to distribute the work in modular units without loss of time or quality.

The Animation & Gaming industry is a significant user of technology, and can further showcase India's well established credentials in the technology and services offshoring space, in addition to playing a seminal role in developing India's domestic media and entertainment industry.

Segment	2008	2009	2010	2011	2012	CAGR (2008-12)	Growth in 2012
Animation services	4.8	5.5	6.2	7.1	7.6	12.17%	7.0%
Animation production	3.6	3.7	3.9	4.2	4.5	5.7%	7.1%
VFX	2.3	3.1	4.5	6.2	7.7	35.3%	24.2%
Post-production	6.8	7.8	9.1	13.5	15.5	22.9%	14.8%
Total	**17.5**	**20.1**	**23.7**	**31**	**35.3**	**19.2%**	**13.9%**

Source : KPMG in India analysis

Size of Animation, VFX and Post production industry in India



Year on year comparative analysis with CAGR % for the period 2008 to 2012
Overall CAGR % 2008 - 2012 : 19%

Source : KPMG in India analysis

KEY DEVELOPMENTS

ANIMATION GRADUALLY COMES OF AGE

For animation to achieve the same level of success in India as in the west, an appeal to broader audiences beyond the children's category is needed. Increasing viewership of animation content among adults as a percentage viewership of kids' channels indicates substantial increase in viewership for the 14+ age group category. The increasing popularity of animation content among adults is expected to be a catalyst for the domestic animation industry.

MOVING UP THE VALUE CHAIN – PARTNERSHIPS AS A STEPPING STONE

Indian studios, by collaborating with foreign studios, are now increasingly looking to create their own intellectual property rather than focus on outsourced work. Recent co-productions between Indian and foreign studios include:

Indian studio	Foreign studio	Film/ TV Series
DQ Entertainment	Method Animation (France)	Charlie Chaplin
DQ Entertainment	Walt Disney Television Animation, USA	Mickey Mouse Club House Season 5
DQ Entertainment	Kodansha and TMS Entertainment, (Japan) for Colours Channel & Nickelodeon Channel	Suraj: The raising Star
Crest Animation	Moonscoop	Octonauts
Crest Animation	Sony	Swan Princess – 5

Source : www.dqentertainment.com & www.crestindia.com

TV CHANNELS DRIVING DEMAND

While channels such as Disney, Nickelodeon and Cartoon Network, expanded their presence, there were also new launches, for example following the launch of Sun Group's regional language kids channel Kochu TV in late 2011, Discovery also launched their kids channel Discovery Kids. Turner Network forayed into the live action original productions space in India with shows such as 'M.A.D' which continue to be popular and the second season of animated series 'Kumbh Karan'. As childrens' channels are driven by animation content, this drove animation studios to produce more content, including original Indian content. Owners of comic strip intellectual properties are also trying to leverage these to create animated episodes for various TV channels.

ANIMATION IN TV ADVERTISING ON THE RISE

The Indian television advertising industry is projected to command a 38.26 percent share of the advertisement industry pie in 2013. The digitization of the Indian cable industry is likely to be the catalyst for the launch of several new channels in the next 2 years. This, coupled with the growing popularity of animated characters in advertising is expected to boost the industry. Animated characters in advertising can help break thorugh 'celebrity clutter' and also be a cost effective way of straddling cultural nuances across markets.

LICENSING AND MERCHANDISING ON THE RISE

Licensing and merchandising is another revenue stream being explored by animation studios. Many popular animated characters are now entering Indian homes in the form of novel merchandise. Examples of such licensed merchandise include'Jungle Book' apparel and accessories for babies, kids and teenagers through DQ Entertainment, 'Roary the Racing Car' toys through Zapak, 'Chhota Bheem' merchandise from Green Gold, etc.

Character	Merchandising Sales
Pokemon	$14 Billion
Teenage Mutant Ninja Turtles	$5+Billion
The Simpsons	$3.5 Billion
Barney	$ 1 Billion
Dora the Explorer	$ 1 Billion
Batman	$ 3 Billion
Cabbage Patch Doll	$ 4+ Billion
Care Bears	$ 1.4 Billion
Disney (all properties)	$15 Billion
E.T.	$1 Billion
Flintstones(film and classic)	$ 1 Billion
Jurassic Park	$ 1 Billion
Loney Tunes	$ 1 Billion
Sesame Street	$ 800 Million
Star Trek	$ 1 Billion

Source:Merchandising and Licensing Book as of 2007

KEY CHALLENGES

CONTENT AND CREATIVITY

Thus far, Indian animated content has largely consisted of reworks of traditional mythological content with limited focus on compelling story telling. The few Indian animation films that have attempted to explore other themes have met with limited commercial success. Thus technical quality has taken precedence over content. The industry does need 1-2 successes of original films and content in order to spur interest in this category.

COSTS VS REVENUE

The average Indian animation movie budget is limited - less than 1 percent of the budget of a typical Disney-Pixar film (such as Ratatouille). While audiences expect animation content to confirm to international standards, few are willing to pay high ticket prices. The economics of animation films in India are therefore unviable in the absence of large audiences.

TALENT

There is a paucity of high quality skilled manpower in the animation area. Moreover, there are only a few universities such as Birla Institute of Technology, Bharati Vidyapeeth University, All India Council for Technical Education (AICTE) and credible training schools offering degree courses and training in animation. Although Indian studios meet technological standards and are capable of providing quality output to Hollywood studios, there is significant room for improvement in terms of technical experience and expertise.

LACK OF INCENTIVES AND GOVERNMENT SUPPORT

The industry would benefit considerably from government support through measures such as reservation of a certain number of hours of domestically produced content on channels, 'must-carry' clause for childrens' channels and tax benefits and treaties. Incentives and tax benefits have been a major driver for the growth of the animation and VFX industries in Canada, Korea, Philippines and Indonesia and Indian industry clearly needs Indian government support.

FRAGMENTED MARKET

The industry is highly fragmented with a large number of small studios carrying out low-end work. One of the largest players, DQ Entertainment, has a market share of 13-15 percent. There is a need for consolidation in the industry to effectively compete with larger companies in other countries .

HUMAN RESOURCES @ DQE

HUMAN RESOURCES AT DQE

HR AT DQE

The HR department at DQE has been a catalyst for maximising the value that its associates can contribute towards DQE's success. It has transformed from a conventional transactional HR Service delivery model, to the one which adds competitive value to the business through adoption of innovative practices and roles.

The primary focus of HR department is to leverage technology by facilitating the development and implementation of practices that improve Associate capabilities, support streamlining the workflow, reduce redundancy, expedite time sensitive processes and enhance relevant system data integrity. It has always contrived the development, implementation, and completion of the various initiatives in tandem with the business requirements.

During the financial year 2012-13, even though there was a lean phase of dip in the manpower trends, the productivity/output remained integral as per the company's expectations. The HR initiatives have ensured that the morale of the Associates remained intact throughout.

"The Business Scenario is always changing. One thing which remains constant is, the Success of our company, lies in the hands of our most important resource - Our Associates."

Hatim Adenwala,
Senior Vice President – HR

HR FUNCTIONS

1 **ILead (Training & Development):**
Competencies such as performance, results orientation, assertiveness, leadership, reliability, communication and creativity form the basis of mainstay for training. Associates & reporting authorities receive help in recognizing, enhancing and applying their individual strengths for the benefit of the Company. Each individual success also contributes to the sustained success of the Company.

2 **3R: Review, Reward & Reinforce (Performance Management System):**
An organized feedback system on a regular basis propels a zeal for success in an individual. Our thorough periodical performance review system provides our Associates with an opportunity to assess their performance and re-evaluate their efforts at par with the business requirements.

3 **Communications:**
A well informed Associate is better prepared as a partner for the success of the company. DQE believes in appropriately sharing the company information like business dynamics, financial performance, business plans etc., with the associates on regular intervals. This practice has helped the company in driving its new initiatives smoothly.

4 **Rewards & Recognitions:**
Rewards are not just a motivational factor for our Associates but also acts as a feedback mechanism for their performance. Recognition for outperforming Associates on regular intervals builds a high performing environment while encouraging them to motivate themselves towards setting higher goals and pursuing them.

5 **Associate Relations & Engagement:**
Associates who are engaged will go an extra mile to achieve the objectives of the company. Programs like team building activities, Fun Friday activities, and sports events are conducted at regular intervals to enhance bonding amongst Associates. Festive celebrations encourage associates towards unison.

HR VISION

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

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

6 **HR Portals:** The traditional HR service delivery has been structured and organised as an online application called DQEPORTAL. Specialized interactions between the services that HR provides to its client's i.e., Associates & Reporting Authorities are conducted through this online intranet portal. Important business updates, associate data collection, policies & other HR updates, time office and leave management are few of the major features of this application.

7 **Quality Management System:**
Implementation and sustenance support for the Quality certifications like ISO 9001:2008 and Quality Circle Forum of India.

8 **DQ Smile Foundation:**
DQ Smile Foundation is the CSR wing of DQE which believes in the philosophy of contributing and giving back to the community it operates in. It endeavors to encourage a positive impact on the economically poor communities through its activities by supporting a wide range of socio-economic, educational and health benefits. (Please refer to the next page the highlights of DQ Smile Foundation FY2012-13)

HR MISSION

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

HR VALUES

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

DQ Smile Foundation membership drive

Session for Underprivileged students for coping exam related stress

Session on parenting skills - Government Primary School, Malakpet School

Session on parenting skills - Government School, Begumpet

Session on parenting skills - Government School, Sunnabatti

Session on parenting Skills - Government School, Sunnabatti

Medical camp @ Chevella Village

Medical camp award

MAJOR ACCOMPLISHMENTS – HR DEPARTMENT FY2012-13

- Sustained Associate Wellness Programs
- Improvised version of HRIS application
- Conducted HR Connect Sessions at all Locations on Time
- Launched Career Compass on DQE ePortal to guide Associates on Career Paths
- Revision and updation of HR Policies
- Rolled out Quarterly Performance Reviews (QPRs)
- Initiated Bi-Annual reviews for support functions
- Electronically archived the personnel files of separated Associates
- Associate Perception Surveys on critical support services

HIGHLIGHTS OF DQ SMILE FOUNDATION FY2012-13

- 18 Workshops on Parenting Skills for underprivileged parents in 4 Government Schools
- 2 Free Medical Camps for the residents of Chevella & Chelmeda Mandal near Hyderabad.
- 2 blood donation camps supporting Niloufer Hospitals (Govt. Undertaking) and Central Blood Bank
- Visits and support to Mother's Nest, Kolkata & Home for the Aged, Hyderabad.

ASSOCIATE FEEDBACK SURVEY ON THE HR DEPARTMENT

If DQE is to increase Associate engagement, we need to know to what Associates perceive about our critical processes, and where there are opportunities to improve in service delivery. Conducting a survey allows us to gather information to help us make workplace improvements, and tell the associates that we want to hear from them. When done well, surveys tell Associates that their input and concerns are important creating a higher sense of morale and a stronger sense of loyalty and commitment.

We initiated the survey on the HR Team and its Functions. It achieved an impressive 98% response rate, which is quite high for a first-time survey of this kind. The survey results were made available to all DQites on the DQEPORTAL.

HIGHLIGHTS OF THE SURVEY

1 **Professional Development (iLead):**
- 91% of the respondents were interested in training programs conducted by iLead
- Training on acting skills and soft skills were the most preferred topics FY12-13

2 **Performance Management (3R):**
- 88% Associates believed that QPRs help them in their Performance
- 84% Associates considered that the career path in DQE is clear, defined and understandable

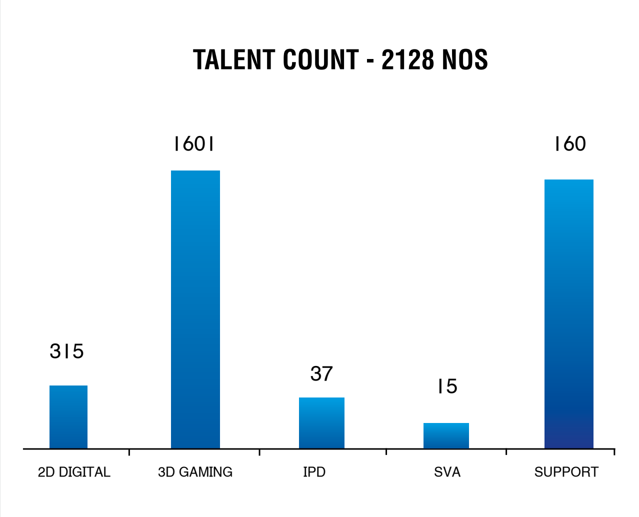
3 **Communications:**
- 95% of Associates opined that the communication from HR was prompt.
- Only 8% wanted improvement in the model of conducting the HR Sessions
- 91% accepted that they receive satisfactory responses from HR
- Posters, desktop wallpapers & newsletters are the most preferred modes for HR updates by DQites.

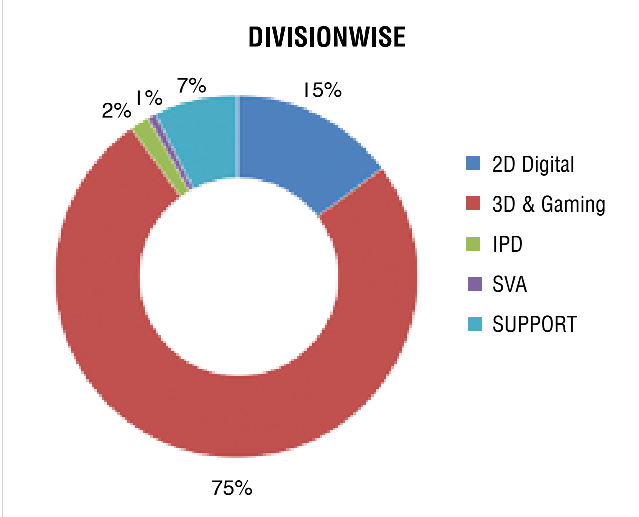
4 **Rewards & Recognitions:**
- 85% of Associates affirm that these programs motivated & encouraged them

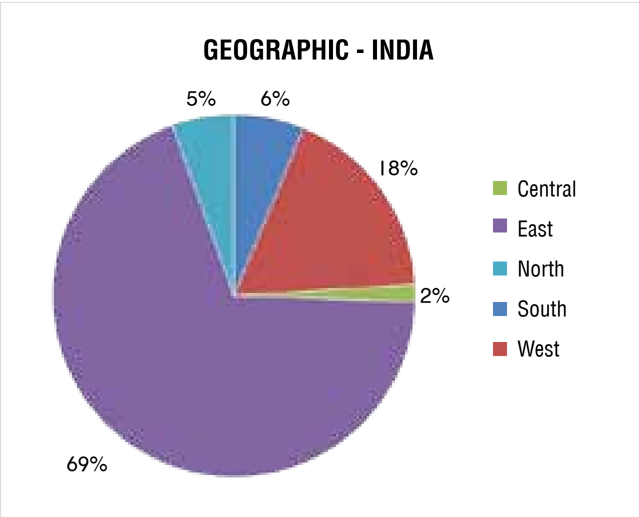
5 **Associate Relations & Engagement:**
- 87% believe that the Fun @ Work Events conducted in DQE are stress busters
- 38% of Associates felt that HR needs to increase the frequency of conducting Fun @ Work Events
- 88% Associates admitted that they get involved and feel motivated with the Fun@Work Events.

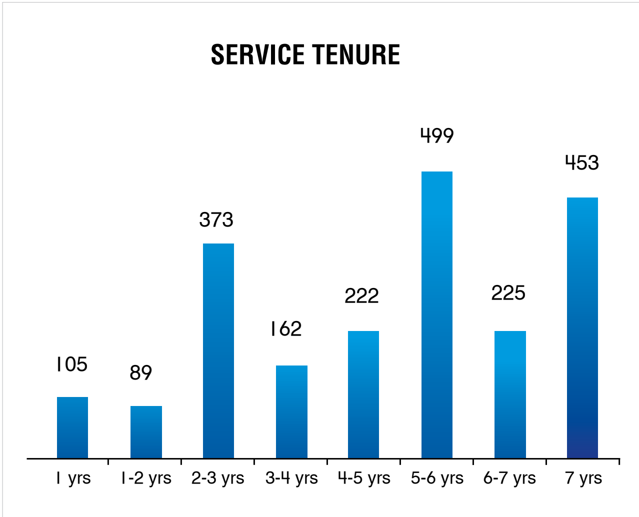
6 **Overall Feedback on HR:**
- 77% of Associates were satisfied with the policies & procedures at DQE
- 89% Associates considered the Grievance Redressal Process to be Fair
- 86% Associates believe that HR conducts the open forums & HR Connect sessions satisfactorily
- While 95% Associates were satisfied with DQE's Wellness Programs, general health camps (81%) & eye checkup camps (56%) were the most sought camps.

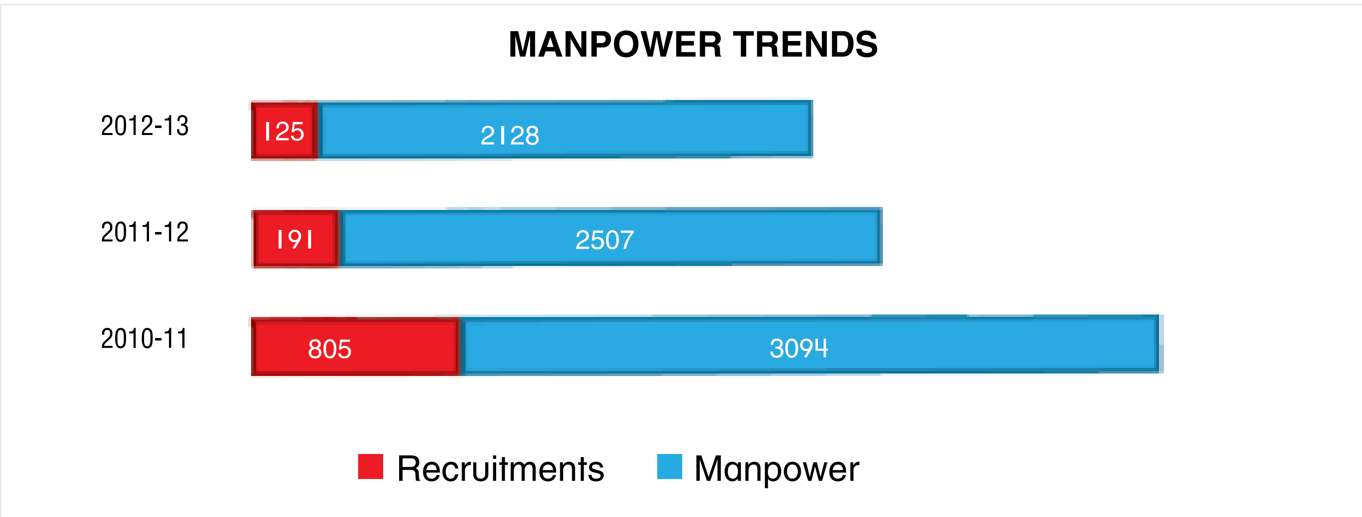
MAJOR ACCOMPLISHMENTS – HR DEPARTMENT FY2012-13





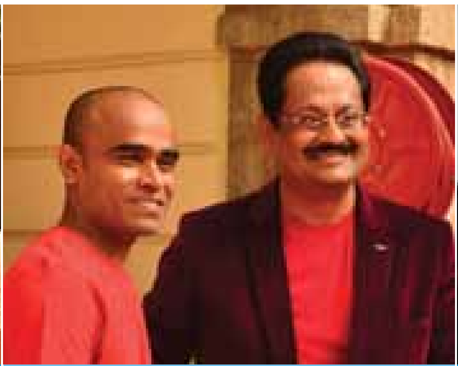






EVENTS & ACTIVITIES - GALLERY


5 &10 Years Awards


5 &10 Years Awards


Short Film Contest - Animation Day Winners


Fun@Work - Best Out of Waste


Fun@Work - Eco Friendly Ganesha making Contest


Fun@Work - Skit Competitions


Champions Trophy 2012 ‘ WINNERS ’


Champions Trophy 2012


Fun@Work - Games Series HOA


Fun@Work - Non Stop Clapping


Fun@Work - Theme Day


Last Funfriday DLF

Last Funfriday AC6

Lunch Roulette

Fun@Work - Traditional Day

Christmas Celebrations @ AC1

Christmas Celebrations @ AC1

Christmas Celebrations @ AC1

BOARD OF DIRECTORS

BOARD OF DIRECTORS

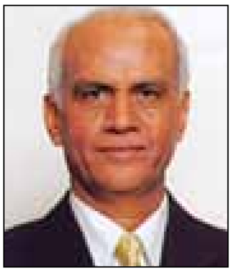
TAPAAS CHAKRAVARTI
CMD & CEO

Tapaas Chakravarti with over two decades of International Corporate Management experience has helped to shape the success story of his creation, DQ Entertainment group.Tapaas began his career with Sandoz India Limited (now Novartis, a Swiss Multinational) and later joined STP Limited, an infrastructure company. Tapaas has held senior positions in Sales and Projects at Coats of India, (a British multinational). He was Head of Special Projects for Sriram Group where he developed countrywide contract manufacturing activities. Tapaas is a science graduate with Post Graduate Qualification in Business Management backed with over 23 years of experience spanning across industries both national and multinational.

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

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

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



KUNCHITHAPADAM BALASUBRAMANIAN
Non-Executive Independent Director

K.Balasubramanian (Bala) has close to 40 years of experience in international banking and finance. After working in India with two of the largest banks for around 10 years, he joined American Express Bank in 1973. He held senior positions in marketing, credit,risk management and general management in several countries across Asia (Singapore, Hong Kong, Korea and Indonesia) and Europe (Italy and the UK) during his 25 years with American Express. His last three assignments with American Express Bank were Country Head for Korea (1988-1991), Country Head- India (1992- 1994) and Chief Credit Officer for Asia, Pacific and Indian Sub Continent (1994 – 1997). He was an Advisor to National Bank of Kuwait, the largest bank in Kuwait, between 1997 and 2001 and subsequently the Managing Director & CEO of ING Vysya Bank (2001- 2002). Bala is currently associated with GMR Group, which is a leader in development and operation of infrastructure assets in airports, roads and energy. He is a graduate in Commerce and has done an advanced Management Program from the Harvard Business School.

RASHIDA ADENWALA
Professional Non-Independent Director

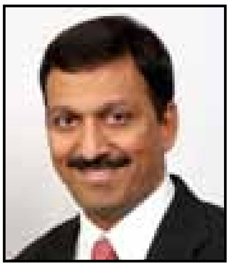
Rashida Adenwala has distinguished exposure and over two decades of experience in legal, corporate affairs, primary & secondary markets, private equity deals, corporate governance, finance & internal audit. She has been associated with DQ Entertainment since its foundation. She is an integral part of the Company heading the

Company Affairs
and Investor Relations function. Rashida is a graduate in commerce and law and a qualified Company Secretary by profession.

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

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

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



GIRISH KULKARNI
Non-Executive Independent Director

Girish Kulkarni is the Founder and Managing Director of Suyash Advisors, the advisors to Monsoon Capital, an India dedicated alternative asset fund, managing $ 500 million for investment in Indian publicly traded equities, private unlisted companies and real estate. He is also the Founder and Managing Director of TDA Capital India, which manages the India Technology Fund, an early stage venture fund, invested in IT and BPO
Services companies.

Girish has a over of 20 years operating and investment experience in different aspects of the Indian capital markets. He started his professional career as a Project Finance Officer with ICICI where he was involved in leading term lending transactions with more than 30 Indian corporations. After that, he was head of Equity Sales, Trading and Research at ICICI Securities, then a joint venture between ICICI and JP Morgan. Girish was responsible for founding and leading a team of 40 professionals that made proprietary investments, raised equity capital for corporate clients and advised institutional investors in their investment decisions. Girish also had shared responsibility for asset allocation across different asset classes (equity and fixed income). He has extensive public markets experience, having been involved in more than 30 IPOs in the Indian capital market and several M&A assignments.

Girish received a Bachelors Degree in Engineering from the Indian Institute of Technology, Mumbai, India in 1987 and a Masters Degree in Business Administration from the Indian Institute of Management at Ahmedabad,India in 1989.

CA S.SUNDAR SRINIVASA RAGHAVAN
Non-Executive Independent Director

CA S.Sundar Srinivasa Raghavan is the founder-partner of the chartered accountant firm S Sonny Associates based in Chennai, started in 1986. A Fellow Chartered Accountant,Sundar has over twenty years of post-qualification professional practice experience to his credit. His key focus area is Statutory Audit and Internal Audit of Government Organizations,Public Sector Undertakings, Private Limited Companies apart from Public Sector and Private Sector Banks. He also has extensive exposure to Systems Audit, Credit Audit, Computer-to-Computer Link and Internet Based transaction Facility Audit. His firm is empanelled with Comptroller & Auditor General of India and RBI, among others. His firm is one of the Central Statutory Auditors of Syndicate Bank. He was Chairman of Audit Committee of Chennai Central Co-Operative Bank Ltd., Tiruvannamalai District Central Co-operative Bank Ltd., Vellore District Central Co-operative Bank Ltd., and Kancheepuram District Central Co-operative Bank Ltd. He has passed the Information Systems Audit- ISA (Indian equivalent to CISA of USA) of the Institute of Chartered Accountants of India.

V. SANTHANARAMAN
Alternate Non-Executive Independent Director to K. Balasubramanian

Mr. Santhanaraman brings with him over three decades of extensive experience in corporate banking, treasury, risk management, project finance, foreign exchange operations and the inspection and audit of banks. He was associated with Indian Bank for about 36 years and retired as an Executive Director of Bank of Baroda (one of the largest banks of India) working closely with the Chairman of the bank. He is also a Certified Associate of the Indian Institute of Bankers and has earned extensive goodwill and networking in the banking circles of India.

Starting his banking career as an officer in 1970 in a Nationalised Bank, he has handled various levels of responsibilities in officer and executive level positions. As an Executive Director of Bank of Baroda he led their Corporate Banking, Treasury, Risk Management, Balance Sheet Management, Information Technology, Inspection and Audit & Corporate Planning activities. He was instrumental in implementation of various technological, product deliveries, process changing initiatives at the bank. During his tenure, the business of the bank (deposit and advances) almost doubled and profits increased substantially. He was the Chairman of the Bank of Baroda's international subsidiaries in Kenya, Tanzania and Uganda.

He was an integral part of the top level executive team at Indian Bank. The measures initiated under his leadership include organizational/ financial restructuring, revamping of human resources policies, introduction of new credit products and revamping of policies related to credit sanction/ monitoring and building up of strong customer relationship. Such initiatives and strategies adopted resulted in the turnaround of the institution within a short span.

NEELESH WAGLE
Alternate Non-Executive Independent Director to Girish Kulkarni

Neelesh Wagle Managing Director, Suyash Advisors

Neelesh Wagle is a Managing Director of Suyash Advisors, the India advisory team for Monsoon Capital, and is responsible for research on public market investments since 1994. Neelesh has investment experience in Indian capital markets, both on the sell side and buy side in international investment firms.Neelesh re-joined Mr. Girish Kulkarni in 2000 at Suyash's predecessor firm, TDA Capital,where he has been directly responsible for investments in public equities, PIPEs, private companies as well as a sub-advisor to several multi-billion dollar US hedge funds. Prior to TDA, he was a Senior Associate with Bank of America Equity Partners (BAEP-Asia) from 1998-2000. At BAEP-Asia, Neelesh was part of a 2-member team responsible for investing and managing $43 million of Indian investments in a $250 million Asian principal investment portfolio. He was also involved in technology investments in the Asian region. Prior to BAEP-Asia, Neelesh worked as technology and telecommunications analyst at ING Barings in Mumbai and at ICICI Securities between 1994 and 1998 advising foreign institutional clients on investments in Indian equities. Neelesh received a Bachelors Degree in Electrical Engineering from the Indian Institute of Technology, Mumbai, India in 1992 and a Masters Degree in Business Administration from the Indian Institute of Management at Calcutta, India in 1994.

DIRECTORS' REPORT

To,
The Members
DQ Entertainment (International) Limited

Your Directors have pleasure in presenting the Sixth annual report on the business and operations of DQ Entertainment (International) Limited ("the Company") and its subsidiaries (together referred to as the Group or DQE) for the period ended March 31, 2013.

1. PRINCIPAL ACTIVITIES

₹ in Millions

Particulars	For the year ended	For the year ended
	31-Mar-13	31-Mar-12
Income from Productions	1, 820	1,755
Income from Distribution	474	517
Total Income	**2,294**	**2,272**
Total Expenditure	1,916	1,933
Profit before tax	413	430
Tax Expense (Current Tax+ Deferred Tax [Net of MAT credit entitlement])	40	100
Profit after tax	373	330

2. PERFORMANCE REVIEW

With continuing downfall in the global economic scenario, where many companies in our domain have gone in red your Company has resiliently sustained itself and generated a total revenue of Rs. 2,294 mn during the year under review (2012: Rs. 2, 272 mn). Our EBIDTA margins to revenue have gone up from 42% for the financial year ended March 2012 to 49% in the current year. This is due to the well planned cost reduction/ operational policies and as well as improved production efficiencies across the organization.

DQE is now uniquely positioned as an integrated entertainment production and distribution company, focused on 360 degree monetization across all platforms. Investing in iconic co-productions, developing our own Intellectual Properties and establishing the global licensing and distribution business have been conscious and strategic decisions by the Company.

As of now only one home-grown IP i.e. The Jungle Book TV Series Season 1 has been launched in the market on a global scale and the story of its success is evident from the excellent worldwide ratings received for 'The Jungle Book' shows and quality of deals signed for licensing/ merchandising. The licensing and distribution revenues currently represent approximately 21% of total revenues and have progressed very well during the year under review to close at Rs. 474 mn.

Your Company had signed a major licensing and merchandising contract during the previous year, with a leading licensing agency in the USA for a period of four years. The said contract was on a non-cancellable basis resulting into an upfront recognition of distribution revenue of Rs. 16.39 crores. Under Indian GAAP and IFRS guidelines non-cancellable licensing revenues must be recognized immediately and not spread over the licensed term. This resulted in an unbudgeted gain of Rs. 14.40 crores during the year ending March 2012. Barring the above windfall gain the L & D revenues have progressed very well during the year under review.

The year ahead is well covered with productions of The Jungle Book Second Season, The New Adventures of Peter Pan Second Season, Lassie & Friends, 5 & IT 3D TV series, Winds in the Willows, Lanfeust First Season, NFL Rush Zone Second Season, The Rising Star and other developments including the Jungle Book Feature Film. These will also give a major boost to our licensing & distribution revenues and the

Company is confident of achieving its targeted growth in the years to come.

The Profit after tax is up by 13% to Rs. 373 mn (2012: Rs. 330 mn). In spite of the global liquidity squeeze, the Group has managed to invest substantial amount from its internal accruals for development of its intellectual properties, the majority of which is for the pre-production of 'The Jungle Book' feature film. The Group is making considerable efforts to reduce the amount of its debtors and improve the cash flow position.

3. OPERATIONS REVIEW:

Global economic growth remains historically low for the second year running with major centers of economic activity. Increased aversion to risks by investors and perceived growth uncertainty have led to equity price declines, capital outflows and currency depreciation.

Even in the backdrop of adverse global economic scenario, DQE remained focused on creating the highest quality of content for the kids' entertainment segment and strived to distribute that content in many strategic and profitable ways. We are focused to achieve our objectives, by deriving maximum efficiencies in our production pipeline through optimal deployment of resources and ride on the global distribution and licensing of key TV series and content of our library.

The production pipeline remains healthy with signing of new projects such as:

- **Raz and Benny** - 52 x 11', CGI TV series with Foot Hill Entertainment, Europe
- **Leo & Pisa Gang** - 52 x 11' CGI TV series with MPP ,Germany
- **NFL Rush Zone 3** - 20 x 22' CGI & 2D TV Series with Rollman Entertainment, USA for Nick Toons(USA)
- **Miles From Tomorrow Land** - 26x26' CGI TV series with Wild Canary(USA)
- **Iesodo** -10x13' CGI TV series with Rollman Entertainmen (USA)
- **Manav** - 65' 2D TV Feature with Disney India

while successfully concluding prestigious projects such as 'Mickey Mouse Club House' (fourth & fifth season) for Walt Disney Television Animation, 'The New Adventures of Peter Pan' with ZDF Group and France Television, Charlie Chaplin with Method Animation, 'Little Prince' (second season) with France Television & Method Animation, 'Keymon TV Feature' with Nickelodeon India, 'Omkar' (third season) with Turner Group and Cartoon Network.

We have made substantial progress in licensing & distribution of our Intellectual Properties and have concluded several deals with leading networks and licensees globally. With the second season in production 'The Jungle Book' has continued to gain traction with merchandisers across the globe. Licensing & Merchandising for our second international IP 'The New Adventures of Peter Pan' is also on fast track. 31 new merchandising deals were signed in relation to "The Jungle Book" while 8 were signed for "The New Adventures of Peter Pan" More than 26 new broadcasting and home video agreements have been signed for a variety of properties including Ironman , Lassie, Jungle Book, peter Pan and Tara Duncan. Next year and years to come will see steady flow of revenues from these streams.

Development of our first international feature film 'The Jungle Book' is progressing well with leading writers and directors on board. We are gathering momentum for closing the production budget and to finalise on the global distributors.

New developments on the digital front have encouraged us to monetize through the digital world and utilize our IP library for various new platforms. DQE has signed a non-exclusive agreement with Budge Studios, Canada for the Jungle Book Mobile App on IOS & Android Platforms for worldwide digital market. The apps are expected to be available in the exponentially growing and potential mobile digital market very soon. While in-house development of games based on DQE IPS for mobiles - (Android and IOS) is underway and will be a new business vertical for monetizing its portfolio of iconic global IPs.

4. DIVIDEND:

The members are aware that the Group is currently involved in the development of various intellectual properties. In order to meet the investment requirements for various ongoing projects, which will contribute to the shareholders' wealth in the long term, the Directors have not recommended any dividend to the equity shareholders for the financial year 2012-13.

5. SUBSIDIARIES:

Our Company has three wholly owned subsidiaries, DQ Entertainment (Ireland) Limited, DQ Powerkidz Private Limited and DQE ITES Park Private Limited.

Pursuant to the general exemption granted by the Central Government under the provisions of Section 212 of the Companies Act, 1956; the Company has not included the detailed financial statements of its subsidiaries in this Annual Report.

The annual accounts of subsidiaries and the related detailed information shall be made available to any member of the Company seeking such information. They will also be kept open for inspection by any of the shareholders at the registered office of the Company and of the subsidiaries. The Company shall furnish a copy of detailed accounts of subsidiaries to any of the shareholders on demand.

6. DIRECTORS

In accordance with the Articles of Association, Mr. K. Balasubramanian and Mr. Girish Kulkarni shall retire by rotation at the ensuing Annual General Meeting. Both the directors being eligible have offered themselves for re-appointment.

Since the balance sheet date, Ms. Rashmi Chakravarti has resigned as an Executive Non Independent Director of the Company and Mr. V. Santhanaraman has been appointed as an Alternate Director to Mr. K. Balasubramanian.

The detailed profiles of all the directors are available under the chapter Board of directors.

7. AUDITORS

M/s. Haribhakti & Co., Chartered Accountants, Hyderabad, the statutory auditors of the Company shall retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

8. FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits under the provisions of the Companies Act, 1956. As such no amount of principal or interest was outstanding as on the Balance Sheet date.

9. PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of concerned employees are required to be set out in the Annexure to the Directors' Report.

However, the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956 exempt the Company from publishing the same in the Annual Report.

Hence, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said statement is open for inspection at the Registered Office of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT, FOREIGN EXCHANGE EARNINGS AND OUTGO.

Energy Conservation: The operations of the Company involve low energy consumption. Adequate measures have however been taken to conserve energy.

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

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

(iv) Foreign Exchange Earnings and Outgo:

₹ in Millions

Particulars	**For the year ended**	**For the year ended**
CIF Value of Imports	**31-Mar-13**	**31-Mar-12**
Capital Goods	--	22
Earnings in Foreign Currency		
Income from production	1,632	1,639
License Fees / Others income	314	319
Expenditure in Foreign Exchange		
(Subject to deduction of tax where applicable)		
Travel	12	4
Production Expenses	8	81
Financial Charges	17	16
	37	**101**

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act 1956, your Directors confirm that;

i) in the preparation of the annual accounts for the financial year ended on March 31, 2013, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.

ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for that period.

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the annual accounts of the Company have been prepared on a 'Going Concern Basis'.

12. CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

A report on the Corporate Governance standards followed by your Company forms part of this report as also a Management Discussion and Analysis statement.

13. GREEN INITIATIVE

During the previous fiscal we started a sustainability initiative with an aim of going green and minimizing our impact on the environment. Like last year, we are sending the print version of the annual report only to the shareholders whose email addresses are not registered with their Depository Participant(s) and to those shareholders who have opted for receiving the physical copies.

The Ministry of Corporate Affairs has taken a "Green Initiative" in the Corporate Governance by allowing paperless compliances by the companies. We request our shareholders to support us on this nation wide Green Initiative by registering/updating their email addresses with their Depository Participant(s) as required for receiving the notices and other documents via email.

14. ACKNOWLEDGEMENTS

Your directors would like to take this opportunity to express their sincere gratitude to all the clients, vendors, investors, advisors, bankers, government authorities, local bodies for their continued support during the year. We place on record our appreciation for the commitment shown by our employees in supporting the Company in its journey to be 'A Global Entertainment Powerhouse'. Our consistent growth was made possible by their hard work, solidarity, co-operation and support. We look forward to their continued support in the future.

The Annual General Meeting of the Company will be held on September 27, 2013.

May 30, 2013

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

Tapaas Chakravarti
CMD & CEO

DIRECTORS' REPORT

Statement pursuant to Section 212 of the Companies Act, 1956

Sl. No	Particulars	
1.	Name of Subsidiary	**DQ Entertainment (Ireland) Limited**
2.	Financial year ended	31st March, 2013
3.	Date from which it became a subsidiary	November 12, 2008
4.	Extent of interest of the Holding Company in the capital of the Subsidiary.	100% (100 Equity Shares)
5.	No of shares held by the holding company as on 31st March,2013	17,266,315 Shares of Euro 1 each. (17.26 Million Shares)
6.	Net aggregate amount of M/s. DQ Entertainment (Ireland) Limited profits/ (losses) so far as it concerns the members of M/s. DQ Entertainment (International) Limited	
	a) a) Not dealt with in the holding company's accounts -	
	➢ for the financial year ended on 31st March, 2013	-
	➢ for the previous financial year of the subsidiary company since it became the holding company's subsidiary	-
	b) Dealt with in the holding company's accounts	
	➢ for the financial year ended on 31st March, 2013	₹ 113,933,899
	➢ for the previous financial years of the subsidiary company since it became the holding company's subsidiary	₹ 311,082,931
7.	Exchange rate as at March 31, 2013	Closing Rate : ₹/€ : Rs 69.84
8.	Issued and subscribed share capital	₹ 1,167,503,269
9.	Reserves Loans	₹ 496,364,319
10.	Total Assets	₹ 3,701,393,208
11.	Total Liabilities	₹ 2,037,525,715
12.	Investments	
	(a) Long term	NIL
	(b) Current	NIL
	Total	NIL
13.	Turnover	₹ 755,819,074
14.	Profit/(Loss) before taxation	₹ 134,030,625
15.	Provision for taxation	₹ (20,096,725)
16.	Profit/(Loss) after taxation	₹ 113,933,899
17.	Proposed dividend	NIL
18.	Number of employees	One

Notes: Information on subsidiary is provided in compliance with circular no.2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs.

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Place: Hyderabad
Date: 30 May, 2013

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial Officer)

Statement pursuant to Section 212 of the Companies Act, 1956

Sl. No	Particulars	
1.	Name of Subsidiary	**DQ Powerkidz Private Limited**
2.	Financial year ended	31st March, 2013
3.	Date from which it became a subsidiary	October 5, 2012
4.	Extent of interest of the Holding Company in the capital of the Subsidiary.	100% (100 Equity Shares)
5.	No of shares held by the holding company as on 31st March,2013	10,000 Shares of Rs 10 each.
6.	Net aggregate amount of M/s. DQ Powerkidz Private Limited profits/(losses) so far as it concerns the members of M/s. DQ Entertainment (International) Limited	
	a) Not dealt with in the holding company's accounts -	
	➢ for the financial year ended on 31st March, 2013	-
	➢ for the previous financial year of the subsidiary company since it became the holding company's subsidiary	-
	b) Dealt with in the holding company's accounts	
	➢ for the financial year ended on 31st March, 2013	₹ 2,077
	➢ for the previous financial years of the subsidiary company since it became the holding company's subsidiary	-
7.	Exchange rate as at March 31, 2013	-
8.	Issued and subscribed share capital	₹ 100,000
9.	Reserves Loans	
10.	Total Assets	₹ 2,077
11.	Total Liabilities	₹ 130,310
12.	Investments	₹ 28,233
	(a) Long term	NIL
	(b) Current	NIL
	Total	NIL
13.	Turnover	₹ 18,539
14.	Profit/(Loss) before taxation	₹ 2,077
15.	Provision for taxation	NIL
16.	Profit/(Loss) after taxation	₹ 2,077
17.	Proposed dividend	-
18.	Number of employees	One

Notes: Information on subsidiary is provided in compliance with circular no.2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs.

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Place: Hyderabad
Date: 30 May, 2013

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial Officer)

Statement pursuant to Section 212 of the Companies Act, 1956

Sl. No	Particulars	
1.	Name of Subsidiary	**DQE ITES Park Private Limited**
2.	Financial year ended	31st March, 2013
3.	Date from which it became a subsidiary	October 19, 2012
4.	Extent of interest of the Holding Company in the capital of the Subsidiary.	100% (100 Equity Shares)
5.	No of shares held by the holding company as on 31st March,2013	10,000 Shares of Rs 10 each.
6.	Net aggregate amount of M/s. DQE ITES Park Private Limited profits/(losses) so far as it concerns the members of M/s. DQ Entertainment (International) Limited	
	a) Not dealt with in the holding company's accounts -	
	➢ for the financial year ended on 31st March, 2013	-
	➢ for the previous financial year of the subsidiary company since it became the holding company's subsidiary	-
	b) Dealt with in the holding company's accounts	
	➢ for the financial year ended on 31st March, 2013	-
	➢ for the previous financial years of the subsidiary company since it became the holding company's subsidiary	-
7.	Exchange rate as at March 31, 2013	-
8.	Issued and subscribed share capital	₹ 100,000
9.	Reserves Loans	-
10.	Total Assets	-
11.	Total Liabilities	-
12.	Investments	-
	(a) Long term	-
	(b) Current	-
	Total	-
13.	Turnover	-
14.	Profit/(Loss) before taxation	-
15.	Provision for taxation	-
16.	Profit/(Loss) after taxation	-
17.	Proposed dividend	-
18.	Number of employees	

Notes: Information on subsidiary is provided in compliance with circular no.2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs.

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Place: Hyderabad
Date: 30 May, 2013

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial Officer)

CORPORATE GOVERNANCE

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

DQE works with a mission to develop hi-quality content programs that are global in appeal with deliverable capabilities across any media platform and effectively exploit the programming library through a 360 monetization strategy by way of broadcasting, merchandising, licencing, publishing, online games, music rights, home video digital media, feature films etc. supported by technologically advanced and cost effective production platform.

Our Corporate Governance systems are aimed at managing our company affairs in a fair & transparent manner, maintain accountability and ensure professional business practices.

The Company's activities are carried out in accordance with good governance practices. The governance practices followed by your Company have played a vital role in its journey of continued success.

2. CODE OF CONDUCT:

In its pursuit of excellence, the Company has adopted a code of conduct for Board Members and Senior Management team and a code of conduct for prevention of Insider Trading in Securities of the Company. The copies of both these codes are available on the Company's website.

The Company is in compliance with the corporate governance guidelines as stipulated under Clause 49 of the listing agreements entered into with the Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE).

3. BOARD OF DIRECTORS:

The Board provides strategic direction to the Company by evaluating management policies and their effectiveness. It reviews corporate policies, overall performance, accounting & reporting standards, corporate governance, regulatory compliance, risk management and other significant areas of management.

(i) As on March 31, 2013, the Company has 6 directors and 2 alternate directors. Of the 8 Directors, five (i.e. more than 50%) are Independent and Non-Executive Directors

(ii) The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

(iii) None of the Directors on the Board are members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other companies as on March 31,2013 have been made by the Directors.

(iv) Four (4) Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said Meetings were held are as follows: May 28, 2012; August 10, 2012; November 10, 2012; February 14, 2013.

(v) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

(vi) The details of other directorships/committee memberships held by the Board members are as follows:

Name of the Director	Age	Directorships*	Committee* Membership	Chairperson* of Committees
Mr. Tapaas Chakravarti	57	3	NIL	NIL
Ms. Rashmi Chakravarti	51	NIL	NIL	NIL
Ms. Rashida Adenwala	49	2	NIL	NIL
Mr. K. Balasubramanian	70	9	5	4
Mr. Girish Kulkarni	47	10	2	NIL
Mr. S. Sundar	53	NIL	NIL	NIL
Mr. Neelesh Wagle	43	3	NIL	NIL
Mr.V.Santhana Raman	64	1	NIL	NIL

Notes: (i) There are no inter-se relationships between our Board of Directors except that Mrs. Rashmi Chakravarti is the spouse of Mr.Tapaas Chakravarti.

(ii)*Excluding directorship/committee membership in the Company and its subsidiaries.

(vii) The names and designations of the Directors on the Board, their attendance at Board and Audit Committee Meetings held during the year are given herein below:

Particulars	Designation	Board	Audit
Number of Meetings		4	4
Mr. Tapaas Chakravarti	CMD & CEO	4	4
Ms. Rashmi Chakravarti(*resigned w.e.f 18.04.2013*)	Executive, Non-Independent Director	Nil	N.A
Ms. Rashida Adenwala	Professional, Non Independent Director	4	4
Mr. K. Balasubramanian	Non- Executive, Independent Director	4	4
Mr. Girish Kulkarni	Non- Executive, Independent Director	Nil	Nil
Mr. Neelesh Wagle (*Alternate Director to Mr. Girish Kulkarni)*	Non- Executive, Independent Director	3	3
Mr. S. Sundar	Non- Executive, Independent Director	4	4
Mr.V.Santhana Raman(*Alternate Director to Mr. K. Balasubramanian appointed on 10.11.2012*)	Non- Executive, Independent Director	1	1

Note: Mr. Tapaas Chakravarti, Ms. Rashida Adenwala ,Mr. K. Balasubramanian & Mr. Neelesh Wagle were present for the previous Annual General Meeting of the Company held on August 10,2012.

4. AUDIT COMMITTEE:

The Audit Committee comprises:

(i) Mr. K Balasubramanian, Chairman;
(ii) Mr. S. Sundar
(iii) Mr. Girish Kulkarni
(iv) Ms. Rashida Adenwala

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of our financial reporting and disclosure processes internal controls, risk management policies and processes, tax policies, compliance, legal requirements and associated matters

Mr. Sanjay Choudhary, Chief Financial Officer of the Company is a permanent invitee at all the meetings of the Audit Committee.

The terms of reference of the Audit Committee are as follows:

(i) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information has been disclosed

(ii) Recommending to the Board, the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services, if any;

(iii) Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussions to ascertain any area of concern;

(iv) Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information;

(v) Reviewing the annual financial statements before submission to the Board, focusing primarily on:

(a) Any changes in accounting policies and practices;
(b) Major accounting entries based on exercise of judgment by management;
(c) Qualifications in draft audit report;
(d) Significant adjustments arising out of audit;
(e) The going concern assumption;
(f) Compliance with the Indian GAAP

(vi) Reviewing with the management, external and internal auditors; the adequacy of internal control systems.

(vii) Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

(viii) Discussion with internal auditors on any significant findings and follow-up thereon;

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

(x) Looking into the reasons for substantial defaults in payments to the shareholders (in case of non-payment of declared dividends) and creditors;

The Audit Committee met four times during the year on May 28, 2012, August 10, 2012,November 10, 2012 and February 14, 2013.

5. REMUNERATION COMMITTEE:

The Remuneration Committee comprises:
(i) Mr. S. Sundar - Chairman
(ii) Mr. K Balasubramanian
(iii) Mr. Girish Kulkarni

The Remuneration Committee has been empowered with the role and functions as per the provisions specified under Annexure I D(2) of the Corporate Governance Code under Clause 49 of the Listing Agreement including the appointment and finalizing the remuneration of senior level employees of our Company.

Except for Mr. Tapaas Chakravarti and Ms.Rashmi Chakravarti, who hold 41 shares each as nominees of DQ Entertainment (Mauritius) Limited, none of the directors hold any shares in the Company. The Company has not issued any convertible debentures.

6. DETAILS OF REMUNERATION TO DIRECTORS/ RELATED PARTY TRANSACTIONS:

1. All the non-executive directors of the Company are paid sitting fees @ Rs. 20,000/- (Rupees Twenty Thousand) for attending every meeting of the Board of Directors and Rs. 10,000/- for every audit committee meeting.

2. The details of the salary paid to the executive/ professional directors of the Company are as follows:

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

Salary and allowance Rs. 40,32,000
Other perquisites Rs. 10,08,000
Commission - Rs. 77,91,165
Total Rs. 1,28,31,165

(ii) Remuneration paid to non-whole time Directors of the Company:
Sitting fees Rs. 3,30,000
Salary to Executive Director Rs. 30,00,000
Professional fees Rs. 1,20,000
Total Rs. 34,50,000

3. No stock options were granted to the Directors during the financial year 2012-13.

4. The details of the related party transactions are given in the notes to the financial statements.

7. SHAREHOLDER/INVESTORS GRIEVANCE COMMITTEE

The Investor Grievance Committee focuses on shareholders' grievances and strengthening of investor relations. The Committee comprises:

(i) Mr. Girish Kulkarni- Chairman;
(ii) Mr. Tapaas Chakravarti;
(iii) Mr. K Balasubramanian
(iv) Ms. Rashida Adenwala

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

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

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

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

8. DETAILS OF INVESTOR COMPLAINTS RECEIVED AND RESOLVED FROM APRIL 1 2012 TO MARCH 31 2013 ARE AS FOLLOWS

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

9. General Shareholder Information

(i) Annual General Meeting:

Date: September 27, 2013
Time: 2:30 pm
Venue: Hotel NKM's Grand
6-3-563/31/1,Off Taj Residency Road
Somajiguda,Erramanzil
Hyderabad-500082

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

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

(iv) Date of Book Closure: 20th day of September 2013 to 27th day of September 2013.

(v) Listed at:
Bombay Stock Exchange Limited
Floor 25, P. J. Towers, Dalal Street
Mumbai 400 001

National Stock Exchange of India Limited
Exchange Plaza,Bandra Kurla Complex,Bandra (E), Mumbai 400051

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

11. Listing fees for the financial year 2012-13 has been paid to all the Stock Exchanges, where the shares of the Company are listed.

12. Corporate Identification Number (CIN) of the Company: L92113AP2007PLC053585

13. Venue and time of the General Meetings held during the last three years:

(i) Annual General Meeting:

Year	Date	Venue	Time	Special Resolution(s) passed
2011-12	10.08.2012	THE SQUARE HYDERABAD, # 6-3-870, Balayogi Paryatak Bhavan, Begumpet, Hyd-500 016	2.30 pm	Nos: One Nature: Re-appointment of Mr.Tapaas Chakravarti
2010-11	23.09.2011	Hotel NKM's Grand 6-3-563/31/1, Somajiguda, Erramanzil, Hyderabad	2.30 pm	Nos: Three Nature: (i)Appointment of Ms Nivedita Chakravarti (ii) Payment of remuneration to Ms.Rashida Adenwala. (iii)Appointment of M/s R & A Associates,Company Secretaries.
2009-10	29.09.2010	Hotel NKM's Grand 6-3-563/31/1, Somajiguda, Erramanzil, Hyderabad	2.30 pm	Nos.: One Nature: Alteration of Articles of Association

(ii) Extra-Ordinary General Meetings

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

14. MEANS OF COMMUNICATION

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

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

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

15. MARKET PRICE DATA

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

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

The monthly high and low of the market price of the equity shares of the Company having a face value of Rs.10/- each on the BSE & NSE for the period from April 1, 2012 to March 31, 2013 are as follows:

	Bombay Stock Exchange of India (BSE)		National Stock Exchange of India (NSE)	
Month	High Price	Low Price	High Price	Low Price
April 2012	30.00	23.50	29.65	23.50
May 2012	24.25	20.15	24.70	16.55
June 2012	24.80	20.50	21.20	20.15
July 2012	25.80	21.40	25.70	21.30
August 2012	25.80	17.55	25.80	17.50
September 2012	20.90	17.40	20.65	16.50
October 2012	22.95	18.50	23.70	18.50
November 2012	21.45	18.70	22.35	18.70
December 2012	21.50	18.55	21.55	18.50
January 2013	20.45	16.50	20.35	16.05
February 2013	18.20	12.15	18.30	12.05
March 2013	12.80	8.45	12.50	8.25

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

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar, Madhapur
Hyderabad – 500 081, India
Telephone: +91 40 2342 0815
Facsimile: +91 40 2342 0814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

17. SHARE TRANSFER SYSTEM

99.84% of the equity shares of the Company are in electronic form as on March 31, 2013. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Karvy at any of the above mentioned addresses.

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

18. DEMATERIALISATION OF SHARES & LIQUIDITY

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

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

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

As on March 31, 2013, the Company did not have any outstanding GDRs /ADRs /Warrants or any Convertible instruments.

20. LOCATION OF OFFICES/PRODUCTION CENTERS

Sr. No	Type of Property/Location	Primary Use
1.	Municipal Nos. 8-2-268/1/A and 8-2-268/1/A/2N, Road No 3, Banjara Hills, Hyderabad 500034	Registered office/Corporate
2.	Municipal No. 8-2-268/10/D/1, Plot No 554, Road No 3, Banjara Hills, Hyderabad 500034	Finance & Accounts Office
3.	Plot No 31, Road No 5, Jubilee Hills, Hyderabad 500033	Production Centre
4.	DLF Cybercity, SEZ Zone,Block-3, Ground floor, APHB Colony, Gachibowli, Hyderabad – 500 019	Production Centre
5.	Premises No.501-A,501-B,Manjeera Square,5th Floor, Plot No.6&7, Ameerpet, Hyderabad-500 038	Production Centre
6.	Module No 312-315, SDF Building, Salt Lake Electronics Complex, Software Technology Park Zone, Sector V, Bidhan Nagar, Kolkata 700091	DQ School of Visual Arts
7.	Plot No.5, Block-BP, Sector V, Salt Lake, Bidhannagar, Kolkata-7000 91.	Production Centre

21. SHAREHOLDING PATTERN OF THE COMPANY AS ON MARCH 31, 2013

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS A PERCENTAGE OF (A+B)	AS A PERCENTAGE OF (A+B+C)	NUMBER OF SHARES	AS a PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**PROMOTER AND PROMOTER GROUP**							
(1)	INDIAN							
(a)	Individual /HUF	7	1156	1156	0.00	0.00	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(1) :	**7**	**1156**	**1156**	**0.00**	**0.00**	**0**	**0.00**
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	1	59461972	59461972	75.00	75.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(2) :	**1**	**59461972**	**59461972**	**75.00**	**75.00**	**0**	**0.00**
	Total A=A(1)+A(2)	**8**	**59463128**	**59463128**	**75.00**	**75.00**	**0**	**0.00**
(B)	**PUBLIC SHAREHOLDING**							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	6	5570099	5570099	7.03	7.03		
(b)	Financial Institutions /Banks	1	451539	451539	0.57	0.57		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	3	431196	431196	0.54	0.54		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Others	0	0	0	0.00	0.00		
	Sub-Total B(1) :	**10**	**6452834**	**6452834**	**8.14**	**8.14**		
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	367	2526990	2526990	3.19	3.19		
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	14860	6717000	6716997	8.47	8.47		
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	87	3289373	3289373	4.15	4.15		
(c)	Others							
	NON RESIDENT INDIANS	88	606955	606955	0.77	0.77		
	CLEARING MEMBERS	21	98096	98096	0.12	0.12		
	FOREIGN COMPANIES	1	128624	0	0.16	0.16		
(d)	**Qualified Foreign Investor**	**0**	**0**	**0**	**0.00**	**0.00**		
	Sub-Total B(2) :	**15424**	**13367038**	**13238411**	**16.86**	**16.86**		
	Total B=B(1)+B(2) :	**15434**	**19819872**	**19691245**	**25.00**	**25.00**		
	Total (A+B) :	15442	79283000	79154373	100.00	100.00		
(C)	Shares held by custodians, against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group							
(2)	Public	0	0	0	0.00	0.00		
	GRAND TOTAL (A+B+C) :	**15442**	**79283000**	**79154373**	**100.00**	**0.00**	**0**	**0.00**

DISCLOSURES:

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

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

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT:

We have instituted a Remuneration Committee. A detailed note on the Remuneration Committee is provided under the respective section in this report.

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

NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Ms. Anita Sunil Nair, Company Secretary & Compliance Officer

Address for correspondence:
644, Aurora Colony,
Road No.3, Banjara Hills, Hyderabad, Andhra Pradesh-500 034, India.
Ph. No: 0091-40-23553726 & 27, Fax: 0091-40-23552594

Certificate on Corporate Governance

TO THE MEMBERS OF
DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

We have examined the compliance of conditions of corporate governance by DQ ENTERTAINMENT (INTERNATIONAL) LIMITED ("the Company"), for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreements of the Company with the stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

Place: Hyderabad
Date: 30 May, 2013

For R & A Associates
Company Secretaries

Sd/-
(R.Ramkrishna Gupta)
Partner
C.P. No. 6696

CEO & CFO Certification

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

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

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

2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made.

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

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

5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared.

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP).

c) Evaluated the effectiveness of the Company's disclosure, controls and procedures.

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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

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

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

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

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

f) We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.

g) We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year. For the purpose of this declaration, Senior Management Team means the personnel of the Company who are members of its core management team excluding Board of Directors. This would normally mean [one level below the Executive Directors including all functional heads as on March 31, 2013.

Hyderabad	Tapaas Chakravarti	Sanjay Choudhary
May 30, 2013	CMD & CEO	Chief Financial Officer

Management's Discussion and Analysis

of Financial Condition and Results of Operations

A. INTRODUCTION

DQ Entertainment (DQE) is a leading global entertainment group engaged in the business of production and distribution of animated content. DQE has developed world class creative & production facilities for TV animation content creation in 2D, 3D, stereoscopic, VFX, game art, in-game animation production and global distribution.

We are firmly on the path to develop own content program as well as participating in co-production of iconic properties that are global in appeal with deliverable capabilities across any media platform and effectively exploit the Intellectual Properties through a 360 degree monetization strategy by way of broadcasting, merchandising, licensing, publishing, online games, music rights, home video, digital media and feature films.

With its state-of-art production facilities in Hyderabad – the IT hub of India, Kolkata and a subcontracting facility in Manila, DQE has established itself as one of the largest production studios measured by the size of its production capabilities and a highly skilled workforce of over 2100 permanent associates and over 500 contract employees. Our quality and award winning productions have resulted in strong partnerships with leading independent production houses, broadcasters, distributors and licensors globally.

Our commitment to excellence has enabled us to enhance our technical capabilities and move up the value chain from animation production services to co-owned content development & distribution and more recently with development & distribution of our own proprietary content.

Some of our marquee client partners include Walt Disney Group, Universal Pictures, Nickelodeon Animation Studios Inc, Marvel Comics, BBC Group, France TV Group, ZDF TV, JCC TV, Cartoon Network group and many more worldwide.

DQE's programming portfolio includes iconic properties such as The Jungle Book, Peter Pan, 5 & IT, Lassie & Friends, Robin Hood, The Wind in the Willows, Iron Man, Casper, Charlie Chaplin, Little Prince and many more…

The group also runs the "DQ School of Visual Arts" in Hyderabad and Kolkata, successful animation training schools primarily set up to train its own animators but increasingly offering the service to third parties as a profit centre in its own right.

B. INDUSTRY OVERVIEW

Please refer the chapter on 'Industry overview' on page 31.

C. BUSINESS STRATEGY

Our key strategic priorities include

- Continued expansion of our portfolio of global and iconic branded intellectual properties (IPs) such as 2nd, 3rd season of The Jungle Book TV series, Peter Pan TV series and other new properties
- Capitalize on our skill sets of high caliber visual effects (VFX) and 3D stereoscopic theatrical animation production
- Accelerate growth in licensing and distribution through focus on hitherto untapped markets such as China, Latin America and Eastern Europe

- Exploitation of newer delivery formats through the development of Apps and interactive games for our hi-quality animated content.

- To improve the cash flow position substantially

D. STRENGTHS

DQE has consistently grown over the years, inspite of the adverse market conditions, due to its following inherent strengths:

- Unique low risk business model – Investing in proven franchises with significant global appeal. At-least 70% of its revenues confirmed through pre-sales to broadcasters globally and co-production partners

- Existing library of proven content with de-risked monetization strategy- Over 500 hours of animated content with the opportunity for 360 degree monetization across TV, online, mobile, gaming, feature film, merchandising in the global market place

- Unparalleled skilled labor force - one of the largest pools of highly skilled animation professionals to adapt to the latest available technologies and delivery capabilities for all genre of animation thereby enabling and supporting DQE to be ahead of times

- Ability to keep abreast with the changing technology – DQE has been able to sustain and grow as it has been able to not only adapt quickly to the new technologies but also develop plug –ins and other softwares for improving production efficiencies.

- High quality animation for world leading studios - DQE has built a strong reputation within the global TV, feature film and gaming sectors as a producer of 2D, 3D and 3D stereoscopic CGI animation, the high quality of which can be testified by the list of long standing international client relationships and partnerships with Walt Disney Television Animation, Nickelodeon, The Cartoon Network, BBC and many more.

- Established track record and consistent growth in revenue and earnings – Consistent revenue growth (2010: 1,755 mn, 2013: 2,294 mn). Strong order book of around Rs. 6,588 mn providing high levels revenue visibility for the next 30 months.

- Growing Demand – The global animation and gaming market is expected to grow from $122 bn in 2010 to $243 bn by 2016. This represents a compound annual growth rate (CAGR) of 12.9% from 2011 to 2016. The demand for animated children's entertainment and edutainment content is also increasing in China, Asia, Middle East and Latin America. Apart from USA and Europe. There is always demand for a reputed brand / character based programs which also has huge scope for licensing, merchandising publication, games and other newer media formats of delivery.

- DQ School of Visual Arts– DQE also operates its own school of training in animation & visual arts. DQSVA enables consistent access to a skilled workforce trained to international standards of quality.

- Proprietary ERP Production Platform - DQE is perhaps the first, multi product, multi national & multi location animation production & distribution company, which has developed & implemented ERP solutions for production management i.e scheduling, technical breakdown & costing, process and human resources management. These solutions have helped the Company to capacity, resource utilization as well as the output per employee.

- Impressive list of clients - DQE has to its credit an impressive list of more than 100 clients which include the Disney Group - USA & Asia, ABC Australia, Method Animation - France, The BBC UK, Turner Entertainment - Asia, France Television - France , ZDF Enterprises - Germany, Nickelodeon Entertainment - USA and India, Rollman Entetertainment USA to name a few.

E. WEAKNESSES

- France, Canada, Korea, Philippines, Indonesia and many other countries offer several incentives, subsidies and tax benefits to companies who are in the business of animation and production of content. This is a very major factor which enables to compete in the market and offer very competitive prices. Unfortunately, there is no such support to Companies operating in this sector in India and hence it is difficult to compete in the international markets.

- There is a paucity of specific creative talent in India and hence have to be dependent on the overseas talent for animation designs, script writing, music and voices, who may work at their own pace and may delay the production schedules and also are very expensive.

- Funding not easily available as Intangible assets are still not recognized as security by several lending institutions

F. OPPORTUNITIES

- Increased demand for children's pure entertainment and edutainment content across the globe has led to increase sale/licensing of DQE's popular brands like The Jungle Book, Peter Pan, Lassie, 5 Children & IT etc.

- Strong brand and character based licensing for consumer products, print and digital media publication and games are driving the growth. Emerging digital technologies of distribution such as Video on Demand (VOD) and Subscription Video On Demand (SVOD) distribution channels for eg: Netflix, Redbox, Vudu and many more such local digital platforms are driving new growth into the sector to reach out to the children and the families.

- The biggest growth has come in 3D animated feature film in recent years. The box office licensing & merchandising success of Ice Age, Madagascar, Kung Fu Panda, Puss in Boots and many more such movies have driven the growth northwards. The slate of large number of movies from the major studios such as Disney Feature, Pixar Feature, Blue Sky, Dream Works, Sony Entertainment and many more studios in Europe have ensured strong growth for content creation in coming years.

- Use of latest technology and availability of large skilled economical work force and delivery capabilities will allow the group to grow faster. DQE will continue to monetize its IP content through global network of distributors generating alternate revenue streams such as online and mobile casual and console games, toys, other merchandise, e-books etc.

- DQE will strive to identify new characters and brands with global appeal and develop them into global franchises. It will also forge new partnerships worldwide to create additional content to co-produce and content based on new characters.

G. THREATS

- Research and development of new creative content with ever changing consumer behavior globally suiting the specific global markets will remain one of the most challenging aspects of this business.

  DQE's timely movement up the value chain of adopting IP based business model provides more control over time and scale of revenue as well as potential of long term and upstream revenues from alternative platforms of monetization.

- As one of the leading producer and distributor of globally acclaimed IPs from public domain, DQE shall always be under a possible threat of infringement of any trademarks and copyrights that already may have been in existence and use by others. To ensure that DQE is not subject to any such liabilities, a specialized research team is involved in the entire process to study the ownership of the property, the IP registration status and chain of rights for each and every IP developed in house.

- With regard to the service projects there is always a threat from studio's offering competitive pricing. Being conscious of this fact, DQE has moved from pure outsourcing to co-productions to creation of own IPs.

- In the back-drop of challenging economic conditions worldwide swing in value of international currencies is causing fluctuation in revenues and bottom-lines.

H. FINANCIAL OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year. The financial details mentioned in this chapter pertain to the consolidated audited accounts of DQ Entertainment (International) Limited, ("the Company") for the year ended March 31 2013. In addition to the historical information contained herein, the following discussions may include forward looking statements which involve risks and uncertainties, including but not limited to risks inherent in the company's growth strategy, dependency on certain clients, dependency on availability of qualified technical personnel and other factors discussed in this report.

CONSOLIDATED FINANCIAL POSITION

A. EQUITY AND LIABILITIES:

1. Shareholder Funds

1. Share Capital: The authorized share capital is Rs.800.00 million divided into 80,000,000 Equity Shares of Rs10 each. The Issued, Subscribed and Paid up equity share capital is Rs.792.83 million divided into 79,283,000 Equity Shares of face value Rs.10/- each as at March 31, 2013. During the year there is no movement in share capital.

2. Reserves and Surplus: The Reserves and Surplus has increased from Rs. 3,152.24 million to Rs. 3,528.32 million, an increase of Rs.376.08 million. The increase is on account of current year Profits of Rs. 373.07 million foreign currency translation of Rs 3.01 million.

2. Non-current Liabilities

3. Long term borrowings: The borrowings are classified based on its maturity period. Loans that are due for repayment within one year from 31 March 2013 are classified under current liabilities as 'current maturity of long term borrowings' and the balance are placed under 'long term borrowings'. During the year, there is a net increase in the secured borrowings from the banks by Rs. 17.48 million. This increase is on account of new loans obtained to the tune of Rs. 575.52 million and offset by repayments made during current year to the extent of Rs.558.04 million. Further there is an increase in the Secured borrowing on account of foreign currency fluctuation on the foreign currency loans to the extent of Rs.19.49 millions.

The total amount of long term borrowings stands at Rs. 1,474.08 million as on 31st March 2013 as against 1,437.11 million as on 31 March 2012 as on previous year

4. Deferred Tax Liability: There is a deferred tax liability of Rs.139.23 million as on 31 March 2013 as against Rs. 124.41 million of previous year. The increase of Rs.14.83 million is due to reversal of temporary timing difference during the year 2012 -2013

5. Other Long term liabilities: The other long term liabilities include liabilities to the tune of Rs. 155.62 million in the nature of minimum guarantee payable for the distribution rights obtained

6. Long term provisions: The long term provisions consist of the provisions for employee benefits based on actuary valuation report i.e. gratuity benefits, leave encashment and sick leave Rs. 133.43 million as against Rs. 91.36 million of previous year. The increase is on account of additional provision made for those employees completing 5 years period.

3. Current Liabilities

7. Short term borrowings: The short term borrowings are towards working capital needs as on 31st March 2013 and the outstanding amount stands at Rs.678.95 million.

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

9. Other current liabilities: It consists of –

- Current maturities of long term borrowings to the tune of Rs. 379.04 million which are due and payable within the next one year from the end of the current financial year.

- Employee benefits payable - Rs. 80.01 million
- Other current liabilities for services - Rs. 316.91 million
- Advance from customers of Rs 7.53 million,
- Interest accrued of Rs. 22.64 million.

10. Short term provisions: It consists of current portion of employee benefits, provision for taxation (net) and provision for retakes. The same has increased by Rs. 5.91 million (net) when compared to previous year. This is mainly on account of the increase in the provision for tax.

B. ASSETS

I. Non-current Assets

1. Fixed Assets:

Tangible Assets: Tangible assets consist of Plant & Machinery, Office equipment's, Furniture, Fixtures & Interiors, Vehicles and Leasehold improvements.

The Net block of tangible assets as on 31 March 2013 is Rs. 263.26 million as against Rs. 340.13 million in previous year. During the year the Company added assets worth Rs. 51.29 million and sold assets to the tune of Rs. 96.83 million

Intangible Assets: The intangible assets consist of distribution rights to the tune Rs. 2,435.76 million and computer software to the tune of Rs.352.37 million. During the year the company capitalized intangible assets to the tune of Rs. 492.01 million. The Net block of intangible assets is Rs. 1,558.83. million as against Rs.1,466.69 million in previous year.The capital work in progress is towards land development and has been separately shown in the current year which amounting to Rs. 1.12 million.

Intangible asset under construction – consists of intangible assets in development / production. These assets once fully developed / produced will be capitalized and then amortised. As on 31 March 2013 Rs. 3,058.81 is in Intangible assets under construction as against Rs. 2,526.39 million in the previous year

2. Long term loans and advances:
It consists of capital advances to vendors, security deposits, long term prepaid expenses, claims receivable and MAT credit entitlement.

Long term loans and advances outstanding as on 31 March 2013 is Rs. 233.80 million as against Rs. 178.46 million during the previous year.

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

II. Current Assets

Current investments consists of Investments in Mutual Funds - As on 31 March 2013 there are no mutual funds

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

Total receivables as on 31 March 2013 is INR 1,624.30 million as against Rs. 1,168.60 million in the previous year. Receivables more than 180 days for the current year amounted to Rs. 821.21 million

Cash and bank balances: Consists of balances with banks in current account, Remittance in transit, Cash on hand, Deposits with maturity more than 3 months, but less than 12 months and Margin money deposits.The balance as at 31 March 2013 is Rs. 81.70 million as against the balance of Rs. 690.96 million of previous year. The reduction in balance is due to increased investment in IPR

Short term loan and advances: It consists of interest accrued on deposits, advance tax paid other advances and current portion of prepaid expenses. The balance as at March 2013 is Rs. 41.48 million as against Rs. 94.46 million of previous year. The decrease is mainly on account of reduction of interest accrued on deposits during the current year as the monies were used for development of business.

Other current assets: It consist of unbilled revenue of Rs.642.77 million which contains Revenue pertaining to projects for which work is in progress but invoice is not raised as the prescribed milestones as per the agreement are not achieved.

C. RESULT OF OPERATIONS

1. Segmental Analysis

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

	Segmental revenue				Segment results			
	Fiscal 2013	Fiscal 2012	Fiscal 2013	Fiscal 2012	Fiscal 2013	Fiscal 2012	Fiscal 2013	Fiscal 2012
	Rs in millions		% of revenue		Rs in millions		% of segmental results	
Animation	1820.12	1755.08	79.34	77.25	986.91	779.61	89.16	72.41
Distribution	473.96	516.88	20.66	22.75	120.00	297.07	10.84	27.59
Total	**2294.08**	**2271.96**	**100**	**100**	**1106.91**	**1076.68**	**100**	**100**
Unallocated expenses					**(498.35)**	**(469.90)**		
Interest and finance expense					**(195.89)**	**176.92**		
Profit before tax					**412.68**	**429.86**		

2. Revenue

The financial year 2012-13 has witnessed a very marginal increase of 1% in the total revenue to Rs. 2,294.08 million from Rs. 2,271.95 million in financial year 2011-12.

Animation revenue has increased marginally by 4% from Rs.1,755.08 million during financial year 2011-12 to Rs.1.820.12 million during financial year 2012-13 and distribution revenue has declined marginally from Rs. 516.88 mn in 2011 -12 to Rs. 473.96 mn in 2012 – 13. The reason for the decline is that in 2011-12 the company had a one of deal with US licensing agent for lisencing and distribution where in the Company received a large amount as Minimum Guarantee which had to be accounted for up front.

Expenses: Production expenses: Production expenses have decreased from Rs.243.34 million in financial year 2011-12 to Rs.178.61 million in the financial year 2012-13. The said decrease is mainly due to reduction in the outsourcing work to third parties.

Personnel Costs: Break up of personnel costs is as follows

Personal Costs	31 March 2013	31 March 2012
Salaries and wages	780.19	800.14
Contribution to provident fund	50.88	50.63
Staff welfare expenses	6.74	14.91
Gratuity	29.14	17.65
Compensated absences	8.89	7.54
Total	**875.84**	**890.87**

The main reason for decrease in personal cost during the current year is because the total manpower was reduced by 379 associates during the year. As on 31st March the number of employed associates were 2128 as compared to 2507 employees in the previous year as on 31 March 2012. There is an overall increase in productivity of employees which has resulted in achieving sales equivalent to last year in spite of reduction of manpower..

Administrative and Other Expenses:
primarily consist of Professional and consultancy charges, Repairs and Maintenance, Rates and taxes, Auditors remuneration, Selling and distribution expenses, Directors remuneration, Travelling and conveyance expenses etc.
The increase when compared to previous year is due to over all increase in expenses and also due to the additional provision for bad and doubtful debts (net) of Rs. 13.36 million provided during the year ended 31 March 2013

Interest and Financial Charges:
Consist of Interest on borrowings (both term loans and working capital loans), Bank charges etc. Interest and Financial Charges have increased from Rs.187.42 million for financial year 2011-12 to Rs.209.44 million in financial year 2012-13. The increase is on account of new loans taken during the year and also during the year there is a general increase in interest rates for all loans

Depreciation and Amortization:

(Rs. in Millions)

Depreciation and Amortization	31 March 2013	31 March 2012
Tangible Assets	122.24	145.67
Intangible Assets	404.75	271.64
Total	526.99	417.31

Increase in depreciation & amortization cost is mainly on account impairment of intangible assets. During the year ended 31 March 2013 Rs. 140.60 million is the impairment charge in intangible assets as against Rs.44.94 million in previous years. The movement of Depreciation and Amortization after exclusion of Impairment provision from both the years is not significant

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

The PBIDT for the year under review stands at Rs. 1,114.84 million as compared to 943.66 million in the previous year PBIDT as a % of revenue has increased from 42% in the previous year to 49% for the current year ended 31 March 2013

The increase in PBIDT in spite of marginal increase in sales is attained by operational efficiency by reduction in over all expenses

5. Profit after tax

There is a 13% increase in profit after tax from Rs.330.23 million in financial year 2011-12 to Rs. 373.07 million in the financial year 2012-13

J. RISKS & CONCERNS

(i) Operational Risks

- Given the seasonality of our business our revenues and expenses are difficult to predict and can vary significantly from period to period.

- Our business will suffer if we fail to keep abreast with the latest technological advancements and the ever increasing demand of the industry for new and captivating content.

- DQE is largely dependent on a few coproduction partners to co-produce the programs. DQE has an impressive client list including names such as Disney Group,Nickelodeon Entertainment, ZDF Television and ZDF Enterprises- Germany, NBC Universal, Turner Network and many more.It is extremely unlikely that work will cease to come from all of these simultaneously. Strong order pipeline provides a revenue visibility for next 30 months.

  Our success depends largely upon our highly skilled creative artists. Animation is growing in India and many small studios are setting shop. However there are not many reputed institutions teaching animation and hence there is a scarcity of good skilled animation artists especially in 3D animation. The Company has taken a long-term perspective and established DQ School of Visual Arts for providing an intense training in all genres of animation and hence has been able to meet its requirements and scale up its operations.

- Competitive pressures may also arise from overseas. This is particularly the case where the local overseas governments are supporting the animation industry in the form of tax incentives, infrastructural and/or financial support e.g. China, Taiwan and Singapore.

- DQE provides a significant portion of its outsourced production services on a fixed price, fixed-time frame basis. The Company therefore bears the risk of cost overruns, completion delays and wage inflation related to these projects. Additionally, any material which clients reject due to non-compliance with their specifications has to be reproduced

- To manage this risk DQE has developed customized resource planning softwares which facilitates scheduling and resource management across projects to mitigate these risks. In addition as DQE has a large manpower force, it can easily deploy staff from one project to another if required, thereby avoiding problems of slippage

- Taxes and other levies imposed by the Government of India or state governments,as well as tax exemptions, financial policies, subsidies and regulations, may have a material adverse effect on DQE's business,financial condition and results of operations

- Terrorist attacks or a war could adversely affect our business, results of operations and financial conditions

- Increasing costs for premium talent leading to increase in production costs, availability of limited creativity locally, changes in government regulations or any change in the legislative intent, global financial condition and the recessionary trend may have an adverse impact especially for television content as the production houses may slow down their production plans. This could have an impact for the out-sourcing business of the Company.

(ii) Financial Risks
More than 95% of the revenues generated by DQE are from global sales i.e. either North America or Europe. This means there is a substantial currency risk in terms of the US dollar and the Euro versus the Indian Rupee

Financial and Other Derivative Instruments
Our primary market risk exposures are interest rate and foreign currency exchange rate risk. The following table sets forth the details of the derivative contracts entered into by the Company for hedging currency and interest rate related risks outstanding.

The company uses Forward Exchange Contracts and Currency Options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions.

For the information on Derivative instruments please refer the financial section Page no.124

Derivative Instrument outstanding as at the year end:

Currencies	31 March 2012	31 March 2011
	Sell	Sell
Currency Options (plain vanilla contracts)		
USD	0	$3,400,000
INR	0	176,698,000
EURO	0	€ 600,000
INR	0	41,592,000
USD–EURO	0	€ 700,000
INR	-	44,807,000

Quantitative and qualitative disclosure about market risk.

General: Market risk is the risk of loss related to adverse changes in market rates and prices, such as interest rates, foreign exchange rates and commodity prices. We are exposed to various types of market risks, in the normal course of business.

Interest Rate: We have, and expect to continue to have, significant borrowings. An increase in the interest rates for our existing and future borrowings may adversely affect our ability to service long-term debt and to finance our projects, all of which in turn may adversely affect our planned capital expenditures, financial condition and results of operations.

Foreign Currency Exchange Rates

	USD		EURO	
Exchange rates	Average	Closing	Average	Closing
31-Mar-11	45.901	45.398	60.711	64.006
31-Mar-12	48.097	51.966	66.254	69.320
31-Mar-13	54.310	54.480	69.946	69.840

K. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The CEO and CFO certification provided in the 'CEO and CFO Certification' section of the Annual Report discusses the adequacy of our internal control systems and procedures

L. HUMAN RESOURCES STRATEGY

The Company continues to invest in human resources development. The Company has recruited 191 employees in fiscal 2012.
A detailed chapter on HR strategy, initiatives taken by the HR department and training and development are available in the report for your reference.

M. CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

AUDITORS' REPORT

Auditors' Report

To
The Members of DQ Entertainment (International) Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of DQ Entertainment (International) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit / loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

Ananthakrishnan G
Partner
Membership No.205226

Hyderabad, May 30, 2013

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of DQ Entertainment (International) Limited on the financial statements for the year ended March 31, 2013]

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

b) The fixed assets of the company have been physically verified by the management during the year in accordance with a regular programme of verification and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year that affect the going concern status of the Company.

(ii) The provisions of clause 4(ii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company, in view of the nature of business activities carried on by the Company.

(iii) a. As per the information and explanations given to us, the Company has not granted secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

b. As per the information and explanations given to us the Company has taken unsecured loan of Rs25,500,000 from the Chairman of the Company during the year. The loan is interest free and there were no other stipulations.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.

(v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of ` five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the company and nature of its business.

(viii) The provisions relating to maintenance of cost records as prescribed under clause (d) of sub-section (1) of Section 209 of the Act are not applicable to the Company.

(ix) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company and based on the information and explanation provided to us, the dues outstanding on account of income-tax, sales-tax, wealth-tax, service tax, customs duty, and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax – TDS on payments to non residents	9,642,147	2008-09	Appellate Tribunal Hyderabad
Service Tax	Penality for non-payment of Service Tax on Business Auxiliary Services and Management or Business Consultant Services	13,201,091	2006-07, 2007-08 & 2008-09	CESTAT, Banglore

(x) The provisions of clause 4(x) of the Companies (Auditors' Report) Order, 2003 (as amended) regarding accumulated losses are not applicable to the Company.

(xi) In our opinion and according to the information and explanations given to us, the Company has been regular in repayment of dues to a financial institution and banks except for the last quarter (Rs 55,139,141) during the year. The Company has not issued any debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the company has given guarantee for Rs. 449,525,000/- as at the reporting date for loans taken by Subsidiary from various banks.

(xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which the loans were raised, other than temporary deployment pending application.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.

(xx) The management has disclosed the end use of the money raised by public issue and the same has been verified.

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

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

Ananthakrishnan G
Partner
Membership No. 205226

Hyderabad, May 30, 2013

Balance Sheet as at 31 March, 2013

Amount in ₹

		Notes	As at 31 Mar 2013		As at 31 March 2012	
I. EQUITY AND LIABILITIES						
(1) Shareholders' Funds						
(a) Share capital		3	792,830,000		792,830,000	
(b) Reserves and surplus		4	3,080,865,036		2,810,278,114	
				3,873,695,036		3,603,108,114
(2) Non-Current Liabilities						
(a) Long-term borrowings		5	541,754,800		628,304,992	
(b) Deferred tax liability (Net)		6	139,231,454		124,406,191	
(c) Long term provisions		7	133,434,100		91,363,885	
				814,420,354		844,075,068
(3) Current Liabilities						
(a) Short term borrowings		8	411,979,260		315,585,172	
(b) Trade payables		9	2,045,107		121,151	
(c) Other current liabilities:						
(i) Current maturity of long term borrowings (ii) Others			379,040,422		210,119,046	
		10	259,538,907		226,863,545	
(d) Short term provisions		11	78,373,193		73,262,871	
				1,130,976,889		825,951,785
	Total			**5,819,092,279**		**5,273,134,967**
II. ASSETS						
(1) Non-Current Assets						
(a) Fixed assets		12				
(i) Tangible assets			263,258,459		340,130,822	
(ii) Intangible assets			1,241,895,080		1,213,769,531	
(iii) Capital work-in-progress			1,166,745		1,166,745	
(iv) Intangible asset under construction		12.1	284,948,752		305,787,643	
(b) Non-current investments		13	1,113,202,762		665,606,936	
(c) Long-term loans and advances		14	548,169,778		469,449,078	
(d) Other non-current assets		15	43,071,118		15,116,245	
				3,495,712,694		3,011,027,000
(2) Current Assets						
(a) Current investments		16	-		58,259,353	
(b) Trade receivables		17	1,817,549,516		1,137,630,112	
(c) Cash and bank balances		18	79,641,466		663,353,538	

(d) Short-term loans and advances		19	21,112,101		51,759,422	
(e) Other Current Assets - Unbilled revenue			405,076,502		351,105,542	
				2,323,379,585		2,262,107,967
	Total			**5,819,092,279**		**5,273,134,967**
Significant accounting policies		1				
Notes to accounts		2 - 42				

The notes are an integral part of the financial statements

Vide our report of date attached

For Haribhakti & Co.
Chartered Accountants
FRN 103523 W

Ananthakrishnan G
Partner
(M.No 205226)

For and on behalf of the Board

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30-05-2013

Statement of Profit and Loss for the year ended 31 March, 2013

Amount in ₹

		For the year ended	
	Notes	**31 Mar 2013**	**31 March 2012**
Income:			
Revenue from operations	20	1,988,065,407	1,997,964,436
Other income	21	64,190,292	136,109,471
Total revenue		**2,052,255,699**	**2,134,073,907**
Expenses:			
Production expenses	22	71,101,429	220,996,281
Personnel cost	23	873,938,738	889,380,906
Administrative and other expenses	24	160,368,411	191,111,479
Finance cost	25	174,707,897	130,434,953
Depreciation and amortisation expenses	12	486,626,719	360,459,859
Less: Expenditure transferred to capital account		(4,594,622)	(12,204,436)
		1,762,148,572	**1,780,179,042**
Profit before tax		**290,107,127**	**353,894,865**
Tax expense:			
Current tax		(62,301,581)	(73,214,011)
Less: MAT credit entitlement		57,606,639	67,696,728

Deferred tax		(14,825,263)	(80,364,248)
Profit after Tax		**270,586,922**	**268,013,334**
Earnings Per Equity Share (Refer Note 39)			
Basic - Rs		3.41	3.38
Diluted - Rs		3.41	3.38
Significant accounting policies	1		
Notes to accounts	2 - 42		

The notes are an integral part of the financial statements

Vide our report of date attached

For Haribhakti & Co.
Chartered Accountants
FRN 103523 w

For and on behalf of the Board

Ananthakrishnan G
Partner

(M.No 205226)

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30-05-2013

Cash Flow Statement for the year ended 31 March 2013

Amount in ₹

		31-Mar-13		31-Mar-12	
A	**Cash flow from Operating Activities**				
	Profit Before Tax		290,107,127		353,894,865
	Adjustments for				
	Depreciation and amortisation	486,626,719		360,459,859	
	Depreciation transferred to capital account	79,541		301,791	
	Interest income	(33,892,973)		(48,384,296)	
	Liabilities no longer required written back	(377,750)		(1,829,815)	
	Provision for bad and doubtful debts (net)	34,804,978		103,794,693	
	Income from mutual funds	(2,369,257)		(10,072,932)	
	Interest expenses	153,788,371		92,033,100	
	Wealth tax	53,591		85,349	
	Loss on sale of fixed assets	5,220,262		6,711,945	
	Unrealised gain due to exchange differences	(10,816,911)		(15,386,514)	
			633,116,571		487,713,180
	Operating profit before working capital changes		923,223,698		841,608,045
	Adjustments for changes in				
	Trade and other receivables	(673,738,826)		(464,262,128)	

	Trade payables, other liabilities and provisions	3,304,780		(50,354,108)	
		(670,434,046)		(514,616,236)	
	Income tax paid	(17,543,102)		(49,164,000)	
			(687,977,148)		(563,780,236)
	Net Cash from Operating activities		235,246,550		277,827,809
B	**Cash flow from Investing Activities**				
	Purchase of fixed assets - Tangibles	(46,835,872)		(125,660,257)	
	Purchase of fixed assets - Intangible	(369,166,422)		(243,178,981)	
	Proceeds from Sale of fixed assets	680,008		8,743,475	
	Investment in Subsidiary	(501,996,322)		(354,270,351)	
	Income from mutual funds	2,369,257		10,072,932	
	Proceeds from sale of mutual funds	58,259,353		198,563,816	
	Proceeds from maturity of long term deposits greater than twelve months	(27,954,873)		284,967,140	
	Interest received on deposits with banks and other deposits etc.,	37,881,869		34,843,985	
	Net Cash used in Investing activities		(846,763,002)		(185,918,241)
C	**Cash flow from Financing Activities**				
	Interest and financing charges paid	(137,554,945)		(89,321,423)	
	Proceeds from borrowings from term loans	236,611,536		434,517,745	
	Repayment of term loans	(167,639,326)		(81,186,224)	
	Proceeds on account of working capital Loans (Net)	96,394,088		9,038,000	
	Net Cash from Financing activities		27,811,353		273,048,098
	Net increase/(decrease) in cash and cash				
	equivalents (A+B+C)		(583,705,100)		364,957,666
	Cash and cash equivalents as at the beginning of the year		663,353,538		297,871,671
	Net foreign exchange difference		(6,972)		524,200
	Cash and cash equivalents as at the end of the year*		79,641,466		663,353,538
	(refer note 18)				

Vide our report of date attached

For Haribhakti & Co.
Chartered Accountants
FRN 103523 w

Ananthakrishnan G
Partner

(M.No 205226)

Place: Hyderabad
Date: 30-05-2013

For and on behalf of the Board

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial officer)

Accounting Policies and Notes on Accounts

I. Significant Accounting Policies

(a) Basis for Preparation of Financial Statements:
The financial statements have been prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles, Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

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

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

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

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

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

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

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

*Computer Generated Imagery

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

Leasehold improvements are amortized over the primary period of lease.

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

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

(f) Revenue Recognition:

(i) Production Revenue :

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

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

(ii) Distribution Revenue:

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

(iii) Training Revenue:

Training Revenue is recognized over the period of instruction.

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

(iv) Dividends and Interest income:

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

(g) Foreign Currency Transactions:

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

(iv) Forward Exchange

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

(h) Employee benefits

(i) Post-employment benefit plans

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

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

(ii) Short-term employee benefits

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

(iii) Long-term employee benefits

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

(i) Public Issue related expenses

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

(j) Taxation

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

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

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

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

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

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

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

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

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

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

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

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

2. Company overview:

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

3. Share Capital:

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Authorised		
80,000,000 Equity shares of Rs.10/- each (31.03.2012: 80,000,000 shares of Rs.10/- each)	800,000,000	800,000,000
	800,000,000	800,000,000
Issued, Subscribed and Paid up		
79,283,000 Equity shares of Rs.10/- each fully paid up (31.03.2012: 79,283,000 Equity shares of Rs.10/- each fully paid up)	792,830,000	792,830,000
	792,830,000	**792,830,000**

3.1 Reconciliation of the number of shares

Particulars	As at	
	31 Mar 2013	31 March 2012
Opening balance	79,283,000	79,283,000
Add: Shares issued during the year	-	-
Closing balance	**79,283,000**	**79,283,000**

3.2 Rights, preferences and restrictions attached to shares:

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

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

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

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

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

3.5 Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2013):

Particulars	Year (Aggregate No. of Shares)					
	31-Mar-13	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
Bonus shares *	58,011,920	58,011,920	58,011,920	58,011,920	-	-
* These shares are fully paid up by capitalisation from Securities Premium Account.						

4. Reserves and Surplus

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Capital redemption Reserve	1,763,860	1,763,860
Securities premium Account	1,946,676,687	1,946,676,687
General reserve	5,487,393	5,487,394
Profit and loss Account		
Balance brought forward	855,550,174	587,536,839
Add: Profit for the year	270,586,922	268,013,334
Closing balance	1,126,137,096	855,550,174
Other Reserves		
Capital subsidy *	800,000	800,000
	3,080,865,036	**2,810,278,114**

* Erstwhile DQ Entertainment Limited was sanctioned a Capital subsidy of Rs. 800,000 (31.03.2012: Rs.800,000) under clause 7(f) of ICT Incentive policy of the Government of Andhra Pradesh

5. Long Term Borrowings

Amount in ₹

	As at	
Particulars	31 Mar 2013	31 March 2012
Term loans - Secured		
From banks	541,754,800	628,304,992
	541,754,800	**628,304,992**

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

Nature of Security	Terms of Repayment
The term loans from bank for Rs. 139,119,986 (31.03.2012: Rs. 95,420,842) is secured by first charge on entire fixed assets of the company both present and future except vehicles and second charge on current assets.	12 Quarterly Installments from the date of disbursement. BPLR less 2.25% p.a payable monthly
The term loans from bank for Rs. 238,938,630 (31.03.2012: Rs. 297,523,625) is secured by Pari Passu first charge on all the fixed assets of the company and a second charge on the current assets of the company ranking pari-pass with other term lenders of the company.	16 Quarterly Installments after 12 months moratorium from the date of revised sanction. BMPLR Plus 2.5%+.25% P.A payable monthly
The term loans from bank for Rs. 163,440,000 (31.03.2012: Rs. 233,865,000) is secured by first charge on the entire fixed assets present and future Escrow of the receivables (The security mentioned above shall rank pari passu with existing lenders having first charge on fixed assets)	15 Quarterly Installments of $ 3.75 MN after 18 months moratorium from the date of disbursement. 6M Libor+500 bps payable Qtrly
The term loans from bank for Rs. 256,184 (31.03.2012: Rs. 1,495,525) is secured by hypothecation of vehicles.	Repayable over a period of 3 years from the date of disbursements. Interest rate on these loans ranging from 6.99% to 11% p.a.
None of above loans are guaranteed by Directors or others.	
The term loan principal installment of Rs. 55,139,141 and interest of Rs.15,100,062 due for the last quarter of the year has not been paid as at the date of balance sheet	

5.2 None of above loans are guaranteed by Directors or others.

5.3 The term loan principal installment of Rs. 55,139,141 and interest of Rs.15,100,062 due for the last quarter of the year has not been paid as at the date of balance sheet

6. Dererred Tax

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

Amount in ₹

Timing Differences	**(Liability) / Asset at 31 March 2012 (Rs.)**	**Current year (Charge) / Credit (Rs.)**	**(Liability) / Asset at 31 March 2013 (Rs.)**
Depreciation	(285,335,863)	99,646,222	(185,689,641)
Gratuity	43,176,611	(14,026,285)	29,150,326
Leave encashment	22,266,801	(8,827,586)	13,439,215
Sick leaves	1,149,636	(566,319)	583,317
Provision for doubtful debts	5,234,433	(2,506,938)	2,727,495
Amalgamation expenses us 35DD	156,142	(156,142)	-
IPO expenses u/s 35 D	2,231,337	(1,673,503)	557,834
Past losses and unabsorbed depreciation	86,714,712	(86,714,712)	-
Deferred Tax Liability - Net	**(124,406,191)**	**(14,825,263)**	**(139,231,454)**

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

7. Long Term Provisions

Amount in ₹

Particulars	**As at**	
Provision for employee benefits (Refer Note 38)	31 Mar 2013	31 March 2012
	133,434,100	91,363,885
	133,434,100	**91,363,885**

8. Short Term Borrowings

Amount in ₹

Particulars	**As at**	
	31 Mar 2013	31 March 2012
Working capital loans repayable on demand from banks - Secured	399,479,260	315,585,172
Loans and advances from related parties - Un-secured	12,500,000	-
	411,979,260	**315,585,172**

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

Nature of Security	Terms of Repayment
The working capital loans from bank for Rs. 50,320,517 (31.03.2012: Rs. Nil) is secured by first charge on all current assets of the company both present & Future. Second charge on all movable & immovable fixed Assets of the company.	Repayable on demand with base rate plus 4.25% P.A. Payable monthly
The working capital loans for Rs. 101,220,346 (31.03.2012: Rs. 70,553,388) is secured by first charge on current assets of the company on Paripassu basis. Second charge on all movable and immovable fixed assets of the Company both present and future on pari passu basis.	Repayable on demand with base Rate plus 4.75% p.a. payable monthly
The working capital loans for Rs. 247,938,397 (31.03.2012: Rs. 245,031,784) is secured by first charge on all current assets of the Company both present and future including receivables, cash flows and other monies on pari-passu basis. Second charge on all movable and immovable fixed assets of the Company both present and future on pari passu basis.	Repayable on demand with SBAR plus 2.25%

8.2 None of the above loans are guaranteed by Directors or others.

9. Trade Payables

Amount in ₹

Particulars	As at	
Dues to micro enterprises and small enterprises *	**31 Mar 2013**	**31 March 2012**
	-	-
Due to others		
Sundry creditors		
for services	2,045,107	121,151
	2,045,107	**121,151**

* Micro, Small and Medium Enterprises Development Act, 2006

The Company has received intimation from certain "suppliers" confirming that they do not fall under the Micro, Small & Medium Enterprises Category under the Micro, Small and Medium Enterprises Development Act 2006 while other "Suppliers have not intimated regarding their status, and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

10. Other Current Liabilities - Others

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Others:		
Interest accrued but not due	2,447,427	2,548,481
Interest accrued and due to banks	18,379,683	2,045,203
Other Payables:		
Withholding taxes and other statutory dues payable	14,639,604	14,587,562
Withholding taxes overseas payable	46,889	38,888
Advance from customers	7,525,945	3,040,245
Employee benefits payable	80,013,387	68,564,737
Services	136,485,972	136,038,429
	259,538,907	**226,863,545**

11. Short Term Provisions

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Provision for employee benefits (Refer Note: 38)	6,206,237	15,869,621
Others:		
Taxation (Net of Advance Tax of Rs. 118,003,370 (31.03.2012 : 100,460,268))	50,891,825	29,169,101
Retakes (Refer Note 1(k)		
Opening balance	28,224,149	26,336,874
Add: Additional provision for the year	12,750,766	20,090,864
Less: Utilised during the year (including reversals)	(19,699,784)	(18,203,589)
Closing balance	21,275,131	28,224,149
	78,373,193	**73,262,871**

13. Non Current Investment

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Other Investments:		
Investment in Equity Instruments- at cost - Unquoted	1,113,102,772	665,606,936
In 100% wholly owned subsidiary company -DQ Entertainment (Ireland) Limited		
(17,266,315 (31.03.2012 : 10,150,000) ordinary shares of face value Euro 1, fully paid)		
(7,116,315 (31.03.2012 : 7,950,000) ordinary shares of face value Euro 1, fully paid was acquired during the current year)		
In 100% wholly owned subsidiary company -DQ Powerkidz Pvt. Ltd.		
(9,999 (31.03.2012 : Nil) ordinary shares of face value Rs. 10/- fully paid)	99,990	-
	1,113,202,762	665,606,936
Aggregate amount of quoted investments and Market Value thereof	-	-
Aggregate amount of unquoted investments	1,113,102,772	665,606,936
Aggregate provision for diminution in the value of investments	-	-

14. Long Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
(Unsecured, Considered Good)		
Capital advances	861,875	3,216,521
Security deposits	16,151,326	16,034,752

Loan and Advances to related party - to DQ Entertainment (Ireland) Limited		
Loans	265,590,000	292,331,250
Share application money	54,400,496	-
Other advances:		
Prepaid expenses	3,204	3,688,919
Claims receivable	24,779,137	25,400,535
MAT credit entitlement	186,383,740	128,777,101
	548,169,778	**469,449,078**

15. Other Non-current assets:

Amount in ₹

Particulars	**As at**	
	31 Mar 2013	31 March 2012
Long term deposits with banks with maturity period more than 12 months ((2012: Rs. 15,000,000) liened to banks)	43,071,118	15,116,245
	43,071,118	**15,116,245**

16. Current Investment

Amount in ₹

Particulars	**As at**	
	31 Mar 2013	31 March 2012
Quoted at cost or fair value which ever is less Investments in Mutual Funds (quoted) (units: Nil (2012: 3,584,490))		
	-	58,259,353
	-	58,259,353
Notes		
Aggregate amount of quoted investments	-	58,259,353
Market value of quoted investments	-	59,332,404
Aggregate provision for diminution in the value of investments	-	-

17. Trade Receivable

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
(Unsecured) A)Debts outstanding for a period exceeding six months		
Considered good	809,308,805	62,171,131
Considered doubtful	21,457,324	8,406,520
B)Other debts		
Considered good	1,008,240,711	1,075,458,981
Considered doubtful	-	-
	1,839,006,840	1,146,036,632
Less: Provision for bad and doubtful debts	(21,457,324)	(8,406,520)
	1,817,549,516	**1,137,630,112**

18. Cash and Bank Balances

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
a) Cash and Cash Equivalents: Balances with Banks		
Current Accounts	887,029	92,771,825
Remittance in transit	21,350,712	41,701,889
Cheques on hand	-	130,051,550
Cash on hand	168,323	23,231
	22,406,064	264,548,495
b) Other bank balances:		
Deposits with maturity more than 3 months, but less than 12 months. (under lien to bank)	-	321,569,737
Margin money deposits	57,235,402	77,235,306
	79,641,466	**663,353,538**

19. Short Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
(Unsecured considered good) Others:		
Interest accrued on deposits	-	13,540,311
Other advances	15,724,208	6,495,842
Prepaid expenses	5,387,893	9,575,997
Advance tax (net of provision of Rs. 36,408,330 (31.03.2012 : Rs. 36,408,330)	-	22,147,272
	21,112,101	**51,759,422**

20. Revenue from Operations

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Production : Export	1,686,010,319	1,680,344,843
: Domestic	14,887,775	19,516,605
Distribution income	287,167,313	298,102,988
	1,988,065,407	**1,997,964,436**

21. Other Income

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Interest Income and others (including TDS of Rs. 1,567,578 (31.03.2012 : Rs.3,081,705))	33,892,973	48,384,296
Income from mutual fund	2,369,257	10,072,932
Liabilities no longer required written back	377,750	1,829,815
Foreign exchange fluctuation gain (net)	19,928,083	70,787,490
Miscellaneous income	7,622,229	5,034,938
	64,190,292	**136,109,471**

22. Production Expenses

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Production expenses - Direct	33,039,596	188,601,523
Power and fuel	38,061,833	32,394,758
	71,101,429	**220,996,281**

23. Personnel Costs

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Salaries and wages	778,298,729	798,649,382
Contribution to provident fund	50,878,411	50,629,839
Staff welfare expenses	6,735,636	14,914,622
Gratuity*	29,138,196	17,651,558
Compensated absences*	8,887,766	7,535,505
	873,938,738	**889,380,906**
* Refer Note 38		

24. Administrative and Other Expenses

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Communication expenses	8,386,877	12,520,967
Printing and stationery	1,630,970	2,189,417
Professional and consultancy charges	16,685,911	40,591,090
Repairs and Maintenance :		
Building	5,791,388	8,757,350
Plant and Machinery	8,748,392	7,523,736
Others	2,829,040	5,010,278
Insurance	3,040,040	965,678
Business promotion	6,970,176	5,701,908
Rates and taxes	1,580,440	4,320,674
Rent	40,016,597	43,947,883
Auditors remuneration	2,450,000	2,450,000
Directors remuneration	13,281,165	13,151,165
Selling and distribution expenses	1,724,060	3,321,303
Travelling and conveyance expenses	17,225,233	19,324,349
Loss on sale of assets	5,220,262	6,711,945
Bad debts	-	130,455
Provision for bad and doubtful debts (net)	14,035,745	679,788
Miscellaneous expenses	10,752,115	13,813,493
	160,368,411	**191,111,479**

25. Finance Costs

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Interest on borrowings		
Terms loans	102,172,171	59,561,443
Working capital loan	51,616,200	32,471,657
Other Borrowing Cost		
Loss on foreign currency transactions	97,470	78,305
Bank charges	20,822,056	38,323,548
	174,707,897	**130,434,953**

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

27. The company has recognized a deferred tax asset of Rs.60,28,865 on unabsorbed depreciation as claimed in the returns for the respective years. In the assessment orders passed for the assessment years 2004 -05 and 2006 -07 unabsorbed depreciation has been determined to be Rs NIL. The Company has preferred appeals in Hon'ble High Court against the subject orders. In the opinion of the management the manner of adjustment of unabsorbed depreciation and carry forward of business losses by the department is not appropriate and based on professional advice the management is confident of succeeding in appeals and get the unabsorbed depreciation/ carry forward of business losses restored. On a prudent basis the company has not recognized any deferred tax asset on such unabsorbed depreciation contested before the Hon'ble High court.

28. Disclosure required by clause 32 of the Listing Agreements

Amount in ₹

Amount of loans & advances outstanding from subsidiaries as at 31 March 2013	Outstanding as at 31 March 2013	Maximum amount outstanding during the year
Wholly Owned Subsidiary company - DQ Entertainment (Ireland) Limited	265,590,000	317,081,250

29.

Amount in ₹

Particulars	31 March 2013	31 March 2012
Contingent Liabilities (to the extent not provided for)		
a) Bonds executed in favour of customs and excise authorities	2,162,500	2,162,500
b) Letters of Credit (includes guarantee on behalf of DQ Entertainment Ireland Rs. 449,525,000 (31.03.2012: 705,093,878)	777,476,625	1,198,430,253

c) Income tax assessment of DQ Entertainment (International) Limited has been completed till Assessment Year 2009-10 (financial year 2008-09). The Company has preferred an appeal for the Assessment Years 2008-09 and 2009-10. No demand has been raised by the Department on the above, and for the assessment year 2008-09 (including transfer pricing) the cases are pending with hon'ble Income Tax Appealate Tribunal ITAT) and for the assessment year 2009-10 the case is pending with hon'ble CIT(Appeals). d)Claims against the Company not acknowledged as debts is Rs.9,642,147 (31.03.2012: Rs. 9,642,147). This comprise of demands raised by the Income Tax department for non deduction of TDS on payments to non residents on which the Company has gone on appeal and the appeal is allowed before the Commissioner of Income Tax (Appeals), Hyderabad in favor of the company. The department has gone for an appeal and the same is pending before the Income tax appellate tribunal (ITAT). (e) Interest and penalty proceedings on import of services of Rs. 13,201,091 up to the 31.03.2009 received from Commissioner (Appeals), Service Tax department and it has been defended at CESTAT

30.	Particulars	31 March 2013	31 March 2012
	Value of Imports calculated on C.I.F basis		
	Capital Goods	-	**22,370,962**

31.	Earnings in Foreign Currency - Accrual basis		
	Income from production	1,632,039,348	1,639,025,543
	Other income	27,968,340	22,802,024
	Distribution Income	285,539,396	296,230,761

32.	Expenditure in Foreign currency - Accrual basis		
	(Subject to deduction of tax where applicable)		
	Overseas business travel	11,880,493	3,597,697
	Production Expenses	8,254,887	81,314,553
	Financial Charges	17,396,505	16,041,516
	TOTAL	**37,531,885**	**100,953,766**

33. The company uses Forward Exchange Contracts and Currency Options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on Derivative instruments is as follows:

Derivative Instrument outstanding as at the year end: Amount in ₹

Currencies	31 Mar 2013	31 March 2012
	Sell	Sell
Currency Options (plain vanilla contracts)		
USD	-	$3,400,000
INR	-	176,698,000
EURO	-	€ 600,000
INR	-	41,592,000

Amount in ₹

34.	Particulars	31 March 2013	31 March 2012
	Payment to auditors as:		
	Audit fees	1,800,000	1,800,000
	Consolidation	150,000	150,000
	Tax audit	150,000	150,000
	Tax filing	50,000	50,000
	Quarterly reviews	300,000	300,000
		2,450,000	**2,450,000**

Amount in ₹

35.	Particulars	31 March 2013	31 March 2012
	Directors remuneration		
	Salaries and allowances	4,032,000	4,032,000
	Other perquisite	1,008,000	1,008,000
	Commission	7,791,165	7,791,165
		12,831,165	12,831,165
	Remuneration to Non - Whole-time Director		
	Sitting fees	330,000	200,000
	Professional fees	120,000	120,000
	Total remuneration	**13,281,165**	**13,151,165**
	The above figure does not include provision for gratuity and leave encashment liability actuarially valued as separate figure are not available		

36. Related party disclosures

36.1 Related parties and their relationships

i) Holding and Subsidiary Companies

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

ii) Key management personnel

Mr. Tapaas Chakravarti - Managing director & Chief executive officer

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

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

iv) Associate of the Ultimate Holding Company

Method Animation SAS

v) Firm in which a Key management personnel is a partner

R & A Associates

vi) Relative of a director

Hatim Adenwala - Senior Vice president HR

36.2 Transactions with above in the ordinary course of business

Amount in ₹

Particulars	31 March 2013	31 March 2012
i) Holding Companies		
Consultancy charges - DQ Entertainment (Mauritius) Limited	-	21,691,931
ii) Subsidiary Company		
Investment in DQ Entertainment (Ireland) Limited	1,167,503,269	354,270,351
Production consultancy provided to DQ Entertainment (Ireland) Limited	295,274,742	45,953,187
Professional consultancy & Others to DQ Entertainment (Ireland) Limited	27,968,340	23,602,009
iii) Key management personnel		
Remuneration	12,831,165	12,831,165
iv) Relative of key management personnel and Director		
Remuneration	8,292,000	7,317,000
v) Associate of the Ultimate Holding Company		
Revenue from Animation	157,933,627	304,757,491
Revenue from Distribution	57,284,844	39,997,640
vi) Professional fee to a director	120,000	120,000
Professional fee to a Firm in which a Director is a partner	2,880,000	2,880,000

36.3 Balances outstanding

Amount in ₹

Particulars	As at 31st March 2013	As at 31st March 2012
i) Holding Companies		
Amount payable at year end - DQ Entertainment (Mauritius) Limited	-	51,948,277
ii) Subsidiary Company		
Amount receivable at year end - DQ Entertainment (Ireland) Limited	334,082,940	38,200,146
Loan to Subsidiary - DQ Entertainment (Ireland) Limited	265,590,000	292,331,250
iii) Key management personnel		
Amount payable to Managing Director	12,500,000	-
iv) Associate of the Ultimate Holding Company		
Amounts receivable	291,526,832	282,281,652

37. Leases:

The Company's leasing arrangement is in respect of operating lease for premises. The Company has exclusive right to cancel the lease with prior notice. The aggregate lease rents payable are charged as rent in the Profit and Loss Account. The aggregate amount of Lease rentals charged to Profit and Loss account is Rs. 40,016,597 (31.03.2012: Rs.43,947,883).

38. Employee benefits as required under Accounting Standard 15:

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

Amount in ₹

	Year ending 31 March 2013		Year ending 31 March 2012	
Particulars	**Leave Encashment**	**Gratuity**	**Leave Encashment**	**Gratuity**
Present Value of DBO at the beginning of the year	34,945,379	70,566,187	33,683,998	62,510,126
Current Service Cost	6,602,447	14,481,710	1,261,381	12,168,486
Interest Cost	3,040,248	6,039,259	2,694,720	5,000,810
Actuarial Losses /(Gains)	(754,929)	8,617,227	3,579,404	482,262
Benefits paid	(2,328,805)	(3,920,925)	(6,274,124)	(9,595,497)
Present Value of DBO at the end of the year	**41,504,340**	**95,783,458**	**34,945,379**	**70,566,187**
Expense Recognized in the statements of Profit & Loss account for the year ended				
Current Service Cost	6,602,447	14,481,710	1,261,381	12,168,486
Interest Cost	3,040,248	6,039,259	2,694,720	5,000,810
(Gain) / Actuarial Losses	(754,929)	8,617,227	3,579,404	482,262
Expense recognized in the Statement of Profit and loss account	**8,887,766**	**29,138,196**	**7,535,505**	**17,651,558**
Actual Contribution and Benefit Payments				
Actual Benefit Payments	2,328,805	3,920,925	6,274,124	9,595,497
Actual Contributions	-	-	-	-
Assumptions				
Discount Rate %	8.20%	8.20%	8.70%	8.70%
Salary Escalation %	4.00%	4.00%	4.00%	4.00%

39.

Amount in ₹

Particulars	31 March 2013	31 March 2012
Earnings Per Share (EPS)		
a) Net Profit available for Equity Shareholders	270,586,922	268,013,334
b) Nominal Value Per Share	10	10
c) Basic Earning Per Share	3.41	3.38
d) Diluted Earning Per Share	3.41	3.38
	No's	No's
e) Weighted Average number of Equity Shares for Basic EPS	79,283,000	79,283,000
f) Weighted Average number of Equity Shares for Diluted EPS	79,283,000	79,283,000

40. Segmental Reporting as per Accounting standard 17:

40.1 Business Segment

The Company comprises the following main business segments:

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

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

The segment information for the year ended 31 March 2013 is as follows:

Amount in ₹

	Animation	Distribution	Total
Revenue from operation	1,700,898,093	287,167,313	1,988,065,407
	1,699,861,448	*298,102,988*	*1,997,964,436*
Total Revenue	**1,700,898,093**	**287,167,313**	**1,988,065,407**
	1,699,861,448	*298,102,988*	*1,997,964,436*
Depreciation and Amortisation	-	307,972,302	307,972,302
		160,315,132	*160,315,132*
Segment result	975,186,062	(26,423,301)	948,762,761
	732,569,136	*133,225,265*	*865,794,401*
Unallocated expenses			(517,840,710)
			(429,848,880)
Operating Profit			430,922,051
			435,945,522
Net financing costs			(140,814,923)
			258,452,021
Income Tax expense			(19,520,205)
			(85,881,531)
Profit after tax			**270,586,922**
			608,516,012
Segment assets	1,946,698,054	1,451,222,237	3,397,920,291
	1,328,321,789	*1,560,036,590*	*2,888,358,379*
Unallocated assets			2,421,171,989
			2,385,268,026
Total assets			**5,819,092,279**
			5,273,626,405
Segment liabilities	85,088,941	215,558	85,304,499
	90,224,799	*170,274*	*90,395,073*
Unallocated liabilities			1,860,092,743
			1,580,123,218
Total liabilities			**1,945,397,242**
			1,670,518,291
Capital expenditure			
Tangible Fixed Assets			51,293,832
			102,563,874
Intangible Assets			392,512,536
			203,930,540

Note: Figures in italics represent previous year

40.2 Geographical Segment

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

Amount in ₹

	America	Europe	Others	Total
Revenue from operation				
Animation	116,339,959	1,066,166,028	518,392,106	1,700,898,093
	655,029,356	*787,120,365*	*257,711,727*	*1,699,861,448*
Distribution	3,671,437	28,492,800	255,003,076	287,167,313
	148,460,955	*40,097,659*	*109,544,374*	*298,102,988*
Total Revenue	120,011,396	1,094,658,828	773,395,183	1,988,065,407
	803,490,311	*827,218,024*	*367,256,101*	*1,997,964,436*
Total Assets	330,857,025	1,261,885,695	4,226,349,560	5,819,092,280
	82,182,058	*150,209,010*	*5,040,743,899*	*5,273,134,967*
Capital expenditure				
Tangible Fixed Assets				51,293,832
				102,563,874
Intangible Assets				392,512,536
				203,930,540

Note: Figures in italics represent previous year

41. Commitments

Commitments		Amount in ₹
Particulars	31 March 2013	31 March 2012
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	1,044,091,205	473,781,758
Estimated amount of contracts remaining to be executed on non-capital account not provided for, net of advances	-	126,861

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

For Haribhakti & Co.
Chartered Accountants
FRN 103523 W

For and on behalf of the Board

Ananthakrishnan G
Partner
(M.No 205226)

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Place: Hyderabad
Date: 30-05-2013

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial officer)

Schedules forming part of the Balance Sheet

Amount in ₹

Sl	Particulars	Gross Block				Depreciation/Amortisation				Net Block	
		As at 1 April 2012	Additions	Deletions	As at 31 Mar 2013	As at 1 April 2012	For the year	Deletions	As at 31 Mar 2013	As at 31 Mar 2013	As at 31 March 2012
A	Tangible Assets										
1	Leasehold land	14,350,000	-	-	14,350,000	1,515,266	434,805	-	1,950,071	12,399,929	12,834,734
2	Leasehold improvements	30,000,064	1,374,544	14,188,608	17,186,000	18,293,286	3,907,332	14,177,262	8,023,356	9,162,644	11,706,778
3	Plant & Machinery	839,065,031	47,809,493	65,072,349	821,802,175	569,533,673	106,191,319	63,429,260	612,295,732	209,506,443	269,531,358
4	Office equipments	15,248,790	97,200	3,519,314	11,826,676	5,194,071	1,418,864	2,581,393	4,031,542	7,795,134	10,054,719
5	Furniture, Fixtures & Interiors	44,008,065	1,625,048	13,343,714	32,289,399	24,002,144	3,935,017	10,009,594	17,927,567	14,361,832	20,005,921
6	Vehicles	28,225,432	387,547	707,296	27,905,683	12,228,120	6,352,395	707,309	17,873,206	10,032,477	15,997,312
	Total	970,897,382	51,293,832	96,831,281	925,359,933	630,766,560	122,239,732	90,904,818	662,101,474	263,258,459	340,130,822
B	Intangible Assets								-		
7	Distribution rights*	1,605,383,169	389,433,036	-	1,994,816,205	511,549,637	307,972,302	-	819,521,939	1,175,294,266	1,093,833,532
8	Computer software	349,287,997	3,079,500	-	352,367,497	229,351,998	56,414,685	-	285,766,683	66,600,814	119,935,999
	Total	1,954,671,166	392,512,536	-	2,347,183,702	740,901,635	364,386,987	-	1,105,288,622	1,241,895,080	1,213,769,531
	Grand Total	2,925,568,548	443,806,368	96,831,281	3,272,543,635	1,371,668,195	486,626,719	90,904,818	1,767,390,096	1,505,153,539	1,553,900,353
	Previous year figures	2,702,161,918	323,971,874	100,565,244	2,925,568,548	1,096,318,160	360,459,859	85,109,824	1,371,668,195	1,553,900,353	0

Distribution Rights:

Distribution rights represent the costs incurred in acquiring distribution rights. The Company started acquiring these rights from the year 2003-04 and till date 52 series (31.03.2012: 44) of Animation rights have been acquired for different territories across the globe. The Company has performed testing for impairment of distribution rights which resulted in an impairment loss of Rs. 134,283,734 (31.03.2012: Rs.9,972,150) on account of recoverable amount of distribution rights being less than its carrying amount. The accumulated Impairment Loss as at 31.03.2013 on distribution rights amounted to Rs. 229,363,359 (31.03.2012: Rs.95,079,624).

12.1 (a) Intangible assets under construction includes Rs.5,518,943 (31.03.2012: Rs.700,424) incurred towards projects under development to be exploited as Television Series/ Films and others. Based on review of estimated future realizations the management is of the view that estimated future recoverable amount from these projects are more than its carrying unamortized cost and consequently no provision for impairment is considered necessary by the management at this stage.

(b) The company has borrowed specific borrowings (term loans) for development of distribution rights in respect of 2 projects (2012: 2 projects). The projects were considered to be qualifying assets, as these would take substantial period of time to get ready for their intended use. Interest cost on specific borrowings directly attributable to the those projects has been capitalised as mentioned below

Particulars	31.03.2013	31.03.2012
Total Interest cost incurred during the year	109,780,753	64,724,054
Less: Amount capitalized as borrowing cost as per AS 16	7,608,582	5,162,611
Net Interest cost transferred to Profit and Loss Account	102,172,171	59,561,443

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF
DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of DQ Entertainment (International) Limited ("the Company") and its subsidiaries (the Company, its subsidiaries constitute "the Group") which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", Accounting Standards (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of (name of the company) Limited, its subsidiaries (including subsidiaries of subsidiaries), associates and joint ventures.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as mentioned in the 'Other Matter' paragraph below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit/loss for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

OTHER MATTER

We did not audit the financial statements of DQ Entertainment (Ireland) Limited, whose financial statements reflect total assets (net) of Rs. 3,701,393,208 as at March 31, 2013, total revenues of Rs.755,819,074 and net cash outflows amounting to Rs.25,533,664 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

Ananthakrishnan G
Partner
Membership No.205226

Hyderabad, May 30, 2013

Consolidated Balance Sheet as at 31 March, 2013

Amount in ₹

			As at		As at	
		Notes	**31 Mar 2013**		**31 March 2012**	
I. EQUITY AND LIABILITIES						
(1) Shareholders' Funds						
(a) Share capital		3	792,830,000		792,830,000	
(b) Reserves and surplus		4	3,528,316,905		3,152,242,821	
				4,321,146,905		3,945,072,821
(2) Non-Current Liabilities						
(a) Long-term borrowings		5	1,095,038,296		839,494,173	
(b) Deferred tax liability (Net)		6	139,231,454		124,406,191	
(c) Other long term liabilities		7	155,621,517		186,332,160	
(d) Long term provisions		8	133,434,100		91,363,885	
				1,523,325,367		1,241,596,409
(3) Current Liabilities						
(a) Short term borrowings		9	678,949,644		534,219,759	
(b) Trade payables		10	111,376,766		392,536,820	
(c) Other current liabilities:						
(i) Current maturity of long term borrowings			379,040,422		597,617,777	
(ii) Others		11	441,771,006		251,841,816	
(d) Short term provisions		12	93,564,384		87,651,832	
				1,704,702,222		1,863,868,004
	Total			**7,549,174,494**		**7,050,537,234**

II. ASSETS						
(1) Non-Current Assets						
(a) Fixed assets		13				
(i) Tangible assets			263,258,459		340,130,822	
(ii) Intangible assets			1,558,827,948		1,466,688,971	
(iii) Capital work-in-progress			1,166,745		1,166,745	
(iv) Intangible asset under construction		13.1	3,058,811,312		2,526,393,372	
(b) Long-term loans and advances		14	233,796,275		178,461,215	
(c) Other non-current assets		15	43,071,118		15,116,245	
				5,158,931,857		4,527,957,370
(2) Current Assets						
(a) Current investments		16	-		58,259,353	
(b) Trade receivables		17	1,624,296,853		1,168,600,068	
(c) Cash and bank balances		18	81,701,183		690,963,135	
(d) Short-term loans and advances		19	41,479,420		94,463,844	
(e) Other Current Assets - Unbilled revenue			642,765,181		510,293,464	
				2,390,242,637		2,522,579,864
	Total			**7,549,174,494**		**7,050,537,234**
Significant accounting policies		1				
Notes to accounts		2 - 38				

The notes are an integral part of the consolidated financial statements

Vide our report of date attached

For and on behalf of the Board

For Haribhakti & Co.
Chartered Accountants
FRN 103523 W

Ananthakrishnan G
Partner
(M.No 205226)

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30-05-2013

Consolidated Statement of Profit and Loss for the year ended 31 March, 2013

Amount in ₹

	Notes	For the year ended	
		31 Mar 2013	31 March 2012
Revenue from operations	20	2,294,077,283	2,271,953,710
Other income	21	34,266,074	90,926,274
Total revenue		**2,328,343,357**	**2,362,879,984**
Expenses:			
Production expenses	22	178,605,838	243,340,111
Personnel cost	23	875,834,113	890,875,890
Administrative and other expenses	24	250,238,890	223,866,368
Finance cost	25	209,435,049	187,417,611
Depreciation and amortisation expenses	13	526,987,481	417,311,596
Less: Expenditure transferred to capital account		(125,440,090)	(29,792,471)
		1,915,661,281	**1,933,019,105**
Profit before tax		**412,682,076**	**429,860,879**
Tax expense:			
Current tax		(82,398,306)	(86,966,544)
Less: MAT credit entitlement		57,606,639	67,696,728
Deferred tax		(14,825,263)	(80,364,248)
Profit after Tax		**373,065,146**	**330,226,815**
Earnings Per Equity Share (Refer Note 35)			
Basic -		4.71	4.17
Diluted -		4.71	4.17
Significant accounting policies	1		
Notes to accounts	2 - 38		

The notes are an integral part of the consolidated financial statements

Vide our report of date attached

For Haribhakti & Co.
Chartered Accountants
FRN 103523 W

Ananthakrishnan G
Partner
(M.No 205226)

Place: Hyderabad
Date: 30-05-2013

For and on behalf of the Board

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial officer)

Consolidated Cash Flow Statement for the year ended 31 Mar 2013

Amount in ₹

		For the year ended 31 March 2013		For the year ended 31 March 2012	
A	**Cash flow from Operating Activities**				
	Profit Before Tax		412,682,076		429,860,878
	Adjustments for				
	Depreciation and amortisation	526,987,481		417,311,596	
	Depreciation transferred to capital account	79,541		(1,625,499)	
	Interest income	(13,546,862)		(24,782,288)	
	Liabilities no longer required written back	(377,750)		-	
	Provision for bad debts and others	34,804,978		102,984,450	
	Income from mutual funds	(2,369,257)		(10,072,932)	
	Interest expenses	176,392,978		120,500,142	
	Wealth tax	53,591		85,349	
	Loss on sale of fixed assets	5,220,262		6,711,945	
	Unrealised gain due to exchange differences	(11,993,147)		(1,758,672)	
			715,251,815		609,354,091
	Operating profit before working capital changes		1,127,933,891		1,039,214,969
	Adjustments for changes in				
	Trade and other receivables	(632,931,006)		(412,530,138)	
	Trade payables, other liabilities and provisions	39,669,564		(1,558,316)	
		(593,261,442)		(414,088,454)	
	Income tax paid	(20,795,760)		(79,750,338)	
			(614,057,202)		(493,838,792)
	Net Cash from Operating activities		513,876,689		545,376,177
B	**Cash flow from Investing Activities**				
	Purchase of fixed assets - Tangibles	(46,835,872)		(124,360,463)	
	Purchase of fixed assets - Intangible	(1,136,409,571)		(944,742,861)	
	Proceeds from Sale of fixed assets	680,008		8,743,476	
	Income from mutual funds	2,369,257		10,072,932	
	Proceeds from sale of mutual funds	58,259,353		198,563,816	
	Proceeds from maturity of long term deposits greater than twelve months	(27,954,873)		284,967,140	
	Interest received on deposits with banks and other deposits etc.,	37,881,869		34,843,985	

FINANCIALS

	Net Cash used in Investing activities		(1,112,009,829)		(531,911,975)
C	**Cash flow from Financing Activities**				
	Interest and financing charges paid	(166,868,269)		(135,401,004)	
	Proceeds from borrowings from term loans	412,067,844		434,517,745	
	Proceeds from borrowings from Holding company	163,450,117		-	
	Repayment of term loans	(558,044,926)		(160,028,500)	
	Proceeds on account of short term borrowings (Net)	143,089,112		9,038,000	
	Net Cash from Financing activities		(6,306,122)		148,126,241
	Net increase/(decrease) in cash and cash				
	equivalents (A+B+C)		(604,439,262)		161,590,443
	Cash and cash equivalents as at the beginning of the year (refer note 18)		690,963,135		522,642,387
	Net foreign exchange difference		(4,822,690)		6,730,305
	Cash and cash equivalents as at the end of the year*		81,701,183		690,963,135
	(refer note 18)				
	* Including restricted balance of Rs. 57,235,402 (31.03.2012: Rs.398,805,043)				
			1		(0)

Vide our report of date attached

For and on behalf of the Board

For Haribhakti & Co.
Chartered Accountants
FRN 103523 W

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Ananthakrishnan G
Partner
(M.No 205226)

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date:

Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

(a) Basis for Preparation of Consolidated Financial Statements:

The consolidated financial statements have been prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles, Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

(b) Use of Estimates

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

(c) Fixed Assets:

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

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

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

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

(d) Depreciation and Amortization:

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

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

*Computer Generated Imagery

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

Leasehold improvements are amortized over the primary period of lease.

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

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

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

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

(f) Revenue Recognition

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

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

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

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

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

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

(iv) Dividends and Interest income:

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

(g) Foreign Currency Transactions:

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

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

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

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

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

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

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

(h) Employee benefits

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

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

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

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

(i) Taxation

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

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

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

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

(j) Provision for retakes

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

(k) Leases

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

(l) Earnings Per Share

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

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

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

(m) Provisions, Contingent Liabilities and Contingent Assets

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

(n) Impairment

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

(o) Borrowing Costs

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

Notes on accounts for the year ended 31 March 2013

2. Company overview:

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

3. Share Capital:

Amount in ₹

Particulars	**As at**	
	31 Mar 2013	31 March 2012
Authorised		
80,000,000 Equity shares of Rs.10/- each (31.03.2012: 80,000,000 shares of Rs.10/- each)	800,000,000	800,000,000
	800,000,000	800,000,000
Issued, Subscribed and Paid up		
79,283,000 Equity shares of Rs.10/- each fully paid up (31.03.2012: 79,283,000 Equity shares of Rs.10/- each fully paid up)	792,830,000	792,830,000
	792,830,000	**792,830,000**

3.1 Reconciliation of the number of shares :

Amount in ₹

Particulars	**As at**	
	31 Mar 2013	31 March 2012
Opening balance	79,283,000	79,283,000
Add: Shares issued during the year	-	-
Closing balance	79,283,000	79,283,000

3.2 Rights, preferences and restrictions attached to shares:

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

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

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

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

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

3.5 Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2013):

Particulars	Year (Aggregate No. of Shares)					
	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Bonus shares *	58,011,920	58,011,920	58,011,920	58,011,920	-	-

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

4. Reserves and Surplus

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Capital redemption Reserve	1,763,860	1,763,860
Securities premium Account	1,946,676,687	1,946,676,687
General reserve	5,487,393	5,487,393
Profit and loss Account		
Balance brought forward	1,127,768,307	797,541,492
Add: Profit for the year	373,065,146	330,226,815
Closing balance	1,500,833,453	1,127,768,307
Other Reserves		
Capital subsidy *	800,000	800,000
Foreign currency translation reserve	72,755,512	69,746,574
	3,528,316,905	**3,152,242,821**

*Erstwhile DQ Entertainment Limited was sactioned a capital subsidy of Rs.800,000(31.3.2012: Rs.800,000) under clause 7(f) of ICT Incentive policy of the Governament of Andhra Pradesh.

5. Long Term Borrowings

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Term loans		
From banks - Secured	718,814,774	628,304,992
From DQ Entertainment Plc. - Un secured	376,223,522	211,189,181
	1,095,038,296	**839,494,173**

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

Nature of Security	Terms of Repayment
The term loans from bank for Rs. 139,119,986 (31.03.2012: Rs. 95,420,842) is secured by first charge on entire fixed assets of the company both present and future except vehicles and second charge on current assets.	12 Quarterly Installments from the date of disbursement. BPLR less 2.25% p.a payable monthly
The term loans from bank for Rs. 238,938,630 (31.03.2012: Rs. 297,523,625) is secured by Pari Passu first charge on all the fixed assets of the company and a second charge on the current assets of the company ranking pari-pass with other term lenders of the company.	16 Quarterly Installments after 12 months moratorium from the date of revised sanction. BMPLR Plus 2.5%+.25% P.A payable monthly
The term loans from bank for Rs. 163,440,000 (31.03.2012: Rs. 233,865,000) is secured by first charge on the entire fixed assets present and future Escrow of the receivables (The security mentioned above shall rank pari passu with existing lenders having first charge on fixed assets)	15 Quarterly Installments of $ 3.75 MN after 18 months moratorium from the date of disbursement. 6M Libor+500 bps payable Qtrly
The term loans from bank for Rs. 256,184 (31.03.2012: Rs. 1,495,525) is secured by hypothecation of vehicles.	Repayable over a period of 3 years from the date of disbursements. Interest rate on these loans ranging from 6.99% to 11% p.a.
The term loans from bank for Rs. 177,059,974 (31.03.2012: Rs. Nil) is secured SBLC of credit from EXIM bank and confirmed by HSBC , India for USD 3,250,000 .	Repayable in 6 equal installment after after 18months Moratorium and it carry a LIBOR (on date of drawdown) +2.5% per Annum.

5.2 None of above loans are guaranteed by Directors or others.

5.3 The term loan principal installment of Rs. 55,139,141 and interest of Rs.15,100,062 due for the last quarter of the year has not been paid as at the date of balance sheet

6 Deferred Tax

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

Amount in ₹

Timing Differences	(Liability) / Asset at 31 March 2012 (Rs.)	Current year (Charge) / Credit (Rs.)	(Liability) / Asset at 31 March 2013 (Rs.)
Depreciation	(285,335,863)	99,646,222	(185,689,641)
Gratuity	43,176,611	(14,026,285)	29,150,326
Leave encashment	22,266,801	(8,827,586)	13,439,215
Sick leaves	1,149,636	(566,319)	583,317
Provision for doubtful debts	5,234,433	(2,506,938)	2,727,495
Amalgamation expenses us 35DD	156,142	(156,142)	-
IPO expenses u/s 35 D	2,231,337	(1,673,503)	557,834
Past losses and unabsorbed depreciation	86,714,712	(86,714,712)	-
Deferred Tax Liability - Net	(124,406,191)	(14,825,263)	(139,231,454)

7 Other Long Term Liabilities

Amount in ₹

	As at	
Particulars	31 Mar 2013	31 March 2012
Minimum guarantee liability	155,621,517	186,332,160
	155,621,517	**186,332,160**

8 Long Term Provisions

Amount in ₹

	As at	
Particulars	31 Mar 2013	31 March 2012
Provision for Employee benefits (Refer Note:34)	133,434,100	91,363,885
	133,434,100	**91,363,885**

9 Short Term Borrowings

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Working capital loans repayable on demand from banks - Secured	666,449,644	534,219,759
Loans and advances from related parties - Un-secured	12,500,000	-
	678,949,644	**534,219,759**

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

Nature of Security	Terms of Repayment
The working capital loans from bank for Rs. 50,320,517 (31.03.2012: Rs. Nil) is secured by first charge on all current assets of the company both present & Future. Second charge on all movable & immovable fixed Assets of the company.	Repayable on demand with base rate plus 4.25% P.A. Payable monthly
The working capital loans for Rs. 101,220,346 (31.03.2012: Rs. 70,553,388) is secured by first charge on current assets of the company on Paripassu basis. Second charge on all movable and immovable fixed assets of the Company both present and future on pari passu basis.	Repayable on demand with base Rate plus 4.75% p.a. payable monthly
The working capital loans for Rs. 247,938,397 (31.03.2012: Rs. Nil) is secured by first charge on all current assets of the Company both present and future including receivables, cash flows and other monies on pari-passu basis. Second charge on all movable and immovable fixed assets of the Company both present and future on pari passu basis.	Repayable on demand with SBAR+2.25%
The working capital loans for Rs. Nil (31.03.2012: Rs. 245,031,784) is secured by first charge on all current assets of the Company both present and future including receivables, cash flows and other monies on pari-passu basis. Second charge on all movable and immovable fixed assets of the Company both present and future on pari passu basis.	Repayable on demand with SBAR plus 2.25%
The working capital loans for Rs. Nil (31.03.2012: Rs. 218,634,587) is secured by counter guarantee, first pari pasu charge on the entire fixed assets of the company both present and future. Second charge on current assets.	Repayable on demand
The working capital loans for Rs. 266,970,384 (31.03.2012: Rs. Nil) is secured by SBLC issued by Axis Bank India amounting to EUR 3,920,717.00	Bullet at maturity i.e.7th Feb'14 and it carry a 6 Months Euro LIBOR +250BPPA.

9.2 None of the above loans are guaranteed by Directors or others.

10 Trade Payables

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Dues to micro enterprises and small enterprises *	-	-
Due to others		
Sundry creditors	-	-
for services	111,376,767	392,536,820
	111,376,766	**392,536,820**

11 Other Current Liabilities - Others

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Others:		
Interest accrued but not due	2,447,427	2,548,481
Interest accrued and due to banks	20,188,253	6,351,099
Other Payables:		
Withholding taxes and other statutory dues payable	14,642,149	21,781,707
Withholding taxes overseas payable	46,889	38,888
Advance from customers	7,525,945	3,040,245
Employee benefits payable	80,013,387	68,564,737
Services	316,906,956	149,516,659
	441,771,006	**251,841,816**

12 Short Term Provisions

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Provision for employee benefits (Refer Note: 34)	6,206,237	15,869,621
Others:		
Taxation (Net of Advance Tax of Rs. 132,500,268 (31.03.2012 : 100,460,268))	66,083,016	43,558,062
Retakes (Refer Note 1(j)		
Opening balance	28,224,149	26,336,874
Add: Additional provision for the year	12,750,766	20,090,864
Less: Utilised during the year	(19,699,784)	(18,203,589)
Closing balance	21,275,131	28,224,149
	93,564,384	**87,651,832**

14 Long Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
(Unsecured, Considered Good)		
Capital advances	1,913,568	4,559,905
Security deposits	16,151,326	16,034,752
Other advances:		
Prepaid expenses	4,568,504	3,688,922
Claims receivable	24,779,137	25,400,535
MAT credit entitlement	186,383,740	128,777,101
	233,796,275	**178,461,215**

15 Other Non-current assets

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Long term deposits with banks with maturity period more than 12 months (including Rs. 43,071,118 (2012: Rs. 15,000,000) liened to banks)	43,071,118	15,116,245
	43,071,118	**15,116,245**

16 Current Investment

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
Quoted at cost or fair value which ever is less		
Investments in Mutual Funds (quoted) (units: Nil (2012: 3,584,490))	-	58,259,353
	-	58,259,353
Notes		
Aggregate amount of quoted investments	-	58,259,353
Market value of quoted investments	-	59,332,404
Aggregate provision for diminution in the value of investments	-	-

17 Trade Receivable

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
(Unsecured)		
A)Debts outstanding for a period exceeding six months		
Considered good	821,208,534	62,171,153
Considered doubtful	21,457,324	8,406,520
B)Other debts		
Considered good	803,088,319	1,106,428,915
Considered doubtful	-	-
	1,645,754,177	1,177,006,588
Less: Provision for bad and doubtful debts	(21,457,324)	(8,406,520)
	1,624,296,853	**1,168,600,068**

18 Cash and Bank Balances

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
a) Cash and Cash Equivalents:		
Balances with Banks		
Current Accounts	2,846,756	120,381,422
Remittance in transit	21,450,702	41,701,889
Cheques on hand	-	130,051,550
Cash on hand	168,323	23,231
	24,465,781	292,158,092

b) Other bank balances:		
Deposits with maturity more than 3 months, but less than 12 months. (under lien to bank)	-	321,569,737
Margin money deposits	57,235,402	77,235,306
	81,701,183	**690,963,135**

19 Short Term Loans and Advances

Amount in ₹

Particulars	As at	
	31 Mar 2013	31 March 2012
(Unsecured considered good)		
Others:		
Interest accrued on deposits	-	13,540,311
Other advances	25,415,533	32,355,728
Prepaid expenses	16,063,887	14,488,777
Advance tax (net of provision of Rs. 36,408,330 (31.03.2012 : Rs. 36,408,330)	-	34,079,028
	41,479,420	94,463,844

20 Revenue from Operations

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Production : Export	1,805,215,158	1,735,560,011
: Domestic	14,906,314	19,516,605
Distribution income	473,955,811	516,877,094
	2,294,077,283	**2,271,953,710**

21 Other Income

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Interest Income and others (including TDS of Rs. 1,567,578 (31.03.2012 : Rs.3,081,705))	13,546,862	29,817,225
Income from mutual fund	2,369,257	10,072,932
Liabilities no longer required written back	377,750	1,874,979
Foreign exchange fluctuation gain (net)	17,972,205	49,161,138
	34,266,074	**90,926,274**

22. Production Expenses

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Production expenses - Direct	140,544,005	210,945,353
Power and fuel	38,061,833	32,394,758
	178,605,838	**243,340,111**

23. Personnel Costs

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Salaries and wages	780,194,104	800,144,366
Contribution to provident fund	50,878,411	50,629,839
Staff welfare expenses	6,735,636	14,914,622
Gratuity*	29,138,196	17,651,558
Compensated absences*	8,887,766	7,535,505
	875,834,113	**890,875,890**
* Refer Note 34		

24. Administrative and Other Expenses

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Communication expenses	8,426,888	12,532,779
Printing and stationery	1,630,970	2,189,417
Professional and consultancy charges	61,695,835	58,833,489
Repairs and Maintenance :		
Building	5,791,388	8,757,350
Plant and Machinery	8,748,392	7,523,736
Others	2,816,344	5,010,278
Insurance	3,040,040	965,678
Business promotion	11,312,062	5,794,769
Rates and taxes	1,580,440	4,320,674
Rent	44,922,734	43,954,035
Auditors remuneration	5,668,936	4,311,272
Directors remuneration	13,658,872	13,362,515
Selling and distribution expenses	31,891,186	14,589,098
Travelling and conveyance expenses	17,852,280	19,720,121
Loss on sale of assets	5,220,262	6,711,945
Bad debts	-	130,455
Provision for bad and doubtful debts (net)	14,035,745	679,788
Miscellaneous expenses	11,946,516	14,478,969
	250,238,890	**223,866,368**

25. Finance Costs

Amount in ₹

Particulars	For the year ended	
	31 Mar 2013	31 March 2012
Interest on borrowings		
Terms loans	118,991,268	83,493,527
Working capital loan	57,401,710	37,006,615
Other Borrowing Cost		
Loss on foreign currency transactions	97,470	78,305
Bank charges	32,944,601	66,839,164
	209,435,049	**187,417,611**

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

27. The company has recognized a deferred tax asset of Rs.60,28,865 on unabsorbed depreciation as claimed in the returns for the respective years. In the assessment orders passed for the assessment years 2004 -05 and 2006 -07 unabsorbed depreciation has been determined to be Rs NIL. The Company has preferred appeals in Hon'ble High Court against the subject orders. In the opinion of the management the manner of adjustment of unabsorbed depreciation and carry forward of business losses by the department is not appropriate and based on professional advice the management is confident of succeeding in appeals and get the unabsorbed depreciation/ carry forward of business losses restored. On a prudent basis the company has not recognized any deferred tax asset on such unabsorbed depreciation contested before the Hon'ble High court.

28

Amount in ₹

Particulars	31 Mar 2013	31 March 2012
Contingent Liabilities (to the extent not provided for)		
a) Bonds executed in favour of customs and excise authorities	2,162,500	2,162,500
b) Letters of Credit (includes guarantee on behalf of DQ Entertainment Ireland Rs. 449,525,000 (2012: 705,093,878)	777,476,625	1,198,430,253

c) Income tax assessment of DQ Entertainment (International) Limited has been completed till Assessment Year 2009-10 (financial year 2008-09). The Company has preferred an appeal for the Assessment Years 2008-09 and 2009-10. No demand has been raised by the Department on the above, and for the assessment year 2008-09 (including transfer pricing) the cases are pending with hon'ble Income Tax Appellate Tribunal ITAT) and for the assessment year 2009-10 the case is pending with hon'ble CIT(Appeals). d)Claims against the Company not acknowledged as debts is Rs.9,642,147 (31.03.2012: Rs. 9,642,147). This comprise of demands raised by the Income Tax department for non deduction of TDS on payments to non residents on which the Company has gone on appeal and the appeal is allowed before the Commissioner of Income Tax (Appeals), Hyderabad in favor of the company. The department has gone for an appeal and the same is pending before the Income tax appellate tribunal (ITAT). (e) Interest and penalty proceedings on import of services of Rs. 13,201,091 up to the 31.03.2009 received from Commissioner (Appeals), Service Tax department and it has been defended at CESTAT

29 The company uses Forward Exchange Contracts and Currency Options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on Derivative instruments is as follows:

Derivative Instrument outstanding as at the year end:

Amount in ₹

Currencies	31 Mar 2013	31 March 2012
	Sell	Sell
Currency Options (plain vanilla contracts)		
USD	-	$3,400,000
INR	-	176,698,000
EURO	-	€ 600,000
INR	-	41,592,000

30

Amount in ₹

Particulars	31 Mar 2013	31 March 2012
Payment to auditors as:		
Audit fees	3,768,862	3,492,571
Tax audit	150,000	150,000
Company law matters	1,750,074	668,701
	5,668,936	**4,311,272**

31

Amount in ₹

Particulars	31 Mar 2013	31 March 2012
Directors remuneration		
Salaries and allowances	4,409,707	4,032,000
Other perquisite	1,008,000	1,008,000
Commission	7,791,165	7,791,165
	13,208,872	12,831,165
Remuneration to Non - Whole-time Director		
Sitting fees	330,000	200,000
Professional fees	120,000	331,350
Total remuneration	**13,658,872**	**13,362,515**
The above figure does not include provision for gratuity and leave encashment liability actuarially valued as separate figure are not available		

32 Related party disclosures

32.1 Related parties and their relationships

i) Holding and Subsidiary Companies

a. DQ Entertainment (Mauritius) Limited - Holding company
b. DQ Entertainment Plc - Parent of holding company
c. DQ Entertainment (Ireland) Limited - Subsidiary company
d. DQ Powerkidz Pvt. Limited - Subsidiary company
e. DQ Entertainment (International) Films Limited - Joint Venture company by DQE India an DQE Plc.
f. DQE ITES Parks Private Limited - Subsidiary company

ii) Key management personnel

Mr. Tapaas Chakravarti - Managing director & Chief executive officer

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

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

iv) Associate of the Ultimate Holding Company

Method Animation SAS

v) Firm in which a Key management personnel is a partner

R & A Associates

vi) Relative of a director

Hatim Adenwala - Senior Vice president HR

32.2 Transactions with above in the ordinary course of business

Amount in ₹

Particulars	31 Mar 2013	31 March 2012
i) Holding Companies		
Consultancy charges - DQ Entertainment (Mauritius) Limited	42,800,159	39,526,892
ii) Key management personnel		
Remuneration	13,208,872	12,831,165
iii) Relative of key management personnel and Director		
Remuneration	8,292,000	7,317,000

iv) Associate of the Ultimate Holding Company		
Revenue from animation	157,933,627	304,757,491
Revenue from distribution	57,284,844	39,997,640
v) Professional fee to a director	120,000	120,000
Professional fee to a firm in which a director is a partner	2,880,000	2,880,000

32.3 Balances outstanding

Amount in ₹

Particulars	31 Mar 2013	31 March 2012
i) Holding Companies		
Amount payable towards loan and interest at year end - DQ Entertainment Plc.	378,032,092	215,495,077
Amount payable at year end - DQ Entertainment (Mauritius) Limited	61,918,816	69,783,237
ii) Key management personnel		
Amount payable to Managing Director	12,500,000	-
iii) Associate of the Ultimate Holding Company		
Amounts receivable at the year end	291,526,832	282,281,652

33 Leases

The Company's significant leasing arrangement is in respect of operating lease for premises. The Company has exclusive right to cancel the lease with prior notice. The aggregate lease rents payable are charged as rent in the Profit and Loss Account. The aggregate amount of Lease rentals charged to Profit and Loss account is Rs. 44,922,734 (31.03.2012: Rs.43,954,035).

34 Employee benefits as required under Accounting Standard 15:

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

Amount in ₹

	Year ending 31 March 2013		Year ending 31 March 2012	
Particulars	**Leave Encashment**	**Gratuity**	**Leave Encashment**	**Gratuity**
Present Value of DBO at the beginning of the year	34,945,379	70,566,187	33,683,998	62,510,126
Current Service Cost	6,602,447	14,481,710	1,261,381	12,168,486
Interest Cost	3,040,248	6,039,259	2,694,720	5,000,810
Actuarial Losses /(Gains)	(754,929)	8,617,227	3,579,404	482,262
Benefits paid	(2,328,805)	(3,920,925)	(6,274,124)	(9,595,497)
Present Value of DBO at the end of the year	**41,504,340**	**95,783,458**	**34,945,379**	**70,566,187**
Expense Recognized in the statements of Profit & Loss account for the year ended				
Current Service Cost	6,602,447	14,481,710	1,261,381	12,168,486
Interest Cost	3,040,248	6,039,259	2,694,720	5,000,810
(Gain) / Actuarial Losses	(754,929)	8,617,227	3,579,404	482,262
Expense recognized in the Statement of Profit and loss account	**8,887,766**	**29,138,196**	**7,535,505**	**17,651,558**
Actual Contribution and Benefit Payments				
Actual Benefit Payments	2,328,805	3,920,925	6,274,124	9,595,497
Actual Contributions	-	-	-	-
Assumptions				
Discount Rate %	8.20%	8.20%	8.70%	8.70%
Salary Escalation %	4.00%	4.00%	4.00%	4.00%

35

Amount in ₹

Particulars	31 Mar 2013	31 March 2012
Earnings Per Share (EPS)		
a) Net profit available for equity shareholders	373,065,146	330,226,815
b) Nominal value per share	10	10
c) Basic earning per share	4.71	4.17
d) Diluted earning per share	4.17	4.17
	No's	No's
e) Weighted Average number of Equity Shares for Basic EPS	79,283,000	79,283,000
f) Weighted Average number of Equity Shares for Diluted EPS	79,283,000	79,283,000

36 Segmental Reporting as per Accounting standard 17:

36.1 Business Segment

The Company comprises the following main business segments:

Animation:

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

Distribution:

The revenue generated from the exploitation of the distribution rights of animated television series and movies acquired by the Company. The segment information for the year ended 31 March 2013 is as follows:

	Animation	Distribution	Total
Revenue from operation	1,820,121,472	473,955,811	2,294,077,283
	1,755,076,616	*516,877,094*	*2,271,953,710*
Total Revenue	**1,820,121,472**	**473,955,811**	**2,294,077,283**
	1,755,076,616	*516,877,094*	*2,271,953,710*
Depreciation and Amortisation	-	348,333,064	348,333,064
		215,239,579	*215,239,579*
Segment result	986,911,870	120,004,441	1,106,916,311
	779,606,236	*297,074,966*	*1,076,681,202*
Unallocated expenses			(498,348,355)
			(469,898,290)
Operating Profit			608,570,036
			606,782,912
Net financing costs			(195,887,961)
			(176,922,037)
Tax expense			(39,616,930)
			(99,634,063)
Profit after tax			373,065,146
			330,226,812
Segment assets	1,875,227,068	2,727,305,393	4,602,532,461
	1,387,348,756	*4,183,334,570*	*5,570,683,326*
Unallocated assets			2,946,611,722
			1,479,853,908
Total assets			7,549,174,494
			7,050,537,234
Segment liabilities	1,044,164,136	226,134,571	1,270,298,707
	90,224,799	*507,882,584*	*598,107,383*
Unallocated liabilities			1,957,700,650

			2,507,357,031
Total liabilities			3,228,027,589
			3,105,464,414
Capital expenditure			
Tangible Fixed Assets			51,293,832
			102,563,874
Intangible Assets			492,007,334
			366,017,080

Note: Figures in italics represent previous year

36.2 Geographical Segment

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

Amount in ₹

	America	Europe	Others	Total
Revenue from operation				
Animation	369,120,399	1,152,731,509	298,269,564	1,820,121,472
	655,029,356	*868,046,253*	*232,001,007*	*1,755,076,616*
Distribution	4,930,942	159,775,704	309,249,165	473,955,811
	328,088,135	*60,295,847*	*128,493,112*	*516,877,094*
Total Revenue	374,051,341	1,312,507,213	607,518,729	2,294,077,283
	983,117,491	*928,342,100*	*360,494,119*	*2,271,953,710*
Total Assets	739,497,390	1,540,081,400	5,269,565,393	7,549,174,494
	627,043,719	*3,088,920,079*	*3,334,573,435*	*7,050,537,233*
Capital expenditure				
Tangible Fixed Assets				51,293,832
				102,563,874
Distribution rights				492,007,334
				366,017,080

Note: Figures in italics represent previous year

37 Commitments

Particulars	31 Mar 2013	31 March 2012
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	1,044,091,205	473,781,758
Estimated amount of contracts remaining to be executed on non-capital account not provided for, net of advances	-	126,861

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

For Haribhakti & Co.
Chartered Accountants
FRN 103523 W

For and on behalf of the Board

Ananthakrishnan G
Partner
(M.No 205226)

Tapaas Chakravarti
(CMD & CEO)

K. Balasubramanian
(Director)

Anita Sunil Nair
(Company Secretary)

Sanjay Choudhary
(Chief Financial officer)

Place: Hyderabad
Date: 30-05-2013

13	FIXED ASSETS											
												Amount in `
		Gross Block					Depreciation/Amortisation					Net Block	
Sl	Particulars	As at 1 April 2012	Additions	Deletions	Translation adjustment	As at 31 March 2013	Up to 1 April 2012	For the year	Deletions	Translation adjustment	Up to 31 March 2013	As at 31 March 2013	As at 31 March 2012
A	**Tangible Assets**												
1	Leasehold land	14,350,000	-	-	-	14,350,000	1,515,266	434,805	-	-	1,950,071	12,399,929	12,834,734
2	Leasehold improvements	30,000,064	1,374,544	14,188,608	-	17,186,000	18,293,286	3,907,332	14,177,262	-	8,023,356	9,162,644	11,706,778
3	Plant & Machinery	839,065,031	47,809,493	65,072,349	-	821,802,175	569,533,673	106,191,319	63,429,260	-	612,295,732	209,506,443	269,531,358
4	Office equipments	15,248,790	97,200	3,519,314	-	11,826,676	5,194,071	1,418,864	2,581,393	-	4,031,542	7,795,134	10,054,719
5	Furniture, Fixtures & Interiors	44,008,065	1,625,048	13,343,714	-	32,289,399	24,002,144	3,935,017	10,009,594	-	17,927,567	14,361,832	20,005,921
6	Vehicles	28,225,432	387,547	707,296	-	27,905,683	12,228,120	6,352,395	707,309	-	17,873,206	10,032,477	15,997,312
	Total	970,897,382	51,293,832	96,831,281	-	925,359,933	630,766,560	122,239,732	90,904,818	-	662,101,474	263,258,459	340,130,822
B	**Intangible Assets**										-		
7	Distribution rights*	1,950,549,827	488,927,834	-	(3,712,106)	2,435,765,555	603,796,855	348,333,064	-	(8,591,498)	943,538,421	1,492,227,134	1,346,752,972
8	Computer software	349,287,997	3,079,500	-	-	352,367,497	229,351,998	56,414,685	-	-	285,766,683	66,600,814	119,935,999
	Total	2,299,837,824	492,007,334	-	(3,712,106)	2,788,133,052	833,148,853	404,747,749	-	(8,591,498)	1,229,305,104	1,558,827,948	1,466,688,971
	Grand Total	3,270,735,206	543,301,166	96,831,281	(3,712,106)	3,713,492,985	1,463,915,413	526,987,481	90,904,818	(8,591,498)	1,891,406,578	1,822,086,407	1,806,819,793
	Previous year figures	2,883,950,005	468,580,954	100,565,244	18,769,491	3,270,735,206	1,117,762,860	417,311,596	87,037,114	15,878,071	1,463,915,413	1,806,819,793	0

Distribution Rights:

Distribution rights represent the costs incurred in acquiring distribution rights. The Company started acquiring these rights from the year 2003-04 and till date 58 series (31.03.2012: 49) of Animation rights have been acquired for different territories across the globe. The Company has performed testing for impairment of distribution rights which resulted in an impairment loss of Rs.140,601,518 (31.03.2012: Rs. 44,943,705) on account of recoverable amount of distribution rights being less than its carrying amount. The accumulated Impairment Loss as at 31.03.2013 on distribution rights amounted to Rs. 272,536,003 (31.03.2012: Rs.134,051,179).

13.1

(a) Intangible assets under construction includes Rs. 244,458,427 (31.03.2012: Rs.239,862,939) incurred towards projects under development to be exploited as Television Series/Films and others. Based on the review of stimated future realizations the management is of the view that estimated future recoverable amount from these projects are more than its carrying unamortized cost and consequently no provision for impairment is considered necessary by the management at this stage.

(b) The company has borrowed specific borrowings (term loans) for development of distribution rights in respect of 2 projects (2012: 2 projects). The projects were considered to be qualifying assets, as these would take substantial period of time to get ready for their intended use. Interest cost on specific borrowings directly attributable to the those projects has been capitablized as mentioned below

Particulars	31.03.2013	31.03.2012
Total Interest cost incurred during the year	126,599,850	88,656,138
Less: Amount capitalized as borrowing cost as per AS 16	7,608,582	5,162,611
Net Interest cost transferred to Profit and Loss Account	118,991,268	83,493,527

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details	
Registration No.	L92113AP2007PLC053585
State Code (Refer Code List)	01
Balance Sheet Date	31st March 2013
II. Capital raised during the year (Amount in ₹)	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds	
(Amount in ₹)	
Source of Funds	
Total Liabilities	
Paid-up Capital	792,830,000
Reserves & Surplus	3,528,316,905
Non-current liabilities	15,23,325,367
Application of Funds	
Total Assets	
Net Fixed Assets	4,882,064,464
Long term loans and advances	233,796,275
Other Non-current assets	43,071,118
Net Current Assets	685,540,415
Misc. Expenditure	-
Accumulated Losses	-
IV. Performance of Company (Amount in ₹ Thousands)	
Turnover	2,328,343,357
Total Expenditure	1,915,661,281
+ - Profit Before Tax	412,682,076
+ - Profit After Tax	373,065,146,
(Please tick appropriate box + for profit, - for loss)	
Earning Per Share in ₹	Basic- ₹ 4.71, Diluted- ₹ 4.71
Divided rate %	-
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)	
1. Item Code No.	NIL
(ITC Code)	
Product Description	
2. Item Code No.	NIL
(ITC Code)	
Product Description	
3. Item Code No.	NIL
(ITC Code)	
Product Description	

For DQ Entertainment (International) Limited

Tapaas Chakravarti
CMD & CEO


METHOD
mk2
Turner
GLOBOSAT
Télé-Québec
Chaplin and co
104X6’
3D HD TV Series

AGM NOTICE

AGM Notice

Notice is hereby given that the Sixth Annual General Meeting of the members of DQ Entertainment (International) Limited will be held on Friday of September 27, 2013 at 2:30pm at Hotel NKM's Grand,6-3-563/31/1,Off Taj Residency Road, Somajiguda, Erramanzil, Hyderabad-500082 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the statement of profit and loss account for the year ended on that date along with the schedules attached thereto and the reports of the Board of Directors' and Auditors' thereon.

2. To appoint a Director in place of Mr. K.Balasubramanian, who retires by rotation and being eligible offers himself for re-appointment

3. To appoint a Director in place of Mr. Girish Kulkarni, who retires by rotation and being eligible offers himself for re-appointment

4. To re-appoint the Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification (s) the following resolution as an Ordinary resolution

"**RESOLVED THAT** M/s Haribhakti & Co., Chartered Accountants (Registration No.103523W) be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company."

By order of the Board of Directors
for DQ Entertainment (International) Limited

Place: Hyderabad
Date: May 30, 2013

Anita Sunil Nair
Company Secretary

NOTES:

I. NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. An instrument appointing proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the Meeting.

3. Members/proxies are requested to bring their Attendance Slips sent herewith to attend the meeting

4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

5. In terms of the provisions of Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. K.Balasubramanian & Mr. Girish Kulkarni shall retire by rotation at the ensuing Meeting and being eligible have offered themselves for re-appointment. The Board of Directors of the Company recommended their respective re-appointments for approval of the shareholders.

6. Brief resume of all the Directors including those proposed to be re-appointed, names of companies in which they hold directorships and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges are provided in the Annual Report.

7. The Register of Directors' Shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.

8. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.

9. The Share Transfer Books and the Register of Members of the Company will remain closed from Friday, 20th September 2013 to Friday, 27th September 2013 (both days inclusive).

10. We request you to update your email address with your depositary participant to enable us to send you the annual report, quarterly reports and other business updates on your preferred email account.

11. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

12. Pursuant to Clause 49 of the Listing Agreement, brief profiles of the Directors proposed to be appointed/ re-appointed are given below.

13. The Ministry of Corporate Affairs had issued circulars dated April 21, 2011 and April 29, 2011 permitting the Companies to service the notices / documents including annual reports through email to the shareholders who have registered their email address in this regard. Members are encouraged to support this nationwide Green Initiative by registering/ updating their email addresses with their Depository Participant(s) as applicable for receiving the notices and other documents via email.

Additional Information on Directors
(As per Clause 49 of the Listing Agreement)

As required under the Listing Agreement, the particulars of Directors who seek re-appointment are given below:

1.	Name	:	**K. Balasubramanian**
	Age	:	70 years
	Qualification	:	Graduate in Commerce and has done an advanced Management Program from Harvard Business School
	Expertise	:	International Banking and Finance
	Other Directorships	:	(i) GMR Holdings Pvt. Ltd. (ii) Easy Access Financial Services Ltd. (iii) Raxa Security Services Ltd. (iv) GMR Varalaxmi Foundation (v) Grow Talent Company Ltd. (vi) DQ Entertainment plc (vii) Coromandel International Ltd. (viii) GMR Aviation Pvt. Ltd. (ix) Parrys Sugar Industries Ltd
	Shareholding in the Company	:	Nil
2.	Name	:	Mr. Girish Kulkarni
	Age	:	47 years
	Qualification	:	Bachelor of Engineering from IIT Mumbai and Master of Business Administration from IIM Ahmedabad
	Expertise	:	Operating and investment experience in different aspects of capital markets
	Other Directorships	:	(i) Suyash Outsourcing Private Limited (ii) Topwave Trading Company Private Limited (iii) GNS Outsourcing Private Limited (iv) Sansera Engineering Private Limited (v) Enzen Global Solutions Limited (vi) KSK Energy Ventures Limited (vii) Serviont Global Solutions Limited (viii) Pheonix Living Spaces Private Limited (ix) Gatil Properties Pvt Ltd. (x) Suyash IT Services Private Limited
	Shareholding in the Company	:	Nil

PROXY FORM

Sixth Annual General Meeting - 27 September, 2013

Regd. Folio no. / DP Client ID

I/We……………………………….of………………………….. being a member/members of the Company hereby appoint ……………………….of …………………………..…………….or failing him/her ……..………… of………………………………………………..………………………as my/our proxy to vote for me/us and on my/our behalf at the SIXTH ANNUAL GENERAL MEETING of the Company to be held on Friday, 27 September, 2013 at 2:30 pm and at any adjournment(s) thereof.

Affix
15 paise
revenue
stamp

Signed this…….. day of……….. 2013

……….…………………..
Signature of the member

……………………………Please tear here………………………………

ATTENDANCE SLIP

Sixth Annual General Meeting - 27 September, 2013

Regd. Folio no. / DP Client ID No.

No.of shares held

I certify that I am a member/proxy for the member/representative on behalf of the member of the Company.

I hereby record my presence at the SIXTH ANNUAL GENERAL MEETING of the Company held on Friday, 27 September, 2013 at 2:30 pm at Hotel NKM's Grand,6-3-563/31/1,Off Taj Residency Road, Somajiguda, Erramanzil, Hyderabad-500082. Andhra Pradesh.

………………………………..
Name of the member/proxy
(in BLOCK LETTERS)

……….…………………..
Signature of the member/proxy

Company Information

DIRECTORS

Tapaas Chakravarti
Chairman, Managing Director and Chief Executive Officer

Rashida Adenwala
Professional and Non-Independent Director

Kunchithapadam Balasubramanian
Non-executive and Independent Director

Girish Kulkarni
Non-executive and Independent Director

S Sundar
Non-executive and Independent Director

Neelesh Wagle
Alternate Non-executive and Independent Director to Girish Kulkarni

V. Santhanaraman
Alternate Non-Executive Independent Director to K. Balasubramanian

REGISTERED OFFICE

644, Aurora Colony,
Road No.3,
Banjara Hills,
Hyderabad-500 034.

STATUTORY AUDITORS

Haribhakti & Co,
Raja Pushpa House,
3rd Floor, Plot No.34, Silicon Valley,
Madhapur, Hyderabad.
India.

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar Madhapur
Hyderabad – 500 081, India
Telephone: +91 40 2342 0815
Facsimile: +91 40 2342 0814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

COMPANY SECRETARY

Anita Sunil Nair
644, Aurora Colony,
Road No.3,
Banjara Hills,
Hyderabad-500 034.

DQ ENTERTAINMENT (INTERNATIONAL) LIMITED

Registered Office

644, Aurora Colony, Road No.3, Banjara Hills, Hyderabad - 500 034. Andhra Pradesh. INDIA.

Ph: 0091 40 23553726 & 27 Fax: 0091 40 23552594

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