

Dq Entertainment (international) Limited

January 07, 2022

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	155.58	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	155.58 (Rs. One Hundred Fifty-Five Crore and Fifty-Eight Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated March 13, 2018, placed the rating of DQ Entertainment (International) Limited (DQE) under the 'issuer non-cooperating' category as DQE had failed to provide information for monitoring of the rating. DQE continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a email dated August 28, 2021. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on October 12, 2020, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Stretched liquidity with delays in debt servicing: The company has been facing stretched liquidity due to cashflow mismatch resulting in delays in debt servicing.

Subdued financial performance with continuing losses: During FY20, the total operating income of the company declined by 47.53% to Rs.48.53 crore as against Rs.92.49 crore during FY19. The company continues to report net loss of Rs.58.11 crore for FY20 vis-à-vis loss of Rs.40.90 crore for FY19. The company reported cash loss of Rs.42.75 crore for FY20 as against cash loss of Rs. 26.39 crore for FY19.

Key Rating Strengths

Experienced promoters: The promoters Mr. Tapaas Chakravarti has more than a decade of experience in the animation and gaming industry. Mr. 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.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the Company

DQE was incorporated in April 2007 as Animation and Multimedia Pvt Ltd in Hyderabad and is in the business of animation, gaming, live action content production, licensing and distribution. The company is based in Hyderabad and has 1,732 associates globally with facilities for content creation and production in 2D, CGI, 3D-Stereoscopic, visual effects (VFX), Game Art. DQE is publicly listed in BSE and NSE in India.

The Company's three main products and services are animation production services, co-owned content development and intellectual property development & distribution. It also provides training services for the production of animated television series and movies as well as licenses programmed distribution rights to broadcasters, television channels, and home video distributors.

Brief Financials (Rs. crore)	31-03-2019 (A)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	92.49	48.53	Not Available	Not Available
PBILDT	1.18	(18.11)		
PAT	(40.90)	(58.11)		
Overall gearing (times)	1.01	NA		
Interest coverage (times)	0.04	NA		

A: Audited; UA: Unaudited; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Rating History for last three years: Please refer Annexure-2

Covenants of rated facility: Detailed explanation of covenants of the rated facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	July 2018	22.80	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	50.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT-BG/LC		-	-	-	82.78	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT*	22.80	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (12-Oct-20)	1)CARE D; ISSUER NOT COOPERATING* (14-Aug-19)	-
2	Fund-based - LT-Cash Credit	LT*	50.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (12-Oct-20)	1)CARE D; ISSUER NOT COOPERATING* (14-Aug-19)	-
3	Non-fund-based - LT-BG/LC	LT*	82.78	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (12-Oct-20)	1)CARE D; ISSUER NOT COOPERATING* (14-Aug-19)	-

*Long Term*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-BG/LC	Simple

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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