

DQ Entertainment (International) Limited (Revised)

August 12, 2019

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*)	"Issuer not cooperating; Based on best available information"
Total	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 had, vide its press release dated March 13, 2018, placed the rating(s) 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 mail dated May 30, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE'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 March 13, 2018, the following were the rating strengths and weaknesses (updated for the information available from stock exchange filings from National Stock Exchange (NSE)) :

Key Rating Weaknesses

Delays in debt servicing: There are continuing delays in debt servicing owing to liquidity issues and cash flow mismatches. The same has been confirmed by lenders.

Key Rating Strengths

Experienced promoters with long track record of operations in business: 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. DQE is one of the largest independent children's media company with a comprehensive portfolio of existing and developed franchise properties.

Improvement in income; albeit continuing losses : The total operating income of the company witnessed improvement during FY18 with 15% increase against decline of around 51% during FY17. The company reported net loss of Rs. 6.64 crore for FY18 vis-à-vis loss of Rs. 47.90 crore for FY17. The company reported cash profit of Rs. 15.78 crore for FY18 as against cash loss of Rs. 13.59 crore for FY17.

Analytical approach: Standalone

Applicable Criteria

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

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Service Sector Companies](#)

[Financial ratios - Non-Financial Sector](#)

About the Company

DQE was incorporated in April 2007 as Animation and Multimedia Pvt Ltd in Hyderabad. DQE, is one of the leading global entertainment group, publicly listed in Alternative Investment Market (AIM) market of London Stock Exchange, U.K and BSE and NSE in India. DQE 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 world class facilities for content creation and production in 2D, CGI, 3D-Stereoscopic, visual effects (VFX), Game Art.

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

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

series and movies as well as licenses programmed distribution rights to broadcasters, television channels, and home video distributors.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	94.06	107.76
PBILDIT	0.76	22.41
PAT	-47.90	-6.64
Overall gearing (times)	0.61	0.89
Interest coverage (times)	0.05	0.80

A: Audited

Status of non-cooperation with previous CRA: The ratings have been withdrawn due to lack of adequate information by India Ratings as per Press Release dated May 29, 2014.

Any other information: Not Applicable

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

Annexure - 1: Details of Facilities

Name of the Instrument	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* Issuer not cooperating; Based on best available information
Fund-based - LT - Cash Credit	-	-	-	50.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT - BG/LC	-	-	-	82.78	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	22.80	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1) CARE D; ISSUER NOT COOPERATING* (13-Mar-18)	1) CARE D (13-Oct-16)
2.	Fund-based - LT-Cash Credit	LT	50.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1) CARE D; ISSUER NOT COOPERATING* (13-Mar-18)	1) CARE D (13-Oct-16)
3.	Non-fund-based - LT-BG/LC	LT	82.78	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1) CARE D; ISSUER NOT COOPERATING* (13-Mar-18)	1) CARE D (13-Oct-16)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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