



# IPO NOTE

**DQ ENTERTAINMENT  
(INTERNATIONAL)  
LIMITED**

04 March 2010

## Snapshot of the Public Offer

### Highlights

|  |   |
|--|---|
| <b>Issue Type</b>  | 100% Book Built Issue                       |
| <b>Issuer</b>  | DQ Entertainment (International) Limited    |
| Public issue of <b>1,60,48,011</b> equity shares<br>(Issue will constitute 20.24% of fully diluted equity share capital) |   |
| Face value of equity shares is <b>Rs.10</b> per share  |   |
| <b>Price Band</b>  | <b>Rs.75 to Rs.80</b> per equity share      |
| <b>Issue Size</b>  | <b>Rs.120.36 crores to Rs. 128.39 crore</b> |
| <b>Issue is open</b>   | From 8 <sup>th</sup> March to 10 March      |
| Issue can be applied for in a bid lot size of 80 equity shares and in multiples of 80 equity shares thereafter           |   |

### Concerned Entities

|  |   |
|--|---|
| <b>Book Running Lead Manager</b> to the issue is | SBI Capital Markets Limited                               |
| <b>Registrar</b> to the Issue is                 | <b>KARVY Computershare Private Limited</b>                |
| <b>Issue</b> is to be listed on                  | NSE & BSE   |
| <b>IPO Grading</b> done by                       | Fitch Ratings   |
| <b>IPO Grading</b>                               | Fitch Ratings Grade '3' indicating "average" fundamentals |

### Allotment Basis

|                                       |  |
|---------------------------------------|--|
| <b>Employee Reservation</b>           | Not less than 3,21,011 equity shares   |
| <b>Retail Investors</b>               | Not less than 47,18,100 equity shares or 30% of the Issue on proportionate basis |
| <b>Non-Institutional Investors</b>    | Not less than 15,72,700 equity shares or 10% of the Issue on proportionate basis |
| <b>Qualified Institutional Buyers</b> | Not more than 94,36,200 equity shares or 60% of the Issue                        |

## Contact details of the Issuer

**Registered & Corporate Office** of the company is:

644, Aurora Colony, Road Number 3,  
Banjara Hills, Hyderabad – 500 034

**Tel:** (040) 2355 3726/27 **Fax:** (040) 2355 2594

**Website:** www.dqentertainment.com

**Email:** investors@dqentertainment.com

**Company Secretary & Compliance Officer:**  
Ms.Anita Sunil Shanker

**Corporate Identification Number:** U92113AP2007PTC53585

## About the Issuer

### Brief Introduction

DQ Entertainment (International) Limited was incorporated on April 13, 2007 as Animation and Multimedia Private Limited. The name of the company was changed to DQ Entertainment (International) Private Limited on 17<sup>th</sup> January 2008. The status of the company has been changed from private to public limited company on September 10<sup>th</sup> 2009. DQ Entertainment (International) Limited & DQ Entertainment Plc group is a fully integrated, broad-based entertainment group and a global leader in the creation, production, distribution, licensing and marketing of all forms of entertainment. It has the largest animation production capacity for Television, Feature Films, Home Video, Online Game Art, mobile and next generation console games across all formats as well as Visual Effects. DQ Entertainment with its Production, Sales, Licensing and Distribution centers in Hyderabad, Chennai, Mumbai, Kolkata, Manila, Ireland, Paris, Los Angeles and Japan is supported by a highly trained, creative work force.

The company's vision of producing iconic brands and superior quality entertainment has been the business advantage of DQE in a content-driven world. DQ has been recognized as an organization that fosters excellence and encourages quality and creativity. Among the prominent nominations and wins for DQE are The Daytime EMMY Award, Pulicenella Award at Cartoons on the Bay, Red Herring top 100 Private Companies Asia 2005, BAF Awards, London Manga festival, The Accolade Film Award, The Asia-Pacific Deloitte Touche Tohmatsu Technology Fast 500 program - ranking as one of the fastest growing technology companies across the Asia-Pacific Region and several others.

**Promoters: Mr.Tapas Chakravarti.**

### Competitive Strengths

Company believes the following to be its principle strengths: **1.** Highly developed production platforms, infrastructure and monitoring systems. **2.** Consistent high quality standards leading to new and repeat business. **3.** Innovative animation techniques. **4.** Low risk business model with diversified revenue streams. **5.** Robust order book. **6.** Our diversified client base. **7.** Experienced Board and executive management team. **8.** Large, highly skilled work force.

### Business Strategies

Key elements of the business strategy of the company: **1.** Capitalise on growth of animation industry across the globe including india. **2.** Continued efforts to develop our presence in the market for animation services. **3.** Continue focus on our co-production business model. **4.** Backward and Forward integration. **5.** Strengthening our games division. **6.** Acquisitions, strategic investments and joint ventures.

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## Objective of the Public Issue

DQ Entertainment (International) Limited intends to utilize the net proceeds of its public issue of equity shares for following objectives:

| S. No. | Objective  | Total Cost Funded (in Rs. Crore) |
|--------|--|----------------------------------|
| 1      | Investment in co-production agreements focusing on IP content creation   | 104.97                           |
| 2      | Development of infrastructure, office premises and Production facilities | 51.92                            |
| 3      | Investment in our subsidiary DQ Entertainment (Ireland) Limited          | 14.59                            |
| 4      | General Corporate Purposes   | [.]                              |

**Means of Finance:** Company plans to finance the above objectives in the following manner:

| S. No. | Particulars                                 | Amount (in Rs. Crore) |
|--------|---|-----------------------|
| 1      | Proceeds from public issue of equity shares |                       |
| 2      | Financing through Debt facilities           |                       |

## Capital Structure of the Issuer

| Particulars of the Capital                            | Nominal Value (in Rs. Crores) @ Rs.10 / share |
|---|---|
| Authorized equity share capital: 8,00,00,000 shares   | 80.00   |
| Equity share capital before Issue: 6,32,34,989 shares | 63.23   |
| Present Issue: 1,60,48,011 shares                     | 16.05   |
| Equity Capital after Issue: 7,92,83,000 shares        | 79.28   |
| The Share Premium Account                             |   |
| Particulars   | Value (in Rs. Crore)                          |
| Premium amount before the issue                       | 82.45   |
| Premium amount after the issue                        | [.]   |

## Board of Directors

**Mr. Tapaas Chakravarti**, Chairman and Managing Director and Chief Executive Officer.

**Ms Rashmi Chakravarti**, Executive and Non Independent Director

**Mr. Kunchitapadam Balasubramanian**, Non Executive and Independent Director

**Ms, Theresa Plumme-Andrews**, Non-executive Independent Director

**Mr. Girish Kulkarni**, Non-executive and Independent Director

## Key Financials

Key business performance (consolidated) figures of DQ Entertainment (International) Limited are (in Rs. Crore):

| Particulars                              | Half Year ended 30/09/2009 | Year ended 31/03/2009 | Year ended 31/03/2008 |
|--|----------------------------|-----------------------|-----------------------|
| Total Income                             | 69.01                      | 150.91                | 94.57                 |
| Total Expenditure                        | 43.46                      | 97.19                 | 69.40                 |
| Profit after Tax                         | 10.33                      | 16.15                 | 7.0                   |
| Fixed Assets                             | 147.18                     | 139.03                | 100.39                |
| Current Assets, Loans & Advances         | 87.61                      | 79.85                 | 94.84                 |
| Total Assets (incl. Deferred Tax Assets) | 234.79                     | 218.88                | 195.23                |
| Total Liabilities & Provisions           | 80.22                      | 72.74                 | 65.16                 |
| Net Worth                                | 156.23                     | 146.15                | 130.07                |
| Return on Net Worth                      | 7%                         | 11%                   | 5%                    |

**IMPORTANT: Please read the Red Herring Prospectus of this issue carefully before investing in the same.**

Report prepared by, Phone No. 040 - 23312454 Extension - 304

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