



# Ajmera Associates Ltd.

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The Growth Catalyst®

EQUITY, DERIVATIVES, CURRENCY, COMMODITY, PMS & DEPOSITORY

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Recommendation	Subscribe
Price Band	Rs. 75-80 / Share
Bidding Date	08-10 March
Lead Manager	SBI Capital Market Ltd.
Industry	Media
<b>Offer Structure for different categories</b>	
QIB	60%
HNI	10%
Retail	30%
Market Lot	80 Equity Shares
Issue Size	1,60,48,011 shares
Issue Type	100% Book Building
Face Value	10
Min. Order Qty.	80 Equity Shares
Max. Subscription	Rs. 1,00,000
IPO timing	10.00 am -5.00 pm
IPO Grading	Grade 3
Rating Agency	Fitch Rating



**Ajmera Associates Ltd**

## DQ Entertainment (International) Ltd

### The Global and Indian Entertainment & Media Industry - Animation & Gaming

- Entertainment would be classified by most economists as discretionary spending, although there are reasons to believe demand is not as economically sensitive as for many other items classified in the same way.
- The global demand for animation and gaming content is growing rapidly and is expected to reach \$ 80bn in 2010, according to NASSCOM.
- There are many reasons as to why the animation industry is growing, including the rise in multi channel TV; the popularity of increasingly sophisticated computer games; the internet & opportunities for cross-platform exploitation.
- India's animation industry has registered significant growth in recent years, with a 20.1% CAGR over 2006-08 to US\$ 349mn.
- The industry is expected to more than double its turnover to US\$ 791mn by 2013, implying a CAGR of 17.8% over 2009-13.

## Company Snapshot

- 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. DQE has also forayed into live-action and feature films production and distribution.
- With a workforce of over 2800 permanent employees and a global client - partner base of over 90 producers, distributors, broadcasters and licensors including Walt Disney Television Animation, Nickelodeon Animation Studios Inc., Electronic Arts, Marvel Comics, American Greetings, NBC-Universal, BBC Group, M6/ France TV/ TF-1 Broadcasting groups from France, ZDF Germany and many more world-wide.
- The company's vision of producing iconic brands and superior quality entertainment has been the business advantage of DQE in a content-driven world. The award won at DQ is an affirmation of the quality of work being produced by our associates which has been recognized at various national and international forums. DQ has been recognized as an organization that fosters excellence and encourages quality.
- 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. It is also perhaps one of the first companies in this domain to be ISO 9001:2000 certified by M/s. Det Norske Veritas, Norway.

## DQE-A MAJOR ANIMATION PRODUCER & COLLABORATOR

- DQE has emerged and established itself as a major producer of IPs and co-producer of international iconic brands with high profile partners across Europe, North America & Asia for Animation for TV, Home Video and Feature Film Markets.
- These partnerships include entertainment and media giants such as Nickelodeon, The Disney Group, BBC Worldwide, Discovery Kids, Electronic Arts Worldwide, Cartoon Network, TF1, France3, France 2, RAI, Italy, ZDF, Germany, NBC Universal, Sony Pictures Entertainment, Turner Group, Mattel (USA) ABC Television, WDR - Germany, and many International broadcasters and distributors for TV programming, Feature Films, Live Action Drama, Direct to Home Videos and Next Generation Games development.

## Objective of the issue

The issue proceeds will be utilized for investment in co-production agreements, focusing on IP content creation; development of office premises and production facilities; development of infrastructure and additional facilities at the SEZ Unit, Kokapet Village, Rangareddy District, Andhra Pradesh and investment in subsidiary, DQ Entertainment(Ireland) Limited.

## Investment Rationale:

### Global Presence

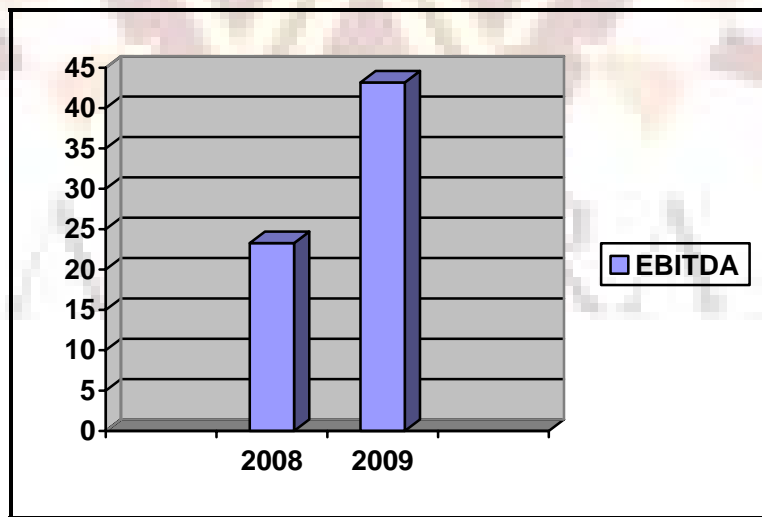
- The company is not only situated in India but the footprints of the company are spread world-wide.
- The company is listed in different exchanges of the world such as LSE, AIM etc

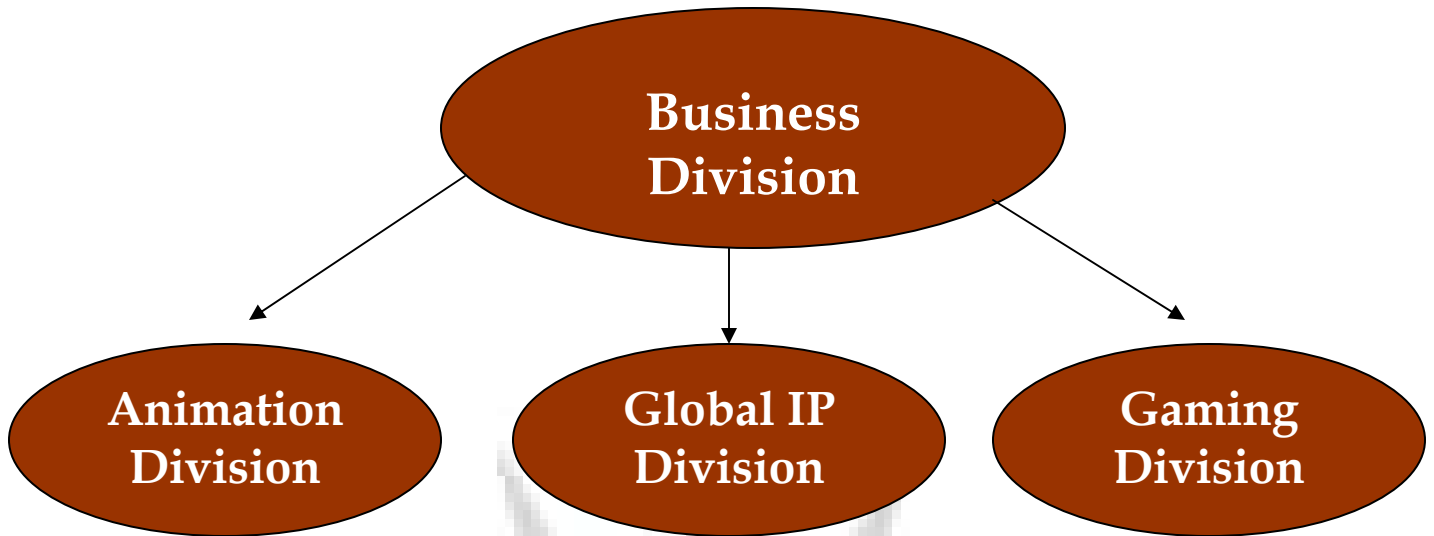
### Strong Order Book

The company has a strong order book of US \$92.5 m

### Financial Strength

- The net profit of the company has tremendously jumped by 34% over the last year. (In terms of \$)
- EBITDA up by 92% over the previous year.





### Animation Division

1. 3D CGI Animation Division
2. 2D Traditional Animation Division
3. 2D Digital Animation Division
4. Digital Ink & Paint Compositing Division

### Gaming Division

DQE's state-of-the-art GAMING division based in Hyderabad produces Assets and Full Motion Video creations for Next Generation Console, PC, mobile and online games. A highly qualified and creative team produces.

1. Asset creation- (Modeling and Texturing)
2. Environments (world), Props, Characters, Vehicles, Weapons
3. Animation FMV , cinematic , cut scenes, Mocap animation, Mocap Cleanup
4. Optimization of assets
5. Creation of low and medium LOD assets
6. Digital paint work
7. Game programming for Mobile, PC and Online Games

### Global IP Division

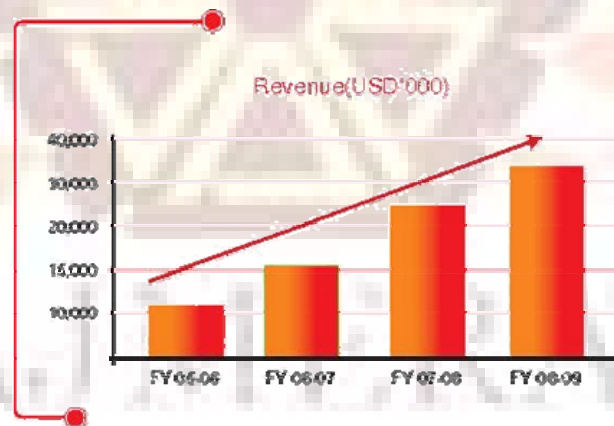
- INTELLECTUAL PROPERTY DEVELOPMENT DIVISION
- PRODUCT SALES/ LICENSING & DISTRIBUTION DIVISION:
- LIVE ACTION TELEVISION AND FEATURE FILM

## Risk Factor

- The company has limited experience in Intellectual Property (IP) content creation and as a result may not be able to achieve the high level of growth, as anticipated.
- Significant portions of the production revenues (over 40%) are dependent on clients from select geographical regions - US and European countries. Moreover, any adverse economic impact in such geographical regions could adversely affect the company's business.
- DQE plc, the Promoter Group Company is admitted to trading on Alternate Investment Market (AIM) of the London exchange and is currently trading at a price below the issue price of its equity shares.
- Piracy of animated content, including piracy of motion pictures are extensive in many parts of the world and is made easier by technological advances, may decrease revenue.

## Financial Highlights

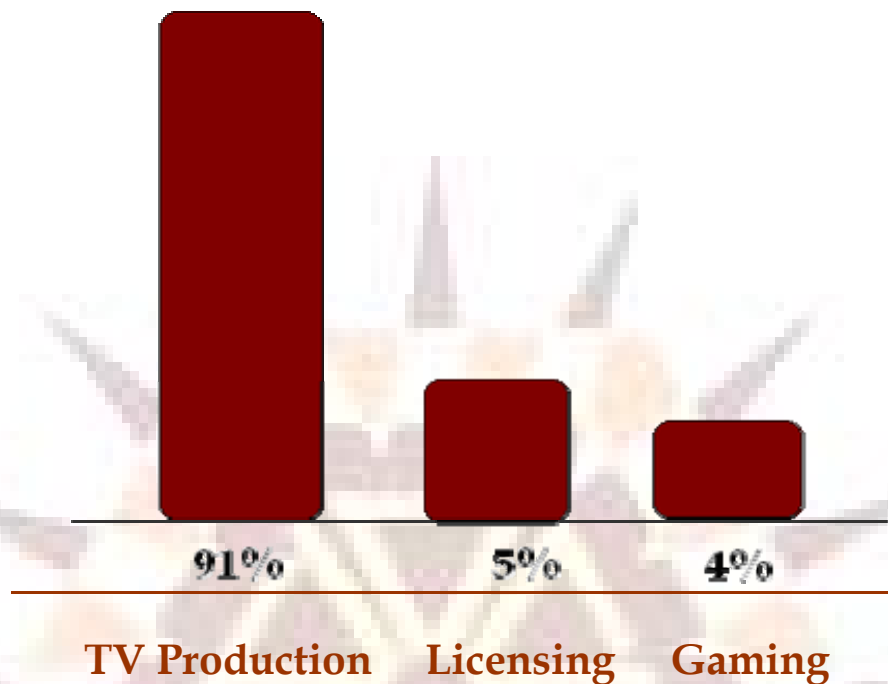
- Revenue up 34% to US \$32.2m(Previous year: US \$24.1m)
- EBITDA up 92% to US \$13.9m(Previous year: US \$7.2m)
- Profit before tax of US \$5.1m(Previous year: US \$7.4m)
- Cash and cash equivalents of US \$4.6m after investments in expansion (Previous year: US \$16.8m)



## Competitive Strength

- One of India's most successful International companies delivering 47% CAGR.
- Unique business platform.
- Vertically Integrated business model.
- Strong Financial Strength.
- Esteemed Clients.

## Revenue Model



## Income Statement

	Note	2008-09		2007-06	
		Group USD'000	Company USD'000	Group USD'000	Company USD'000
Revenue	C	32,248	841	24,133	429
Cost of sales		(20,858)	-	(17,651)	-
<b>Gross profit</b>		11,390	841	6,482	429
Other income	D	1,467	-	365	-
Distribution expenses		(598)	-	(219)	(8)
Administrative expenses		(4,311)	(744)	(2,922)	(410)
Other operating expenses		(197)	(52)	(26)	(2)
		(3,639)	(796)	(2,802)	(420)
<b>Operating result before financing costs</b>		7,751	45	3,680	9
Financial income		379	1,395	428	526
Financial expenses		(2,887)	(5)	(1,110)	(19,418)
<b>Net financing costs</b>	E	(2,508)	1,390	(682)	(18,892)
Share of loss of associate	K	(94)	-	-	-
Profit on extinguishment of liability	AC	-	-	4,409	-
<b>Profit(loss) before tax</b>		5,149	1,435	7,407	(18,883)
Income tax expense	F	(751)	-	(222)	-
<b>Profit(loss) after tax</b>		4,398	1,435	7,185	(18,883)

## Balance Sheet

	Note	2008-09		2007-08	
		Group USD'000	Company USD'000	Group USD'000	Company USD'000
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant and equipment	G	9,008	-	11,543	-
Goodwill	H	10,818	-	10,818	-
Intangible assets	I	5,972	-	7,127	-
Advances paid for distribution rights	J	11,625	-	6,520	-
Investment in associate	K	2,673	2,673	3,884	3,884
Investment in subsidiary		-	4	-	5
Loan to subsidiary	L	-	13,032	-	16,937
Deposits	N	579	-	518	-
<b>Total non current assets</b>		<b>40,675</b>	<b>15,709</b>	<b>40,410</b>	<b>20,826</b>
<b>Current assets</b>					
Trade and other receivables	O	12,972	3,093	12,508	3,629
Financial assets at fair value through profit or loss	P	6	-	177	-
Cash and cash equivalents	Q	5,887	4,504	17,510	7,057
<b>Total current assets</b>		<b>18,865</b>	<b>7,597</b>	<b>30,195</b>	<b>10,686</b>
<b>Total assets</b>		<b>59,540</b>	<b>23,306</b>	<b>70,605</b>	<b>31,512</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Issued capital	R	73	73	73	73
Share premium		49,017	49,017	49,017	49,017
Reverse acquisition reserve		1,218	-	1,218	-
Equity component of convertible instruments		1,158	-	1,158	-
Foreign currency translation reserve		(13,290)	(9,469)	(1,666)	(749)
Retained earnings		8,336	(17,542)	3,938	(18,883)
<b>Total stockholders' equity</b>		<b>46,512</b>	<b>22,079</b>	<b>53,744</b>	<b>29,458</b>
<b>Non current liabilities</b>					
Deferred tax liability	M	239	-	-	-
Interest-bearing loans and borrowings	V	786	-	5,450	-
Provisions	W	1,012	-	1,289	-
<b>Total non current liabilities</b>		<b>2,037</b>	<b>-</b>	<b>6,739</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	T	3,978	1,227	4,706	2,054
Bank overdraft	U	1,258	-	730	-
Interest-bearing loans and borrowings	V	5,053	-	4,073	-
Income tax payable		183	-	114	-
Provisions	W	519	-	499	-
<b>Total current liabilities</b>		<b>10,991</b>	<b>1,227</b>	<b>10,122</b>	<b>2,054</b>
<b>Total liabilities</b>		<b>13,028</b>	<b>1,227</b>	<b>16,861</b>	<b>2,054</b>
<b>Total stockholders' equity and liabilities</b>		<b>59,540</b>	<b>23,306</b>	<b>70,605</b>	<b>31,512</b>

## Note



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# Ajmera Group of Companies

## Group Companies

*Ajmera Associates Ltd*

*Ajmera Commodity &  
Derivatives Pvt Ltd*

*K K Developers*

*Ajmera Trading & Impex  
Pvt Ltd*

*Ajmera Insurance  
Broking Ltd*

*Richie Rich Resorts Ltd*



**Ajmera Associates Ltd.**

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## *VISION*

**“Our group companies will emerge as market leaders in every business segment we are present in by leveraging the power of human capital for exemplary customer service and create wealth for the stake- holders.”**

## *Brief Profile*

The Company is promoted by Ajmera Group to facilitate big business houses that are regularly seeking our advice for huge investments in the capital market of India and to manage own/family portfolio and to have broking activities. Members of the family who are the promoter directors have a strong financial background and the expertise to manage diverse financial products. The thirst for progressive development in the capital market led us to take the decision of acquisition of the reputed membership of various exchanges thereby adding our names to the elite broking fraternity.

We introduce ourselves as a fully integrated end to end financial services provider who offers the entire range of services pertaining to the sector under one roof. We have been servicing this sector for more than two decades now and have come unscathed in the times of worst turmoil when peers / contemporaries who were far more experienced cannot claim the same. We provide active primary and secondary market operations to cater to all your needs as and when they arise along with IPO distribution, Mutual Fund distribution and Insurance Broking services.

## *Group Business Segments*

Broking (Equity, Derivatives, Commodities, Currency)

Portfolio Management Services (PMS)

Mutual Fund & IPO distribution

Depository services (CDSL)

Insurance Broking

Import & Export

Hospitality

Pharmaceuticals

Builders & Land Developers