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Board of Directors:

Mr. T. P. Prabhakar	Director
Mr. M. Anil Kumar	Director
<i>(Ceased w.e.f. 30/07/2014)</i>	
Mr. D. Sai Satish Kumar	Director
Mr. R. S. Sudhish	Director (Cessation 04/02/2014)
Mr. K. Ravi Kumar	Director

Registered Office:

Plot No.91, Road No.7-B, Women's Co-operative Society
Jubilee Hills, Hyderabad – 500 033
Tel No. 040 – 23550268, 23544862

Audit Committee:

Mr. M Anil Kumar
Mr. T P Prabhakar
Mr. D. Sai Satish Kumar

Nomination and Remuneration Committee:

Mr. M Anil Kumar
Mr. T P Prabhakar
Mr. R S Sudhish

Stakeholders Relationship Committee:

Mr. M Anil Kumar
Mr. T P Prabhakar
Mr. R.S. Sudhish

Auditors:

M/S. S N Murthy & Co.
Chartered Accountants
Chikkadapally, Hyderabad - 500020

Bankers:

Kotak Mahindra Bank Limited
Somajiguda, Hyderabad - 500082
Syndicate Bank
Corporate Finance Branch
Lumbini Towers, Punjagutta, Hyderabad - 500082

Registrars & Share Transfer Agents:

CIL Securities Limited
Flat No.212 & 214
Raghava Ratna Towers, Chirag Ali Lane
Abids, Hyderabad-500001
Ph: 040-23202465/23203028
Fax: 040-23203028

Listed At:

Delhi Stock Exchange

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of '**Millitoons Entertainment Limited**' (Formerly **Color Chips New Media Limited**) will be held on Tuesday, the 30th day of September 2014 at 10.00 am at Plot No.91, Road No.7-B, Women's Co-operative Society, Jubilee Hills, Hyderabad – 500 033 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Profit & Loss Account for the financial year ended on that date together, with the report of the Board of Directors and Auditors thereof.
2. To appoint a director in place of Mr. T P Prabhakar (DIN No. 00278036), who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 34th Annual General Meeting and to fix their remuneration and pass the following Resolution thereof: .

"RESOLVED THAT, pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed there under and pursuant to the recommendations of the audit committee of the Board of Directors, M/s S N Murthy & Co., Chartered Accountants, be and are hereby re-appointed as the statutory auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 34th Annual General Meeting to be held in year 2019, subject to ratification by the members at every AGM hereafter, and the Board of Directors be and are hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee in consultation with the statutory auditors."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. T P Prabhakar (DIN No. 00278036), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect 30th September 2014 to 29th September 2019.”

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K Ravi Kumar, (DIN: 06363981), who was appointed as an Additional Director of the Company

on 30th July 2014 and whose term of office expires at this Annual General Meeting and who has offered herself for appointment as Independent Director and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 years with effect from September 30, 2014 to September 29, 2019.”

By The Order of the Board of Directors

**Place: Hyderabad
Date: 01/09/2014**

**Sd/-
TBVP Chandramouli
(Authorised signatory)**

**Sd/-
D Sai Satish Kumar
(Director)**

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. The instrument of proxy in order to be effective, must be received at the Registered Office of the Company, duly completed and signed not less than forty-eight hours before the commencement of the Annual General Meeting.
2. An explanatory statement for the special business pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday, 27th September 2014 to Tuesday, 30th September 2014 (both days inclusive) for the purpose of Annual General Meeting.
4. Members holding shares in physical form should inform the Company's Registrar and Transfer Agents, M/s. CIL Securities Limited of any change in their registered address, e-mail address. Similarly, Members holding shares in electronic form should inform their Depository Participants (DP) of any change in their registered address, e-mail address.
5. Corporate members are requested to send, a duly certified copy of the board resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the Annual General Meeting.
6. Members who have multiple folios in identical names or joint names in the same order are requested to intimate to the Registrar and Transfer Agents, M/s. CIL Securities Limited about these folios to enable consolidation of all such shareholdings into one folio.
7. For the convenience of Members and for proper conduct of the meeting, entry to the venue of the Meeting will be regulated by Attendance Slip, which is enclosed with this notice. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the entrance to the venue.
8. The Company has designated an exclusive e-mail ID called cs@millitoons.co.in for Redressal of shareholders' complaints/grievances.
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
10. The documents referred to in this notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 10.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
11. The Notice of the AGM together with Annual Report for the FY 2013-14 will be sent in electronic mode to the Members whose e-mail ids are registered with the Company or the Depository Participant(s). Physical copies of the same will be sent to all other Members at their registered address in the permitted mode.
12. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the Members, facility, to exercise their rights to vote at the 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting:

- i) Log on to the e-voting website www.evotingindia.com
- ii) Click on “Shareholders” tab.
- iii) Now, select “Millitoons Entertainment Limited” from the drop down menu and click on “SUBMIT”
- iv) Enter your User ID - for CDSL: 16 digit beneficiary ID, for NSDL: 8 Character DP ID followed by 8 digit Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below:
- vi) Fill up the following details in the appropriate boxes:

For Members holding shares in Demat Form and Physical Form	
PAN *	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
DOB #	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member ID / folio number in the Dividend Bank details field.

vii) After entering these details appropriately, click on “SUBMIT” tab.

viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.

ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

x) Click on “Millitoons Entertainment Limited”.

xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(1) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(2) The E- Voting period commences on Wednesday, 24th September 2014 (10.00 am) and ends on Friday, 26th September 2014 (6.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 29th August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members may note that voting exercised through electronic mode cannot be altered subsequently.

(3) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

(4) The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 29th August 2014.

(5) Soumith Kumar Sikkinderpurkar, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(6) The Scrutinizer shall within 48 hours from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman/ Managing Director of the Company.

(7) The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.millitoons.co.in and on the website of CDSL within two days of passing of the resolutions and communicated to the BSE Limited in accordance with the listing agreement.

Annexure 1 to the Notice

Details of directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	T. P. Prabhakar
Date of Birth	August 06, 1944
Date of Appointment	January 18, 2010
Expertise in specific functional areas	He is having 24 years experience in business management
Qualifications	M.B.A
No. of Shares held as on March 31, 2014	NIL
Directorships held in other companies (excluding private limited and foreign companies)	NIL
Positions held in mandatory committees in other companies	NIL

Annexure 2 to the Notice

Explanatory Statement under Section 102 of the Companies Act, 2013

Item No. 4

Mr. T P Prabhakar has been appointed as Director by the Members at earlier general meetings as Director liable to retire by rotation and is considered as an Independent Director for the purpose of Clause 49 of the Listing Agreement. As per the provisions of Section 149 of the Act which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

Mr. T P Prabhakar has given declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act. The matter regarding the appointment of Mr. T P Prabhakar Rao as Independent Director was placed before the Nomination and Remuneration Committee, which commends their appointment as Independent Director upto 29th September 2019.

In the opinion of the Board, Mr. T P Prabhakar fulfils the conditions specified in the Act and the Rules made there-under for appointment as an Independent Director and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. T P Prabhakar as Independent Directors is now being placed before the Members in the Annual General Meeting for their approval.

The terms and conditions of appointment of Mr. T P Prabhakar, pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during normal business hours on any working day during 10.00 a.m. to 1.00 p.m. till the conclusion of the Annual General Meeting.

Mr. T P Prabhakar is interested in the resolutions set out respectively at Item No. 4 of the Notice with regard to his appointment and no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

Item No. 5

The Board of Directors appointed Mr. K Ravi Kumar as an Additional Director of the Company with effect from July 30, 2014. His term of office expires at the forthcoming Annual General Meeting. A notice has been received from a shareholder of the Company under section 160 of the Companies Act, 2013 along with the requisite deposit, proposing his candidature for the office of Director.

As per the provisions of section 149 of the Companies Act, 2013 (“Act”) which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

Mr. K Ravi Kumar has given a declaration to the Board that she meets the criteria of independence as provided under section 149 (6) of the Act. The matter regarding appointment of Mr. K Ravi Kumar as an Independent Director was placed before the Nomination and Remuneration Committee, which commends her appointment as an Independent Director up to September 29, 2019.

In the opinion of the Board, Mr. K Ravi Kumar fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director and he is independent of the management. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Mr. K Ravi Kumar as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the Company.

Mr. K Ravi Kumar is interested and concerned in the Resolution and no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution.

By The Order of the Board of Directors

Sd/-
TBVP Chandramouli
(Authorised Signatory)

Sd/-
K. Ravi Kumar
(Director)

Sd/-
D Sai Satish Kumar
(Director)

Place: Hyderabad
Date: 01/09/2014

DIRECTORS' REPORT

Your Directors have the pleasure of presenting this 29th Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the Financial Year ended 31st March 2014.

FINANCIAL PERFORMANCE:

(Rupees in Lakhs)

Particulars	2013-14	2012-13 (Nine Months)
Gross Total Income from Operations	86.60	83.65
Other Income	9.02	8.47
Expenses	94.4	91.73
Profit before Depreciation, Interest and Taxes	1.22	0.38
Depreciation	0.79	0.66
Interest	0.11	0.13
Profit Before Tax	0.32	-0.41
Provision for Tax	0.10	0.00
Deferred Tax Liability	0.13	4.35
Profit After Tax	0.36	3.94
Amount Transferred to Reserves and Surpluses	0.36	3.94

DIVIDEND:

Your Directors do not recommend any dividend for the financial year.

DIRECTORS:

During the year under review, Mr. K Ravi Kumar has been inducted on the Board as Additional director of the Company with effect from 30th July 2014 to hold office up to the conclusion of the ensuing Annual General meeting. Your Company has received respective notices under section 160 of the Companies Act, 2013 for his appointment as Director of the Company. The Board recommends for his appointment.

In accordance with the provisions of the Companies Act, 2013, at the ensuing Annual General Meeting Mr. T P Prabhakar, Director retires by rotation and being eligible offers themselves for re-election. Further, Mr. M Anil Kumar has resigned as Director with effect from 30th July 2014.

In compliance with the provisions of Companies Act, 2013, the appointments of Mr. K Ravi Kumar and Mr. T P Prabhakar as Independent Directors for a term of five years are placed before the Members in the forthcoming general meeting for their approval.

During the year under review, Mr. Soumith Kumar S has resigned as Company Secretary of the Company.

RENAMING OF BOARD COMMITTEES:

In compliance with the provisions of Companies Act, 2013 and the listing agreement, the Company has renamed the Remuneration Committee of the Board as 'Nomination and Remuneration Committee' and Investors Grievance Committee as 'Stakeholders Relationship Committee' under the Chairmanship of a Non Executive Director.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors of your Company hereby report:

- (i) that in the preparation of Annual Accounts for the year ended 31st March, 2014, the applicable accounting standards have been followed along with the proper explanation relating to material departures
- (ii) that 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 at the end of the financial year ended 31st March, 2014 and of the profit and loss of the company for that period.
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:
- (iv) That the directors have prepared the annual accounts on a going concern basis.

AUDITORS:

M/s. S N Murthy & Co, Chartered Accountants, the Statutory Auditors of your Company, who retires at the conclusion of the ensuing Annual General Meeting, and being eligible, expressed their willingness for re-appointment. The board recommends their re-appointment.

PARTICULARS OF EMPLOYEES:

There are no employees drawing remuneration exceeding the limits as specified under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO:

Energy:

The Company is in the business of development of Animation software sector and does not require large quantities of energy. However, wherever possible energy saving efforts are made.

Technology Absorption:

We firmly believe that technology is the genesis of innovative business practices, which in turn enable the organization to carry out business effectively and efficiently. Even though the Animation industry is technology intensive, we believe that there is an increasing need to mechanize the processes involved in order to minimize costs and increase efficiency. We intend to make investments in innovative techniques for this regard.

Foreign Exchange Earning and outgo:

- a) Foreign Exchange Earnings : Nil
- b) Foreign Exchange Earnings : Nil

CORPORATE GOVERNANCE:

A report on Corporate Governance, in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges is set out separately for the information of the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis is set out separately for the information of the shareholders.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to record their appreciation for the continuous support and co-operation extended by the customers and bankers. The Directors also acknowledge the confidence reposed by the investors and shareholders in the Company.

By The Order of the Board of Directors

Sd/-

**TBVP Chandramouli
(Authorised Signatory)**

Sd/-

**D Sai Satish Kumar
(Director)**

Place: Hyderabad

Date: 01/09/2014

MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of Directors' Report)

Industry Structure and Developments:

The year 2013-14 was extremely challenging. We pulled up our sleeves and re-grouped to strategies our way forward. The services product mix had to have all the three formats viz work for- hire for TV, DVD and Feature. We were successful in converting these prospects to customers.

The animation, gaming and VFX industry will continue to maintain its growth pace and is projected to grow at a CAGR of 21.4% from its current size of INR 51.3 billion to INR 72.6 billion in 2015. Growth in international animation films, especially the 3D productions, and subsequent work for Indian production houses will help in the growth this segment. The Indian gaming industry is projected to grow from an estimated size of INR 7.3 billion in 2013 to an estimated INR 23.3 billion by 2014, translating to a cumulative growth of 24.9% over the next five years.

The Indian Animation industry was worth US\$ 311 million in 2014 and is expected to grow at CAGR of 20% to reach US\$ 461 million by 2015.

Internal Control System and their adequacy:

The company through its management is responsible for establishing and maintaining adequate internal control over financial reporting commensurate with its size and nature of business. Our internal control systems are effective to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with the generally accepted principles of accounting. The internal control systems provide for well-defined policies, guidelines, authorizations and approval procedures.

Outlook:

The Indian TV advertisement industry size is expected to increase to US\$ 3.3 billion by 2014. This, coupled with growing popularity of animated characters is expected to boost the industry. The reasons can be attributed to making cost effective commercials or doing away with the clutter of celebrity overkill. Animation commercials cost far lower compared to advertisements with celebrities and establish connect with children and adults alike. They relate to audiences irrespective of language and cultural barriers. Further, in some cases animations are also used to increase the visual appeal of the advertisement or as a part of the concept of a commercial.

Segment wise analysis of the Industry:

The Company is proposing to engage in providing 3D/2D Animation i.e. full-service studio specializing in the development and production of digital animated properties for theatrical, television, home entertainment and interactive distribution for the global entertainment industry.

Management believes that the risks and returns from these services are not predominantly different from one another and hence considers the Company to operate in a single business segment. However management has identified geographical segment disclosures based on location of the Company's customers in case of revenue. Further, disclosures of carrying amount of segment assets and cost incurred to acquire segment assets are based on geographical location of segment assets. As per

Accounting standard AS (17) on segment reporting, segment information has been provided under the notes to consolidated financial statements

Opportunities:

There is a rising demand for visual effects in most mainstream films in India today. VFX has been used in live action films to increase the visual content in the screen. Films such as Patiala House, Tees Maar Khan, No One Killed Jessica, and My Name is Khan etc. have used VFX to improve shots. The use of VFX in live action films has seen a steady and significant growth over the years. Many live action films today include a VFX sequence and the sheer duration of these screen shots has also risen substantially. Further, owing to its large domestic film industry India is bound to find increasing opportunities to use VFX in the domestic market. Usage of VFX in broadcast helps in significant reduction of costs. Its usage brings down the set creation costs for a broadcast by almost 60-65%, particularly for mythological shows. It also helps in costs savings of 30-40% for commercials. The whopping success of VFX extensive movies at the box office overseas is expected to drive the VFX usage in other movies as well. This coupled with the cost savings is expected to lead to greater outsourcing. Indian studios are increasingly receiving work for quality western productions. Pixion, a post-production company that offers visual effects services, has worked in globally acclaimed films such as The King's Speech.

Threats:

1. Competition from other countries like Taiwan, Philippines, Korea and China
2. Ever changing technology
3. Lack of awareness in foreign countries
4. Inadequate funding for capex and investment in manpower
5. Lack of support from government

Challenges, Risks and Concerns:

Animation is a new industry to the Indian Business Environment. Hence, the functioning of the Industry, its risks, the payoffs and the time taken to achieve the payoffs, are not very well understood. The company has been able to develop a strong track record of successful deliveries and has established a strong foundation for a robust growth in the years to come.

Over the years, one distinguishing factor about Millitoons has been the quality of the manpower and low attrition rate, which is much below the industry levels. Particularly, in the 3D animation business, the animators have seen Millitoons as a destination of choice due to training and high quality work opportunities, and a culture best suited for creative talents. This franchise is of utmost importance to this risk reduces progressively with the increase in trained manpower base but nevertheless is an inherent part of the business and needs to be managed actively at all times. Quality computer animation talent is in short supply and also takes time to develop and hence the other major challenges are to successfully increase the talented manpower base of the company.

Discussion on Financial Performance with respect to Operational Performance:

During the year under review the Company has achieved a turnover of Rs.86.60 Lakhs as compared

Rs.83.65 Lakhs in the previous year and Profit after tax of Rs 0.36 Lakhs as compared Rs.3.94 Lakhs in the previous year.

The paid-up capital of the Company as on 31-03-2014 is Rs.8,10,49,500/- comprising of 8,10,49,500 equity shares of Re.1/- each.

Human Resources Development and Industrial Relations:

Millitoons Entertainment Limited firmly believes that Human Assets are more critical than physical and financial assets as they are the ones who manage and sustain the growth of physical and financial assets of the company. Color Chips is well on its way in establishing an integrated system of workforce, which endeavors to develop the capability of its employees that clearly aligns with the business objectives and performance.

Further, we also encourage individual and team awards to sustain and institutionalize the various workforce practices. This helped in giving lots of encouragement to the workforce who have been striving hard to achieve various goals.

Cautionary Statement:

Statement in this Management Discussion and Analysis describing the Company's objective, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Certain observations made on the industry and other players also reflect on opinion by the

management and the management accepts no liability on such opinions. Actual results might differ materially from those either expressed or implied

REPORT ON CORPORATE GOVERNANCE

(Forming part of Directors' Report)

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company firmly believes in transparency in its dealings and lays emphasis on integrity and regulatory compliance. The Company considers good corporate governance a prerequisite for meeting the needs and aspirations of its shareholders.

I. BOARD OF DIRECTORS:**Composition of Board:**

As on 31st March 2014, the Board of Directors comprised of 4 Directors out of which two are independent directors. The Composition of the Board is in conformity with the listing requirements.

II. BOARD MEETINGS:

During the Financial Year under review, Four (4) meetings of the Board of Directors were held on the following dates: 30-05-2013, 14-08-2013, 14-11-2013 and 14-02-2014.

The maximum time-gap between any 2 consecutive meetings did not exceed 4 months.

The details of composition of Board, attendance at Board Meetings held during the year and at last AGM, number of Directorship and membership/chairmanship of Committees in public companies are given below:

Name of the Director	Category	No. of meetings Attended	Whether Attended Last AGM	No. of other directorships *	No. of Board Committees of other Companies	
					Chairman	Member
R. S. Sudhish	Promoter & NED	4	YES	-	-	-
T P Prabhakar	Independent Director	4	YES	-	-	-
M. Anil Kumar	Independent Director	3	YES	-	-	-
D. Sai Satish Kumar	Director	4	YES	1	1	2

*excluding private, foreign and companies registered under Section 25 of the Companies Act, 1956.

III. AUDIT COMMITTEE:

The Committee is empowered with the powers as prescribed under the said Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The broad role of the Committee is to review:

- i. Financial reporting process;
- ii. Adequacy of internal control systems;
- iii. The financial statements for approval of the Board; and
- iv. The performance of statutory and internal auditors

The members of the Audit Committee are as follows:

Name of Member	Category	Designation	No. of Meetings
Mr. D. Sai Satish Kumar	Director	Member	4
Mr. T P Prabhakar	Independent Director	Member	4
Mr. M Anil Kumar	Independent Director	Member	2

Audit committee met 4 times on the following dates: 30-05-2013, 14-08-2013, 14-11-2013 and 14-02-2014.

IV. NOMINATION & REMUNERATION COMMITTEE:

The terms of reference of the Committee are:

- to decide all elements of remuneration package of all the directors i.e. salary, benefits, bonus, pension etc.
- to decide details of fixed component and performance linked incentive along with the Performance Criteria.
- to decide service contracts, notice period, severance fees.
- to decide stock options details if any.

During the year under review, there was no meeting of Remuneration Committee conducted. The Remuneration Committee consists of majority of Independent Directors under the Chairmanship of Mr. M. Anil Kumar.

COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON:

Name of the member	Category	Designation
Mr. M Anil Kumar	Independent Director	Member
Mr. T P Prabhakar	Independent Director	Member
Mr. D. Sai Satish Kumar	Director	Member

Remuneration Policy:

To recommend/review the remuneration package periodically, to the executive directors. The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 1956

V. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The basic function of the Committee is to address shareholders' complaints / grievances pertaining to:

- i. transfer of shares;
- ii. dividends;
- iii. Dematerialization of shares;
- iv. replacement of share torn / mutilated share certificates;
- v. non receipt of rights / bonus / split share certificates; and
- vi. Other related issues.

There were no investor complaints during the year under review.

There are no pending transfer/complaints as on 31-03-2014.

Composition:

Name of the member	Category	Designation
Mr. M Anil Kumar	Independent Director	Member
Mr. T P Prabhakar	Independent Director	Member
Mr. R S Sudhish	Non-Executive Director	Member

The Shareholder/Investor grievances committee specifically looks into redressing of Shareholders and Investors' complaints and ensures expeditious share transfer process.

VI. GENERAL BODY MEETINGS:

The details of Annual General Body Meetings held in the last three years are as under:

Financial Year	Location	Date and Time
2012-2013	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	30.09.2013 3.00 PM
2011-2012	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2012 4.00 PM
2010-2011	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2011 4.00 PM

- No Special Resolutions passed in the last three Annual General Meetings.
- No Ballots papers were used for voting at above meetings.
- No Special Resolutions passed last year through postal ballot (under Section 192A).
- No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

VII. OTHER DISCLOSURES:

Materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large. – **NIL** –

Details on non-compliance by the Company, penalties and strictures imposed on the company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. – **NIL** –

VIII) GENERAL SHAREHOLDERS INFORMATION:

AGM: The 29th Annual General Meeting of the Company will be held on Tuesday, 30th September 2014 at 10.00 A.M. at Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad- 500033, Telangana

Financial Year and Calendar (Tentative) 2014-2015:

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared within the time specified as per the provisions of Listing Agreement.

Means Of Communication:

The un-audited quarterly results and audited results for the year are generally published in one English newspaper (Financial Express) and at least one vernacular newspaper (Andhra Prabha) shortly after its submission to the Stock Exchanges. The results are also displayed on the Company's web-site i.e. www.millitoons.com

Book Closure :

Saturday, 27th September 2014 to Tuesday, 30th September 2014 (both days inclusive)

<u>Listing on Stock Exchanges</u>	: Delhi Stock Exchange Limited
<u>Listing Fees</u>	: Listing fee for the year 2014-2015 has been paid
<u>Stock Code</u>	: 5004 (DSE)
<u>ISIN No.</u>	: INE621I01018
<u>Market Price Data</u>	: There was no Trading in Shares during the year
<u>Registrar and share transfer Agents</u>	: (both Physical and Demat)

M/s. CIL Securities Ltd

Flat No.212 & 214, Raghava Ratna Towers
Chirag Ali Lane, Abids, Hyderabad-500001
Ph: 040- 02465/23203028; Fax: 040-23203028

Share Transfer System:

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to Demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a Demat

request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization and shares are processed and the confirmation is given to the respective Depository i.e., Central Depository Services (India) Limited (CDSL) with in 21 days on receipt.

Shareholding Pattern as on 31st March 2014:

Category	No. of shares	%
Promoters	5,79,05,390	71.44
Mutual Funds and UTI Financial Institutions	Nil	Nil
Private Corporate Bodies	Nil	Nil
Indian Public	2,31,44,110	28.56
NRI's OCB's	Nil	Nil
Others	Nil	Nil
Total	8,10,49,500	100.00

Dematerialization of Shares:

The equity shares of the Company are in compulsory Demat segment. The Company has already entered into necessary agreements with CDSL for Demat facility. As on 31st March 2014 total number shares held in Demat are 7,13,65,550 equity shares representing 88.05% of total equity share capital of the Company.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / Warrants / any convertible instruments.

Plant Locations:

The Company does not have any plant locations; however the Company has its Animation facility centre at Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad- 500033, Telangana.

Address for Investors Correspondence:

Shareholders may address their communications/suggestions/grievances/queries pertaining to share transfer/Demat including physical transfer requests and Demat requisition forms, to the Company's Registrar and Share Transfer Agents and/or to the Company at the following address:

Registered Office

Millitoons Entertainment Limited
Plot No.91 Road no.7-B
Jubilee Hills, Hyderabad – 500 033
Tel No. 040 – 23550268, 23544862

Registrar and Transfer Agent

M/S CIL Securities Limited
214, Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad – 500 001
Phone: 040 - 23202465/23203155;
Fax: 040 – 23203028

Managing Director Certification:

As required by the revised clause 49 (V) of the Listing Agreement, the certificate from Managing Director was placed before the Board of Directors at their meeting held on 1st September, 2014

Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

This is to declare that the Code of Conduct envisaged by the Company for Members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

Sd/-
(Managing Director)

Place: Hyderabad

Date: 01/09/2014

CERTIFICATE BY MANAGING DIRECTOR:

Pursuant to the provisions Clause 41 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the period ended March 31, 2014:

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
 - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-
(Managing Director)

Place: Hyderabad
Date: 01/09/2014

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Millitoons Entertainment Limited

We have examined the compliance of conditions of corporate governance by Millitoons Entertainment Limited for the year ended on 31st March, 2014 as stipulated in clause 49 of the listing agreement of the said company with concerned Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management, our examination has been limited a review of the procedures and implementation thereof adopted by the company for ensuring the compliance the conditions of corporate governance. It is neither an audit nor expression of opinion on the financial statements of the company

In our opinion and best of our information and according to the explanation given to us and the representations made the Directors and Management, we certify that the company has complied with the conditions of corporate governance as stipulated in the aforesaid listing agreement.

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

**For S N Murthy & Co.
Chartered Accountants**

**Sd/-
P V S N
Murthy
Proprietor
M. No: 21862**

Place: Hyderabad

Date: 01/09/2014

INDEPENDENT AUDITOR'S REPORT

To
The Members,
M/S MILLITOONS ENTERTAINMENT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **M/S MILLITOONS ENTERTAINMENT LIMITED (Formerly Color Chips New Media Limited)**, which comprises the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss Account for the year ended, and summary of significant accounting policies and other explanatory information.

Management 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 of the company in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls 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.

Auditor's 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 auditor's 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 31st, 2015.
- (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) Cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 as amendment thereto by the Companies (Auditor's Report) (Amendment) order, 2004 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 paragraph 4 and 5 of the act.
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 and Statement of Profit and Loss Account 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 Account, comply with the Accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. and
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956.

**For SN Murthy & Co
Chartered Accountants**

**Sd/-
P V S N Murthy
Proprietor
MNo: 21862**

**Place: Hyderabad
Date: 01/09/2014**

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT ON THE ACCOUNTS OF M/s MILLITOONS ENTERTAINMENT LIMITED FOR THE YEAR ENDING 2014.

As required by the Companies (Auditor's report) Order, 2003 issued by the central Government of India in terms of section 227(4-A) of the Companies Act, 1956, we report that:

1. In respect of fixed assets:

(a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.

(b) As explained to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of assets. No material discrepancies were noticed on such physical verification.

(c) In our opinion the Company has not disposed off any substantial/major part of fixed assets during the year and the going concern status of the company is not affected.

2. In respect of its inventories:

(a) As explained to us, the inventory has been physically verified by the management at regular intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to size of the company and nature of its business.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company has maintained proper records of inventory. And there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3 (I). During the year the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act:

(ii) During the year the company has not granted Loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act :

(iii) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other the terms and conditions are not prima-facie prejudicial to the interest of the company.

(C) In respect of loans taken and granted by the company, the interest payment & receipt is regular and the principal amount is repayable on demand.

(D) Since the loans taken and granted by the company are repayable on demand, no question of overdue amounts arises.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control.

5. In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

(a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered in the register

maintained under section 301 of the Companies Act 1956 have been so entered.

(b) In our opinion and explanation given to us, the transactions exceeding the value of 5 lakh in respect of any party during the year have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules made there under are not applicable to the Company.

7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

8. To the best of our knowledge the Central Government has not prescribed the maintenance of cost records U/s 209(1) (d) of the company act, for any of the products of the company.

9. In respect of statutory dues:

(A) According to the information and explanations given to us, the company was generally regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund, Income Tax, and other statutory dues with the appropriate authority during the year.

(B) According to the records examined by us and the information and explanations given to us, there are no disputed amounts due in respect of income tax, wealth tax, sales tax, excise duty, Employees provident fund, Employee state insurance fund and other statutory dues at the end of they ear.

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.

11. Based on our audit procedures and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to banks, financial institutions and Debentures holders during the year.

12. In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.

13. In our opinion the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(XIII) of the CARO,2003 are not applicable to the company.

14. The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.

15. According to the information and explanations given to us, the company has not given any guarantee, the terms and conditions whereof are not prejudicial to the interest of the company.

16. In our opinion and according to information and explanation given to us, the Company has not availed of any term loans during the year. There were no term loans outstanding as at the beginning and as at end of the year.

17. According to the information and explanations given to us and on examination of balance sheet, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.

18. The company has not made any preferential allotment to parties and companies covered in the register maintained under Section 301 of the companies Act, 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the company does not arise.

19. The Clause 13 of the order is not applicable, as the company has not issued any debentures during the

year.

20. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.

21. In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

**For S N Murthy & Co
Chartered Accountants**

**Sd/-
P V S N Murthy
Proprietor
Membership No. 21862**

Place: Hyderabad

Date: 01/09/2014

Millitoons Entertainment Limited

Balance Sheet As At 31.03.2014

			Amount in Rs.	
Particulars	Note No.	As on 31.03.2014	As on 31.03.2013	
I EQUITY AND LIABILITIES				
(1) Share Holders Funds				
a) Share Capital	2-1	81,049,500	81,049,500	
b) Reserves & Surplus	2-2	6,082,494	6,045,538	
c) Money received against Share Warrants		-	-	
Sub-Total (1)		87,131,994	87,095,038	
(2) Share Application Money Pending for Allotment				
		-	-	
(3) Non Current Liabilities				
a) Long Term Borrowings	2-3	19,750,064	17,331,958	
b) Deferred Tax Liability (Net)	2-4	8,729	21,792	
c) Other Long Term Liabilities		-	-	
d) Long Term Provisions		-	-	
Sub-Total (2)		19,758,793	17,353,750	
(4) Current Liabilities				
a) Short Term Borrowings	2-5	22,445,856	22,445,856	
b) Trade Payables	2-5	-	-	
c) Other Current Liabilities	2-5	-	-	
d) Short Term Provisions	2-5	788,594	658,525	
Sub-Total (3)		23,234,450	23,104,381	
Total (1 + 2 + 3)		130,125,237	127,553,169	
II ASSETS				
(1) Non Current Assets				
a) Fixed Assets				
(i) Tangible Assets	2-6	10,922,805	11,001,765	
(ii) Intangible Assets		-	-	
(iii) Capital Work in Progress		58,800,696	56,382,590	
(iv) Intangible Assets under Development		-	-	
b) Non-Current Investments		-	-	
c) Deferred Tax Asset - Net		-	-	
d) Long Term Loans and Advances		-	-	
e) Other Non Current assets		-	-	
Sub-Total (1)		69,723,501	67,384,355	
(2) Current Assets				
a) Current Investments		-	-	
b) Inventories	2-7	2,737,721	10,654,623	
c) Trade Receivables	2-7	42,394,326	34,233,016	
d) Cash and Cash Equivalents	2-7	50,565	62,051	
e) Short Term Loans and Advances	2-7	14,803,778	14,803,778	
f) Other Current Assets	2-7	415,346	415,346	
Sub-Total (2)		60,401,736	60,168,814	
Total (1 + 2)		130,125,237	127,553,169	
Significant Accounting Policies				
1				
For S N Murthy & Co., Chartered Accountants		For on behalf of the board of Millitoons Entertainment Limited		
Sd/- P V S N Murthy Proprietor Membership No. 21862		Sd/- TBVP Chandramouli (Authorised Signatory)	Sd/- D. Sai Satish Kumar (Director)	
Place: Hyderabad				
Date : 01/09/2014				

Millitoons Entertainment Limited

Profit and Loss statement for the year 31.03.2014

Particulars	Note No.	Amount in Rs.	
		As on 31.03.2014	As on 31.03.2013
I Revenue from Operations		8,660,090	8,365,115
II Other Income		902,440	846,700
III Total Revenue (I + II)		9,562,530	9,211,815
IV Expenses			
a) Cost of Materials Consumed			
b) Purchase of Stock in Trade			
c) Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	2-8	7,916,902	7,053,823
d) Employee Benefits Expense	2-9	849,550	1,164,508
e) Finance Costs	2-10	11,486	13,014
f) Depreciation and Amortization Expense	2-6	78,960	65,556
g) Other Expenses	2-11	671,499	954,978
Total Expenses		9,528,397	9,251,879
V Profit Before Taxes		34,133	(40,064)
VI Extra-Ordinary Items			
VII Tax Expense			
(a) Current Tax		10,240	-
(b) Deferred Tax		13,063	434,686
VIII Profit & (Loss) for the Period (V - VI)		36,956	394,622
IX Earning Per Equity Share:			
1 Basic		0.00046	0.0049
2 Diluted		0.00046	0.0049
<p>For on behalf of the Board of Millitoons Entertainment Limited</p>			
<p>For S N Murthy & Co., Chartered Accountants</p>			
<p>Sd/- P V S N Murthy Proprietor Membership No. 21862</p>		<p>Sd/- TBVP Chandramouli (Authorised Signatory)</p>	
		<p>Sd/- D. Sai Satish Kumar (Director)</p>	
<p>Place : Hyderabad Date : 01/09/2014</p>			

Millitoons Entertainment Limited

Notes to the Accounts for the year ended 2014

Amount in Rs.

Particulars	As on 31.03.2014	As on 31.03.2013
<u>2(1)Share Capital</u>		
I Authorised Capital		
Equity Shares of 10,00,00,000 nos at face value of Rs.1 each	100,000,000	100,000,000
II Issued, Subscribed and paidup Capital		
a) Equity Shares of 8,10,49,500 Nos at Face Value of Rs.1 each have been Fully Paid Up	81,049,500	81,049,500
b) Less: Calls in arrears	-	-
c) Paidup Equity Capital	81,049,500	81,049,500
Total	81,049,500	81,049,500
III Reconciliation of the shares outstanding at the beging and end the reporting period		
a) At the Beging of the year	81,049,500	81,049,500
b) Add: Shares Issued during the reporting period	-	-
c) Outstanding at the end of the year	81,049,500	81,049,500
IV Details of Share Holders holding more than 5% shares		
	In Nos	In Nos
a) Promoter Groups	60,706,076	60,706,076
% of Holding	75%	75%
<u>2(2)Reserves & Suplus</u>		
I Share Premium		
a) Opening Balance	1,307,250	1,307,250
b) Add: Current year Appropriation	-	-
c) Closing Balance	1,307,250	1,307,250
II Profit and Loss Surplus		
a) Opening Balance	4,738,288	4,343,666
b) Add: Current year Appropriation	36,956	394,622
c) Closing Balance	4,775,244	4,738,288
Total Reserves and Surplus (I + II)	6,082,494	6,045,538
<u>2(3) Long-Term Borrowings</u>		
I Secured Loans		
a) From Banks	-	-
Term Loan from Syndicate Bank	19,750,064	17,331,958

Millitoons Entertainment Limited

Notes to the Accounts for the year ended 2014

Amount in Rs.

Particulars	As on 31.03.2014	As on 31.03.2013
<p>Repayable in 20 quarterly installment commencing from April,2010 secured by mortgage of 3 acres of land situated at Visakhapatnam together with the proposed super structure. The interest rate PLR + 1% floating.</p>		
b) From Others	-	-
Total Long Term Borrowings (a + b)	19,750,064	17,331,958
2(4) Deferred Tax Liability-Net		
a) Balance at the Begining	21,792	456,478
b) less: Current Year Provision	13,063	434,686
c) Closing Balance	8,729	21,792
2(5) Current Liabilities		
I Short Term Borrowings		
a) From Related Parties		
RKPL	-	-
CAPL	-	-
Color Chips India Ltd	17,445,856	17,445,856
K Narasimha rao	5,000,000	5,000,000
Sub-total (a)	22,445,856	22,445,856
b) From Other Parties		
Parvani Security Trading P Ltd		
Sri Krishna INN		
P Sundari		
Sub-total (b)	-	-
Total Short Term Borrowings - II = (a + b)	22,445,856	22,445,856
II Trade Payables		
Total Trade Payables - II	-	-
III Other Current Liabilities		
1 TDS Payable	-	-
2 Statutory Liabilities	-	-
3 Professional Tax Payable	-	-
4 Reliable Security Services	-	-
5 Salaries Payable	-	-
6 TDS on Cotractors	-	-
7 Service Tax Payable	-	-
Total Other Current Liabilities - III	-	-
IV Short Term Provisions		
Provisions	788,594	658,525
Total - IV	788,594	658,525
Total Current Liabilities (I + II + III + IV)	23,234,450	23,104,381

Millitoons Entertainment Limited

Notes to the Accounts for the year ended 2014

Amount in Rs.

Particulars	As on 31.03.2014	As on 31.03.2013
<u>2(7) Current Assets</u>		
I) Inventories	2,737,721	10,654,623
Sub-Total (I)	2,737,721	10,654,623
II) Trade Receivable - Unsecured		
I More Than Six Months		
a) Considered Good	42,394,326	34,233,016
b) Considered Doubtful	-	-
	42,394,326	34,233,016
Less: Provision for doubtful receivables	-	-
Sub- total (II)	42,394,326	34,233,016
III) Cash and Cash Equivalents		
a) Balances with Banks	5,506	21,392
b) Cash on Hand	45,059	40,659
Sub- total (III)	50,565	62,051
IV) Short Term Advances		
Related Parties		
Color Chips India Ltd	-	-
RKPL	14,803,778	14,803,778
CAPL	-	-
Sub- total (IV)	14,803,778	14,803,778
V) Other Current Assets		
Service Tax Input Tax	-	-
TDS Receivable	-	-
Others	-	-
Trade Advances	244,000	244,000
Deposits	171,346	171,346
Sub- total (V)	415,346	415,346
Total (I + II + III + IV + V)	15,219,124	15,219,124
<u>2(8) Changes in Inventories</u>		
a) Opening Balance	10,654,623	17,708,446
b) Add: Purchases	-	-
c) Less: Consumed	7,916,902	7,053,823
d) Closing Balance	2,737,721	10,654,623
<u>2(9) Employee Cost</u>		
Salaries & Wages	849,550	905,136
Staff Welfare Expenses	-	19,572
Security charges	-	239,800
Total	849,550	1,164,508

Millitoons Entertainment Limited

Notes to the Accounts for the year ended 2014

Amount in Rs.

Particulars	As on 31.03.2014	As on 31.03.2013
2(10) Finance Cost		
Int on Term Loan	-	-
Bank Charges	11,486	13,014
Total	11,486	13,014
2(11) Other Expenses		
Advertisement & Business Promotion		-
Electricity Charges	95,829	117,181
Telephone & Internet Expenses	93,620	97,820
Listing Fees	-	179,873
Traveling & Conveyance	94,500	9,261
Printing & Stationary	62,130	54,720
Postage & Stamps	6,850	5,620
Professional Charges	-	-
Office Maintenance	223,570	325,425
Audit Fee	10,000	10,000
Outstanding Expenses	-	114,000
Other Expenses	85,000	41,078
Total	671,499	954,978

Depreciation Chart

Millitoons Entertainment Limited

Depreciation Chart: 31.03.2014

Particulars	Opening Gross Block	Additions	Deletions	Total	Rate of Depreciation	Opening Depreciation	Dep for the yr.	Total Depreciation	WDV at 31.03.2014
Tangible Fixed assets									
Land - Vizag	10,193,041	-	-	10,193,041	0.00%	-	-	-	10,193,041
Electrical Equipment	165,425	-	-	165,425	4.75%	68,574	7,858	76,432	88,993
Furniture and Fittings	745,642	-	-	745,642	6.33%	389,107	47,199	436,307	309,335
Plant and Machinery - Computers	1,834,963	-	-	1,834,963	16.21%	1,834,963	-	1,834,963	-
Office Equipment	503,226	-	-	503,226	4.75%	147,888	23,903	171,791	331,435
Plant and Machinery	438,000	-	-	438,000	16.21%	438,000	-	438,000	-
Total	13,880,297	-	-	13,880,297		2,878,532	78,960	2,957,492	10,922,805

Millitoons Entertainment Limited

Cash Flow Statement for the period ended by 31st March,2014

Amount in Rs.

Particulars	As on 31st March 2014	As on 31st March 2013
I Cash flow from Operating Activities		
a) Net Profit (loss) as per Profit and Loss Account	23,893	(40,064)
b) Adjustments for non-cash elements		
i) Depreciation/Amortization	78,960	65,556
ii) Loss on Sales of Assets		
iii) Loss on Sale of Investments		
c) Cash flow before change in the working capital	102,853	25,492
d) Changes in working capital		
i) (Increase) or Decrease in Inventories	7,916,902	(10,654,623)
ii) (Increase) or Decrease in Trade Receivables	(8,161,310)	41,959,605
iii) (Increase) or Decrease in Other Advances and Loans	-	11,320,795
iv) Increase or (Decrease) in Trade Payables		(40,706,334)
v) Increase or (Decrease) in Other Liabilities & Provisions	130,069	(23,208,024)
Net Cash Flow from Operating Activities	(11,487)	(21,263,089)
II Cash Flow from Investment Activities		
a) Changes in Capital Work in progress	(2,418,104)	24,403,642
b) Sale of Investments	-	-
c) Purchase/Sale of Fixed Assets	-	-
Net Cash Flow from Investment Activities	(2,418,104)	24,403,642
III Cash Flow from Financing Activities		
a) Repayment of Term Loan	2,418,106	(3,154,737)
IV Net surplus or (Deficiet) of Cash and Cash equivalents during the year	(11,485)	(14,184)
V Balance at the beging of the year	62,051	76,234
VII Balance at the end of the year	50,566	62,051
For S N Murthy & Co. Chartered Accountants	For on behalf of the Board of Millitoons Entertainment Limited	
Sd/- P V S N Murthy Proprietor Membership No. 21862	Sd/- TBVP Chandramouli (Authorised Signatory)	Sd/- D. Sai Satish Kumar (Director)
Place : Hyderabad Date :01/09/2014		

MILLITOONS ENTERTAINMENT LIMITED

(Formerly Color Chips New Media Limited)

Schedule to Accounts for the period ended 31.03.2014

Note 18: Notes to Accounts

MILLITOONS ENTERTAINMENT LIMITED

(Formerly Color Chips New Media Limited)

Schedule to Accounts for the period ended 31.03.2014

Note 18: Notes to Accounts

1. BACKGROUND

Millitoons Entertainment Limited (Formerly Color Chips New Media Limited) was incorporated on May 10, 1985 in the state of Andhra Pradesh. The Objects of the Company are Providing Animated Services etc.

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the historical cost and going concern convention and on accrual basis in accordance with the Indian Generally Accepted Accounting Principles ('GAAP') in India and the pronouncements of the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956 to the extent applicable. The financial statements are presented in Indian rupees.

(ii) Revenue Recognition

Revenue from Animation services consists primarily of revenue earned from services performed on time basis. The related revenue is recognized as and when services are performed.

(iii) Expenditure

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities.

(iv) Fixed Assets

Fixed assets are stated at Original Cost. Cost of the asset includes the original cost of acquisition including taxes, duties (other than those subsequently recoverable from the tax authorities), freight and other incidental expenses related to acquisition and installation of the concerned assets. Fixed assets are capitalized on the date on which they are ready for use.

(v) Depreciation

Depreciation on Fixed assets is provided on pro-rata basis on Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956. Individual Assets costing less than Rs. 5,000/- are fully depreciated during the period.

(vi) Inventories

Inventories are valued at lower of cost or net realizable value after providing for obsolescence, If any. Cost comprises of cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to the present location and condition.

(vii) Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction and exchange differences arising from current transactions are recognized in the profit and loss account. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

(viii) Impairment

The Carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on the internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(ix) Taxes on income

Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A Provision is made for income tax annually, based on the tax liability computed after considering tax allowances and exemptions.

The differences that result between the profit offered for income tax and profit as per the financial statements are identified, and thereafter a deferred tax asset or liability is recorded for timing differences, namely the differences that originate in one accounting period and get reversed in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(x) Retirement Benefits

Provident Fund:

The Company has Defined Contribution Plan in respect of Employees Provident Fund and Pension Fund and accordingly has made contributions to the respective funds and charged off the same on accrual basis.

Gratuity & Leave Encashment:

The Company has not made any provision for retirement benefits of employees in respect of Gratuity and Leave Encashment.

(xi) Borrowing Costs:

Borrowing Costs relating to Acquisition of Fixed Assets which takes substantial period of time to get ready for its intended use are included to the extent they are relate to the period till such assets are ready for use. All other borrowing costs are charged to revenue. Borrowing costs consists of interest and other cost that the company incurs in connection with borrowing of funds.

(xii) Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

3. Earnings per Share

Basic Earnings per Share is calculated by dividing the Net Profit for the period attributable to equity shareholders divided by weighted average number of equity shares outstanding during the period.

The Total Earning available to Equity Share holders are considered after deducting all expenses including Prior period expenditure as per AS 5 and also tax expense (Current Tax + Deferred Tax)

Sl. No.	Particulars	FY 2013-14	FY 2012-13
01	Earnings After Tax	36,956	3,94,622
02	Number Shares Outstanding	8,10,49,500	8,10,49,500
03	Nominal Value Per Share	1	1
04	Basic Earnings Per Share (BEPS)	0.00046	0.00049
05	Diluted Earnings Per Share (DEPS)	0.00046	0.00049

4. Auditor's remuneration

Particulars	FY 2013-14	FY 2012-13
Statutory Audit Fees	10,000	10,000
Total	10,000	10,000

5. Managerial Remuneration:

Particulars	FY 2013-14	FY 2012-13
Managerial Remuneration included in Salaries & Wages	NIL	NIL
Total	NIL	NIL

6. Related party Disclosures:

(a) Name and relationship of related parties where transactions have taken place:

Name of Related party	Relationship with the Company
Color Chips Animation Park Limited	Group Companies
Color Chips India Ltd	Group Companies
Ravikaanth Portfolio Services Pvt. Ltd	Group Companies

(b) Transactions with related parties during the year

Particulars	CCIL	CCAPL	RKPL
Purchases	-	-	-
Sales	-	-	-

(c) Year End Balances – Related Party receivable/(payable)

Particulars	Rs. lacs		
	CCIL	CAPL	RKPL
Balances Payable	174.45	-	-
Balances Receivable	-	423.94	148.03

(d) Key Management Personnel during the Year

Name of Related party	Relationship with the Company
Dr. Sudish S Rambhotla	Director
T P Prabhakar	Director
D. Sai Satish Kumar	Director
M. Anil Kumar	Director

7. **Foreign Currency Earnings & Outgo**

Particulars	FY 2013-14	FY 2012-13
Foreign Currency Earnings	NIL	NIL
Foreign Currency Expenditure	NIL	NIL

8. Contingent Liabilities – NIL

9. **The details of deferred tax asset / (liability) are as under:**

Particulars	As at march 31,2014	As at march 31,2013
Deferred tax Asset/(Liability)		
Opening Balance of Deferred Tax Assets	21,792	4,56,478
Deletions on Account of deprecation during the year	13,063	-4,34,686
Closing Balance of Deferred Tax Assets	8,729	21,792

10. Sundry creditors include Rs. Nil due to suppliers covered under the “Small, Micro and Medium Enterprises Development Act, 2006”. The Company has not received any claim for interest from any supplier under the said Act. This is based on the information available with the Company.

11. All the figures have been rounded off to nearest rupee.

12. Previous Year figures are regrouped or reclassified where ever necessary to conform to current year classification and presentation.

13. Balance Sheet abstract and Company's general business profile are attached separately.

Schedules form an integral part of financial statements
As per our report of even date

for S N Murthy & Co.
Chartered Accountants
Limited

for and on behalf of Board of Directors of
Millitoons Entertainment

Sd/-
P V S N Murthy
Proprietor
Membership No. 21862

Sd/-
TBVP Chandramouli **D Sai Satish Kumar**
(Authorised Signatory) **(Director)**

Place: Hyderabad
Date : 01/09/2014

MILLITOONS ENTERTAINMENT LIMITED

CIN: L52110TG1985PLC051404

Regd. Office: Plot No.91, Road No.7-B, Women's Co-operative Society, Jubilee Hills, Hyderabad – 500 033

Tel No. 040 – 23550268, 23544862

ATTENDANCE SLIP

(To be presented at the entrance)

Registered Folio/ DP ID, Client ID

Name and Address of the Shareholder (s)

I / We hereby record my / our presence at the **TWENTY NINETH ANNUAL GENERAL MEETING** of the Company to be held at Plot No.91, Road No.7-B, Women's Co-operative Society, Jubilee Hills, Hyderabad – 500033, on Tuesday, the 30th September 2014 at 10.00 a.m

Member's Folio/
DP ID-Client ID No

Member's/ Proxy's name
in Block Letters

Member's/Proxy's
Signature

NOTES:

- 1) Please complete the DP ID- Client ID No. and name of the Member/Proxy, sign this attendance slip and hand it over, duly signed, at the entrance of the meeting hall.
- 2) Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

MILLITOONS ENTERTAINMENT LIMITED

CIN: L52110TG1985PLC051404

Regd. Office: Plot No.91, Road No.7-B, Women's Co-operative Society, Jubilee Hills, Hyderabad – 500 033

Tel No. 040 – 23550268, 23544862

PROXY FORM

(Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member(s) :

Registered Address :

E-mail Id :

Folio No./DP ID - Client ID :

I/ We, being the member(s) of _____ shares of the above named Company, hereby appoint:

1)

Name _____ Address: _____

–

Email ID _____ Signature _____ or

failing him;

2)

Name _____ Address: _____

–

Email ID _____ Signature _____ or

failing him;

3) Name _____ Address _____

Email _____

ID _____ Signature _____

as my/ our Proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Twenty Ninth Annual General Meeting of the Company, to be held on Tuesday, the 30th September 2014 at 10.00 a.m. at Plot No.91, Road No.7-B, Women's Co-operative Society, Jubilee Hills, Hyderabad – 500 033 and at any adjournment thereof in respect of the following resolutions:

Resolution No

Resolutions

Ordinary Business:

1. Adoption of Audited Financial Statements for the year ended 31st March, 2014
2. Re-appointment of Mr. T P prabhakar
3. Appointment of Auditors and fix their Remuneration
4. Appointment of Mr. T P Prabhakar as an Independent Director of the Company
5. Appointment of Mr. K Ravi Kumar as an Independent Director of the Company

Signed this _____ day of September 2014

Signature of Shareholder: _____

Signature of Proxyholder: _____

Notes:

- 1) This form of Proxy, in order to be effective, should be duly completed and deposited at the Registered Office not less than FORTY-EIGHT (48) HOURS before the commencement of the Meeting.
- 2) For Resolutions, Explanatory Statement and Notes, please refer to the Notice of 29th Annual General Meeting.