



**COLORCHIPS
(INDIA) LIMITED**

**24th
ANNUAL REPORT
2013-2014**



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Board of Directors:

Mr. Rama Krishna Bhaskar	Executive Director (DIN 01620392)
Mr. Nyayapathi Sunder Raj	Non-Executive & Independent Director (DIN 01679215)
Mr. Kotturi Ravi Kumar	Non-Executive & Independent Director (DIN 06363981)
Mr. S.R. S.Srivastav	Non-Executive Director (DIN 06558343)
Mr. Prakash Tripathi	Executive Director (DIN 06926812)

Registered Office:

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

Auditors:

M/s. S.N.MURTHY & CO.
Chartered Accountants
1-8-30, Upstairs,
Chikkadpally, Hyderabad- 500 020.

Audit Committee:

1. Mr. K. Ravi Kumar
2. Mr. Nyayapathi Sunder Raj
3. Mr. Rama Krishna Bhaskar

Nomination & Remuneration Committee:

1. Mr. Ravi Kumar
2. Mr. Nyayapathi Sunder Raj
3. Mr. S.R.S.Srivastav

Stakeholders Relationship Committee:

1. Mr. K. Ravi Kumar
2. Mr. Nyayapathi Sunder Raj
3. Mr. Rama Krishna Bhaskar

Bankers:

ICICI Bank Limited Jubilee Hills Branch Hyderabad

Registrars & Share Transfer Agents:

Venture Capital and Corporate Investments Private Ltd
12-10-167
Bharat Nagar
Hyderabad-500018
Ph: 040-23818475/476 Fax: 040-23868024

ISIN:

INE737B01033

Website:

www.colorchipsindia.com

Investor Email:

cs@colorchipsindia.com

Corporate Identity Number:

L36999TG1990PLC011129

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 24TH ANNUAL GENERAL MEETING OF THE MEMBERS OF COLOR CHIPS (INDIA) LIMITED WILL BE HELD ON SATURDAY, THE 20TH DAY OF SEPTEMBER, 2014 AT 09.00 AM AT PLOT NO 91, ROAD NO 7B, WOMENS HOUSING CO OPERATIVE SOCIETY, JUBILEE HILLS, HYDERABAD – 500033 TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended 31st March, 2014 and the Reports of Board of Directors and Auditors thereon.
2. To consider and if thought it, to pass, with or without modification the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 139-142 and other applicable provisions, if any, of the Companies Act, 2013 read with the underlying rules viz. Companies (Audit and Auditors) Rules, 2014 as may be applicable, M/s. Niranjan & Narayan, Chartered Accountants (registration No. 005899S), be appointed as statutory auditors of the Company, in place of retiring auditors M/s. S.N.Murthy & Co, Chartered Accountants(registration No. 005899S), to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting (AGM) of the Company, on a remuneration (including terms of payment) to be fixed by the Board of Directors of the Company and based on the recommendation of the Audit Committee.

SPECIAL BUSINESS:

3. 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 Section 149 of the Companies Act, 2013 and the Rules made there under and the Articles of Association of the Company, Mr. Rama Krishna Bhaskar, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 26.07.2014 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Rama Krishna Bhaskar as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company.

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

“Resolved that in accordance with the provisions of Sections 196,197,203 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and also subject to the approval of the Central Government, if required, the company hereby accords its approval to the appointment of Mr. Rama Krishna Bhaskar, as a Whole Time Director of the Company w.e.f 20.09.2014 on the terms and conditions including terms of remuneration as set out in the explanatory statement attached hereto and forming part of this notice with a liberty to Board of Directors to alter and vary the terms and conditions of the said appointment and/ or remuneration so as the total remuneration payable to him shall not exceed the limits specified in schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof, for the time being in force and as agreed by and between the Board of Directors and Mr. Rama Krishna Bhaskar.

“Resolved further that notwithstanding anything contained to the contrary in the Companies Act, 2013 wherein any financial year the company has no profits or has inadequate profit, Mr. Rama Krishna Bhaskar will be paid minimum remuneration as stated in the Explanatory statement or such remuneration as may be approved by the Board within the ceiling prescribed under schedule V of the Companies Act, 2013 or any modification or re-enactment thereof at relevant time.

“ Resolved further that in the event of any statutory amendment or modification by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorized to vary and alter in terms of appointment including salary, commission, perquisites, allowances etc. payable to Mr. Rama Krishna Bhaskar within such prescribed limit or ceiling and as agreed by and between the Company and Mr. Rama Krishna Bhaskar without any further reference to the Company in General Meeting.”

“Resolved further that the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.”

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 section 149, 152 of the Companies Act, 2013 and rules made there under, Mr. Nyayapathi Sunder Raj (DIN 01679215), who was appointed ‘Additional Director’ in the Board of the



Company on 26.07.2014 in terms of Section 161 (1) of the Companies Act, 2013 (“the Act”) read with Articles of Association of the Company , and whose term of office expires at the ensuing Annual General Meeting of the Company, and in respect of whom the company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Nyayapathi Sunder Raj as a candidate for the office of a director of the company who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as Independent Director upto 31st March, 2019.”

6. 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 section 149, 152 of the Companies Act, 2013 and rules made there under, Mr. Sai Ramakrishna Srivastav Sadasivuni (DIN 06558343), who was appointed ‘Additional Director’ in the Board of the Company on 19.01.2014 in terms of Section 161 (1) of the Companies Act, 2013 (“the Act”) read with Articles of Association of the Company , and whose term of office expires at the ensuing Annual General Meeting of the Company, and in respect of whom the company has received a notice in writing from a member under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company to retire by rotation.”

7. 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 section 149, 152 of the Companies Act, 2013 and rules made there under, Mr. Prakash Tripathi (DIN 06926812), who was appointed ‘Additional Director’ in the Board of the Company on 14.08.2014 in terms of Section 161 (1) of the Companies Act, 2013 (“the Act”) read with Articles of Association of the Company , and whose term of office expires at the ensuing Annual General Meeting of the Company, and in respect of whom the company has received a notice in writing from a member under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company to retire by rotation.”

8. To consider and if thought it, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 14 and any other applicable provisions, if any, of the Companies Act, 2013, approval of the

shareholders be and is hereby accorded to the Company to amend the Articles of Association of the Company in the following manner;

To insert the following in place of Article 1:

The regulations contained in Table F of Schedule I of the Companies Act, 2013, shall apply to the Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of the Association of the Company.

“Resolved further that the Board of Directors of the Company be and is hereby authorized to do all acts and take necessary, to give effect to this resolution.”

9. EMPLOYEE STOCK OPTION SCHEME – 2014:

To consider and if thought fit, to pass, the following resolution as a Special resolution:

“RESOLVED THAT in accordance with the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made there under and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreement entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Nomination and Remuneration / Compensation Committee of the Board) approval of the members be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue, in one or more tranches, to such permanent employees (including joining employees) of the Company whether working in India or out of India and directors of the company whether whole-time directors or otherwise (hereinafter collectively referred as the “Employees”) who are eligible to participate as per the Guidelines and as may be decided by the Board/Committee, under a plan titled “**CCIL- ESOP Scheme 2014**” (hereinafter referred to as “the Scheme”) the salient features of which are detailed in the explanatory statement, such number of options which could rise to the issue of equity shares of the Company not exceeding 10,00,000 equity shares at such price and on such terms and conditions as may be



determined by the Board/Committee in accordance with the ESOP Guidelines or any other applicable provisions as may be prevailing at that time.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the notice and to make any modification(s), change(s), variation(s), alternation(s) or revision(s) in the terms and conditions of Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.”

“RESOLVED FURTHER THAT any new equity shares to be issued and allotted as aforesaid shall Rank pari-passu inter se with the then existing equity shares of the Company in all respects.”

“RESOLVED FURTHER THAT in case Color Chips (India) Limited equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the grant of option, the Board / Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected”.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Scheme on the Stock Exchanges where the shares of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchange concerned, the Guidelines and other applicable laws and regulations.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the shareholders of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

10. GRANT OF OPTIONS TO THE EMPLOYEES OF SUBSIDIARY AND STEP DOWN SUBSIDIARY COMPANY UNDER EMPLOYEE STOCK OPTIONS SCHEME – 2014:

To consider and if thought fit, to pass, the following resolution as a Special resolution:

“RESOLVED THAT in accordance with the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made there under and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Compensation Committee of the Board) approval of the members be and is hereby accorded to the Board/Committee of Directors to extend the benefits of the “ **CCIL- ESOP Scheme 2014**” referred to in the resolution under item No.9 in this Notice and duly passed at this meeting, also to such permanent employees (including joining employees) of the subsidiary companies including step down subsidiary companies whether working in India or out of India and directors of the company whether whole-time directors or otherwise, as may be decided by the Board and / or Committee or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board”.

“RESOLVED FURTHER THAT in case Color Chips (India) Limited equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board / Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected”.



“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

11. ALLOTMENT OF EQUITY SHARES EXCEEDING 1% OF THE PAID UP CAPITAL OF THE COMPANY UNDER ESOP SCHEME – 2014:

To consider and if thought fit, to pass, the following resolution as a Special resolution:

“RESOLVED THAT in accordance with the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made there under and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Compensation Committee of the Board) approval of the members be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue of options or equity shares equal to or exceeding 1% of the paid up capital including outstanding warrants and conversions) of the Company, in one or more tranches, the benefits of the Employees Stock Option Scheme-2014 referred to in the Resolutions under item nos. 9 and 10 in this notice and duly passed at this meeting, to such key permanent employees (including joining employees) of the Company as may be identified by the Compensation Committee for their outstanding performance / contribution at the time of grant of options whether working in India or out of India and Directors of the company whether whole-time directors or otherwise (hereinafter collectively as the “Employees”) who are eligible to participate as per SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Options exercisable by the Employees under a plan titled “**CCIL- ESOP Scheme 2014**”, as may from time to time, be allowed under



prevailing laws and regulations on such terms and conditions as may be decided by the Board (hereinafter referred to as “the scheme”) the salient features of which are detailed in the explanatory statement.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

12. To approve Borrowing limits of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED that pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs.10,00,00,000.”

“RESOLVED FURTHER that the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 13 and rules made there under and other applicable provisions of the Companies Act, 2013, if any, the consent of the members of the Company be and is hereby accorded for changing the name of the Company from “**COLOR CHIPS (INDIA) LIMITED**”



to **“SPHERE GLOBAL SERVICES LIMITED”** or such other name as may be approved by the Registrar of Companies, Andhra Pradesh in this behalf.”

“RESOLVED FURTHER THAT consequent to the above, Clause I in the Memorandum of Association be and is hereby altered by substituting the same with the following:

The name of the Company is **“SPHERE GLOBAL SERVICES LIMITED.”**

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things for this resolution including signing all such necessary documents as may be required in this regard.”

On behalf of the Board
Color Chips (India) Limited

Sd/-

Prakash Tripathi
Director
(DIN 06926812)

Hyderabad
August 14th, 2014

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 13.09.2014 to 20.09.2014 (both days inclusive).
4. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of up to five consecutive years and are not liable to retire by rotation. Accordingly, resolution proposing appointment of Independent Director is given at item no. 4.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form' available on the website of the Company www.colorchipsindia.com to M/s. Venture Capital and Corporate Investments Private Ltd / Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.



6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
7. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 12.09.2014, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may vote physically in the Annual General Meeting and approach the Company for copy of Annual Report. The e-voting period will commence at 9.00 a.m. on 14.09.2014 and will end at 6.00 p.m on 16.09.2014. The Company has appointed Mr. Vivek Surana, Practicing Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

PROCEDURE FOR E-VOTING:

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - (i) For CDSL: 16 digits beneficiary ID,
 - (ii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - (iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.



(vi) 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:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> ● 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 8 digits of the sequence number (Available on the Address label pasted in the cover and/or in the e-mail sent to the 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 in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	<p>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.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

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- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) 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. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (v) 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.
- (vi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (vii) 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.
- (viii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (x) 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.
- 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.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.



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- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to 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.

In case of members receiving the physical copy:

- (i) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- ii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorized to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.
- iii) The voting period begins on 14.09.2014 at 9.00 A.M. and ends on 16.09.2014 at 6.00.P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the 12.09.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- iv) 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.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- v). The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 12.09.2014 for e voting purpose.
- vi). Mr. Vivek Surana, Practicing Company Secretary, C.P. No. 12901 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vii). The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) 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 of the Company.



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- viii). The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.colorchipsindia.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
- ix). Since the Company is required to provide members facility to cast their vote by electronic means, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 12.09.2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
1. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demat accounts, will be used by the Company. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
 2. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Venture Capital and Corporate Investments Private Ltd / Investor Service Department of the Company immediately.
 3. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. M/s. Venture Capital and Corporate Investments Private Ltd / Investor Service Department of the Company.
 4. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
 5. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

EXPLANTORY STATEMENT
(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 3 & 4:

Mr. Rama Krishna Bhaskar was appointed as an Additional Director of the Company on 26.07.2014 by the Board of Director of the Company. According to the provisions of Section 161 of the Companies Act, 2013, he holds office as Director only upto the date of ensuing Annual General Meeting. As required under section 160 of the Companies Act, 2013, notice has been received from a member signifying its intention to propose the appointment of Mr. Rama Krishna Bhaskar as a Director along with the deposit of requisite amount.

The Board of Directors at its meeting held on the 26.07.2014 has appointed Mr. Rama Krishna Bhaskar as a Additional Director and the Board Proposes him to appoint as a Whole Time Director unanimously for a period of five years w.e.f 20.09.2014, on a remuneration including salary, perks and other benefits plus any increment in remuneration by way of bonus/incentive/performance linked incentive, if any, payable to Mr. Rama Krishna Bhaskar with a liberty to the Board of Director or Nomination and Remuneration Committee to revise the remuneration without the approval Shareholders within the prescribed ceiling limit of Schedule V and other applicable provisions of the Companies Act, 2013.

In the event of absence or inadequacy of profits of the Company in any financial year, Mr. Rama Krishna Bhaskar will be entitled to receive the remuneration, perquisites and benefits as aforesaid or such remuneration as may be approved by the Board, subject to the compliance with the applicable provisions of schedule V of the Act.

Mr. Rama Krishna Bhaskar currently works for Flowell Technologies Pvt Ltd. It's a water treatment company which also manufactures equipment for Water treatment. The Company is also into consultancy.

He also worked in Lausanne, Switzerland as the Admin head of the Lausanne University. He has obtained a Master of Commerce degree from Osmania University, Hyderabad.

The Board of Directors felt that it is the interest of the Company to continue to avail services of Rama Krishna Bhaskar as a Whole time director.

The Board recommends the said resolution for your approval.

Mr. Rama Krishna Bhaskar is deemed to be interested in the said resolution as it relates to his appointment. None of the other Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.

Item No.5

Mr. Nyayapathi Sunder Raj was appointed Additional Director on 26.07.2014, in terms of Section 161 (1) of the Companies Act, 2013, in the category of 'Non-Executive Independent' and is continuing as 'Independent Director'. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office upto the date of the next Annual General Meeting and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with Rules made thereunder and Schedule IV of the Act, it is proposed that approval of the shareholders be accorded for the appointment of Nyayapathi Sunder Raj as 'Independent Director' for a term upto 31.03.2019, and pass the resolution set out at Item No. 4. The appointment of Mr. Nyayapathi Sunder Raj is required to be in compliance with the provisions of Section 160 of the Companies Act, 2013.

Mr. Nyayapathi Sunder Raj has confirmed compliance with the criteria of Independence as provided under Section 149 (6) of the Act. The Board is of the opinion that his continued association with the Company would benefit to the Company. Further, in the opinion of the Board, Mr. Nyayapathi Sunder Raj fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder, and he is independent of the Management.

No Director other than Mr. Nyayapathi Sunder Raj himself or any of the Key Managerial Personnel of the Company or their relatives are, directly or indirectly, concerned or interested in the Resolution set out at Item No. 5. Further, Mr. Nyayapathi Sunder Raj is not related to any other Director of the Company.

Item No. 6 & 7

Mr. Sai Ramakrishna Srivastav Sadasivuni and Mr. Prakash Tripathi were appointed as an Additional Directors of the company with effect from 19.01.2014 & 14.08.2014 respectively, by the board of directors of the company. According to the provisions of section 161 of the Companies Act, 2013, he holds office as Director only upto the date of ensuing Annual General Meeting. As required under section 160 of the Companies Act, 2013, notices has been received from a member signifying its intention to propose the appointment of Mr. Sai Ramakrishna Srivastav Sadasivuni and Mr. Prakash Tripathi as Directors along with the deposit of requisite amount.

Item No. 8

Table A of the erstwhile Companies Act, 1956, prescribes a standard and uniform set of regulations to be followed by every public limited company. It is common practice for all such companies to adopt “Table A” regulations, except those that are not inconsistent or repugnant to their own set of Articles of Association.

Since, the Companies Act, 2013, has been notified and became effective, a new “Table F” has been prescribed in place of “Table A” of erstwhile Companies Act, 1956. Your company intends to adopt this new Table F, except in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of the Association of the Company.

The Board commends the Special Resolution as set out at item no.8 for approval of the Members.

None of the Directors / Key Managerial Personnel and their relatives are interested or concerned in the above said resolution.

Item No. 9, 10 & 11**ESOP scheme and grant of options to the employees of subsidiary and step down subsidiary company under Employee Stock Options Scheme – 2014**

The main objectives of this scheme is to give employees who are performing well, a certain minimum opportunity to gain from the Company’s performance, thereby acting as a retention tool and to attract best talent available in the market. The Employees Stock Option Scheme 2014 (the Scheme) will be administered by the Nomination & Remuneration Committee/ Compensation Committee of the Board or the Board in terms of the Employee Stock Option Guidelines.

A Special Resolution are also proposed for issuing/granting of options to the employees of the subsidiary and step down subsidiary to Color Chips (India) Limited and also exceed 1% of the paid up capital of the company. The Board / Compensation Committee will formulate inter alia the detailed terms and conditions of the Scheme including:

- The tranches within which the options are to be granted in accordance with the Eligibility Criteria.
- The terms and conditions subject to which the options granted would vest in the respective employees.
- The terms and conditions subject to which the options vested would be exercised by the employees. The right of the employees to Exercise all the options vested



in him at one time or at various points of time within the Exercise Period; Conditions under which the options vested in the employees may lapse.

- The procedure for making fair and reasonable adjustment to the number and options and exercise price in case of any corporate actions, such as rights issues, bonus issues, merger, sale of division and others.

In this regard following shall be taken into consideration by the Board / compensation committee:

1. The number and the price of options shall be adjusted in a manner such that total value of the options remains the same after the corporate action. For this purpose global best practice in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
2. The Vesting Period and the life of the options shall be left unaltered as far as possible to protect the rights of the Option holders.
3. The procedure for cashless exercise of options, if any.
4. Framing appropriate procedure for granting, vesting and exercising of options.
5. Obtaining permission from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with all rules and SEBI ESOP Guidelines applicable to the "CCIL- ESOP-2014"; framing suitable policies and systems to ensure that there is no violation by any person of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any statutory modifications and re-enactments thereof.

SALIENT FEATURES OF COLOR CHIPS (INDIA) LIMITED EMPLOYEES STOCK OPTION SCHEME – 2014:

(a). The total number of options to be granted:-

The total number of options that may in the aggregate, be granted shall be up to 10,00,000 options that shall be converted into 10,00,000 fully paid up equity shares of the face value Rs.10/- each of the Company. Any vested option(s) that lapse due to non-exercise or unvested option(s) that do not vest due to any reasons whatsoever would be available for re-grant at a future date.

(b). Identification of classes of employees entitled to participate in CCIL- ESOP Scheme 2014



Persons who are “permanent employees” of the Company, subsidiary company and step down subsidiary company including joining employees, as defined in the ESOP Guidelines (including any statutory modification(s) or enactment of the Act or the Guidelines for the time being in force), and as may be decided by the ESOP Compensation Committee, from time to time will be entitled to participate in the Scheme based on annual appraisal process.

An employee who is a promoter or belongs to the promoter group and a director who either by himself or through his relative or through anybody corporate, directly or indirectly holds more than 10 % of the outstanding equity shares of the company shall not be eligible to participate in the ESOP scheme.

The options granted under the scheme shall not be renounced, transferred, pledged, hypothecated, mortgaged or otherwise alienated, other than the manner specified in the Scheme.

(c). Requirement of vesting, period of vesting including maximum period within which options shall be vested:

- i). Continuation of employment is the requirement for vesting of Options.
- ii). There shall be a minimum period of one year between the grant of options and vesting of options.
- iii). Vesting of options will commence after a period of 1 year from the date of grant, and may extend up to 5 years from the date of grant.
- iv). The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the ESOP Compensation Committee, in its discretion, and which will include performance appraisal of the employee and achievement of other performance milestones.

(d) Exercise price or pricing formula:

The exercise price for the purpose of grant of options shall be the price as defined in the SEBI Guidelines/Regulations on the date of grant of options or the price equal to the closing price of the equity shares a day prior to the date of the meeting of the Board of Directors or Nomination & Remuneration Committee / Compensation Committee, in which the options are granted, on the Stock Exchanges where the equity shares of the company are listed and traded with highest trading volume on the said date or such other price as decided by the ESOP Nomination & Remuneration Committee / compensation committee which shall not be less than the face value of the equity share of the company.

(e) Exercise Period and the process of Exercise:

The Exercise Period has been defined in the **CCIL- ESOP Scheme 2014** as the period of 4 years from the date of vesting of the options, within which period the Option Grantee should exercise the options vested in him. The options will be exercisable by the option grantee(s) by a written application to the Company to exercise the options in such manner and on execution of such documents, as may be prescribed by the compensation committee from time to time.

(f) Appraisal process of determining the eligibility of employees to the ESOP, 2014:

The Company has a formal performance appraisal system established wherein the performance of the employee is assessed each year on the basis of various parameters. The appraisal process is reviewed at regular intervals. In determining the number of options to be granted, the Nomination and Remuneration Committee / Compensation Committee consider the following:

1. Performance of the employee
2. Position, seniority and responsibilities of the employee
3. Nature & value of the eligible employee's services & accomplishments, whether direct or indirect, to the company.
4. The employee's present and potential contribution to the success of the company or its Subsidiary or Holding Company.
5. Gap in compensation package as per market, if any.
6. Such other factors as the compensation committee may deem relevant

(g) Maximum number of options to be issued per employees and in the aggregate:

- i) The maximum number of options granted to Eligible Employees will depend upon the Rank / designation of the employee as on the date of grant of options.
- ii) The ESOP Committee shall decide on the number of options to be granted to each Employee within the limit.

(h) Accounting Policies:

The company will conform to the accounting policies specified in Clause 13.1 of the ESOP Guidelines and/or such other guidelines as may be applicable from time to time.

(i) Method of Valuation:

The Company shall use the intrinsic value method prescribed under the ESOP Guidelines to value its options. In case the company calculates the employees compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Director's Report and also the impact of this difference on profits and on EPS of the company shall be disclosed in the Director's Report. The Company shall disclose in its Directors' Report, the difference between the employee compensation cost computed using the intrinsic method of valuation of options and the employee compensation cost that shall have been recognized if it had used the fair value of the options and also the impact of this difference on profits and the EPS (Earning Per Share) of the Company.

Resolution in terms of Clause 6.3(b) of the ESOS Guidelines

Clause 6.3(b) of the ESOS Guidelines require the approval of the shareholders by way of a separate resolution for the grant of equity shares to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of allotment of equity shares and also for allotment of shares to the employees of subsidiary and step down subsidiary company.

Approval of shareholders by way of separate resolution is being sought as the Company proposes to allot to the key/top level employees more than 1% of the outstanding issued capital in any year. The rationale for grant of more than 1% to the employees will be decided by the Board or Nomination & Remuneration Committee / Compensation Committee.

The **CCIL- ESOP Scheme 2014** seeks to reward the employees who do not currently propose to take or have adequate remuneration as per the industry standards from the Company and has expressed their willingness to be compensated for their efforts by the issue of equity shares.

Your Directors recommend the resolutions as set out in Item Nos. 9, 10 and 11 for the approval of the members as Special Resolutions.

None of the Directors, key managerial personnel and their relatives are concerned or interested in the above said resolution.

Item no. 12:

The borrowing monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of Rs. 10,00,00,000 at any point of time.

Under Section 180 of the Act, the above powers of the Board are required to be exercised only with the consent of the company by a Special Resolution.

The approval of the Members for the said borrowings is therefore now being sought, by way of a Special Resolutions, pursuant to 180(1)(c) of the Act.

The Directors commend the Resolution at Item No. 11 of the accompanying Notice for the approval of the Members of the Company.

Item no. 13:

The Board of directors of the company felt a need to change the name of the company and has approved the change of name of the company and accordingly decided to amend the Memorandum and Articles of Association subject to the approval of the Registrar of Companies and members of the company.

Pursuant to the provisions of Section 13 of the Companies Act, 2013, change of name of the company requires approval of members. Hence, approval of the members is, therefore, sought in terms of the said sections.

Your Directors recommend the above Special Resolution for your approval.

None of the Directors or key managerial personnel or their relatives of the company are in anyway concerned or interested in the above resolutions.

On behalf of the Board
Color Chips (India) Limited

Sd/-

Prakash Tripathi

Director
(DIN 06926812)

Hyderabad
August 14th, 2014

DIRECTORS' REPORT

To
 The Members
 Color Chips (India) Limited
 Your Directors have pleasure in placing before you the 24th Annual Report of the Company with Audited Financial Statements for the year ended 31st March 2014.

Financial Results:

Rs in Lakhs

Particulars	2013-14	2012-13
Gross Total Income from Operations	4.45	40.82
Profit before Depreciation, Interest and Taxes	(19.03)	(34.79)
Depreciation	9.84	12.68
Finance expenses	—	—
Profit Before Tax	(14.58)	(22.11)
Provision for Tax	—	—
Net Profit / (Loss)	(14.58)	(27.00)
Balance Carry forward to Balance Sheet	(14.58)	(27.00)

Performance:

During the year under review, your company has achieved a income of Rs.4.45 Lacs as compared to Rs. 40.82 Lacs in previous year in value. The Net loss of the company stood at Rs.(14.58) Lacs as compared to Rs. (27.00) Lacs in previous year.

Dividend:

Your directors have not recommended any dividend for the financial year.

Transfer to Reserves:

No transfer to reserves was made during the financial year 2013-2014.

Capital:

The Authorised capital of the Company is Rs. 393,150,000 divided into 39,15,000 equity shares of Rs. 10/- each per share. The Paid up capital of the Company is Rs. 17,46,88,720 divided into 1,74,68,872 equity shares of Rs. 10/- each per share.

Directors:

Mr. G. Chandra Bhushan, Mr. D.S. Subramanian, and Mr. G. Chandra Bhushan resigned from the office of Directorship citing personal reasons during the year. The Board places on record its sincere appreciation for the valuable services rendered by them during their tenure as directors of the company.

During the year, Mr. Rama Krishna Bhaskar was appointed as Additional Director and Whole Time Director with effect from 26.07.2014 & 20.09.2014 respectively.

Mr. Nyayaapathi Sunder Raj, Mr. S.R. Srivastav and Mr. T. Prakash were appointed as Additional Directors w.e.f. 26.07.2014, 19.01.2014 & 14.08.2014 respectively. Now the Board proposes them to regularize.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. With the changes in the Companies Act, the Company would not have any upper age limit of retirement of Independent Director from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint existing independent director, as Independent Director on the Board of the Company for a term up to five consecutive years. A brief profile of proposed Independent Director, including nature of expertise, is provided in this Annual Report.

Notice has been received from Member proposing candidature of the Directors namely Mr. Nyayaapathi Sunder Raj for the office of Independent Director of the Company. In the opinion of the Board, they fulfil the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Director, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

Auditor:

The Auditors of the Company M/s. S.N.Murthy & Co. Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting of the Company, in place of them M/s. Niranjana & Narayan, Chartered Accountants, Hyderabad is

being appointed as a statutory auditor of the Company.

Auditor's Report:

With reference to the observations made by the Auditors in their report, the notes forming part of Accounts are self explanatory and hence do not require any further clarification.

Directors' Responsibility Statement Pursuant to Sec. 217(2AA):

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representation received from the operating management hereby confirm that:

In the preparation of the annual accounts for the year ended March 31st, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;

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 as on March 31st, 2014, and of the profit or loss of the company for that period;

The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

The directors have prepared the annual accounts of the Company on a going concern basis.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Sec. 217(1)(e) of the Act read with rule 2 of Companies (disclosure of particulars in the report of board of directors) Rules, 1988 are set out in **Annexure-A** to this Report.

Management Discussion & Analysis:

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India, and forms part of this Annual report as **Annexure-B**

Report On Corporate Governance:

The Company is committed to maintain the standards of Corporate Governance and adhere to the Corporate Governance requirements as set out by SEBI. Your Directors re-affirm their commitment to these standards and a detailed report on Corporate Governance along with a certificate from statutory auditors on its compliance forms part of this Annual Report as **Annexure-C**

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report as **Annexure-D**

CEO'S Declaration As Required Under Clause 49 Of the Listing Agreement:

Declaration as required under clause 49(I) (D) (ii) of the listing agreement with regard to compliance with the code of conduct of the company is set out as **Annexure- E** to this report.

Particulars of Employees - Pursuant To Sec. 217(2A) Of the Companies Act, 1956:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, there are no employee in the Company who is drawing the remuneration worth Rs. 5,00,000 per month or Rs. 60,00,000 per annum during the financial year .

Employee stock option scheme:

Board of Directors of the company believes that in order to build your company into a world leader, we need to attract world class talent and more importantly retain them over the long term. Hence, over the period of time, your Company has introduced different Stock Option Schemes to issue and allot Stock options to the employees of the Company and to the employees of Subsidiary Company. Necessary approvals from the members of the company and statutory authorities were accorded in the due course to give effect to the said schemes.

Stock Exchange Listing:

The Equity Shares of the company are listed and traded on the Bombay Stock Exchange Limited. The listing fee for the year 2014-2015 has been paid to the Bombay Stock Exchange Limited. The Company has also paid custodial fee for the year 2014-2015 to both the depositories' viz. NSDL and CDSL.

Code of conduct:

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given in Annexure.

Fixed deposits:

Your company has not accepted / renewed any fixed deposits under Section 58A of the Companies Act, 1956 during the year 2012-2013.

Acknowledgements:

The Directors wish to place on record their appreciation for the continued co-operation and support by the Banks, Government authorities, Business Partners, Customers and other Stakeholders and more importantly, more specifically to the contribution made by all the Executives, Staff members of the Company in the achievements of the Company during the year under review.

DECLARATION BY DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:

The shareholders,

I, Prakash Tripathi, Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

By the Order Of the Board

Sd/-

SRIVASTAV SADASIVUNI

Director

(DIN 06558343)

Sd/-

Prakash Tripathi

Director

(DIN 06926812)

Hyderabad
14th August, 2014



ANNEXURE TO THE DIRECTORS' REPORT

Annexure-A: Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

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.

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.

Foreign Exchange Earning and outgo:

Amount in Rs. Lakhs

Sl. No. Particulars	2013-14	2012-13
1. Foreign Exchange Earnings	—	—
2. Foreign Exchange Outflow	—	—

By the Order Of the Board

Sd/-

SRIVASTAV SADASIVUNI

Director

(DIN 06558343)

Sd/-

Prakash Tripathi

Director

(DIN 06926812)

Hyderabad
14th August, 2014

Annexure-B Management Discussion and Analysis

(Forming part of Directors' Report)

INDUSTRY OVERVIEW

Four years after the eruption of the global financial crisis, the world economy is still struggling to recover. During 2013, global economic growth has weakened further. A growing number of developed economies have fallen into a double-dip recession. Those in severe sovereign debt distress moved even deeper into recession, caught in the downward spiraling dynamics from high unemployment, weak aggregate demand compounded by fiscal austerity, high public debt burdens, and financial sector fragility. Growth in the major developing countries and economies in transition has also decelerated notably, reelecting both external vulnerabilities and domestic challenges. Most low-income countries have held up relatively well so far, but now face intensified adverse spillover effects from the slowdown in both developed and major middle-income countries. The prospects for the next two years continue to be challenging, fraught with major uncertainties and risks slanted towards the downside.

INDIAN ECONOMY

The statistic shows the growth of the real gross domestic product (GDP) in India from 2004 to 2014. GDP refers to the total market value of all goods and services that are produced within a country per year. It is an important indicator of the economic strength of a country. Real GDP is adjusted for price changes and is therefore regarded as a key indicator for economic growth. In 2012, India's real gross domestic product growth was at about 4.5 percent compared to the previous year.

Gross domestic product (GDP) growth rate in India

Despite the world-wide recession in 2008 and 2009, India still managed to record impressive GDP growth rates, especially when most of the world recorded negative growth in at least one of those years.

Part of the reason for India's success is the economic liberalization that started in 1991 and encouraged trade subsequently ending some public monopolies. GDP growth has slowed in recent years, due in part to skyrocketing inflation. India's workforce is expanding in the industry and services sectors, growing partially because of international outsourcing — a profitable venture for the Indian economy. The agriculture sector in India is still a global power, producing more wheat or tea than anyone in the world except for China. However, with the mechanization of a lot of processes and the rapidly growing population, India's unemployment rate remains relatively high.

INDIAN ENTERTAINMENT AND MEDIA INDUSTRY

The Indian media and entertainment (M&E) industry is full of potential and has a tremendous impact on the country's economy. As per a FICCI-KPMG report, India's M&E industry reaches 161 million TV households; 94,067 newspapers; about 2000 multiplexes; and 214 million internet users, of which 130 million access the Internet on their mobile phones.

The industry grows with each passing day and plays a significant role in creating awareness on many issues that impact the masses. India's population is over 1.2 billion. These numbers give the M&E industry in India a tremendous opportunity for growth. A few years ago, the idea of reaching and engaging the country's population seemed improbable. That scenario has completely changed today and the current industry is armed with digital technologies, modern mobile devices, penetration of broadband internet and digital cinema, and considerable backing from the Central Government.

Market Size

India's M&E industry registered a growth of 12 per cent in 2013 and touched Rs 91,800 crore (US\$ 15.27 billion). The industry has the potential to grow at 14.2 per cent to more than Rs 1.78 trillion (US\$ 29.61 billion) in the next four years, as per a report by FICCI-KPMG.

The television industry in India, which was estimated at Rs 41,720 crore (US\$ 6.94 billion) in 2013, is projected to increase at a compound annual growth rate (CAGR) of 16.2 per cent over 2013-18, to reach Rs 88,500 crore (US\$ 14.72 billion) by 2018.

With an estimated market size of US\$ 5 billion, India is the 14th biggest advertising market globally, as per the latest edition of the Gunn Report. Digital advertising is also expected to witness a CAGR of 27.7 per cent by 2018.

The foreign direct investment (FDI) inflows in information and broadcasting (I&B) sector (including print media) during April 2000 to March 2014 stood at US\$ 3,712.72 million, as per the data released by Department of Industrial Policy and Promotion (DIPP).

FUTURE OUTLOOK

India's M&E industry will continue to bank on the digital area in future. With a growing internet user base of over 200 million, the industry's potential to generate revenue is vast. In 2013, telecom companies started focusing on data as a way to generating revenue. Also, advertising agencies competed with each other to acquire in the social media and digital domains. These developments suggest

a bright future for the M&E industry in the country.

It is also time for the M&E sector to start looking at opportunities outside India. Africa and the Middle East are two of the fastest growing M&E markets, and Indian M&E companies would do well to explore these regions.

The companies with a variety of opportunities to deliver localized content. Many global film studios and TV broadcasters have already entered these markets and are producing regional language content. Finally, there is the evolution of consumption of digital content, which is at an inflection point in India. Although internet penetration is currently low in the country, the recent launch of 3G services and the eventual launch of 4G are expected to bring a late surge in wireless-based broadband adoption. In conjunction with India's mobile phone user base of more than 750 million subscribers, the scale and impact of the country's potential for digital content consumption is huge. This presents M&E companies, foreign and domestic, with an exciting opportunity to develop digital businesses that cater to a new generation of broadband users. While there are many opportunities to tap, there are also unique differences and challenges. Diverse content preferences and the low price point and high volumes of content consumption are some of the critical differences that global M&E companies need to assess when entering the Indian market. Companies that understand and adapt to the economic and social fabric of the country's operating environment and that invest in tailored content and services are likely to maximize their success. M&E companies operating in India continue to be exposed to risks ranging from local competition to fraud, corruption and piracy. Furthermore, although the development of corporate governance norms and ongoing structural and regulatory reforms are expected to mitigate these threats, global M&E companies need to develop flexible business plans, and identify and develop mitigation strategies for key risks.

OPPORTUNITIES

Increasing importance of new media along with customers increasingly adapting their preferences to the new media devices and technologies, the media and entertainment sector certainly is marching towards new horizons of growth. Regional media consumption is expected to grow phenomenally in foreseeable future. Realizing the potential and power of regional media, many national and foreign players have already forayed into the segment, and many others are likely to follow suit, going forward this foray will increase regional media consumption. There is a huge demand for premium and special interest content like comedy, thriller, horror and action movies and demand for different type of music is also increasing. This can be seen with so many dedicated music channels coming up on television. To tap this niche market and understand the preferences

of the consumer in this market through user behavior, creating/ repurposing content for different platform is needed and this will effectively open more channels to monetize content leading to growth of the industry and the Company.

THREATS

Economy risk

Investment in the film industry is highly speculative and inherently risky. There can be no assurance of the economic success of any picture since the revenues derived from the production and distribution of a picture depend primarily upon its acceptance by the public, which cannot be predicted. The commercial success of a picture also depends upon the quality and acceptance of other competing films released into the marketplace at or near the same time, general economic factors and other tangible and intangible factors, all of which can change and cannot be predicted with certainty.

High Talent cost

There has been a constant increase in the talent cost leading to increase in cost of production and making it difficult to recover the cost. The Company has deep relationships with artists at every level which help them sign stars at correct costs, thereby keeping a check on unreal production costs.

Piracy

The problem of piracy assumes a different proportion in a country such as India with an area of

3.3 million sq. km. and a population of over 1 billion speaking 22 different languages. It impacts all segments of the industry especially films, music and television. Most of the credible efforts today to combat piracy have been initiated by industry bodies themselves. On part of the government, lack of empowered officers for enforcement of anti-piracy laws remains the key issue that is encouraging the menace of piracy. This, coupled with the lengthy legal and arbitration process, is being viewed as a deterrent to the crusade against pirates.

INTERNAL CONTROL SYSTEMS

The Company recognizes the importance of internal controls and their adequacy and has taken commensurate steps in this regard. The Company has in process the systems that are needed to manage the business of the scale and size which the company has evolved into. Risks and controls are regularly viewed by senior and responsible officers of the Company that assure strict adherence to budgets and effective and optimal use of resources.

DISCUSSION OF FINANCIAL ANALYSIS

The Company's financial performance is discussed in details under the head "Results of Operations" in Directors Report to the Members.

HUMAN RESOURCES

At CCIL, we believe that human resources represent one of the most important organizational assets and it takes pride in its open non-bureaucratic culture marked by high access to decision makers. HR has successfully inculcated a strong family value system among the employees, nurturing the "WE" feeling and a strong sense of belonging among all.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, Estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.

Annexure-C REPORT ON CORPORATE GOVERNANCE (Forming part of Directors' Report)

I. 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.

II. BOARD OF DIRECTORS:

As on March 31, 2014, the Board of Directors comprised of 5 Directors out of which Three (3) are Non Executive directors and Two (2) are Executive Directors. Out of Three (3) Non Executive Directors Two (2) are Independent Directors. The Composition of the Board is in conformity with the listing requirements.

None of the Directors on the Company's Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he is a Director. All the Directors have made necessary disclosures

regarding Committee positions held by them in other Companies and do not hold the office of Director in more than 15 public companies.

The Managing Director / CEO has certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO certification for the Financial Year ended March 31, 2014.

BOARD MEETINGS:

The Board of Directors met Four (4) times during the year on 29-08-2013, 14-11-2013, 19-01-2014 and 14-02-2014, and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of composition of Board, attendance at Board Meetings 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
* M. Krishnam Raju	Non Executive Director	03	NO	02	-	-
*D.S. Subrahmanyam	Non Promoter & WTD	03	NO	02	-	01
*Dr.G. Chandra Bhushan	Independent Director	04	NO	02	-	-
*K.Ch.A.V.S.N. Murthy	Independent Director	04	NO	-	-	-
.Kotturi Ravi Kumar	Independent Director	04	YES	-	-	-
*Jagannadha Sastry Rani	Independent Director	04	NO	-	-	-
*P T V M Suresh	Managing Director	03	NO	-	-	-
**Srivastav Sadasivuni	Non Executive No Director	01	NO	-	-	-
**Rama Krishna Bhaskar	Executive Director	Nil	Nil	-	-	-
**Nyayapathi Sunder Raj	Non Executive, Independent	Nil	Nil	-	-	-
**Prakash Tripathi	Executive Director	Nil	Nil	-	-	-

excluding private, foreign and companies registered under Section 8 of the Companies Act, 2013.

* Resigned w.e.f 22.06.2014, 14.05.2014, 06.08.2014 & 14.08.2014 respectively.

** Appointed w.e.f 19.01.2014, 26.07.2014 & 27.08.2014 respectively.

The Board has adopted Code of Conduct for all its Directors and members of Senior Management in its meeting held on August 25, 2006. The same has been displayed on the Company's website.

All the Directors and members of Senior Management have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2014.

I. 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. K. Ravi Kumar	Independent	Chairman	3
*Mr. Nyayapathi Sunder Raj	Independent	Member	-
*Mr. Rama Krishna Bhaskar	Non-Independent	Member	-

Audit committee met three times on the following dates: 28-08-2013, 14-11-2013 and 14-02-2014.

* Appointed w.e.f 26.07.2014

I. 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 all Independent Directors under the Chairmanship of Mr. K.Ravi Kumar

COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON:

Name of the member	Category	Designation
Mr. K.Ravi Kumar	Independent	Chairman
*Mr. Nyayapathi Sunder Raj	Independent	Member
* S.R.S.Srivastav	Non-Independent	Member

* Appointed w.e.f 19.01.2014 & 26.07.2014 respectively.

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.

I. 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 was no investor complaint during the year under review.

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

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

Composition:

Name of the member	Category	Designation
Mr. K. Ravi Kumar	Independent	Chairman
*Mr. Nyayapathi Sunder Raj	Independent	Member
*Mr. Rama Krishna Bhaskar	Non-Independent	Member

* Appointed w.e.f 26.07.2014.

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

I. GENERAL BODY MEETINGS:

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

Financial Year	Location	Date and Time	Special Resolution
2010-2011	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad-500033	11.00 AM31.12.2011	NIL
2011-2012	Hotel One place, P.R.R Estate, 2-22-298, Behind K.P.H.B BusStop, Hyderabad-500072.	12.00PM03.11.2012	NIL
2012-13	Plot No 91, Road No 7B, women's Housing Co-operative society, Jubilee Hills, Hyderabad-500033.	09.00 AM30.12.2013	NIL



No resolution was passed through postal ballot for the financial year 2013-2014.

I. 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.colorchipsindia.com

IX) General Shareholders Information:

a) 24th Annual General Meeting:

Date and Time 20th DAY OF SEPTEMBER, 2014 AT 09.00 AM Venue PLOT NO 91, ROAD NO 7B, WOMENS HOUSING CO OPERATIVE SOCIETY, JUBILEE HILLS, HYDERABAD-500033

b) Book Closure Date: 13.09.2014 to 20.09.2014 (both days inclusive).

c) Financial Year and Calendar (Tentative) 2013-14:

The Company follows April to March as its Financial Year. The results of every quarter beginning from 1st April are declared within the time prescribed under the provisions of Listing Agreement.

d) Listing on Stock Exchanges: 1) National Stock Exchange of India Limited
2) Bombay Stock Exchange Limited

e) Listing Fees : Listing fee for the year 2013-14 has been paid.

f) Stock Code : NSE: COLORCHIPS; BSE: 532172

g) ISIN No. : INE737B01033

h) Market Price Data

During the financial year the equity shares of the Company are traded on Bombay Stock Exchange Limited. The shares are suspended from trading in NSE and BSE with effect from September 13, and September 14, 2007 respectively due to penal provisions.

However the suspension from trading in BSE has been revoked with effect from March 6, 2012 vide Circular 20120229-17 dated 29 Feb 2012

i) Registrar and share transfer Agents: (both Physical and Demat)

M/s. Venture Capital and Corporate Investments Private Ltd

12-10-167, Bharat Nagar, Hyderabad-500018. Ph: 040-23818475/476;
Fax: 040-23868024.

j) Share Transfer System:

The Physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of fifteen days 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 Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

k) Distribution of shareholding as on 31st March 2014:

Nominal Value	Holders		Amount	
	Number	% To Total	In Rs	% To Total
Upto -5000	12105	95.44	9055260	5.18
5001 - 10000	325	2.56	2467270	1.41
10001 - 20000	134	1.06	1933440	1.11
20001 - 30000	48	0.38	1162660	0.67
30001 - 40000	17	0.13	588480	0.34
40001 - 50000	12	0.09	550280	0.32
50001 - 100000	19	0.15	1306280	0.75
100001 and above	24	0.19	157625050	90.23
Total	12684	100	174688720	100

I) Shareholding Pattern as on 31st March 2014:

Category	No. of shares	%
Promoters	13053056	74.72
Mutual Funds and UTI		
Financial Institutions	—	—
Private Corporate Bodies	1314507	7.52
Indian Public	3016861	17.27
NRI's OCB's	62729	0.36
Others	21719	0.13
Total	17468872	100.00

m) Dematerialization of Shares:

The equity shares of the Company are in compulsory Demat segment. The Company has already entered into necessary agreements with NSDL and CDSL for Demat facility. As on 31st March 2013, 2352780 equity shares are in Demat form representing 13.47% of total equity share capital of the Company.

n) 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.

o) 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, AP.

p) 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

Color Chips (India) Limited
Plot No.91 Road no.7-B
Jubilee Hills, Hyderabad – 500 033
Tel No. 040-23550268,23544862

Registrar and Transfer Agent

Venture Capital and Corporate Investments Private Ltd
12-10-167, Bharat Nagar,
Hyderabad – 500 018
Ph:040-23818475/476; Fax: 040-23868024.

q) CEO Certification:

As required by the revised clause 49 (V) of the Listing Agreement, the certificate from CEO was placed before the Board of Directors at their meeting held on August 29th, 2013.

r) 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.

On behalf of the Board
Color Chips (India) Limited

Hyderabad
August 14th,2014

Sd/-
Prakash Tripathi
Director
(DIN 06926812)

DECLARATION

To

The Members of Color Chips (India) Limited

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.

On behalf of the Board
Color Chips (India) Limited

Hyderabad
August 14th, 2014

Sd/-
Prakash Tripathi
Director
(DIN 06926812)

CERTIFICATE BY CEO / CFO:

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 volatile 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.

On behalf of the Board
Color Chips (India) Limited

Sd/-
Prakash Tripathi
Director
(DIN 06926812)

Hyderabad
August 14th, 2014



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

Color Chips (India) Limited

We have examined the compliance of conditions of corporate governance by Color Chips (India) Limited for the year ended on March 31st, 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 to 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 not 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 by 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/-

Place: Hyderabad
Date: August 14th, 2014

P.S.N.MURTHY
(Proprietor)

INDEPENDENT AUDITOR'S REPORT

To

The Members of
M/s. Color Chips (India) Limited

Report on the Financial Statements:

1. We have audited the accompanying financial statements of M/s Color Chips (India) Limited ("the Company") which comprise the Balance sheet as at March 31st, 2014, and the Statement of Profit and Loss account and the Cash Flow Statement for the year ended as on that date, and the summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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:

3. 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.
4. 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. 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, 2014;
 - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements:

7. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), since in our opinion and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. 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 financial statements 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 comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - 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.



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- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S.N.MURTHY & CO.
Chartered Accountants

Sd/-

P.S.N.MURTHY
(Proprietor)

Place: Hyderabad
Date: August 14th, 2014



Annexure to the Independent Auditor's Report

Referred to paragraph 3 of the Auditors Report of even date to the members of Color Chips (India) Limited (And Reduced) on the Financial Statements as of and for the year ended March 31, 2014. We report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - c. In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- ii. a. The management has conducted physical verification of inventory at reasonable intervals during the year.
 - b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of Clause 4(iii)(b), (c) and (d)/(f) and (g)] of the said order are not applicable to the company.
- iv. In our opinion, and according to the information and explanation given to us, there is an adequate control system commensurate with the size of the company and the nature of its business with regards to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v. (a) According to the information and explanation given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the act.
 - (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangement exceeding the value of Rupees Five Lakhs in respect of any party during the year.

-
- vi. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the services provided by the company.
- ix. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, Sales-tax, wealth tax, service tax, custom duty, and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales-tax, wealth tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- x. The Company has accumulated losses as at the end of the financial year is more than Fifty percent of its Net worth. It has incurred cash losses in the financial year ended on that date.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company, the provisions of Clause 4(xii) of the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- xiv. In our opinion, the Company has maintained proper records of transactions and contracts, In respect of trading in shares, securities, debentures and other

investments and timely entries have been made therein. All shares, debentures and other investment have been held by the Company in its own name.

- xv. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company has not raise any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the cash flow statement and other records examined by us and the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short term basis have been used for long- term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. The Management has disclosed the end use of monies during the year, out of public issue raise in the earlier year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For S.N.MURTHY & CO.
Chartered Accountants

Sd/-

Place: Hyderabad
Date: August 14th, 2014

P.S.N.MURTHY
(Proprietor)
M.No. 21862

**Balance Sheet as at March 31, 2014**

Particulars	Note No.	As at March 31, 2014 INR	As at June 30, 2013 INR
EQUITY AND LIABILITIES	1	174,688,720	174,688,720
Shareholders' funds			
Share capital			
Reserves and surplus	2	(15,153,706)	(13,695,185)
Share application money pending allotment			
Non-current liabilities			
Long-term borrowings	3	-	-
Deferred tax liabilities (Net)		-	-
Other Liabilities		-	-
Long-term provisions		-	-
Current liabilities			
Short-term borrowings		-	-
Trade payables	4	1,384,492	1,384,492
Other current liabilities	6	893,000	893,000
Short-term provisions		-	-
TOTAL		161,812,506	163,271,027
ASSETS	5	22,313,311	23,297,875
Non-current assets			
Fixed assets			
- Tangible assets			
- Intangible assets		-	-
Non-current investments		-	-
Deferred tax assets (Net)	7	3,340,584	3,340,584
Long-term loans and advances		-	-
Other non-current assets		-	-
Current assets			
Current investments		-	-
Inventories	12	98,876,583	98,876,583
Trade receivables	8	15,192,429	15,192,429
Cash and cash equivalents	9	2,552,563	3,026,520
Short-term loans and advances	10	19,537,036	19,537,036
Other current assets		-	-
TOTAL		161,812,506	163,271,027

For and on behalf of the Board

For S.N.MURTHY & CO

P.S.N.MURTHY
(Proprietor)
M.No. 21862

Sd/-
Director

Sd/-
Director

Place: Hyderabad
Date: August 14th, 2014



Profit and loss for the period ended March, 31 2014

Particulars	Note No.	As at March 31, 2014INR	As at June 30, 2013INR
Continuing Operations Income	11	445,000	4,082,000
Revenue from Services			
- Income from Sales			
Total Revenue (A)		445,000	4,082,000
Expenses:			
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	12	0	3,007,000
- Employee Benefit Expenses	13	587,000	541,242
- Depreciation and Amortization Expenses	5	9,84,565	1,268,000
- Other Expenses	14	331,656	1,477,469
Total expenses (B)		1,903,521	6,293,711
Profit before exceptional and extraordinary items and tax C=(A)-(B)		(1,458,521)	(2,211,711)
Exceptional items		-	-
Profit before extraordinary items and tax		(1,458,521)	(2,211,711)
Extraordinary Items		-	-
Profit before tax		(1,458,521)	(2,211,711)
Tax expense:		-	-
- Current tax		-	-
- Previous Year		-	-
- Deferred tax	7	-	488,718
Profit (Loss) for the period from continuing operations		(1,458,521)	(2,700,429)
Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(loss) from Discontinuing operations (after tax)		-	-
Profit/(Loss) for the period		(1,458,521)	(2,700,429)
Earnings per equity share:		(0.08)	(0.15)
- Basic			
- Diluted		(0.08)	(0.15)

For and on behalf of the Board

For S.N.MURTHY & CO

P.S.N.MURTHY
(Proprietor)
M.No. 21862

Sd/-
Director

Sd/-
Director

Place: Hyderabad

Date: August 14th, 2014

**Cash Flow Statement March, 31, 2014**

Particulars	(Rs)	(Rs)
	As at 31-Mar-14	As at 30-June-13
A. Cash Flow from operating activities		
Net profit/loss after taxation and extraordinary items	(1,458,521)	(2,211,711)
Adjustment for:		
Depreciation	984,565	1,268,000
Speculation Profit	-	-
Dividend Misc. Income	-	-
Loss on Sale of Assets	-	-
Loss on Sale of Investments	-	-
Income tax for the Earlier Years	-	-
Preliminary & Issue Expenses W/off	-	-
Deferred Tax Liability	-	-
Operating profit before working capital changes	(473,956)	(943,711)
Adjustment for:		
Increase/Decrease in inventory	-	3007000
Increase/Decrease in Trade & Other Receivables	-	(4,082,000)
Increase/Decrease in Trade & Other Advances and Loans	-	(1,800,000)
Increase/Decrease in Trade payables	-	(200,000)
Increase/Decrease in Other Liabilities	-	868000
Cash generation from operating activity	(473,956)	(3,150,711)
Direct Taxes paid	-	-
Net Cash from operating activity	(473,956)	(3,150,711)
B. Cash flow from investing activities		
Sale of investments		
Profit/Loss on Sale of Fixed Assets	-	-
Fixed Assets Written Back		
Depreciation Written Back on Sold Assets		
Assets Acquired	-	-
Increase / Decrease in investments	-	-
Decrease in Non current assets	-	-
Net cash from investing activity	-	-
C. Cash Flow From Financing Activities		
Increase /Decrease in secured Borrowings	-	-
Increase in Share Capital	-	-
Interest Received		
Dividend & Misc. Income	-	-
Net Cash Flow from Financing activities	-	-
Net Increase / (decrease) in cash & Cash equivalents (A+B+C)	(473,956)	(3,150,711)
Cash and cash equivalents as at the beginning of the year	3,026,520	6,177,231
Cash and cash equivalents as at the end of the year	2,552,563	3,026,520
Net Flow As shown above	(473,956)	(3,150,711)

For and on behalf of the Board

For S.N.MURTHY & CO

P.S.N.MURTHY
(Proprietor)
M.No. 21862

Sd/-
Director

Sd/-
Director

Place: Hyderabad

Date: August 14th, 2014

Note 1
Share Capital

Particulars	As at 31 March 2014		As at 30 June 2013	
	Number	Rs	Number	Rs
<u>Authorised</u> Equity Shares of 10/- each	39,315,000	393,150,000	39,315,000	393,150,000
<u>Issued</u> Equity Shares of 10/- each fully paid	17,468,872	174,688,720	17,468,872	174,688,720
<u>Subscribed & Paid up</u> Equity Shares of 10/- each fully paid	17,468,872	174,688,720	17,468,872	174,688,720
<u>Less: Calls in arrears</u> (3,17,035 shares @ Rs 7.50/-)	-	-	-	-
	17,468,872	174,688,720	17,468,872	174,688,720
<u>Subscribed but not fully Paid up</u> Equity Shares not fully paid (3,17,035 shares @ Rs 2.50/-)	-	-	-	-
Total	17,468,872	174,688,720	17,468,872	174,688,720

Reconciliation of number of shares outstanding for the period

Particulars	As at 31 March 2014		As at 30 June 2013	
	Number	INR	Number	INR
Equity Shares				
Shares outstanding at the beginning of the year	23,962,050	239,620,500	23,962,050	239,620,500
Shares Issued during the year	15,096,445	150,964,450	15,096,445	150,964,450
Shares bought back/ Reduced during the year	21,589,623	215,896,230	21,589,623	215,896,230
Shares outstanding at the end of the year	17,468,872	174,688,720	17,468,872	174,688,720

Reconciliation of number of shares outstanding for the period

Particulars	As at 31 March 2014		As at 30 June 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Color Chips Animation Park Limited	10,478,899	59.99	10,478,899	59.99
Ravikaanth Portfolio Services Private Limited	1,310,055	7.50	1,310,055	7.50
G Srinivasulu	11,97,842	6.86	1,217,842	6.97
Millitoons Animations Private Limited	1,264,106	7.24	1,264,106	7.24
Cybertoons Entertainments Private Limited	1,158,757	6.63	1,158,757	6.63

Particulars	As at 31 March 2014	As at 30 June 2013
General Reserve		
Opening balance	1,570,500	1,570,500
(-) Transfer to Profit & Loss Account	(1,570,500)	(1,570,500)
Closing Balance	0	0
Share Premium		
Opening balance	732,600	732,600
(-) Transfer to Profit & Loss Account	(732,600)	(732,600)
Closing Balance	0	0
Profit and Loss Surplus		
Opening balance	(13,695,185)	(224,513,220)
(+) Net Profit/(Net Loss) For the current year	(1,458,522)	(2,700,429)
(+) Transfer from Reserves	-	2,303,100
(+) Transfer to Share Capital	-	213,518,464
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	-15,153,706	-13,695,185

Note 3
Long Term Liabilities

Particulars	As at 31 March 2014	As at 30 June 2013
From Associate Companies		
Unsecured Loans	150,964,446	150,964,446
Less: Converted into Equity by issue of 15096445 Equity Shares of Rs. 10/- each	(150,964,446)	(150,964,446)
Total	-	-

Note 4
Trade Payables

Particulars	As at 31 March 2014	As at 30 June 2012
From Associate Companies		
Trade Payables	1,384,492	1,384,492
Total	1,384,492	1,384,492



Note - 5

Depreciation and Amortization Expenses

Fixed Assets for the year ended 31-03-2014

Name of the Assets	Gross Block			Depreciation		Net Blo As on 31-03-2014 3
	Opening Balance	Additions During year	Deletions During year	Closing Balance	Opening Balance	
Tangible Fixed Assets						
Computers *	10,982,816	-	-	10,982,816	10,982,816	512,977
Plant & Machinery	430,170	-	-	430,170	430,170	15,325
Electrical Equipment	9,111,496	-	-	9,111,496	9,111,496	324,597
Furniture & Fixtures	2,773,394	-	-	2,773,394	2,773,394	131,667
Total	23,297,876	-	-	23,297,876	23,297,876	984,565
						22,313,311
						2

Note - 6

Particulars	As at 31 March 2014	As at 30 June 2013
Others - Unsecured	873,000	873,000
Audit Fee Payable	20,000	20,000
Total	893,000	893,000

Note 7
Deferred Tax Assets

Particulars	As at 31 March 2014	As at 30 June 2013
Opening Balance	3,829,302	3,829,302
Add: Additions during the period	-	-
	3,829,302	3,829,302
Less: Transfers	-	-
Total	3,829,302	3,829,302

Note 8
Trade Receivables

Particulars	As at 31 March 2014	As at 30 June 2013
Trade receivables outstanding for a period less than six months from the date they are due for payment		
- Unsecured, considered good	-	-
Less: Provision for doubtful debts	-	-
Trade receivables outstanding for a period more than six months from the date they are due for payment		
- Unsecured, considered good	15,192,429	15,192,429
- Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
Total	15,192,429	15,192,429

Note 9

Particulars	As at 31 March 2014		As at 30 June 2013	
Balances with banks		0		131,369
This includes:				
Bank deposits with more than 12 months maturity	-		-	
Cheques, drafts on hand		-		-
Cash on hand		2,552,563		2,895,151
		2,552,563		3,026,520

Note 10
Short Term Loans and Advances

Particulars	As at 31 March 2014	As at 30 June 2013
<u>Trade Advances</u>		
Trade Advances	17,445,856	17,445,856
Total (a)	17,445,856	17,445,856
<u>Security Deposits</u>		
- Electricity Deposit	150,000	150,000
- Sales Tax Deposit	6,000	6,000
Total (b)	156,000	156,000
<u>Other Short Term Loans and Advances</u>		
- Sales Tax Recovery	1,019,082	1,019,082
- ESI Recovery	416,098	416,098
- Investment Subsidy Receivable	500,000	500,000
Total (c)	1,935,180	1,935,180
Total (a+b+c)	19,537,036	19,537,036

Note 11:
Income from Sales

Particulars	As at 31 March 2014	As at 30 June 2013
Income from Sale of Animation & Feature Film IP Rights & Comics	445,000	4,082,000
Total	445,000	4,082,000

Note 12
Changes in inventories of finished goods

Particulars	As at 31 March 2014	As at 30 June 2013
Stock of Animation & Feature Film IP Rights & Comics		
Opening Stock	3,007,000	101,883,583
Less: Closing Stock	(3,007,000)	(98,876,583)
Total	0	3,007,000

Note 13
Trade Receivables

Particulars	As at 31 March 2014	As at 30 June 2013
Salaries	5,87,300	541,242
Total	5,87,300	541,242

Note 14
Other Expenses

Particulars	As at 31 March 2014	As at 30 June 2013
Advertisement Expenses	0	6,519
Audit Fee	20,000	20,000
Bank Charges	6,238	1,225
Business Promotion Charges	33,703	438,305
Insurance	0	10,743
Listing Fees	0	310,440
Legal & professional Charges	-	-
Office Maintenance	1,34,000	48,811
Re Structuring Expenses	0	100,000
RTA Charges	45,000	165,000
Security Charges	0	108,000
Tours & Travelling Expenses	83,833	240,319
Telephone Expenses	8,837	28,107
Total	331,656	1,477,469

1. Significant Accounting Policies:
a) Basis of Accounting:

The financial statements have been prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act, read with the Companies (Accounting Standards) Rules, 2009.

b) Use of Estimates:

The preparation and presentation of financial statements requires estimates and assumptions and/or revised estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

c) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted with Cash and cash equivalents (with an original maturity of three months or less) held for the purpose of meeting short-term cash commitments.

d) Revenue Recognition:

Company generally follows the mercantile system of accounting and recognizes income and expenses on accrual basis, including provisions or adjustments for committed obligations and amounts deemed as payable or receivable during the year.

e) Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price, including duties and other non-refundable taxes or levies any directly attributable cost of bringing the asset to its working condition and indirect costs specifically attributable to a fixed asset.

Assets retired from active use are carried at lower of book value and estimated net realizable value.

f) Method of Depreciation:

As per the accounting standard – 6, Depreciation on Fixed Assets, is provided on the “Written down Value Method” (W.D.V) at the rates specified in the Schedule XIV to the Companies Act, 1956 from time to time. The Value of Computers is Rs. 1,00,75,693 out of which value Rs. 21,20,051 were put to use during the year. Hence Depreciation is calculated on computers which are put to use.

g) Investments:

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of Long-term Investments. However, fixed income long term securities are stated at cost, less amortization of premium/ discount and provision for diminution to recognize a decline, other than temporary.

h) Foreign Currency transactions:

As per the Accounting standard – 11, there are no foreign currency transactions undertaken by the Company during the year under review.

i) Employee Benefits:

There is no employee in the company, particulars of whom are required to be furnished under section 217(2A), of the Companies Act, 1956.

Earnings per share:**j)**

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k) Related Party Transactions:

During the Financial Year 2013-2014, there is no transaction made with related party, therefore the Accounting standard-18 "Related Party disclosure" is not required.

l) Taxes on Income:

Income-tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.

Minimum Alternative Tax credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal tax during the specified period. In terms of our report attached.

For and on behalf of the Board

For S.N.MURTHY & CO
Chartered Accountants

P.S.N.MURTHY
(Proprietor)
M.No. 21862

Sd/-
Director

Sd/-
Director

Place: Hyderabad
Date: August 14th, 2014



Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L36999TG1990PLC011129
 Name of the company : Colorchips (India) Limited
 Registered office : Plot No. 91 Road no. 7-B
 Jubilee Hills, Hyderabad- 500033
 Telangana, India.

Name of the member(s)	:	
Registered Address	:	
E-mail Id	:	
Folio No./Client Id	:	
DP ID	:	

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

- Name :
 Address :
 E-mail Id :Signature:, or failing him
- Name :
 Address :
 E-mail Id :Signature:, or failing him
- Name :
 Address :
 E-mail Id :Signature:

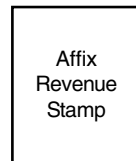
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company, to be held on Saturday 20th day of September, 2014 at 09.00 a.m. at Plot No. 91, Road No. 7B, Women Housing Co operative Society, Jubilee Hills Hyderabad, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.

- Approval of financial statements and the reports thereon for the year ended 31.03.2014.
- Appointment of statutory auditors and fixation of their remuneration.
- Appointment of Mr. Rama Krishna Bhaskar as an Additional Director.
- Appointment of Mr. Rama Krishna Bhaskar as Whole Time Director.
- Appointment of Mr. Nyayapathi Sunder Raj as Independent Director.
- Appointment of Mr. Sai Ramakrishna Srivastav Sadasivuni as Director..
- Appointment of Mr. Prakash Tripathi as Director.
- Alteration of Articles of Association.
- Employee Stock Option Scheme.
- Grant of option to the Employees of Subsidiary and Step Down Subsidiary Company under Employee Stock Option Scheme -2014.
- Allotment of Equity Shares exceeding 1% of the Paidup Capital of the Company under ESOP Scheme -2014.
- To approve the Borrowing limits of the Company.
- Change of Name of the Company.

Signed this day of..... 2014

Signature of shareholder



Signature of Proxy holder(s)



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Colorchips (India) Limited

Plot No. 91 Road no. 7-B, Jubilee Hills,
Hyderabad - 500033, Telangana, India

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 24th Annual General Meeting of the Company to be held on Saturday, 20th September, 2014 at 09.00a.m at Plot No. 91, Road No. 7B, Women Housing Co operative Society, Jubilee Hills Hyderabad, India.

Shareholders/Proxy's Signature _____

Shareholders/Proxy's full Name _____
(In block letters)

Folio No. / Client ID _____

No. of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Color Chips (India) Limited
2.	Annual Financial Statements for the Year ended	31st March, 2014
3.	Type of Audit Observation	Nil
4.	Frequency of Observation	Not Applicable

Signed by

For Color Chips (India) Limited



Director

For S.N Murthy & Co.
Chartered Accountants



S.N Murthy,
Proprietor

Place: Hyderabad
Date: 05.09.2014

