



COLORCHIPS
(INDIA) LIMITED
(And Reduced)

23rd
ANNUAL REPORT
2012-2013



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Board of Directors:

Mr.PTVM Suresh	Managing Director
Mr.D.S. Subrahmanyam	Director
Mr.Manthena Krishnam Raju	Independent Director
Mr.Gurdu Chandra Bhushan	Independent Director
Mr.Kandala Ch AVSN Murthy	Independent Director
Mr.Jagannadha Sastry Rani	Independent Director
Mr.Kotturi Ravi Kumar	Independent Director

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.

Bankers:

HDFC 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

URL: www.colorchipsindia.com

Email Id for Investor Related Matters: cs@colorchipsindia.com



NOTICE

NOTICE IS HEREBY GIVEN THAT THE 23RD ANNUAL GENERAL MEETING OF THE MEMBERS OF COLOR CHIPS (INDIA) LIMITED WILL BE HELD ON MONDAY, THE 30TH DAY OF DECEMBER, 2013 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 30th June, 2013 and the Profit and Loss Account for the year ended 30th June, 2013 and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jagannadha Sastry Rani who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Kotturi Ravi Kumar who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass, with or without modification the following resolution as Special Resolution:

“RESOLVED THAT pursuant to section 224 of the Companies Act 1956, M/s S.N.MURTHY & CO., Chartered Accountants, Hyderabad, the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company”

By Order Of the Board

Sd/-

Penugonda TVM Suresh
Managing Director

Hyderabad
August 29th, 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID SHALL BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 27th December, 2013 to Monday, 30th December, 2013, (both days inclusive).
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. Members are requested to bring their copies of the Annual Report at the time of attending the Meeting as the same will not be distributed at the Meeting.
5. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Share Transfer Agents at M/s. Venture Capital & Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad- 500018.
6. The Company has designated exclusive e-mail Id called cs@colorchipsindia.com for redressal of shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at above said mail IDs.
7. The Ministry of Corporate Affairs has taken a corporate "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies vide circular bearing No.18/2011 dated 29.04.2011. As per the MCA Circular, Service of documents through electronic mode i.e. e-mail by the Company will be a valid compliance of Section 53 of the Companies Act, 1956. In view of the above, notice is hereby given to every member of the Company including NRI shareholders to get their e-mail addresses registered with their respective Depository Participants (DP) in case shares are held in Demat form and with the Registrar & Share Transfer Agent (RTA) viz. M/s. Venture Capital & Corporate Investments Private Limited, Hyderabad, if the shares are held by them in physical mode. Further, it is also clarified that Company would be in compliance of provisions of Section 219(1) of the Companies Act, 1956, in case, a copy of Balance Sheet etc., is sent by electronic mail to its members subject to the above cited compliance.
8. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking re-appointment at the meeting are annexed.
9. It is also noticed that many members holding shares in physical mode are holding insignificant shares under multiple folios. In order to provide cost effective, faster and prompt service, all Members concerned are requested under relevant clause of Listing Agreement to get their shareholding consolidated in one folio only.



10. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the company/RTA.
11. All mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting.

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

a	Name	Mr. Jagannadha Sastry Rani	Mr. Kotturi Ravi Kumar
b	Brief Resume		
	i) Age	49 years	47 years
	ii) Qualification	M.Com	B.com
	iii) Experience & Nature of expertise in specific functional Areas	He has over 20 years experience in Finance sector	He has over 15 years experience in Finance sector
	iv) Date of appointment on the Board of the Company	August 14th, 2012	August 14th, 2012
c)	Names of other companies in which directorship held (as per Section 275 and 278 of the Companies Act, 1956)	NIL	NIL
d)	Name(s) of companies in which NIL committee Membership(s) held	NIL	
e)	No. of shares of Rs.10/- each held by the Director	NIL	NIL
f)	Relationship between Directors inter se (As per section 6 and schedule 1A of the Companies Act, 1956)	NA	NA

DIRECTORS' REPORT

To
 The Members
 Color Chips (India) Limited (And Reduced)

Your Directors have pleasure in placing before you the 23rd Annual Report of the Company with Audited Financial Statements for the year ended 30th June 2013.

Financial Results:

(Rupees in Lakhs)

Particulars	2012-13	2011-12
Gross Total Income from Operations	40.82	38.88
Profit before Depreciation, Interest and Taxes	(34.79)	(900.26)
Depreciation	12.68	12.75
Finance expenses	-	-
Profit Before Tax	(22.11)	(913.01)
Provision for Tax	--	--
Net Profit / (Loss)	(27.00)	(1563.94)
Balance Carry forward to Balance Sheet	(27.00)	(2268.16)

Dividend:

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

Directors:

During the year under review, Mr. Jagannadha Sastry Rani and Mr. Kotturi Ravi Kumar, retire by rotation and being eligible, offer themselves for re-appointment and brief particulars of these gentlemen, are given in the annexure to the Notice of this Meeting.

The Board commends the re-appointment of these persons as Directors of the Company.

Auditors' & Auditor's Report:

M/s. S.N.Murthy & Co., Chartered Accountants, the present Statutory Auditors of the Company, retires at the ensuing Annual General Meeting and is eligible for re-appointment as Statutory Auditors. The Company has received letter from them to the effect that their re-appointment, if

made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act. The Audit Committee of the Board has recommended their re-appointment and the Board of Directors commends the Resolution for their re-appointment.

Comprehensive Capital/Financial Restructure Plan:

An Extra ordinary General Meeting was held on 3rd of November 2012 as per the directives of Hon'ble AP High Court and in the meeting the shareholders' have given their approval for the 'comprehensive restructure' scheme. The final approval was given by the Hon'ble High Court on and on 21st January 2013 and on 26th February 2013 which is the effective date of scheme , the equity shares were reduced and re consolidated to result 1,74,68,872 shares of Rs 10 each.

The Honorable High Court of Andhra Pradesh has approved the Scheme of Arrangement between the Company and its shareholders and its unsecured lenders through its order dated January 21st, 2013:

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

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility statement, it is hereby confirmed that:

In the preparation of the annual accounts for the year ended June 30th , 2013, the applicable accounting standards read with requirements set out under Schedule VI of the Companies Act, 1956 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 June 30th , 2013 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 this 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 a 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 .

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 2012-13 has been paid to the Bombay Stock Exchange Limited. The Company has also paid custodial fee for the year 2012-13 to both the depositories' viz. NSDL and CDSL on the basis of number of beneficial folios maintained by them as on 30th June 2013.

The Company has been suspended from trading from the National Stock Exchange of India Limited.

Fixed deposits:

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



COLORCHIPS
(INDIA) LIMITED

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.

Hyderabad
August 29th, 2013

BY ORDER OF THE BOARD

Sd/-
PENUGONDA TVM SURESH
CHAIRMAN OF THE MEETING



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	2012-13	2011-12
1.	Foreign Exchange Earnings	--	--
2.	Foreign Exchange Outflow	--	--

Hyderabad
August 29th, 2013

BY ORDER OF THE BOARD

Sd/-
PENUGONDA TVM SURESH
CHAIRMAN OF THE MEETING



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 2012, 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, reflecting 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 growth rate of the Indian economy (measured in terms of GDP at factor cost at 2004-05 prices) was 5.4 percent in the first half (H1) of year 2012-13 as against 7.3 percent in the corresponding time period of the previous year. The growth for the full year of 2011-12 was 6.5 percent vis-à-vis the growth rate of 8.4 percent achieved in each of the previous two years i.e. 2009-10 and 2010-11. The slowdown has been all pervasive and almost all the sectors have been affected. The growth rate has been 2.1 percent for agriculture and allied sectors, 3.2 percent for industry sector and 7.0 percent for the services sector in the first half of 2012-13. The growth rates were 3.4 percent, 4.7 percent and 9.5 percent, for agriculture, industry and services, respectively in H1 of 2011-12. The growth of GDP in the first and second quarters of 2012-13 was 5.5 percent and 5.3 percent respectively.

INDIAN ENTERTAINMENT AND MEDIA INDUSTRY

The Indian Media & Entertainment industry grew from Rs. 728 billion in 2011 to Rs. 821 billion in 2012, registering an overall growth of 12.6%. Recent policy measures taken by the government can pave the way for gradual recovery for the Indian economy. With some improvement also likely in the global economy in 2013, the prognosis for the Indian economy looks somewhat better and real GDP growth is expected to be in the range of 6.1% to 6.7% in 2013-14. Given the impetus introduced by digitization, continues growth of regional media, upcoming elections, strength in the film sector and fast increasing new media businesses, the industry is estimated to achieve a growth rate of 11.8% in 2013 to touch Rs. 917 billion. The sector is projected to grow at a healthy CAGR of 15.2% to reach Rs. 1661 billion by 2017.

The year 2012 has been one of the toughest years in recent times. But it has also been a landmark year for

the media and entertainment sector with significant progress in all verticals: the signs are already evident that digitization will fundamentally change broadcasting, films have scaled up their ambitions, and radio and print continue to defy global trends.

The Indian economy continues to perform strongly and one of the key sectors that benefits from this fast economic growth is the E&M industry. This is because the E&M industry is a cyclical industry that grows faster when the economy is expanding. It also grows faster than the nominal GDP during all phases of economic activity due to its income elasticity wherein when incomes rise, more resources get spent on leisure and entertainment and less on necessities. Further, consumption spending itself is increasing due to rising disposable incomes on account of sustained growth in income levels, and this also builds the case for a strong bullish growth in the sector.

FUTURE OUTLOOK

With more than 600 television channels, 100 million pay-TV households, 70,000 newspapers and 1,000 films produced annually, India's vibrant media and entertainment (M&E) industry provides attractive growth opportunities for global corporations. Enticed by economic liberalization and high volumes of consumption, many of the world's media giants have been present in the Indian market for more than two decades. However, in recent years, with near doubledigit annual growth and a fast-growing middle class, there has been a renewed surge in investments into the country by global companies.

Media sectors, regarded as "sunset" industries in mature markets, are flourishing in India, presenting global media companies with exciting opportunities to counter declining revenues. For example, the newspaper industry, which is facing declining readership in many international markets because of digital media, continues to thrive in India, driven by increasing literacy rates and consumer spending as well as the growth of regional markets and specialty newspapers.

Newspapers account for 42% of all advertising spend in India, the highest in all media streams. India's favorable regulatory environment and recent reforms are creating investment opportunities in a number of M&E sectors. Entry restrictions for foreign companies have been relaxed and Foreign Direct Investment (FDI) caps have been recently increased in key sectors, including Direct-To-Home (DTH) and radio. Mandatory digitization of the country's TV distribution infrastructure has spurred the growth of digital cable and DTH, and created the need for these companies to fund their expansion. The third round of radio license auctions (phase III), expected in the near future, is expected see radio networks adding around 700 radio stations across the country.

Then, there are India's diverse content markets. The bulk of the country's urban consumption is from nonmetro cities (the tier 2 and tier 3 towns) and comprises regional markets with distinct cultures, languages and content preferences. These markets, which are huge markets within markets, provide global M&E

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 identifies 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 behaviour, 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 recognises 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 June 30, 2013, the Board of Directors comprised of 7 Directors out of which Five (5) 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 June 30, 2013.

BOARD MEETINGS:

The Board of Directors met Seven (6) times during the year on 14-08-2012, 29-09-2012, 14-11-2012, 14-02-2013, 25-03-2013 and 29-08-2013 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 held during the year and at last AGM, number of Directorship and membership/chairmanship of Committees in public companies are given below:

Name of the Director	Category	No. of meetings Attended	Whether Attended Last AGM	No. of other director ships *	No. of Board Committees of other Companies	
					Chairman	Member
M. Krishnam Raju	Non Executive Director	06	YES	02	-	-
D.S. Subrahmanyam	Non Promoter & WTD	06	YES	02	-	01
Dr.G. Chandra Bhushan	Independent Director	05	NO	02	-	-
K.Ch.A.V.S.N. Murthy	Independent Director	06	YES	-	-	-
Kotturi Ravi Kumar	Independent Director	06	YES	-	-	-
Jagannadha Sastry Rani	Independent Director	07	YES	-	-	-

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

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 June 30, 2013.

III. AUDIT COMMITTEE:

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

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

The members of the Audit Committee are as follows:

Name of Member	Category	Designation	No. of Meetings
Mr. K. Ch. A.V. S. N. Murthy	Independent	Chairman	4
Mr. K.Ravi Kumar	Independent	Member	4
Mr. D S Subrahmanyam	WTD	Member	4

Audit committee met four times on the following dates: 14-08-2012, 14-09-2012, 14-02-2013 and 25-03-2013.

IV. 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.Ch. A.V.S Murthy.

COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON:

Name of the member	Category	Designation
Mr. K.Ch.A.V.S.N. Murthy	Independent	Chairman
Mr. K.Ravi Kumar	Independent	Member
Dr. G. Chandra Bhushan	Independent	Member

Remuneration Policy:

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

V. INVESTOR GRIEVANCE 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 30-06-2013.

Mr. D.S. Subrahmanyam, Whole-time Director is the Compliance Officer.

There are no pending transfer/complaints as on 30-06-2013.

Composition:

Name of the member	Category	Designation
Mr. D. S. Subrahmanyam	WTD	Chairman
Mr. K.Ravi Kumar	Independent	Member
Dr. G. Chandra Bhushan	Independent	Member

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

VI. GENERAL BODY MEETINGS:

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

Financial Year	Location	Date and Time
2009-2010	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2009 11.00 AM
2010-2011	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	11.00 AM 31.12.2011
2011-2012	Hotel One place, P.R.R Estate, 2-22-298, Behind K.P.H.B Bus Stop, Hyderabad-500072.	12.00PM 03.11.2012

- 2 Special Resolutions were passed in the previous three Annual General Meetings.

1. Issue of equity shares on Preferential Basis to Promoters.

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) to or re-enactment thereof) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and in terms of the provisions of the SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2009 (the “SEBI (ICDR) Regulations”) (including any amendment(s) to or re-enactment thereof) and Regulation 8 (2) of SEBI (SAST) Regulations, 2011 and subject to the approvals, consents, permissions and / or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the “the appropriate authorities”) and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as “the requisite approvals”) and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee duly constituted by the Board or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot up to 30,00,000 (Thirty Lakhs) equity shares of the face value of Rs.10/- each, ranking pari-passu with the existing equity shares of the Company, for cash, to M/s. Ravikaanth Portfolio Services Private Limited {a Company belonging to the Promoter Group} at a price of Rs.10/- per share on preferential allotment basis.”

“RESOLVED FURTHER THAT the Relevant Date for the purpose of pricing of the Equity Shares shall be 17th March 2012, being the date which is 30 days prior to the declaration of results of Postal Ballot i.e. 16th April 2012, which is deemed to be the date of the General Meeting passing the resolution in accordance with section 192A of the companies Act, 1956, read with relevant rules there under.”

“RESOLVED FURTHER THAT the said shares shall be ranked in all respects, pari passu with the existing equity shares of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 the fresh equity shares to be allotted shall be locked in for a period of three years from the date of allotment and that the equity Shares shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in except to the extent and in the manner permitted there under.”

- Ballots papers were used for voting at above meeting.

Results of the Postal Ballot

Conducted in accordance with Section 192A of the Companies Act, 1956 Read with the Companies (passing of the Resolution by Postal Ballot) Rules, 2001

Item of the Business:

SPECIAL BUSINESS:

Special Resolution under Section 81 (1A) of the Companies Act, 1956 with regard to issue of 30,00,000 equity shares of Rs.10/- each to ‘Ravikaanth Portfolio Services Private Ltd’ on preferential basis to the Promoter Group.

Based on the Scrutinizer’s Report dated April 16, 2012 Mr. Penugonda TVM Suresh, Chairman and Managing Director of the Company has declared the results of the postal ballot on April 16, 2012 as under:

S. No	Particulars	Item No. 1
1	Total ballot forms received	16
2	Less: invalid ballot forms	0
3	Number of valid ballot forms received (1-2)	13
4	Number of Votes on valid ballot forms	397137
5	Number of Votes on invalid ballot forms	0
6	Ballot forms with Assent	16
7	Votes in favour of the Resolution	397137
8	Ballot forms with Dissent	0
9	Votes against the Resolution	0
10	Percentage of Votes in favour of the Resolution	100.00
11	Percentage of Votes against the Resolution	0

Accordingly, Item No.1 as set out in the Notice of the Postal Ballot dated 6th March 2012 was passed by the Shareholders with the requisite majority as Special Resolution.

2. Scheme of Arrangement between M/s. Color Chips (India) Limited and its Shareholders and its unsecured creditors.

“RESOLVED THAT pursuant to sections 391 and 394 read with Section 100 and other applicable provisions, if any, of the Companies Act, 1956 the scheme of arrangement between M/s. Color Chips (India) Limited and its Shareholders and its unsecured creditors, a copy of whereof is placed before this meeting duly initialed by the Chairperson for the purpose of identification, be and is hereby approved and the Board of Directors of the company be and is hereby authorized to do all such acts, deeds and things as are required for giving effect to the said scheme of arrangement and to assent such modifications and conditions as may be imposed by the Hon’ble High Court of Andhra Pradesh, Hyderabad in sanctioning the said scheme of arrangement.”

- **Ballots papers were used for voting at above meeting.**

The under mentioned shareholders / persons / proxies who attended the meeting voted in favour of the proposed Scheme of Arrangement being adopted and carried into effect.

(A) Shareholders present in person:-

Sl. No.	Name of the shareholder	No. of shares held	Value of shares (In Rupees)
1	K.Puran Chandra Reddy	18622	186220
2	Krishna Gopal Gupta	50	500
3	Rajkumar Khamdewal	50	500
4	Mahenoor Jabeen	5	50
5	Gurdu Chandra Bhushan	29200	292000
6	M.V Seetharam Reddy	100	1000
7	A R S Mohd	1	10
8	M A R Sufi	6	60
9	Md. Waheed	50	50
10	B.Radha Krishna	10	100
11	Shantilal C Shah	342	3420
12	L. Srinivasu	50	500
13	Srikanth Jawahar	102	1020
14	Waliur	50	500
15	Saritha Gupta	50	500
16	Krishna Gopal Gupta	100	1000



17	Peddireddy Srinivas Reddy	410	4100
18	Kamal Kishore	300	3000
19	Suresh Chand Jain	9	90
20	Srivasthav sada Sivani	1000	10000
21	Reddapa G	100	1000
22	Vithal Chavda	2	20
23	Godavary Chavda	660	6600
24	Praful Chavda	284	2840
25	Savitha R Devi & Govind Lal Sharma	5	50
26	Shahahath Ali Khan	50	500
27	Bharat H Shah	1813	18130
28	Sujaith Ali khan	5	50
29	Color Chips Animation Park		
	rep. by V. Radha Krishna Murthy	332097	3320970
30	M/s Ravikaanth Portfolio Services Private Limited		
	Rep. by V. Radha Krishna Murthy	3000000	30000000
	Total	3384147	33841470

(B) Shareholders represented by proxies:-

S.No	Name of the Shareholder	Name of the Proxy	No of shares held (In Rs)	Value of shares
1	Pramellama & Shodhan Amrita	Rekha S	34000	340000
2	Joseph MathewRajesh S	20000	200000	
3	Raj Kumar Sharma	Rajesh S	37369	373690
4	Alka Saraf Rajesh S	75000	750000	
5	Kiran SharmaVikram R	10000	100000	
6	Rajesh Govindan Sampath	Vikram R	10000	100000
7	Bilquis KhalibNazeebudhin Md	161976	1619760	
8	Sinaj ali / Ahmed ali Henan ali	Nazeebudhin Md	42000	420000
9	Pushpa DagaNazeebudhin Md	31300	313000	
10	Natuar Bhai Bechardas Patel	Nazeebudhin Md	20447	204470
11	Mlten Nanubhai Shah	Nazeebudhin Md	15000	15000



12	Gopal Das GoyalNarendra H	10000	100000	
13	Rajendra Ganga Ram Gaikar	Narendra H	20700	207000
14	Manju Gopal Das Akshita S	16000	160000	
15	Rajesh Arvind Kumar shah/ jinesh arvind Kumar Shah	Akshita S	25000	250000
16	Aarshi Dilip Kumar Jain	Ramya S	65610	656100
17	Kusum Suchede	Ramya S	24000	240000
18	Malti Agarwal	Ramya S	21455	214550
19	Uma R	Ramya S	14000	140000
20	Utsav Parekh	Ramya S	11625	116250
21	Rampal Singh	Krishna Reddy H	15500	155000
22	Madhava Rao Nadella	Anath Reddy R	20150	201500
23	Smita Doshi	Ananth Reddy R	20300	203000
24	Pramila Razdan Ayyangar Dr Shailesh Kripalu Aynagar	Rajneesh H	10000	100000
25	Jananmal dargichand sunani	Rajneesh H	26200	262000
26	Ramkala Devi	Deepti R	20000	200000
27	Dr HS Mac	Deepti R	22000	220000
28	Dr Prabhakar Chetty	Deepti R	19750	197500
29	J Jancigetzi	Deepti R	13837	138370
30	Sandeep Reddy Vemi Reddy	Deepti R	11000	110000
31	Shodhan Amrita Nandh Kishore	Rekha S	10000	100000
32	DP Pramelamma	Rekha S	24000	240000
33	B J sanghavi	Pooja SG	10000	100000
34	NN Patel	Pooja SG	19350	193500
35	Gangadharan P Beena P	Anand M	9804	98040
36	Kamarpal Nathmalji	V Mohani	10000	100000
37	Madhu Lata Ravi Shankar	Divya SJ	10000	100000
38	Tulsi Das Gogia	Prasad V	13000	130000
39	Patchi Pulusu Venkateswara Rao	Srinivas A	14500	145000
40	Rekhaben Mahendra Kumar Kochar	S Gopal	15000	150000
41	C Shilpa	N Kalyan Kumar	15272	152720
42	Sushilaben Bhagchand	Venunandh R	25000	250000



43	Rahul Mahawar	Venunadh R	25000	250000
44	Urvinder Singh Kholi	Hans Raj s	16668	166680
45	Mukesh Nathuram Jain	Hans Raj S	18000	180000
46	Surya Kiran Jawant Naik	R Chandra Kanth	110000	1100000
47	Nishith Manilal Dhruva	R Chandra Kanth	1560	15600
48	M Manoj Kumar	R Chandra Kanth	20781	207810
49	Murari Setty Rukmini Venkata Padmavathi	R Chandra Kanth	12000	120000
50	Om Prakash Kovvuri	R Chandra Kanth	25025	250250
51	Apuruv Nagpal	Prasanna V	11850	118500
52	Mahendra Bhagchand	Prasanna V	15000	150000
53	Patel Vishnu Bhai Prabhu Das	Prasanna V	23500	235000
54	Bhagchand Sampath Lal	Prasanna V	32919	329190
55	Mahalakshmi Kande	Prasanna V	50755	507550
56	Manoj Deviji Gala	Arun Kumar V	12500	125000
57	S Jayant Kumar	Arun Kumar V	25400	254000
58	Chandliya Suresh	Arun Kumar V	41346	413460
59	Nikil Hanmuch Doshi	Arun Kumar V	161976	1619760
60	Mahesh Kumar Bechardas Patel	Arun Kumar V	10735	107350
61	A Padmavathi	Kamal Kishore	16500	165000
62	Gandhi Srinivas Rao	Rekha S	12104	1210400
63	Parvindar singh K	Rajesh S	16666	166660
64	R S sudhesh	Suma	40	400
	Total		1775906	17759060

(C) Invalid votes:

SI. No.	Name of the shareholder	No. of shares held	Value of shares (In Rupees)
1	-	-	0

4. Shareholders who were present in person have voted against the Resolution are:

SI. No.	Name of the shareholder	No. of shares held	Value of shares (In Rupees)
1	-	-	0

• No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

VII. OTHER DISCLOSURES:

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in the Accounting standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years
- (d) The Company has complied with all the mandatory requirements of Clause 49. As regards the no mandatory requirements, the extent of compliance has been stated in this report against each item.
- (e) There were no material pecuniary relationships or transactions of the non-executive director's vis-à-vis the Company, other than payment of Board fees/commission and investments (if any) in shares / securities of the Company.

VIII. 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) 23rd Annual General Meeting:

Date and Time	30 th DAY OF DECEMBER, 2013 AT 09.00 AM
Venue	PLOT NO 91, ROAD NO 7B, WOMENS HOUSING CO OPERATIVE SOCIETY, JUBILEE HILLS, HYDERABAD-500033

- b) **Book Closure Date:** Friday, 27th December, 2013 to Monday, 30th December, 2013, (both days inclusive).

- c) **Financial Year and Calendar (Tentative) 2012-13:**

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

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- 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 2012-13 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 30th June 2013:

Nominal Value	Holders		Amount	
	Number	% To Total	In Rs	% To Total
Upto - 5000	12586	95.56	9514160	5.45
5001 - 10000	332	2.52	2501210	1.43
10001 - 20000	144	1.09	2078270	1.19
20001 - 30000	47	0.36	1142170	0.65
30001 - 40000	18	0.14	610070	0.35
40001 - 50000	7	0.05	319990	0.18
50001 - 100000	16	0.12	1161200	0.66
100001 and above	21	0.16	157361650	90.08
Total	13171	100	174688720	100

l) Shareholding Pattern as on 30th June 2013:

Category	No. of shares	%
Promoters	13053056	74.72
Mutual Funds and UTI		
Financial Institutions	---	---
Private Corporate Bodies	1275997	7.30
Indian Public	3064538	17.54
NRI's OCB's	61069	0.35
Others	14212	0.09
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 30th June 2013, 2332824 equity shares are in Demat form representing 13.35% 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 September 29th, 2012.

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.

BY THE ORDER OF THE BOARD

Hyderabad
August 29th, 2013

Sd/-
PENUGONDA TVM SURESH
MANAGING DIRECTOR

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.

BY THE ORDER OF THE BOARD

Hyderabad
August 29th, 2013

Sd/-
PENUGONDA TVM SURESH
MANAGING DIRECTOR



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 June 30, 2013:

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

BY THE ORDER OF THE BOARD

Hyderabad
August 29th, 2013

Sd/-
PENUGONDA TVM SURESH
MANAGING DIRECTOR

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 June 30th, 2013 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

Place: Hyderabad
Date: 29th August, 2013

P.S.N.MURTHY
(Proprietor)

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements:

1. We have audited the accompanying financial statements of M/s Color Chips (India) Limited (And Reduced) ("the Company") which comprise the Balance sheet as at June 30, 2013, 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.

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 June 30, 2013;
 - 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 June 30, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



- 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

Place: Hyderabad
Date: 29th August, 2013

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

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 June 30, 2013. 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.

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- 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 June 30, 2013 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

Place: Hyderabad
Date: 29th August, 2013

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



Balance Sheet as at June 30, 2013

Particulars	Note No.	As at June 30, 2013 INR	As at June 30, 2012 INR
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	174,688,720	237,242,738
Reserves and surplus	2	(13,695,185)	(224,513,220)
Share application money pending allotment			
Non-current liabilities			
Long-term borrowings	3	-	150,964,446
Deferred tax liabilities (Net)		-	-
Other Liabilities		-	-
Long-term provisions		-	-
Current liabilities			
Short-term borrowings		-	-
Trade payables	4	1,384,492	1,584,492
Other current liabilities	6	893,000	25,000
Short-term provisions		-	-
	TOTAL	163,271,027	165,303,456
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	5	23,297,875	24,565,875
- Intangible assets		-	-
Non-current investments		-	-
Deferred tax assets (Net)	7	3,340,584	3,829,302
Long-term loans and advances		-	-
Other non-current assets		-	-
Current assets			
Current investments		-	-
Inventories	12	98,876,583	101,883,583
Trade receivables	8	15,192,429	11,110,429
Cash and cash equivalents	9	3,026,520	6,177,231
Short-term loans and advances	10	19,537,036	17,737,036
Other current assets		-	-
	TOTAL	163,271,027	165,303,456

For S.N.MURTHY & CO.

Chartered Accountants

For and on behalf of the Board

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

Sd/-
Managing Director

Sd/-
Director

Place : Hyderabad
Date : 29th August,2013



Profit and loss for the period ended June,30 2013

Particulars	Note No.	As at June 30, 2013 INR	As at June 30, 2012 INR
Continuing Operations			
Income			
Revenue from Services			
- Income from Sales	11	4,082,000	3,888,000
Total Revenue (A)		4,082,000	3,888,000
Expenses:			
Purchase of Stock-in-Trade		-	49,253,265
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	12	3,007,000	41,356,704
- Employee Benefit Expenses	13	541,242	-
- Depreciation and Amortisation Expenses	5	1,268,000	1,274,675
- Other Expenses	14	1,477,469	3,304,069
Total expenses (B)		6,293,711	95,188,713
Profit before exceptional and extraordinary items and tax C=(A)-(B)		(2,211,711)	(91,300,713)
Exceptional items		-	-
Profit before extraordinary items and tax		(2,211,711)	(91,300,713)
Extraordinary Items		-	(65,093,751)
Profit before tax		(2,211,711)	(156,394,464)
Tax expense:			
- Current tax		-	-
- Previous Year		-	-
- Deferred tax	7	488,718	-
Profit (Loss) for the period from continuing operations		(2,700,429)	(156,394,464)
Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(loss) from Discontinuing operations (after tax)		-	-
Profit/(Loss) for the period		(2,700,429)	(156,394,464)
Earnings per equity share:			
- Basic		(0.15)	(6.59)
- Diluted		(0.15)	(6.59)

For S.N.MURTHY & CO.

Chartered Accountants

For and on behalf of the Board

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

Sd/-
Managing Director

Sd/-
Director

Place : Hyderabad
Date : 29th August,2013



Cash Flow Statement June,30 2013

Particulars	(Rs) As at 30-jun-13	(Rs) As at 30-June-12
A. Cash Flow from operating activities		
Net profit/loss after taxation and extraordinary items	(2,211,711)	(156,394,464)
Adjustment for :		
Depreciation	1,268,000	1,274,675
Speculation Profit	-	-
Dividend Misc. Income	-	-
Loss on Sale of Assets	-	6,852,948
Loss on Sale of Investments	-	41,235,075
Income tax for the Earlier Years	-	-
Preliminary & Issue Expenses W/off	-	-
Deferred Tax Liability	-	-
Operating profit before working capital changes	(943,711)	(107,031,766)
Adjustment for:		
Increase/Decrease in inventory	3007000	41,356,704
Increase/Decrease in Trade & Other Receivables	(4,082,000)	4,955,811
Increase/Decrease in Trade & Other Advances and Loans	(1,800,000)	1,496,578
Increase/Decrease in Trade payables	(200,000)	54,256,017
Increase/Decrease in Other Liabilities	868000	(83,376)
Cash generation from operating activity	(3,150,711)	101,981,734
Direct Taxes paid	-	-
Net Cash from operating activity	(3,150,711)	(5,050,032)
B. Cash flow from investing activities		
Sale of investments	-	4,581,675
Profit/Loss on Sale of Fixed Assets	-	228,850
Fixed Assets Written Back	-	-
Depreciation Written Back on Sold Assets	-	-
Assets Acquired	-	(24,114,253)
Increase / Decrease in investments	-	-
Decrease in Non current assets	-	-
Net cash from investing activity	-	(19,303,728)
C. Cash Flow From Financing Activities		
Increase /Decrease in secured Borrowings	-	-
Increase in Share Capital	-	30,000,000
Interest Received	-	-
Dividend & Misc. Income	-	-
Net Cash Flow from Financing activities	-	-
Net Increase / (decrease) in cash & Cash equivalents (A+B+C)	(3,150,711)	(5,050,032)
Cash and cash equivalents as at the beginning of the year	6,177,231	530,991
Cash and cash equivalents as at the end of the year	3,026,520	6,177,231
Net Flow As shown above	(3,150,711)	5,646,240

S.N.MURTHY & CO.

Chartered Accountants

For and on behalf of the Board

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

Sd/-
Managing Director

Sd/-
Director

Place : Hyderabad
Date : 29th August,2013

Note 1
Share Capital

Particulars	As at 30 June 2013		As at 30 June 2012	
	Number	Rs	Number	Rs
Authorised Equity Shares of 10/- each	39,315,000	393,150,000	39,315,000	393,150,000
Issued Equity Shares of 10/- each fully paid	17,468,872	174,688,720	23,962,050	239,620,500
Subscribed & Paid up Equity Shares of 10/- each fully paid	17,468,872	174,688,720	23,962,050	239,620,500
Less: Calls in arrears (3,17,035 shares @ Rs 7.50/-)	-	-	317,035	2,377,763
Subscribed but not fully Paid up Equity Shares not fully paid (3,17,035 shares @ Rs 2.50/-)	-	-	317,035	792,588
Total	17,468,872	174,688,720	23,962,050	237,242,738

Reconciliation of number of shares outstanding for the period

Particulars	As at 30 June 2013		As at 30 June 2012	
	Number	INR	Number	INR
Equity Shares				
Shares outstanding at the beginning of the year	23,962,050	239,620,500	20,962,050	209,620,500
Shares Issued during the year	15,096,445	150,964,450	3,000,000	30,000,000
Shares bought back / Reduced during the year	21,589,623	215,896,230	-	-
Shares outstanding at the end of the year	17,468,872	174,688,720	23,962,050	239,620,500

Reconciliation of number of shares outstanding for the period

Particulars	As at 30 June 2013		As at 30 June 2012	
	No . of Shares held	%of Holding	No . of Shares held	% of Holding
Equity Shares				
Color Chips Animation Park Limited	10,478,896	59.99	-	-
Ravikaanth Portfolio Services Private Limited	1,310,055	7.50	30,00,000	12.52
G Srinivasulu	1,217,842	6.97	-	-
Millitoons Animations Private Limited	1,264,106	7.24	-	-
Cybertoons Entertainments Private Limited	1,158,757	6.63	-	-



Note 2
Reservers & Surplus

Particulars	As at 30 June 2013	As at 30 June 2012
General Reserve		
Opening balance	1,570,500	1,570,500
(-) Transfer to Profit & Loss Account	(1,570,500)	-
Closing Balance	0	1,570,500
Share Premium		
Opening balance	732,600	732,600
(-) Transfer to Profit & Loss Account	(732,600)	-
Closing Balance	0	732,600
Profit and Loss Surplus		
Opening balance	(224,513,220)	(70,421,856)
(+) Net Profit/(Net Loss) For the current year	(2,700,429)	(156,394,464)
(+) Transfer from Reserves	2,303,100	1,570,500
(+) Transfer to Share Capital	213,518,464	732,600
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	-13,695,185	-224,513,220

Note 3
Long Term Liabilities

Particulars	As at 30 June 2013	As at 30 June 2012
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)	-
Total	-	150,964,446

Note 4
Trade Payables

Particulars	As at 30 June 2013	As at 30 June 2012
From Associate Companies		
Trade Payables	1,384,492	1,584,492
Total	1,384,492	1,584,492



**Note - 5
Depreciation and Amortisation Expenses**

Fixed Assets for the year ended 30-06-2013

Name of the Assets	Gross Block			Depreciation			Net Block		
	Opening Balance	Additions During year	Deletions During year	Closing Balance	Opening Balance	For the year	Closing Balance	As on 30-06-2013	As on 30-06-2012
Tangible Fixed Assets									
Computers *	11,587,565	-	-	11,587,565	11,587,565	604,749	10,982,816	10,982,816	11,587,565
Plant & Machinery	451,622	-	-	451,622	451,622	21,452	430,170	430,170	451,622
Electrical Equipment	9,565,875	-	-	9,565,875	9,565,875	454,379	9,111,496	9,111,496	9,565,875
Furniture & Fixtures	2,960,813	-	-	2,960,813	2,960,813	187,419	2,773,394	2,773,394	2,960,813
Total	24,565,875	-	-	24,565,875	24,565,875	1,268,000	23,297,875	23,297,875	24,565,875



Note 6
Other Current Liabilities

Particulars	As at 30 June 2013	As at 30 June 2012
Others - Unsecured	873,000	-
Audit Fee Payable	20,000	25,000
Total	893,000	25,000

Note 7
Deferred Tax Assets

Particulars	As at 30 June 2013	As at 30 June 2012
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 30 June 2013	As at 30 June 2012
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	11,110,429
- Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
Total	15,192,429	11,110,429



Note 9

Cash and cash equivalents

Particulars	As at 30 June 2013		As at 30 June 2012	
Balances with banks		131,369		5,034,107
This includes:				
Bank deposits with more than 12 months maturity	-		-	
Cheques, drafts on hand		-		-
Cash on hand		2,895,151		1,143,124
		3,026,520		6,177,231

Note 10

Short Term Loans and Advances

Particulars	As at 30 June 2013		As at 30 June 2012	
<u>Trade Advances</u>				
Trade Advances		17,445,856		15,645,856
Total (a)		17,445,856		15,645,856
<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		17,737,036



Note 11
Income from Sales

Particulars	As at 30 June 2013	As at 30 June 2012
Income from Sale of Animation & Feature Film IP Rights & Comics	4,082,000	3,888,000
Total	4,082,000	3,888,000

Note 12
Changes in inventories of finished goods

Particulars	As at 30 June 2013	As at 30 June 2012
Stock of Animation & Feature Film IP Rights & Comics		
Opening Stock	101,883,583	143,240,287
Less : Closing Stock	(98,876,583)	(101,883,583)
Total	3,007,000	41,356,704

Note 13
Trade Receivables

Particulars	As at 30 June 2013	As at 30 June 2012
Salaries	541,242	-
Total	541,242	-

Note 14
Other Expenses

Particulars	As at 30 June 2013	As at 30 June 2012
Advertisement Expenses	6,519	-
Audit Fee	20,000	25,000
Bank Charges	1,225	134,295
Business Promotion Charges	438,305	-
Insurance	10,743	-
Listing Fees	310,440	-
Legal & professional Charges	-	466,050
Office Maintaince	48,811	1,793,737
Re Structuring Expenses	100,000	-
RTA Charges	165,000	-
Security Charges	108,000	-
Tours & Travelling Expenses	240,319	884,987
Telephone Expenses	28,107	-
Total	1,477,469	3,304,069

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. 1,15,87,565, out of which value Rs. 15,11,872 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.

j) Earnings per share:

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 2012-2013, there is no transaction made with related party, therefore the Accounting standard-18 “Related Party disclosure” is not required.



I) 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 S.N.MURTHY & CO.

Chartered Accountants

For and On behalf of the Board

Sd/-
P.S.N.MURTHY
(Proprietor)
M.No. 21862

Sd/-
Managing Director

Sd/-
Director

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COLOR CHIPS (INDIA) LIMITED (And Reduced)

Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500 033

ATTENDANCE SLIP

DP ID No. : _____

Regd. Folio No. : _____

Client ID No. : _____

No. of Shares held: _____

Name of the Shareholder/Proxy Present: _____

I hereby record my presence at the 23rd Annual General Meeting of the members of the company to be held on, Monday, the 30th day of Ddecember, 2013 at 09.00 AM at Plot No 91, Road nNo 7B, Womens Housing Co Operative Society, Jubilee Hills, Hyderabad – 50003

Shareholders/Proxy's Signature _____

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.

COLOR CHIPS (INDIA) LIMITED (And Reduced)

Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500 033

PROXY FORM

DP ID No. : _____

Regd. Folio No. : _____

Client ID No. : _____

No. of Shares held: _____

I/We _____ of _____

_____ being a Member(s) of above named Company, hereby appoint _____

_____ of _____ or

failing him/her _____ of _____

_____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 23rd Annual General

Meeting of the Company to be held on, Monday, the 30th day of Ddecember, 2013 at 09.00

AM at Plot No 91, Road No 7B, Womens Housing Co Operative Society, Jubilee Hills, Hyderabad

– 500033 and at any adjourned meeting thereof.

Signed _____ this December of 2013

Signature of the Shareholder _____

Affix
Re.1/-
Revenue
Stamp.

Note: The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

BOOK-POST

If undelivered please return to:

COLOR CHIPS (INDIA) LIMITED (And Reduced)

Plot No.91, Road No.7-B,

Jubilee Hills, Hyderabad – 500 033