

MILLITOONS ENTERTAINMENT LIMITED

Regd. Office: 8-2-268/K/7&8, Ground Floor, Sagar Society

Road No. 2, Banjara Hills, Hyderabad - 500 034, T.S.

CIN: L52110TG1985PLC051404;

Website: www.millitoons.com

Contact No.: 040 3192 3239;

Email ID: info@millitoons.com

October 27, 2016
Hyderabad

To
The Listing Department
BSE Limited

Sub: Submission of Annual Report for financial year 2015-16 - Regulation 34 of SEBI (LODR) Regulations, 2015

Pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015, please find enclosed annual report of the Company for the financial year 2015-16.

This is for your information and for dissemination to general public.

for Millitoons Entertainment Limited
Scrip Code: 540023 | Scrip ID: MIENT


Monica Shrikant Gehlot
Company Secretary



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CORPORATE INFORMATION

Board of Directors

| | |
|----------------------------------|----------------------------------|
| Mr. Ramabhotla Srinivasa Sudhish | : Chairman and Managing Director |
| Mr. Srinivasa Murthy Banda | : Independent Director |
| Mr. Kotturi Ravi Kumar | : Independent Director |
| Ms. Krishnapriya Vincent | : Independent Director |

KMP

| | |
|------------------------|--|
| Monica Shrikant Gehlot | : Company Secretary and Compliance Officer |
| RLVN Kishore Siram | : Chief Financial Officer |

Registered Office

8-2-268/K/7&8, Ground Floor, Sagar Society,
Road No. 2, Banjara Hills, Hyderabad – 500 034, T.S.

Email ID: info@millitoons.com | **website:** www.millitoons.com

Statutory Auditors

M/s. S N Murthy & Co.,

Chartered Accountants

1-8-30, Upstairs, Chikkadapally,
Hyderabad – 500 020, T.S.

Corporate Consultants

M/s. Tapasvilal Deora & Associates

Practising Company Secretaries

Plot No. 3-6-677, 2nd Floor, Street No. 11,
Himayat Nagar, Hyderabad-500029, T.S.

Email ID: cstapasvideora@gmail.com

Bankers

Allahabad Bank

Registrar & Share Transfer Agents:

CIL Securities Limited

Flat No.212 & 214, RaghavaRatna Towers, Chirag Ali Lane
Abids, Hyderabad – 500001, T.S.

Listed at:

BSE Ltd.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF M/s. MILLITOONS ENTERTAINMENT LIMITED WILL BE HELD ON FRIDAY, SEPTEMBER 30, 2016 AT 09:00 A.M. AT HOTEL VINFLORA, NO. 157, KAMALAPURI, SRINAGAR COLONY MAIN ROAD, HYDERABAD – 500 073, TELANGANA

Ordinary Business

1. To receive, consider and adopt the financial statements as at March 31, 2016 along with the Reports of the Auditors and Directors thereon.
2. To declare final dividend on equity shares.
3. To appoint a Director in place of Mr. Ramabhotla Srinivasa Sudhish (DIN: 00027816) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard, 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 139 and other applicable provisions of the Companies Act, 2013 read with rules made thereunder and pursuant to the resolution passed by the members at the 29th Annual General Meeting, the appointment of M/s. S N Murthy & Co., Chartered Accountants (FRN: 002217S) as the statutory auditors of the Company for the financial year ending March 31, 2017 be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company.”

Special Business

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there under, read with Schedule IV to the Companies Act, 2013, Mr. Srinivasa Murthy Banda (DIN 03165686), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature, be and is hereby appointed as Director of the Company in independent category, to hold office for a period of 5 (five) consecutive years upto January 31, 2021 and that he shall not be liable to retire by rotation.”

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there under, read with Schedule IV to the Companies Act, 2013, Ms. Krishnapriya Vincent (DIN 07443638), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature, be and is hereby appointed as Director of

the Company in independent category, to hold office for a period of 5 (five) consecutive years upto February 18, 2016 and that she shall not be liable to retire by rotation.”

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Companies Act, 2013, the approval of the members be and is hereby accorded to appoint Mr. Ramabhotla Srinivasa Sudhish (DIN 00027816), as the Chairman and Managing Director of the Company for a term of 3 years with effect from February 01, 2016 on a remuneration detailed below as approved by Nomination and Remuneration Committee in consultation with the Board of Directors:

- i) **Overall remuneration:** The overall remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed 5% of the net profits or any such higher limits prescribed from time to time under Section 197 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the Schedule V of the Companies Act, 2013 as may for the time being, be in force and any amendments thereto. In case of any doubts/ discrepancy/ clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the remuneration Committee.
- ii) **Minimum remuneration:** In the event of inadequacy or absence of profits in any financial year, during the currency of the tenure of his office, he shall be paid the above remuneration, as minimum remuneration subject to the ceiling mentioned in Schedule V of the Companies Act, 2013.
- iii) The composition of the remuneration payable to Mr. Ramabhotla Srinivasa Sudhish (DIN 00027816) may be varied as desired by him and accepted by the Nomination and Remuneration Committee.

RESOLVED LASTLY THAT the Directors of the Company be and are hereby severally authorised to do all such acts, things and deeds including but not limited to filing of requisite forms/ returns with the office of the Registrar of Companies, Andhra Pradesh & Telangana, so as to bring this resolution into force.”

**By order of the Board
for MILLITOONS ENTERTAINMENT LIMITED
Sd/-
MONICA SHRIKANT GEHLOT
COMPANY SECRETARY**

September 01, 2016
Hyderabad

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXY(IES) IN ORDER TO BE EFFECTIVE MUST SUBMIT PROXY FORM AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE ACT IS ATTACHED HEREWITH
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. Members holding shares in dematerialized form are advised to inform the particulars of their bank account, change of address and Email ids to their respective Depository Participants only. The Company or its Registrar and Transfer Agents cannot act on any request received directly from the members holding shares in dematerialized mode for changes in any bank mandates or other particulars etc., and such instructions shall be given directly to the Depository Participants by the members.
6. Copies of notice and annual report are being sent by electronic mode to those members whose email ids are available with our Registrar and Transfer Agents, unless members have requested for physical copy specifically. For members whose e-mail ids are not available, physical copy is being sent by permitted mode. The notice of the AGM is also available on the website of the company: www.millitoons.com.
7. The Board in their meeting held on May 30, 2016 has recommended a final dividend on the equity shares of the Company. The Company has notified closure of register of members and share transfer books from Thursday, September 22, 2016, to Friday, September 30, 2016 (both days inclusive), for determining the names of members eligible for final dividend for the financial year 2015-16. The dividend if declared at the AGM will be paid to those members, whose name appear in the register of members of the Company as on Friday, September 23, 2016.
8. The detailed profile of the directors seeking appointment, as required in terms of Regulation 36(3) of the SEBI (LODR) Regulations, 2015 is annexed to this notice.
9. The Company pursuant to Section 108 of Companies Act, 2013 read with rules made thereunder and Regulation 44 of the SEBI (LODR) Regulations, 2015, is providing e-voting facility to its Members to exercise their votes electronically on the items of business given in the Notice through the electronic voting service facility provided by CDSL.
10. Members can opt for only one mode of voting i.e. either by physical ballot paper or remote e-voting. However, if members cast their vote through both mode of voting, then the voting through remote e-voting shall prevail. The members who have cast their vote

by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.

11. Subject to the receipt of requisite number of votes, the resolution shall be deemed to be passed at the annual general meeting of the Company. The result declared, along with the Scrutinizer's Report, will be placed on the Company's website after the result is declared by the Chairman or any other person authorized by the Chairman, and the same shall be communicated to BSE Ltd.

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- (i) The voting period begins on September 27, 2016 at 9:00 AM and ends on September 29, 2016 at 5:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. 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.
- (vii) If you are a first time user follow the steps given below: **For Members holding shares in Demat Form and Physical Form** PAN Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
 - 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 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. Dividend Bank Details **OR** Date of Birth (DOB) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
 - If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction

(iv). 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 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. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach 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.
- (xi) Click on the EVSN for Millitoons Entertainment Limited.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.

- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date may follow the same instructions as mentioned above for remote e-Voting or sending a request at helpdesk.evoting@cdslindia.com
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) 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.

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013

Item No. 5 & 6:

The Board of Directors appointed Mr. Srinivasa Murthy Banda (DIN: 03165686) and Ms. Krishnapriya Vincent (DIN: 07443638) as additional directors in independent category w.e.f. February 01, 2016 and February 19, 2016 respectively for a period of 5 years subject to the approval of the members in the ensuing annual general meeting of the Company.

The Company has received requests in writing from members of the company proposing their appointment as Director of the Company in accordance with the provisions of Section 160. The Board feels their presence on the Board is desirable and would be beneficial to the Company and hence the Board recommends their appointment as Directors of the Company in the independent category.

Except the proposed appointees, none of the Directors, KMP or their relatives are interested in this resolution.

Item No. 7:

The Board of Directors at its Meeting held on February 01, 2016 had appointed Mr. Ramabhotla Srinivasa Sudhish (DIN 00027816) as Chairman and Managing Director for a period of three years w.e.f. from February 01, 2016 which is subject to the approval of the Members. The said remuneration was approved by the Nomination and Remuneration Committee of the Company at their meeting held on February 01, 2016.

Ramabhotla Srinivasa Sudhish (DIN 00027816) is a serial entrepreneur and holds the position of the Chairman cum Managing Director of the Company. He holds multiple qualifications i.e. he is a Chartered Accountant, Graduate in Law, Hon. Doctorate conferred by Burkes University, United Kingdom and also an Alumni of Harvard Business School, Boston, USA.

Taking into consideration his rich profile and in view of the increased responsibility, it is proposed that Mr. Ramabhotla Srinivasa Sudhish (DIN 00027816), be appointed as Chairman and Managing Director for a term of 3 years with effect from February 1, 2016 on a remuneration detailed in the resolution and as approved by Nomination and Remuneration Committee.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the Act, the terms of appointment and remuneration as set out in Item No. 7 are now being placed before the members for their approval by way of Special Resolution.

Pursuant to the provisions of Section II of Part II of Schedule V of the Companies Act, 2013, where in any financial year during the currency of the tenure of the Managing Director or Whole Time Director, the Company has Nil Profits or the Profits are inadequate, the Managing Director and other Whole Time Directors shall be paid remuneration as mentioned herewith.

Information required under Section II, Part II of Schedule V of the Companies Act, 2013:

| I. General Information | | |
|--|---|---|
| 1 | Nature of Industry | The Company is engaged in Animation Sector |
| 2 | Date of expected date of commencement of commercial production | The Company was incorporated on May 10, 1985 and is fully operational. |
| 3 | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable |
| 4 | Financial performance based on given indicators | FY 2015-16 – (In Rs.) Total Revenue: 1,20,15,918 Total Expenses: 1,19,19,061 Profit before Taxes : 96,857 Profit after tax : 67,800 |
| 5 | Foreign Investments or collaborations, if any. | Nil |
| II. Information about the appointees: | | |
| 1 | Background details and Experience | Mr. Ramabhotla Srinivasa Sudhish (DIN 00027816) is a serial entrepreneur with wide managerial experience and holds multiple qualifications i.e. he is a Chartered Accountant, Graduate in Law, Hon. Doctorate conferred by Burkes University, United Kingdom and also an Alumni of Harvard Business School, Boston, USA. |
| 2 | Age | 49 years |
| 3 | Date of first appointment | January 09, 2015 |
| 4 | Board Meetings attended during the year | 7 board meetings in FY 2015-16 |
| 5 | Committees of Board | Member of audit and investor grievance committee. |
| 6 | Past Remuneration (p.a.) | N.A. |
| 7 | Recognition or awards | Mr. Ramabhotla Srinivasa Sudhish has received a number of awards by various organizations in recognition of his contributions and accomplishments in various fields such as Udhya Prathibha Ratan Award by All Indian Business Development Association, Gem of India Award by All India Achievers Association, Rashtriya Ratan Award & Indira Gandhi Sadbhavana Award by Global Economic Council, Samaikya Bharata Gourav Satkar by Delhi Telugu Academy Award for contribution to Indian Animation Industry from M/s. Toon Boom Technologies (Canada) and was also a Jury member of International Emmy Awards Committee, 2006. |
| 8 | Job Profile and his suitability | Overall control of the Company, and reviewing the work of all directors & taking necessary steps to improve the performance of the Company |
| 9 | Remuneration proposed (p.a.) | As mentioned in the resolution |
| 10 | Pecuniary relationship | He holds 3,59,28,234 equity shares in the Company. None of the Directors or KMP are related to Mr. Ramabhotla Srinivasa Sudhish. |

| | | |
|--|---|--|
| Comparative remuneration profile with respect to industry, size of company, profile of the position and person | Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India. | |
| III. Other Information | | |
| 1 | Reasons of loss or inadequate profits | The Company had incurred higher costs. |
| 2 | Steps taken or proposed to be taken for improvement | Focus would be on stabilizing existing projects and new business acquisitions for organic and inorganic growth in the similar line of business or otherwise. |
| 3 | Expected increase in productivity and profits in measurable terms: | Barring unforeseen circumstances, the Company hopes to increase the revenue and profits by improved margins in current and next financial year |

The aforementioned resolutions are recommended for your approval as Special Resolutions.

Except Mr. Ramabhotla Srinivasa Sudhish (DIN 00027816), none of the Directors, KMP or their relatives are interested in this resolution.

**By order of the Board
for MILLITOONS ENTERTAINMENT LIMITED**

Sd/-
**MONICA SHRIKANT GEHLOT
COMPANY SECRETARY**

September 01, 2016
Hyderabad

ADDITIONAL INFORMATION

(Pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure requirements) Regulation, 2015- Information of directors proposed to be appointed/ re-appointed)

| Name of Director | Ramabhotla Srinivasa Sudhish | Srinivasa Murthy Banda | Krishnapriya Vincent |
|---|--|---|-----------------------------|
| Date of Birth | 01/10/1967 | 03/01/1973 | 13/11/1965 |
| Date of Appointment | 09/01/2015 | 01/02/2016 | 19/02/2016 |
| Relationship with Directors | NIL | NIL | NIL |
| Qualification | Hon. Doctorate alumni of HBS; C.A.; L.L.B. | Alumni from IIM Calcutta | Bachelor of Science |
| Experience and expertise in Specific functional area | Serial Entrepreneur and wide managerial experience | Expertise in Pharma and IT industry | Expert in animation sector |
| Board Membership of Companies as on March 31, 2016 | 1. Ravikaanth Portfolio Services Private Limited | 1.Sky-e IT Solutions Private Limited 2. AAM Sky Geospatial Solutions Private Limited | NIL |
| Number of Shares held in the Company as on March 31, 2016 | 3,59,28,234 | NIL | NIL |

**By order of the Board
for MILLITOONS ENTERTAINMENT LIMITED**

Sd/-
MONICA SHRIKANT GEHLOT
COMPANY SECRETARY

September 01, 2016
Hyderabad

DIRECTOR'S REPORT

Dear Members

Your Directors have pleasure in presenting herewith the 31st Annual Report on the business of the Company together with the Financial Statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

| PARTICULARS | 31.03.2016 | 31.03.2015 |
|--------------------------|---------------|-----------------|
| Total Revenue | 1,10,90,662 | 1,01,56,830 |
| Total Expenses | 1,19,19,061 | 11,034,188 |
| Profit before Tax | 96,857 | 91,062 |
| Tax Expense | 29,057 | 27,319 |
| Deferred Tax | -- | 89,200 |
| Profit after Tax | 67,800 | 1,52,943 |

DIVIDEND

Your Directors have recommended a final dividend of 0.07% on the equity shares of the Company for financial year 2015-16.

TRANSFER TO RESERVES

No amount has been transferred to the reserves during the year under review.

DEPOSITS

The Company has neither accepted nor renewed any deposits from public as defined under the provisions of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Ramabhotla Srinivasa Sudhish(DIN: 00027816), Chairman and Managing Director of the Company is liable to retire by rotation, being eligible offers himself for re-appointment.

During the year under review, the following changes took place on the Board of the Company:

| S. No | Name of the Director DIN | Type of Change | Date of Change |
|-------|--|-------------------------|--------------------|
| 1 | Ms. AnnapantulaVydehi (DIN 06489491) | Appointment as Director | September 30, 2015 |
| 2 | Mr. AnnapantulaSeetaramamurthy (DIN 02191621) | Appointment as Director | September 30, 2015 |
| 3 | Mr. D Sai Satish Kumar (DIN 00853028) | Cessation | January 25, 2016 |

| | | | |
|---|--|---|-------------------|
| 4 | Mr. Ramabhotla Srinivasa Sudhish (DIN: 00027816) | Appointment as Chairman and Managing Director | February 01, 2016 |
| 5 | Mr. Srinivasa Murthy Banda (DIN 03165686) | Appointment as Additional Director – Independent | February 01, 2016 |
| 6 | Mr. AnnapantulaSeetarama Murthy (DIN 02191621) | Cessation | February 01, 2016 |
| 7 | Ms. AnnapantulaVydehi (DIN 06489491) | Cessation | February 01, 2016 |
| 8 | Ms. Krishnapriya Vincent (DIN 07443638) | Appointment as Additional Director- Independent | February 19, 2016 |

The following KMPs were appointed during the year:

| S. No | Name | Appointment | Date of Appointment |
|-------|---------------------------|-------------------------|---------------------|
| 1 | Ms. Monica ShrikantGehlot | Company Secretary | February 01, 2016 |
| 2 | Mr. RLVNKishoreSiram | Chief Financial Officer | February 01, 2016 |

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013.

BOARD EVALUATION

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings. The Chairman of the Board had one-on-one meetings with the Independent Director. These meetings were intended to obtain Directors' inputs on effectiveness of Board/Committee processes. Further, the Independent Directors at their meeting, reviewed the performance of Board, Chairman of the Board and of NonExecutive Directors.

STATUTORY AUDITORS

M/s. S N Murthy & Co., Chartered Accountants (FRN:002217S), Hyderabad the

statutory auditors of the Company were appointed in the 29th annual general meeting of the Company for a term of 5 years, subject to ratification by the members of the Company each year. In this regard, the Company has received a certificate from the auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013. The Board proposes their ratification as the Statutory Auditors of the Company for the FY 2016-17.

AUDITORS' REPORT

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDIT REPORT:

Sarada Putcha, Practicing Company Secretary, was appointed to conduct the secretarial audit of the Company for the financial year 2015-16, as required under Section 204 of the Companies Act, 2013 and rules there-under. The secretarial audit report for FY 2015-16 forms part of this Annual Report as **Annexure – I**.

In response to the observations of the secretarial auditor, it is hereby submitted that your Company was in the processing of identifying a suitable person and accordingly has appointed Ms. Monica Gehlot as Company Secretary w.e.f. February 01, 2016.

STATE OF COMPANIES AFFAIRS

The Company made an application to the BSE Ltd. for listing of its 8,10,49,500 equity shares of Re. 1/- each on the exchange platform. Subsequently, the Company has received the listing and trading approval from BSE Ltd. vide their letter DCS/DL/AP/TP/259/2016-17 dated July 26, 2016. The trading of the securities of the Company commenced on the BSE Limited w.e.f. August 2, 2016.

AUDIT COMMITTEE

The Audit Committee of the Company is duly constituted. The following are the members:

| | |
|----------------------------------|-----------------------|
| Mr. Kotturi Ravi Kumar | : Chairman and Member |
| Ms. Krishnapriya Vincent | : Member |
| Mr. Ramabhotla Srinivasa Sudhish | : Member |

NOMINATION AND REMUNERATION POLICY

A committee of the Board has been formed which is named as "Nomination and Remuneration Committee" which has been entrusted with the task to recommend a policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters and to frame proper systems for identification, appointment of Directors & KMPs, Payment of Remuneration to them and evaluation of their performance and to recommend the same to the Board from time to time. Nomination and Remuneration Policy of the Company is enclosed herewith as

Annexure – II.

The following is the composition of the Nomination and Remuneration Committee:

| | |
|----------------------------|--------------------------|
| Ms. Krishnapriya Vincent | : Chairperson and Member |
| Mr. Srinivasa Murthy Banda | : Member |
| Mr. Kotturi Ravi Kumar | : Member |

INVESTOR GRIEVANCE COMMITTEE

The following is the composition of the Investor Grievance Committee

| | |
|----------------------------------|--------------------------|
| Mr. Kotturi Ravi Kumar | : Chairperson and Member |
| Mr. Srinivasa Murthy Banda | : Member |
| Mr. Ramabhotla Srinivasa Sudhish | : Member |

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 in connection with corporate social responsibility are not applicable to the Company.

VIGIL MECHANISM

A vigil mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company.

RISK MANAGEMENT POLICY

The Risk Management is overseen by the Audit Committee of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. There are no material risks which threaten the very existence of the company.

INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls which commensurate with the size of the business of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors' confirm that:

- i. in preparation of annual accounts for the financial year ended 31st March, 2016 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. 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 true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2016 and of the profit and loss of the Company for the year;

- iii. the Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the annual accounts on a going concern basis;
- v. the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as **Annexure-III**.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure -IV**.

OTHER DISCLOSURES:

BOARD MEETINGS

During the year under review, seven (7) board meetings were held on May 11, 2015, August 14, 2015, September 01, 2015, October 03, 2015, January 25, 2016, February 01, 2016 and February 19, 2016. Majority of Directors of the Company attended all the Board Meetings.

PARTICULARS OF EMPLOYEES

Pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the financial year no employee was in receipt of remuneration of Rs. 1.02 Crore or more, or where employed for part of the year was in receipt of Rs. 8.5 Lakh or more a month.

Disclosure under Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure - V**.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is enclosed as **Annexure - VI** to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not granted any Loans, given guarantees or made investments covered under Section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company.

DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any associate, joint venture or subsidiaries as on March 31, 2016.

There are no companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the financial year 2015-2016.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and date of report.
5. No change in the nature of business of the Company.

Your Directors further state that during the year under review, there were no cases filed/registered pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the continued patronage extended to the Company by bankers, dealers, customers, suppliers, employees and shareholders. The trust reposed in your Company by its esteemed customers helped stabilized growth during the year review.

Your Company also acknowledges the support and guidance received from its Bankers, other government agencies during the year under review and look forward to continuing support.

For and on behalf of the Board

**Sd/-
Ramabhotla Srinivasa Sudhish
Chairman & Managing Director
DIN: 00027816**

September 01, 2016
Hyderabad

FORM No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To
The Members
M/s. Millitoons Entertainment Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Millitoons Entertainment Limited bearing CIN: L52110TG1985PLC051404 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit and as per the explanations given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Company for the financial year ended on March 31, 2016 according to the applicable provisions of:

- i. The Companies Act, 1956 and the Companies Act, 2013 ('the Act') and the rules made there under, as applicable;
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under; (Not applicable);
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;(Not applicable);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable);
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Not applicable);

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable);
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealings with client (Not applicable);
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable) and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable);

The above laws as may be applicable to the Company are based on the Compliance Certificate issued by the Managing Director and submitted to the Board of Directors of the Company. I report that the Company has generally complied with the provisions of the laws that are applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards of The Institute of Company Secretaries of India
- ii. Listing Agreement with Delhi Stock Exchange – As per letter issued by the Delhi Stock Exchange, the Company is not required to comply with the provisions of the agreement w.e.f. April 01, 2015 and hence compliance of the same was not required during the period under review.

During the Audit Period under review and as per the explanation and clarifications given to me and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above *except that the Company Secretary was appointed w.e.f. February 1, 2016.*

I further report that, during the year under review:

- a) The Company had filed certain forms after the due date by payment of additional fee.
- b) The compliance by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same has been subject to review by statutory financial audit and other designated professionals;

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non -Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Whenever required, the Board has also met with a notice shorter than seven days.

Decisions at the Board Meetings, as represented by the management, were taken by majority and recorded as part of the minutes.

As per the explanations given to me and the representations made by the Management and relied upon by me, I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has made an application to the BSE Ltd. for relisting of its 81,049,500 equity shares of Re. 1/- each on the exchange platform. Subsequently, the Company has received the listing and trading approval from BSE Ltd. vide their letter DCS/DL/AP/TP/259/2016-17 dated July 26, 2016

**for Sarada Putcha
Company Secretary in practice**

**Sd/-
Sarada Putcha
M. No.: 21717
C.P. No.: 8735**

September 01, 2016
Hyderabad

This Report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Encl:
Annexure A

To
The Members
M/s. Millitoons Entertainment Limited

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for Sarada Putcha
Company Secretary in practice

Sd/-
Sarada Putcha
M. No.: 21717
C.P. No.: 8735

September 01, 2016
Hyderabad

**Remuneration Policy for Directors,
Keymanagerial Personnel and Other Employees**

1. INTRODUCTION:

- 1.1 Millitoons Entertainment Limited (MEL) recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:
- 1.1.1 Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
 - 1.1.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
 - 1.1.3 Ensuring that remuneration involves a balance between fixed and incentives pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

2. SCOPE AND EXCLUSION:

- 2.1 This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

3. TERMS AND REFERENCES:

In this Policy, the following terms shall have the following meanings:

- 3.1 **“Director”** means a director appointed to the Board of a Company.
- 3.2 **“Key Managerial Personnel”** means
- i. the Chief Executive Officer or the managing director or the manager;
 - ii. the company secretary;
 - iii. the whole-time director;
 - iv. the Chief Financial Officer; and
 - v. such other officer as may be prescribed under the Companies Act, 2013
- 3.3 **“Nomination and Remuneration Committee”** means the committee constituted by EML's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

4. POLICY:

4.1 Remuneration to Executive Directors and Key Managerial Personnel

- 4.1.1 The Board, on the recommendation of the Nomination and Remuneration (NAR) Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.
- 4.1.2 The Board, on the recommendation of the Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.
- 4.1.3 The Annual Plan and Objectives for Executive Directors and Senior Executives (Management Committee) shall be reviewed by the Committee and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

4.2 Remuneration to Non-Executive Directors

- 4.2.1 The Board, on the recommendation of the Committee, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.
- 4.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.

4.3 Remuneration to other employees

- 4.3.1 Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skillsets, seniority, experience and prevailing remuneration levels for equivalent jobs.

**STATEMENT PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT,
2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014**

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy: Nil
- (ii) the steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) the capital investment on energy conservation equipments: Nil

(B) Technology absorption-

- (i) the efforts made towards technology absorption: Nil
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Nil
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
 - (a) the details of technology imported: Nil
 - (b) the year of import: Nil
 - (c) whether the technology been fully absorbed: Nil
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil
- (iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo-

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

**Sd/-
Ramabhotla Srinivasa Sudhish
Chairman & Managing Director
DIN: 00027816**

September 01, 2016
Hyderabad

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31-03-2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|---|---|
| CIN | L52110TG1985PLC051404 |
| Registration Date | May 10, 1985 |
| Name of the Company | Millitoons Entertainment Limited |
| Category/Sub-Category of the Company | Company limited by Shares/ Indian Non-Government Company |
| Address of the Registered office and contact details | 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No.2, Banjara Hills, Hyderabad- 500034, Telangana Contact: 040 6535 9666 Email id: info@millitoons.com |
| Whether listed company | Yes - listed on BSE |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | CIL Securities Limited 212 & 214, RaghavaRatna Towers Chirag Ali Lane, Abids, Hyderabad - 500 001, T.S. Contact No. : 040 - 23203155 E-Mail : advisors@cilsecurities.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the company

| S.No | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|------|---|----------------------------------|------------------------------------|
| 1 | Animation | 5911 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S.No | Name and Address of The company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|-------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| -NIL- | | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|-------------------------------|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 40174684 | - | 40174684 | 49.57 | 39274684 | - | 39274684 | 48.46 | -2.24 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 18630706 | - | 18630706 | 22.99 | 20960706 | - | 20960706 | 25.86 | 12.51 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (1) | 58805390 | - | 58805390 | 72.55 | 60235390 | | 60235390 | 74.32 | 2.43 |
| (2) Foreign | | | | | | | | | |
| a) NRI Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (2) | - | - | - | - | - | - | - | - | - |
| Total (A) | 58805390 | - | 58805390 | 72.55 | 60235390 | | 60235390 | 74.32 | 2.43 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|--|----------|---------|----------|-------|----------|---------|----------|-------|-------|
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | - | 9176950 | 9176950 | 11.32 | 0 | 10,950 | 10,950 | 0.01 | 99.91 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 12542160 | 525000 | 13067160 | 16.12 | 11112160 | 9691000 | 20803160 | 25.67 | 59.23 |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | - | - | - | - | - | - | - |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 12542160 | 9701950 | 13067160 | 27.45 | 11112160 | 9701950 | 20814110 | 25.68 | -6.43 |
| Total Public (B) | 12542160 | 9701950 | 13067160 | 27.45 | 11112160 | 9701950 | 20814110 | 25.68 | -6.43 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 71347550 | 9701950 | 81049500 | 100 | 71347550 | 9701950 | 81049500 | 100 | - |

(ii) Shareholding of Promoters

| S.No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Ramabhotla Srinivasa Sudhish | 35928234 | 44.33 | - | 35928234 | 44.33 | - | 0 |
| 2 | Sree Lakshmi Ramabhotla | 3346450 | 4.13 | - | 3346450 | 4.13 | - | 0 |
| 3 | Ravikaanth Portfolio Services Private Limited | 18630706 | 22.99 | - | 20960706 | 25.86 | - | 12.51 |
| 4 | Narasimha Rao Koppuravuri | 900000 | 1.11 | - | - | - | - | -100 |
| TOTAL | | 58805390 | 72.55 | - | 60235390 | 74.32 | | |

(v) Change in Promoters' Shareholding:

| S.No | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------|--------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 5,88,05,390 | 72.55 | 5,88,05,390 | 72.55 |
| | Changes during the year | | | | |
| | Sale - (Sept 25, 2015) | -900,000 | -1.11 | 5,79,05,390 | 71.44 |
| | Purchase - (Oct 30, 2015) | 23,30,000 | 2.87 | 6,02,35,390 | 74.32 |
| | At the End of the year | 6,02,35,390 | 74.32 | 6,02,35,390 | 74.32 |

(vii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| S. No | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1 | Venkata Satyanarayana Murthy Vadlamani | - | - | - | - |
| | At the beginning of the year | 3,600,000 | 4.44 | 3,600,000 | 4.44 |
| | Purchase - (Oct 30, 2015) | - | - | - | - |
| | At the end of the year | 3,600,000 | 4.44 | 3,600,000 | 4.44 |
| 2 | A S Kameshwar Rao | - | - | - | - |
| | At the beginning of the year | 3,507,160 | 4.33 | 3,507,160 | 4.33 |
| | Purchase - (Oct 30, 2015) | - | - | - | - |
| | At the end of the year | 3,507,160 | 4.33 | 3,507,160 | 4.33 |
| 3 | P V S N Prasad | - | - | - | - |
| | At the beginning of the year | 3,500,000 | 4.32 | 3,500,000 | 4.32 |
| | Purchase - (Oct 30, 2015) | - | - | - | - |
| | At the end of the year | 3,500,000 | 4.32 | 3,500,000 | 4.32 |
| 4 | B V K Durga Prasad | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| | At the beginning of the year | - | - | 4,00,000 | 0.49 |
| | No changes during the year | - | - | 4,00,000 | 0.49 |
| | At the end of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| 5 | Bishnupada Ray | - | - | - | - |
| | At the beginning of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| | Purchase - (Dec 4, 2015) | - | - | - | - |
| | At the end of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| 6 | Vallepu Chinna Vannuraiah | - | - | - | - |
| | At the beginning of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| | Purchase - (Dec 4, 2015) | - | - | - | - |
| | At the end of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| 7 | Mohan Rao Ramisetty | - | - | - | - |
| | At the beginning of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| | Purchase - (Dec 4, 2015) | - | - | - | - |
| | At the end of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| 8 | Onteddu Srinivasa Reddy | - | - | - | - |
| | At the beginning of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| | Purchase - (Dec 4, 2015) | - | - | - | - |
| | At the end of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| 9 | Gunje Sreenivasulu | - | - | - | - |
| | At the beginning of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| | Purchase - (Dec 4, 2015) | - | - | - | - |
| | At the end of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| 10 | Shaik Jeelan Basha | - | - | - | - |
| | At the beginning of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| | Purchase - (Dec 4, 2015) | - | - | - | - |
| | At the end of the year | 4,00,000 | 0.49 | 4,00,000 | 0.49 |
| TOTAL | | 13,407,160 | 16.54 | 13,407,160 | 16.54 |

(viii) Shareholding of Directors and Key Managerial Personnel:

| S. No | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1 | Ramabhotla Srinivasa Sudhish At the beginning of the year | 3,59,28,234 | 44.33 | 3,59,28,234 | 44.33 |
| | No changes during the year | - | - | 3,59,28,234 | 44.33 |
| | At the end of the year | 3,59,28,234 | 44.33 | 3,59,28,234 | 44.33 |
| 2 | Srinivasa Murthy Banda At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 3 | Kotturi Ravi Kumar At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 4 | Krishnapriya Vincent At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 5 | Monica ShrikantGehlot At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 6 | RLVN Kishore Siram At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| TOTAL | | 3,59,28,234 | 44.33 | 3,59,28,234 | 44.33 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount in INR

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | NIL | 2,18,35,116 | NIL | 2,18,35,116 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i + ii + iii) | NIL | 2,18,35,116 | NIL | 2,18,35,116 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | | 1,00,000 | NIL | 1,00,000 |
| • Reduction | | (1,04,00,000) | | (1,04,00,000) |
| Net Change | NIL | (1,03,00,000) | NIL | (1,03,00,000) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | NIL | 1,15,35,116 | NIL | 1,15,35,116 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | NIL | 1,15,35,116 | NIL | 1,15,35,116 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL*A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*

| S.No | Particulars of Remuneration | Name of MD/WTD/Manager | Total Amount |
|------|---|------------------------|--------------|
| 1. | Gross salary | - | - |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - |
| 5. | Others, please specify | - | - |
| | Total (A) | - | - |
| | Ceiling as per the Act | N.A. | |

B. Remuneration to other directors:

| S.No | Particulars of Remuneration | Name of Directors | Total Amount |
|------|---|-------------------|--------------|
| 1. | Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify | - - - - | - |
| 2. | Total (1) | - | - |
| | Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify (Salary) | - - - - | - |
| | Total (2) | - | - |
| | Total (B)=(1+2) | - | - |
| | Total Managerial Remuneration | - | - |
| | Overall Ceiling as per the Act | N.A. | - |

C. Remuneration to KMP Other Than MD/Manager/WTD

| S.No | Particulars of Remuneration | KMP | | Total Amount |
|------|--|------------------------------|---------------------------|---------------|
| | | Monica Shrikant Gehlot CS | RLVN Kishore Siram CFO | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 30,000 | 30,000 | 60,000 |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - |
| 5. | Others, please specify | - | - | - |
| | Total (A) | 30,000 | 30,000 | 60,000 |
| | Ceiling as per the Act | N.A. | | - |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of The Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|----------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

For and on behalf of the Board

Sd/-
Ramabhotla Srinivasa Sudhish
 Chairman & Managing Director
 DIN:00027816

September 01, 2016
Hyderabad

Disclosures under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the company –
No remuneration was paid to directors during the year under review.
- ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive officer, Company Secretary or manager, if any, in the Financial Year:
No Remuneration was paid to directors during the year under review.
Chief financial officer and Company Secretary were appointed during the year. There were no changes in their remuneration.
- iii. The percentage increase in the median remuneration of the employees in the financial year:
There has not been any increase in the remuneration of the employees in the financial year.
- iv. There were 13 Permanent employees on the rolls of the Company, as on March 31, 2016.
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;
The Company had not paid any salaries to managerial personnel. There was no increase in the salaries of employees.
- vi. The key parameters of any variable component of remuneration availed by the directors;
The Company has not paid any remuneration to directors during the year under review.
- vii. Affirmation that the remuneration is as per the remuneration policy of the Company.
The Company has not paid any remuneration to directors during the year under review.

viii. Top 10 Employees in terms of remuneration:

| Name | Age | Qualification | Designation | Date of commencement of employment | Experience Gross (years) | Nature of employment | Remuneration Per Month | Previous Employment | Relative of Director If any |
|--------------------|-----|---------------|---|------------------------------------|--------------------------|----------------------|------------------------|--------------------------------|-----------------------------|
| Monica Gehlot | 26 | ACS | Company Secretary and Compliance Office | 01.02.2016 | - | Full Time | 15,000 | Nil | N.A. |
| RLVN Kishore Siram | 30 | MBA | CFO | 01.02.2016 | 3 years | Full Time | 15,000 | Hampsa KPO | N.A. |
| S. Srivatsav | 35 | B.Com, D.ANIM | Manager, Admin | Since 2000 | 16 years | Full Time | 12,500 | Nil | N.A. |
| G. Raju | 30 | B.Com | Accounts Manager | Since 2000 | 16 years | Full Time | 12,500 | Sphere Global Services Limited | N.A. |
| A.S.R. Murthy | 42 | B.Com | Programming | February 2015 | 20 years | Full Time | 10,000 | Vaaritha | N.A. |
| CH. Sekhar | 31 | B.Com | Programming | January 2016 | 10 years | Full Time | 10,000 | Nil | N.A. |
| SK.Asalam | 28 | B.Sc | Programming | January 2016 | 5 years | Full Time | 10,000 | Nil | N.A. |
| V.Kumara Chari | 31 | B.sc | Animator | January 2016 | 7 years | Full Time | 10,000 | Nil | N.A. |
| T.N.M.Reddy | 35 | B.Com | 3D | January 2016 | 10 years | Full Time | 10,000 | Nil | N.A. |
| T.V.V.S.M.Manohar | 36 | B.Com | Background | January 2016 | 10 years | Full Time | 10,000 | Nil | N.A. |

For and on behalf of the Board

**Sd/-
RamabhotlaSrinivasaSudhish
Chairman & Managing Director
DIN: 00027816**

September 01, 2016
Hyderabad

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments:

The Media and Entertainment Industry is a key growth driver for the Indian economy. According to the FICCI-KPMG Report 2016, the sector witnessed 12.8% growth in 2015 growing from INR 1,026 billion in 2014 to INR 1,157 billion in 2015. The industry is expected to grow to INR 2,260 billion by 2020 at a CAGR of 14.3% during 2015-2020, which is more than double the rate of growth of global M&E Industry. Total advertising spend across different media verticals was INR 475 billion in 2015 contributing to 41% of the total Media & Entertainment industry revenues. Fuelled by the continued economic growth, advertising revenues saw a growth of 14.7% in 2015

According to the report, India's animation industry generated revenues to the tune of Rs.51.1 billion in 2015, marking a growth rate of 13.8 percent.

The year witnessed the increasing presence of VFX in all M&E segments like films, television and advertisements. Additionally, VFX has ventured into the web space as new age companies are using 3D technology to conduct their digital business. VFX players are now increasingly engaged in creating live action imagery by using computer-generated effects of what would have been handled by traditional animation.

Growing presence of Indian studios in international markets has led to global acceptance of Indian talent. Captive centres in India have moved up the value chain to become Centres of Excellence (COE) in specific areas for many animation and VFX companies.

Outlook:

The rapid advancement of technology has made computer animation available to the masses and the animation industry is one of the fastest growing industries. The demand for animated entertainment has expanded with the increase in broadcasting hours by satellite along with the growing popularity of the Internet. In the past, animation series were aimed at children aged nine and below. The major markets include the United States, Canada, Japan, France, Britain and Germany. Licensing operations have also been a major source of revenue for animation companies. In Japan, several successful computer games have crossed over and have become animated series like Pokemon, Monster Farm, Power Stone and Detective Conan. More broadly speaking, animation is increasingly used in video games, and movies are also increasingly reliant on animation and computer graphic special effects.

Not only is the use of animation across a range of media channels, from applications (apps) to advertising, websites to music videos increasing, but the distinctive lines between live action and animation are also blurring, as shown in some of the movies in 2015 namely *Hotel Transylvania 2*, *Deadpool*, which depended as much on the believability of their animated/motion captured characters as much as the 'real actors'.

The consistently growing VFX industry in India has faced a revolution in all verticals with blockbusters like *Baahubali* and *Bajirao Mastani* bewildering the audience worldwide.

With these upcoming and constantly growing key trends, it is quite explanatory that the animation and VFX industry in India has gained considerable impetus in the past years and definitely there is an ever increasing graph ahead in the future. Growth and progress are always marked with milestones thus, if the existing challenges are tackled with wise measures then the pace of growth can be fastened with no paramount hurdle in its way.

Internal Control System and their adequacy:

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

Opportunities:

The following are the opportunities:

With global players exploring India as a talent pool for animation content and Indian filmmakers looking out for subjects with a “broad mass appeal”, there's a huge potential for the growth of the animation world in the country,

Additionally, leading Indian production houses like Tata and Reliance are now investing in the animation market and collaborating with Indian filmmakers to make animated features that have broad mass appeal and entertain their local audiences.

Future trends like Colour 3D printing can help generate millions of facial expressions for the characters which stop-motion and CGI experts use. 3D printing is going to be an invaluable tool to stop-motion animators, who will be able to leverage its possibilities to create bigger, better and more complex animations.

VR and AR are emerging as important tools for technology companies, content providers and animation/VFX players. Currently, this tech is mostly used in the gaming community as the companies are hesitant towards non-gaming VR due to lack of demand for such media.

Threats:

1. Competition from other countries like Taiwan, Philippines, Korea and China
2. Ever changing technology
3. Lack of awareness in foreign countries

4. Inadequate funding for capex and investment in manpower
5. Lack of support from government.

Challenges, Risks and Concerns:

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

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

Discussion on Financial Performance with respect to Operational Performance:

During the year under review the Company has achieved a turnover of Rs. 1.10 Crores as compared Rs. 1.02 Crores in the previous year, Profit after tax for the current financial year was Rs 67,800/-.

The paid-up capital of the Company as on 31-03-2015 is Rs. 8,10,49,500/- comprising of 8,10,49,500 equity shares of Re. 1/- each.

Human Resources Development and Industrial Relations:

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

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

Cautionary Statement:

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

other players also reflect on opinion by the management and the management accepts no liability on such opinions. Actual results might differ materially from those either expressed or implied.

For and on behalf of the Board

**Sd/-
Ramabhotla Srinivasa Sudhish
Chairman & Managing Director
DIN: 00027816**

September 01, 2016

Hyderabad

INDEPENDENT AUDITOR'S REPORT

**To
The Members of
M/s Millitoons Entertainment Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s. Millitoons Entertainment Limited**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting of the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and 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

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder. We conducted our audit in accordance with the Standards on Auditing under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements

that give true 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 reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31, 2016;
- (b) in the case of the Profit and Loss Account, of the **Profit** for the period 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

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013;

- (f) With respect to adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in “Annexure B” and
- (g) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :
 - (i) The Company does not have any pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which they were any material foreseeable losses.
 - (iii) There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

For S N Murthy & Co
Chartered Accountants
FRN No. 002217S

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

Hyderabad
May 30, 2016

Annexure – A to the Auditors' Report

(Referred to in Paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of our report of even date to the members of Millitoons Entertainment Limited)

1. (a) The Company has generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of the Immovable property were held in the name of the Company.
2. As explained to us, the stock of finished goods in the Company's custody has been physically verified by the management as at the end of the Financial Year and no material discrepancies were noticed on such physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the act.
4. The Company has not granted any loans, made investments, guarantees or security falling within the purview of the provisions of section 185 and 186 of the Companies Act, 2013.
5. According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year within the meaning of Section 73 and 76 of the Act and the rules framed there under.
6. Clause (vi) of Paragraph 3 of the Companies (Auditor's Report) Order, 2016, relating to maintenance of cost records is not applicable to the Company.
7. According to the information and explanations given to us and records of the Company examined by us, in our opinion:
 - (a) There was no undisputed amounts payable in respect of Provident Fund, ESI, Income-tax, Sales Tax, Wealth Tax, service tax, customs duty, Excise duty, VAT, Cess and statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (b) There were no dues outstanding in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty or VAT or Cess on account of any dispute.

8. Clause (viii) of Companies (Auditor's Report) Order, 2016 i.e., CARO, 2016 relating to repayment of loans or borrowings to financial institutions, bank, Government and debenture holders is not applicable to the Company.
9. The Company has not raised any money by way of IPO or FPO (including debt instruments). The Company has not availed any term loans.
10. There is no fraud by the Company or any fraud on the Company by its officers and employees has been noticed or reported during the year.
11. The Company has not paid any managerial remuneration under section 197 of the Companies Act, 2013.
12. The Company is not a Nidhi Company.
13. All transactions with the related parties are in compliance with the section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable Accounting Standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. The Company has not entered into any non-cash transactions with directors or persons connected with directors during the year.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For S N Murthy & Co
Chartered Accountants
FRN No. 002217S

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

Hyderabad
May 30, 2016

Annexure – B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of M/s Millitoons Entertainment Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S N Murthy & Co
FRN No. 002217S

Hyderabad
May 30, 2016

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

MILLITOONS ENTERTAINMENT LIMITED

Registered Office: 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034, T.S.

Phone: 040-65359666 CIN: L52110TG1985PLC051404, Email: info@millitoons.com, Website: www.millitoons.com

Balance Sheet As At 31.03.2016

| Particulars | Note No. | As on 31.03.2016 | As on 31.03.2015 |
|--|----------|--|--------------------|
| I EQUITY AND LIABILITIES | | | |
| (1) Share Holders Funds | | | |
| a) Share Capital | 2-1 | 81,049,500 | 81,049,500 |
| b) Reserves & Surplus | 2-2 | 6,234,951 | 6,235,437 |
| c) Money received against Share Warrants | | - | - |
| Sub-Total (1) | | 87,284,451 | 87,284,937 |
| (2) Share Application Money Pending for Allotment | | | |
| | | - | - |
| (3) Non Current Liabilities | | | |
| a) Long Term Borrowings | | - | - |
| b) Deferred Tax Liability (Net) | | - | - |
| c) Other Long Term Liabilities | | - | - |
| d) Long Term Provisions | | - | - |
| Sub-Total (2) | | - | - |
| (4) Current Liabilities | | | |
| a) Short Term Borrowings | 2-3 | 11,535,116 | 24,281,339 |
| b) Trade Payables | 2-3 | - | - |
| c) Other Current Liabilities | 2-3 | - | - |
| d) Short Term Provisions | 2-3 | 1,148,871 | 1,092,877 |
| Sub-Total (3) | | 12,683,987 | 25,374,216 |
| Total (1 + 2 + 3) | | 99,968,439 | 112,659,153 |
| II ASSETS | | | |
| (1) Non Current Assets | | | |
| a) Fixed Assets | | | |
| (i) Tangible Assets | 2-4 | 10,764,885 | 10,843,845 |
| (ii) Intangible Assets | | - | - |
| (iii) Capital Work in Progress | | 48,664,029 | 58,145,896 |
| (iv) Intangible Assets under Development | | - | - |
| b) Non-Current Investments | | - | - |
| c) Deferred Tax Asset - Net | | 80,471 | - |
| d) Long Term Loans and Advances | | - | - |
| e) Other Non Current assets | | - | - |
| Deferred Tax Asset | | - | 80,471 |
| Sub-Total (1) | | 59,509,385 | 69,070,212 |
| (2) Current Assets | | | |
| a) Current Investments | | - | - |
| b) Inventories | 2-5 | 22,124,060 | - |
| c) Trade Receivables | 2-5 | 11,521,565 | 43,144,590 |
| d) Cash and Cash Equivalents | 2-5 | 3,548,083 | 29,005 |
| e) Short Term Loans and Advances | 2-5 | - | - |
| f) Other Current Assets | 2-5 | 3,265,346 | 415,346 |
| Sub-Total (2) | | 40,459,054 | 43,588,941 |
| Total (1 + 2) | | 99,968,439 | 112,659,153 |
| Significant Accounting Policies | | 1 | |
| <p>For S N Murthy & Co., Chartered Accountants FRN No. 002217S</p> <p>Sd/- PVSN Murthy Proprietor Membership No. 21862</p> <p>Place : Hyderabad Date : 30/5/2016</p> | | <p style="text-align: center;">For on behalf of the board Millitoons Entertainment Limited</p> <p style="text-align: center;">Sd/- R.S. Sudhish (Managing Director) DIN: 00027816</p> <p style="text-align: center;">Sd/- K. Ravi Kumar (Director) DIN: 06363981</p> <p style="text-align: center;">Sd/- Monica Shrikant Gehlot (Company Secretary)</p> <p style="text-align: center;">Sd/- RLVN Kishore Siram (CFO)</p> | |

MILLITOONS ENTERTAINMENT LIMITED

Registered Office: 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034, T.S.

Phone: 040-65359666 CIN: L52110TG1985PLC051404, Email: info@millitoons.com, Website: www.millitoons.com

Profit and Loss statement for the year 31.03.2016

| Particulars | Note No. | As on 31.03.2016 | As on 31.03.2015 |
|--|----------|--|--|
| I Revenue from Operations | | 11,090,662 | 10,156,830 |
| II Other Income | | 925,256 | 968,420 |
| III Total Revenue (I + II) | | 12,015,918 | 11,125,250 |
| IV Expenses | | | |
| a) Cost of Materials Consumed | | - | - |
| b) Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 2-6 | 9,498,965 | 8,782,931 |
| c) Employee Benefits Expense | 2-7 | 1,141,532 | 1,111,220 |
| d) Finance Costs | 2-8 | 13,515 | 8,882 |
| e) Depreciation and Amortization Expense | 2-4 | 78,960 | 78,960 |
| f) Other Expenses | 2-9 | 1,186,089 | 1,052,195 |
| Total Expenses | | 11,919,061 | 11,034,188 |
| V Profit Before Taxes | | 96,857 | 91,062 |
| VI Extra-Ordinary Items | | | |
| VII Tax Expense | | | |
| (a) Current Tax | | 29,057 | 27,319 |
| (b) Deferred Tax | | - | 89,200 |
| VIII Profit & (Loss) for the Period (V - VI) | | 67,800 | 152,943 |
| IX Earning Per Equity Share: | | | |
| 1 Basic (Rs.) | | 0.0008 | 0.0019 |
| 2 Diluted (Rs.) | | 0.0008 | 0.0019 |
| For on behalf of the Board of Millitoons Entertainment Limited | | | |
| For S N Murthy & Co., Chartered Accountants FRN No. 002217S Sd/- PVS N Murthy Proprietor Membership No. 21862 | | Sd/- R.S. Sudhish (Managing Director) DIN: 00027816 | Sd/- K. Ravi Kumar (Director) DIN: 06363981 |
| | | Sd/- Monica Shrikant Gehlot (Company Secretary) | Sd/- RLVN Kishore Siram (CFO) |
| Place : Hyderabad Date : 30/5/2016 | | | |

MILLITOONS ENTERTAINMENT LIMITED

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Phone: 040-65359666 CIN: L52110TG1985PLC051404, Email: info@millitoons.com, Website: www.millitoons.com

Cash Flow Statement for the period ended by 31st March,2016

| Particulars | As on 31st March 2016 | As on 31st March 2015 |
|---|-----------------------|-----------------------|
| I Cash flow from Operating Activities | | |
| a) Profit Before tax | 96,857 | 63,743 |
| b) Adjustments for non-cash eliments | | |
| i) Depreciation/Amortization | 78,960 | 78,960 |
| ii) Loss on Sales of Assets | | |
| iii) Loss on Sale of Investments | | |
| c) Cash flow before change in the working capital | 175,817 | 142,703 |
| d) Changes in working capital | | |
| i) (Increase) or Decrease in Inventories | (22,124,060) | 2,737,721 |
| ii) (Increase) or Decrease in Trade Receivables | 31,623,025 | (750,264) |
| iii) (Increase) or Decrease in Other Advances and Loans | - | 14,803,778 |
| iv) (Increase) or Decrease in current liabilities | - | |
| v) (increase) or Decrease in other Assets | (2,850,000) | |
| vi) Increase or (Decrease) in Current Liabilities and Provisions | (12,746,223) | 1,835,483 |
| vii) Increase or (Decrease) in Other Liabilities | 55,994 | 304,283 |
| Cash Flow from Operating Activities | (5,865,447) | |
| Less: Taxes Paid | 29,057 | |
| Net Cash Flow from Operating Activities | (5,894,504) | 19,073,705 |
| II Cash Flow from Investment Activities | | |
| a) Sale of Fixed Assets | | |
| b) Work in progress | 9,481,867 | 654,800 |
| c) Purchase of Fixed Assets | | - |
| Net Cash Flow from Investment Activities | 9,481,867 | 654,800 |
| III Cash Flow from Financing Activities | | |
| a) Repayment of Term Loan | - | (19,750,064) |
| b) Provision for Dividend | -56735 | |
| c) Dividend Distribution tax | -11550 | |
| IV Net surplus or (Deficiet) of Cash and Cash equivalents during the year | 3,519,078 | (21,560) |
| V Balance at the beging of the year | 29,005 | 50,565 |
| VII Balance at the end of the year | 3,548,083 | 29,005 |

For S N Murthy & Co.
Chartered Accountants
FRN No. 002217S

Sd/-
P V S N Murthy
Proprietor
Membe

Place : Hyder
Date :30/05/2016

For on behalf of the Board of
Millitoons Entertainment Limited

Sd/- R.S. Sudhish
(Managing Director)
DIN: 00027816

Sd/- K. Ravi Kumar
(Director)
DIN: 06363981

Sd/-
Monica Shrikant Gehlot
(Company Secretary)

Sd/-
RLVN Kishore Siram
(CFO)

1. BACKGROUND

Millitoons Entertainment Limited was incorporated on May 10, 1985. The registered office of the Company is presently situated in the State of Telangana. The Company is engaged in Providing Animated Services.

2. SIGNIFICANT ACCOUNTING POLICIES - Note No. 1

(i) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the historical cost and going concern convention and on accrual basis in accordance with the Indian Generally Accepted Accounting Principles ('GAAP') in India and the pronouncements of the Institute of Chartered Accountants of India and provisions of the Companies Act, 2013 to the extent applicable. The financial statements are presented in Indian rupees.

(ii) Revenue Recognition

Revenue from Animation services consists primarily of revenue earned from services performed on time basis. The related revenue is recognized as and when services are performed. Revenue from sale of goods are recognised on the basis of invoices raised on the customers

(iii) Expenditure

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

(iv) Fixed Assets

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

(v) Depreciation

Depreciation on Fixed assets is provided on pro-rata basis on Straight Line Method (SLM) at the rates prescribed in Schedule II to the Companies Act, 2013. Individual Assets costing less than Rs. 5,000/- are fully depreciated during the period

(vi) Inventories

Inventories are valued at lower of cost or net realizable value after providing for obsolescence, If any. Cost comprises of cost of purchase, cost of conversion,

and other costs incurred in bringing the inventories to the present location and condition.

(vii) Foreign Exchange Transactions

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

(viii) Impairment

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

(ix) Taxes on income

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

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

(x) Retirement Benefits

Provident Fund:

The Company has Defined Contribution Plan in respect of Employees

Provident Fund and Pension Fund and accordingly has made contributions to the respective funds and charged off the same on accrual basis if any.

Gratuity & Leave Encashment:

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

(xi) Borrowing Costs:

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

(xii) Provisions and Contingent Liabilities

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

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

3. Earnings per Share

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

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

| Sl. No. | Particulars | FY 2015-16 | FY 2014-15 |
|----------------|---|-------------------|-------------------|
| 01 | Profit After Tax | 67,800 | 1,52,943 |
| 02 | Number Shares Outstanding | 8,10,49,500 | 8,10,49,500 |
| 03 | Nominal Value Per Share | 1 | 1 |
| 04 | Basic Earnings Per Share (BEPS) in Rupees | 0.0008 | 0.0019 |
| 05 | Diluted Earnings Per Share (DEPS) in Rupees | 0.0008 | 0.0019 |

4. Auditor's remuneration

| Particulars | FY 2015-16 | FY 2014-15 |
|----------------------|-------------------|-------------------|
| Statutory Audit Fees | 20,000 | 10,000 |
| Total | 20,000 | 10,000 |

5. Managerial Remuneration:

| Particulars | FY 2015-16 | FY 2014-15 |
|--|-------------------|-------------------|
| Managerial Remuneration included in Salaries & Wages | NIL | NIL |
| Total | NIL | NIL |

6. Related party Disclosures:

(a) Name and relationship of related parties:

| Name of Related party | Relationship with the Company |
|--|--------------------------------------|
| Ravikaanth Portfolio Services Pvt. Ltd | Group Company |
| Ramabhotla Srinivasa Sudhish | Managing Director |

7. Foreign Currency Earnings & Outgo

| Particulars | FY 2015-16 | FY 2014-15 |
|------------------------------|-------------------|-------------------|
| Foreign Currency Earnings | NIL | NIL |
| Foreign Currency Expenditure | NIL | NIL |

8. Contingent Liabilities - NIL

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

| Particulars | As at march 31,2016 | As at march 31,2015 |
|---|--------------------------------|--------------------------------|
| Deferred tax Asset/(Liability) | | - |
| Opening Balance of Deferred Tax Assets | 80,471 | (8,729) |
| Addition on Account of depreciation during the year | 0 | 89,200 |
| Closing Balance of Deferred Tax Assets | 80,471 | 80,471 |

- 10.** Sundry creditors include Rs. Nil due to suppliers covered under the “Small, Micro and Medium Enterprises Development Act, 2006”. The Company has not received any claim for interest from any supplier under the said Act. This is based on the information available with the Company.
- 11.** All the figures have been rounded off to nearest rupee.
- 12.** The company is operating in one segment i.e Animation business . Hence there are no reportable segment as per Accounting standard 17 – Segment Reporting.
- 13.** Previous Year figures are regrouped or reclassified where ever necessary to conform to current year classification and presentation.

Schedules form an integral part of financial statements

As per our report of even date

For S N Murthy & Co.
Chartered Accountants
FRN: 002217S

for and on behalf of Board of Directors
Millitoons Entertainment Limited

Sd/-
P V S N Murthy
Partner
Membership No. 021862

Sd/-
R.S. Sudhish
Managing Director
DIN: 00027816

Sd/-
K. Ravi Kumar
Director
DIN: 06363981

Sd/-
Monica Shrikant Gehlot
Company Secretary

Sd/-
RLVN Kishore Siram
CFO

Hyderabad
30/05/2016

MILLITOONS ENTERTAINMENT LIMITED

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Phone: 040-65359666 CIN: L52110TG1985PLC051404, Email: info@millitoons.com, Website: www.millitoons.com

Notes to the Accounts for the year ended 2016

| Particulars | Amount in Rs. | |
|--|-------------------|-------------------|
| | As on 31.03.2016 | As on 31.03.2015 |
| 2(1) Share Capital | | |
| I Authorised Capital | | |
| Equity Shares of 10,00,00,000 Nos. at face value of Rs.1/- each | 100,000,000 | 100,000,000 |
| II Issued, Subscribed and paidup Capital | | |
| a) Equity Shares of 8,10,49,500 Nos at Face Value of Rs.1/- each have been Fully Paid Up | 81,049,500 | 81,049,500 |
| b) Less: Calls in arrears | | - |
| c) Paidup Equity Capital | 81,049,500 | 81,049,500 |
| Total | 81,049,500 | 81,049,500 |
| III Reconciliation of the shares outstanding at the beging and end the reporting period | | |
| a) At the Beging of the year | 81,049,500 | 81,049,500 |
| b) Add: Shares Issued during the reporting period | | - |
| c) Outstanding at the end of the year | 81,049,500 | 81,049,500 |
| IV Details of Share Holders holding more than 5% shares | In Nos | In Nos |
| a) Promoter Groups | 60,235,390 | 58,805,390 |
| % of Holding | 74% | 73% |
| (i) <u>Individuals</u> | | |
| (a) Ramabhotla Srinivasa Sudhish | 35,928,234 | 35,928,234 |
| (b) Sree Lakshmi Ramabhotla | 3,346,450 | 3,346,450 |
| (c) K Narasimha rao | | 900,000 |
| % of Holding | 48% | 50% |
| (ii) <u>Any Other</u> | | |
| (a) Ravikaanth Portfolio Services Private Limited | 20,960,706 | 18,630,706 |
| % of Holding | 26% | 23% |
| Rights, preferences and restrictions attached to shares | | |
| Equity shares | | |
| The Company has one class of equity shares having a par value of Rs. 1 each. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. | | |
| Total Dividend payable to Equity shareholders is Rs. 56,735 and per share is Re. 0.00070 | | |
| 2(2) Reserves & Surplus | | |
| I Share Premium | | |
| a) Opening Balance | 1,307,250 | 1,307,250 |
| b) Add: Current year Appropriation | - | - |
| c) Closing Balance | 1,307,250 | 1,307,250 |
| II Profit and Loss Surplus | | |
| a) Opening Balance | 4,928,187 | 4,775,243 |
| b) Add: Current year Profit | 67,800 | 152,943 |
| c) Less: Appropriations | | |
| i) Proposed final dividend on equity shares | 56,735 | - |
| ii) Dividend Distribution Tax | 11,550 | - |
| c) Closing Balance | 4,927,701 | 4,928,187 |
| Total Reserves and Surplus (I + II) | 6,234,951 | 6,235,437 |

MILLITOONS ENTERTAINMENT LIMITED**Registered Office:** 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034, T.S.**Phone:** 040-65359666 **CIN:** L52110TG1985PLC051404, **Email:** info@millitoons.com, **Website:** www.millitoons.com**Notes to the Accounts for the year ended 2016****Amount in Rs.**

| Particulars | As on 31.03.2016 | As on 31.03.2015 |
|---|------------------|------------------|
| 2(3) Current Liabilities | | |
| I Short Term Borrowings | | |
| a) From Related Parties | | |
| Ravikaanth Portfolio Services Pvt. Ltd | - | 2,446,223 |
| Ramabhotla Srinivasa Sudhish | 100,000 | - |
| Sub-total (a) | 100,000 | 2,446,223 |
| b) From Other Parties | | |
| Sphere Global Services Limited | 11,435,116 | 16,835,116 |
| K Narasimha rao | - | 5,000,000 |
| Sub-total (b) | 11,435,116 | 21,835,116 |
| Total Short Term Borrowings - II = (a + b) | 11,535,116 | 24,281,339 |
| II Trade Payables | - | - |
| Total Trade Payables - II | - | - |
| III Short Term Provisions | | |
| Provisions | 1,080,586 | 1,092,877 |
| Dividend Distribution Tax Payable | 11,550 | |
| Dividend Payable | 56,735 | |
| Total - III | 1,148,871 | 1,092,877 |
| Total Current Liabilities (I + II + III) | 12,683,987 | 25,374,216 |

MILLITOONS ENTERTAINMENT LIMITED

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Notes to the Accounts for the year ended 2016

| Particulars | Amount in Rs. | |
|--|------------------|------------------|
| | As on 31.03.2016 | As on 31.03.2015 |
| 2(5) Current Assets | | |
| I) Inventories | 22,124,060 | - |
| Sub-Total (I) | 22,124,060 | - |
| II) Trade Receivable - Unsecured | | |
| More Than Six Months | | |
| a) Considered Good | 11,521,565 | 43,144,590 |
| b) Considered Doubtful | - | - |
| | 11,521,565 | 43,144,590 |
| Less: Provision for doubtful receivables | - | - |
| Sub- total (II) | 11,521,565 | 43,144,590 |
| NON CURRENT ASSET | | |
| Deferred Tax Asset-Net | | |
| a) Balance at the Beginning | 80,471 | (8,729) |
| b) Less: Current Year Provision | - | 89,200 |
| c) Closing Balance | 80,471 | 80,471 |
| | 80,471 | 80,471 |
| III) Cash and Cash Equivalents | | |
| a) Balances with Banks | 3,518,390 | 5,506 |
| b) Cash on Hand | 29,693 | 23,499 |
| Sub- total (III) | 3,548,083 | 29,005 |
| IV) Short Term Advances | | |
| Related Parties | - | - |
| Sub- total (IV) | - | - |
| V) Other Current Assets | | |
| Trade Advances | 1,744,000 | 244,000 |
| Deposits | 1,521,346 | 171,346 |
| Sub- total (V) | 3,265,346 | 415,346 |
| Total (I + II + III + IV + V) | 3,265,346 | 415,346 |
| 2(6) Changes in Inventories | | |
| a) Opening Balance | - | 2,737,721 |
| b) Add: Purchases | 31623025 | 6,045,210 |
| c) Less: Consumed | 9,498,965 | 8,782,931 |
| d) Closing Balance | 22,124,060 | - |
| 2(7) Employee Cost | | |
| Salaries & Wages | 1141532 | 855,660 |
| Staff Welfare Expenses | 0 | 21,560 |
| Security charges | 0 | 234,000 |
| Total | 1,141,532 | 1,111,220 |

MILLITOONS ENTERTAINMENT LIMITED**Registered Office:** 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034, T.S.**Phone:** 040-65359666 **CIN:** L52110TG1985PLC051404, **Email:** info@millitoons.com, **Website:** www.millitoons.com**Notes to the Accounts for the year ended 2016**

| Particulars | Amount in Rs. | |
|--|---|---|
| | As on 31.03.2016 | As on 31.03.2015 |
| 2(8) Finance Cost | | |
| Int on Term Loan | | - |
| Bank Charges | 13,515 | 8,882 |
| Total | 13,515 | 8,882 |
| 2(9) Other Expenses | | |
| Advertisement & Business Promotion | | |
| Electricity Charges | 48520 | 85,770 |
| Telephone & Internet Expenses | 5140 | 35,440 |
| NSDL Charges | 51526 | |
| Register Fee | 51530 | |
| Printing & Stationary | 65230 | 71,336 |
| Postage & Stamps | 8630 | 7,855 |
| Office Maintenance | 235600 | 445,596 |
| Audit Fee | 20000 | 10,000 |
| Professional Charges | 200000 | |
| Other Expenses | 499913 | 396,198 |
| Total | 1,186,089 | 1,052,195 |
| For S N Murthy & Co., Chartered Accountants FRN No. 002217S | For on behalf of the Board of Millitoons Entertainment Limited | |
| Sd/- PVSN Murthy Proprietor Membership No. 21862 | Sd/- R.S. Sudhish (Managing Director) DIN: 00027816 | Sd/- K. Ravi Kumar (Director) DIN: 06363981 |
| | Sd/- Monica Shrikant Gehlot (Company Secretary) | Sd/- RLVN Kishore Siram (CFO) |
| Place : Hyderabad Date : 30/5/2016 | | |

2(4) Depreciation

Depreciation Chart 31.03.2016

| Particulars | Opening Gross Block | Additions | Deletions | Total | Rate of depreciation | Opening Depreciation | Dep for the yr. | Total Depreciation | WDV at 31.03.2015 |
|---------------------------------|---------------------|-----------|-----------|-------------------|----------------------|----------------------|-----------------|--------------------|-------------------|
| Tangible Fixed assets | | | | | | | | | |
| Land - Vizag | 10,193,041 | - | - | 10,193,041 | 0.00% | - | - | - | 10,193,041 |
| Electrical Equipment | 165,425 | - | - | 165,425 | 4.75% | 84,289 | 7,858 | 92,147 | 73,278 |
| Furniture and Fittings | 745,642 | - | - | 745,642 | 6.33% | 483,506 | 47,199 | 530,705 | 214,937 |
| Plant and Machinery - Computers | 1,834,963 | - | - | 1,834,963 | 16.21% | 1,834,963 | - | 1,834,963 | - |
| Office Equipment | 503,226 | - | - | 503,226 | 4.75% | 195,694 | 23,903 | 219,597 | 283,629 |
| Plant and Machinery | 438,000 | - | - | 438,000 | 16.21% | 438,000 | - | 438,000 | - |
| Total | 13,880,297 | - | - | 13,880,297 | | 3,036,452 | 78,960 | 3,115,412 | 10,764,885 |

**For on behalf of the board
Millitoons Entertainment Limited**

**For S N Murthy & Co.,
Chartered Accountants
FRN No. 002217S**

**Sd/-
PVS N Murthy
Proprietor
Membership No. 21862**

**Sd/-
R.S. Sudhish
(Managing Director)
DIN: 00027816**

**Sd/-
K. Ravi Kumar
(Director)
DIN: 06363981**

**Sd/-
Monica Shrikant Gehlot
(Company Secretary)**

**Sd/-
RLVN Kishore Siram
(CFO)**

**Place : Hyderabad
Date : 30/05/2016**

MILLITOONS ENTERTAINMENT LIMITED

CIN: L52110TG1985PLC051404

Address: 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034.

Tel No.: 040 – 6535 9666, Email ID: info@millitoons.com

ATTENDANCE SLIP

31st ANNUAL GENERAL MEETING

(Please complete this attendance slip and hand it over at the entrance of the registered office)

I/ We hereby record my/ our presence at the 31st Annual General Meeting of the Company held on Friday, September 30, 2016 at 09:00 A.M. at Hotel Vinflora, No. 157, Kamalapur, Srinagar Colony Main Road, Hyderabad – 500 073, T.S.

Name of the Member/Proxy _____ Signature _____

Folio No. _____ No. of Shares Held _____

*DP ID _____ *Client ID _____

*Applicable to investors holding shares in Electronic Form

Notes:

1. Electronic copy of the Annual Report for 2016 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
 2. Physical copy of the Annual Report for 2016 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email ids are not registered with the Company or have requested for a hard copy.
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MILLITOONS ENTERTAINMENT LIMITED**CIN:** L52110TG1985PLC051404**Address:** 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034.**Tel No.:** 040 – 6535 9666, **Email ID:** info@millitoons.com**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)

Name of the Member(s):

Registered Address:

E-mail ID:

Folio No. _____

No. of Shares Held _____

*DP ID _____

*Client ID _____

*Applicable to investors holding shares in Electronic Form

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

1. Name :

Email ID:

Address :

Signature :

or failing him

2. Name :

Email ID:

Address :

Signature :

or failing him

3. Name :

Email ID:

Address :

Signature :

as my/ our proxy to attend and vote (on poll) for me/ us and on my/ our behalf at the 31st Annual General Meeting of the Company to be held on the Friday, September 30, 2016 at 09:00 A.M. at Hotel Vinflora, No. 157, Kamalapur, Srinagar Colony Main Road, Hyderabad – 500 073, T.S. and at any adjournment thereof in respect of such resolutions as are indicated below:

| S. No. | Resolution | For | Against |
|--------------------------|--|-----|---------|
| Ordinary Business | | | |
| 1 | Adoption of Financial Statements for the financial year ended March 31, 2016 | | |
| 2 | Declaration of dividend | | |
| 3 | Re-appointment of Mr. Ramabhotla Srinivasa Sudhish (DIN: 00027816), Director who retires by rotation | | |
| 4 | Re-appointment of M/s S N Murthy & Co., Chartered Accountants, as Statutory Auditors | | |
| Special Business | | | |
| 5 | Appointment of Mr. Srinivasa Murthy Banda (DIN 03165686) as Director | | |
| 6 | Appointment of Ms. Krishnapriya Vincent (DIN 07443638) as Director | | |
| 7 | Appointment of Ramabhotla Srinivasa Sudhish (DIN 00027816) as Chairman and Managing Director | | |

Please put a tick mark (√) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on a particular resolution, he/she should write "Abstain" across the boxes against the Resolution.

Signed this _____ day of September, 2016

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

Signature of Member

MAP OF AGM VENUE

