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Board of Directors:

Mr. T. P. Prabhakar	Director
Mr. M. Anil Kumar	Director
Mr. D. Sai Satish Kumar	Director
Mr. R. S. Sudhish	Director

Registered Office:

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

Audit Committee:

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

Nomination and Remuneration Committee:

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

Stakeholders Relationship Committee:

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

Auditors:

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

Bankers:

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

Registrars & Share Transfer Agents:

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

Listed At:

Delhi Stock Exchange

**NOTICE**

NOTICE is hereby given that the 28<sup>th</sup> Annual General Meeting of the Shareholders of **Millitoons Entertainment Limited (Formerly Color Chips New Media Limited)** will be held on Monday, the 30<sup>th</sup> day of September, 2013 at 3.00 PM at Plot No.91, Road No.7-B, Women's Co-operative Hosing Society, Jubilee Hills, Hyderabad, Andhra Pradesh- 500033 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2013 and the Profit and Loss Account for the financial on that date together, with the Reports of Board of Directors and Auditors thereon.
2. To re-appoint Mr. D Sai Satish Kumar (DIN 00853028), as a director of the company.
3. To appoint Statutory Auditors of the Company.

**BY THE ORDER OF THE BOARD OF DIRECTORS**

Sd/-  
**TBVP Chandramouli**  
(CEO)

Place: Hyderabad

Date: 14/08/2013

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A blank form of proxy is enclosed and, if intended to be used, it should be returned to the Company duly completed not less than forty-eight hours before the time appointed for this Annual General Meeting.
2. Members / Proxies should bring the Attendance slip duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27<sup>th</sup> September 2013 to 30<sup>th</sup> September 2013 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report at the time of attending the Meeting as the same will not be distributed at the Meeting.

5. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Share Transfer Agents at CIL Securities Limited Chartered Accountants Flat No.212 & 214 Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad -500001.

**ANNEXURE 1 TO THE NOTICE:**

**Details of Directors retiring by rotation and seeking re-appointment/appointment as Directors:**

(In pursuance of Clause 49 of the Listing Agreement)

**Particulars**  
**D. Sai Satish Kumar** Date of Birth September 19, 1970 Date of Appointment January 31, 2012 Expertise in specific functional areas He is having 20 years of experience in accounts, finance and capital markets and about 7 years experience in development of animation software Qualifications MBA No. of Shares held NIL Directorships held in other companies (excluding private limited and foreign companies) Smilax Industries Ltd Positions held in mandatory committees in other companies 1) Chairman – Audit Committee  
2) Member – Remuneration Committee

**BY THE ORDER OF THE BOARD OF DIRECTORS**

Sd/-  
**TBVP Chandramouli**  
(CEO)

**Place: Hyderabad**

**Date: 14/08/2013**

**DIRECTORS' REPORT**

To  
The Members  
Millitoons Entertainment Limited

Your Directors have pleasure in placing before you the 28<sup>th</sup> Annual Report of the Company with Audited Financial Statements for the year ended 31<sup>st</sup> March 2013.

**Financial Results:**

Particulars	(Rupees in Lakhs)	
	2012-13 (9 Months)	2011-12 (12 Months)
Gross Total Income from Operations	83.65	571.02
Other Income	8.46	0.00
Expenses	91.73	520.37
Profit before Depreciation, Interest and Taxes	0.38	50.66
Depreciation	0.66	4.03
Interest	0.13	39.71
Profit Before Tax	-0.41	6.92
Provision for Tax	0.00	0.00
Deferred tax liability	4.35	0.00
Profit After Tax	3.94	6.92
Amount Transferred to Reserves and Surpluses	3.94	6.92

**Dividend:**

Your Directors do not recommend any dividend for the financial year 2012-13 due to inadequate profits.

**Change in Financial Year of the Company**

During the year the Board of Directors of your Company had decided to change the financial year of the Company from June ending to March end and financials of the Company have been prepared accordingly.

**Directors:**

During the year under review Mr D. Sai Satish Kumar retire by rotation and being eligible, offer himself for re-appointment and brief particulars of these gentlemen, are given in the annexure to the Notice of this Meeting. The Board commends their appointment and re-appointment as Director of the Company.

Further, during the year under review Mr. Ch. A. Satya kumar has resigned as Chief Financial Officer of the Company.

**Auditors:**

M/s. S N Murthy & Co, Chartered Accountants, Statutory Auditors of the Company appointed in the previous Annual General Meeting hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received from S N Murthy & Co a consent letter to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

**Directors' Responsibility Statement:**

In pursuance of Section 217 (2AA) of the Companies Amendment Act, 2000 your directors confirm:

- i) That the directors in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of company for that period.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

**Particulars of Employees:**

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

**Fixed Deposits:**

During the Financial year, company has not accepted any deposits falling with the preview of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

**Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo:**

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

Energy:

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

Foreign Exchange Earning and outgo:

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

**Corporate Governance:**

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges form a part of this Annual Report.

**Management Discussion and Analysis:**

A separate section on Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges forms a part of this Annual Report.

**Acknowledgements:**

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

**BY THE ORDER OF THE BOARD OF DIRECTORS**

Sd/- <b>D. Sai Satish Kumar</b> (Director)	Sd/- <b>TBVP Chandramouli</b> (CEO)
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**Place: Hyderabad**

**Date: 14/08/2013**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

(Forming part of Directors' Report)

### **Industry Structure and Developments:**

The year 2012-13 was extremely challenging. We pulled up our sleeves and re-grouped to strategies our way forward. The services product mix had to have all the three formats viz work for- hire for TV, DVD and Feature. We were successful in converting these prospects to customers.

The animation, gaming and VFX industry will continue to maintain its growth pace and is projected to grow at a CAGR of 22.4% from its current size of INR 38.3 billion to INR 85.6 billion in 2013. Growth in international animation films, especially the 3D productions, and subsequent work for Indian production houses will help in the growth this segment. The Indian gaming industry is projected to grow from an estimated size of INR 8.3 billion in 2010 to an estimated INR 25.3 billion by 2015, translating to a cumulative growth of 24.9% over the next five years.

The Indian Animation industry was worth US\$ 511 million in 2010 and is expected to grow at CAGR of 23% to reach US\$ 961 million by 2013.

### **Segment wise analysis of the Industry:**

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

Management believes that the risks and returns from these services are not predominantly different from one another and hence considers the Company to operate in a single business segment. However management has identified geographical segment disclosures based on location of the Company's customers in case of revenue. Further, disclosures of carrying amount of segment assets and cost incurred to acquire segment assets are based on geographical location of segment assets. As per Accounting standard AS (17) on segment reporting, segment information has been provided under the notes to consolidated financial statements.

### **Internal Control System and their adequacy:**

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

### **Outlook:**

The rising number of TV channels, greater accessibility to Internet, proliferation of mobile devices that leads to the popularity of video and gaming content is set to offer a huge potential for the animation and



character licensing in India. Hence, Comics' players are looking to monetize their content libraries through other new media mediums in addition to TV and Film. Recently, Diamond comics joined hands with License India, a licensing solution provider to market its famous characters to be used in animation films marketing campaigns.

The Indian TV advertisement industry size is expected to increase to US\$ 3.3 billion by 2013. This, coupled with growing popularity of animated characters is expected to boost the industry. The reasons can be attributed to making cost effective commercials or doing away with the clutter of celebrity overkill. Animation commercials cost far lower compared to advertisements with celebrities and establish connect with children and adults alike. They relate to audiences irrespective of language and cultural barriers. Further, in some cases animations are also used to increase the visual appeal of the advertisement or as a part of the concept of a commercial.

### **Opportunities:**

The release of 'Avatar', a movie that is a hybrid of live action and computer generated animated characters became the largest grosser in India indicating that Indian audiences are interested in high quality animated content. The animation film industry sighted the trend and a number of animation films were made and released to capitalize on this interest. However, Indian animation films did not live up to the expectations set by their Hollywood counterparts. As the country moves out of recession and Indian audience matures, animation movies in the pipeline are expected to see execution. (Refer figure 29 for major movies released in 2010 and 2011) a post-production company that offers visual effects services, has worked in globally acclaimed films such as The King's Speech.

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

### **Threats:**

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

5. Lack of support from government

**Challenges, Risks and Concerns:**

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

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

**Discussion on Financial Performance with respect to Operational Performance:**

During the year under review the Company has achieved a turnover of Rs.83.65 Lakhs as compared Rs.5.71 Crores in the previous year and Profit after tax of Rs.3.94 Lakhs as compared Rs. 6.92 Lakhs in the previous year.

The paid-up capital of the Company as on 31-03-2013 is Rs.8,10,49,500/- comprising of 8,10,49,500 equity shares of Re.1/- each.

**Human Resources Development and Industrial Relations:**

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

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

**Cautionary Statement:**

Statement in this Management Discussion and Analysis describing the Company's objective, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Certain observations made on the industry and other players also reflect on opinion by the management and the management accepts no liability on such opinions. Actual results might differ materially from those either expressed or implied.

**REPORT ON CORPORATE GOVERNANCE**

(Forming part of Directors' Report)

**I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

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

**II. BOARD OF DIRECTORS:**

As on 31<sup>st</sup> March 2013, the Board of Directors comprised of 4 Directors out of which two are independent directors. The Composition of the Board is in conformity with the listing requirements.

None of the Directors on the Company's Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other Companies and do not hold the office of Director in more than 15 public companies.

The Managing Director (CEO) has certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO certification for the Financial Year ended March 31, 2013.

**BOARD MEETINGS:**

During the Year (9 Months) under review, Five (5) meetings of the Board of Directors were held on the following dates: 14-08-2012, 31-10-2012, 14-11-2012, 21-01-2013 and 14-02-2013.

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

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

Name of the Director	Category	No. of meetings Attended	Whether Attended Last AGM	No. of other director ships *	No. of Board Committees of other Companies	
					Chairman	Member
R. S. Sudhish	Promoter & NED	2	YES	-	-	-
M. Anil Kumar	Independent Director	3	NO	-	-	-
T. P. Prabhakar	Independent Director	5	YES	-	-	-
D. Sai Satish Kumar	Director	5	YES	1	1	2

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

All the Directors and members of Senior Management have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2013.

### **III. AUDIT COMMITTEE:**

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

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

The members of the Audit Committee are as follows:

<b>Name of Member</b>	<b>Category</b>	<b>Designation</b>	<b>No. of Meetings</b>
Mr. D. Sai Satish Kumar	Director	Director	3
Mr. T P Prabhakar	Independent Director	Member	3
Mr. M Anil Kumar	Independent Director	Member	1

Audit committee met 3 times on the following dates: 14-08-2012, 14-11-2012 and 14-02-2013.

### **IV. REMUNERATION COMMITTEE:**

The terms of reference of the Committee are:

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

During the year under review, there was no meeting of Remuneration Committee conducted.

The Remuneration Committee consists of majority of Independent Directors under the Chairmanship of Mr. M. Anil Kumar.

**COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON:**

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

**Remuneration Policy:**

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

**V. INVESTOR GRIEVANCE COMMITTEE:**

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

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

There were no investor complaints during the year under review.

Mr. Manjunath R Hegde, Company Secretary of the Company is the Compliance Officer.

There are no pending transfer/complaints as on 31-03-2013.

**Composition:**

<b>Name of the member</b>	<b>Category</b>	<b>Designation</b>
Mr. R.S. Sudhish	Director	Director
Mr. T.P. Prabhakar	Independent Director	Member
Mr. M. Anil Kumar	Independent Director	Member

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

**VI. GENERAL BODY MEETINGS :**

2011) The details of Annual General Body Meetings held in the last three years are as under:

<b>Financial Year</b>	<b>Location</b>	<b>Date and Time</b>
2011-2012	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2012 4.00 PM
2010-2011	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2011 4.00 PM
2009-2010	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2010 3.00 PM

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

**VII. OTHER DISCLOSURES:**

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

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

**VIII) GENERAL SHAREHOLDERS INFORMATION:**

AGM: The 28<sup>th</sup> Annual General Meeting of the Company will be held on Monday, 30<sup>th</sup> September 2013 at 3.00 P.M. at Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad- 500033, AP

**Financial Year and Calendar (Tentative) 2013-2014:**

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

**Means Of Communication:**

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

<b>Book Closure Date</b>	: 27-09-2013 TO 30-09-2013 (inclusive of both days)
<b>Listing on Stock Exchanges</b>	: Delhi Stock Exchange Limited
<b>Listing Fees</b>	: Listing fee for the year 2013-2014 has been paid
<b>Stock Code</b>	: 5004 (DSE)
<b>ISIN No.</b>	: INE621101018
<b>Market Price Data</b>	: There was no Trading in Shares during the year

**Registrar and share transfer Agents:** (both Physical and Demat)**M/s. CIL Securities Ltd**

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

**Share Transfer System:**

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

Any transferee who wishes to Demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a Demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

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

**Shareholding Pattern as on 31<sup>st</sup> March 2013:**

<b>Category</b>	<b>No. of shares</b>	<b>%</b>
Promoters	5,50,40,500	67.91
Mutual Funds and UTI Financial Institutions	Nil	Nil
Private Corporate Bodies	56,64,890	6.99
Indian Public	2,03,44,110	25.10
NRI's OCB's	Nil	Nil
Others	Nil	Nil
<b>Total</b>	<b>8,10,49,500</b>	<b>100.00</b>

**Dematerialization of Shares:**

The equity shares of the Company are in compulsory Demat segment. The Company has already entered into necessary agreements with CDSL for Demat facility. As on 31<sup>st</sup> March 2013 total number shares held in Demat are 6,05,82,660 equity shares representing 74.75% of total equity share capital of the Company.

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

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

**Plant Locations:**

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

**Address for Investors Correspondence:**

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

**Registered Office**

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

**Registrar and Transfer Agent**

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

**Managing Director Certification:**

As required by the revised clause 49 (V) of the Listing Agreement, the certificate from Managing Director was placed before the Board of Directors at their meeting held on 14<sup>th</sup> August, 2013.

**Compliance Certificate of the Auditors:**

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

**DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT:**

As Provided under Clause 49 of the Listing Agreement with Delhi Stock Exchange Limited, all board members and senior management personnel have affirmed the compliance with Millitoons Entertainment Limited Code of Conduct for the year ended 31<sup>st</sup> March 2013

**CERTIFICATE BY MANAGING DIRECTOR:**

Pursuant to the provisions Clause 41 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the period ended March 31, 2013:

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the



design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

- d. We have indicated to the auditors and the Audit committee
- i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Sd/-**  
**(Managing Director)**

**Place: Hyderabad**  
**Date: 14/08/2013**

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Millitoons Entertainment Limited

We have examined the compliance of conditions of corporate governance by Millitoons Entertainment Limited (Formerly Color Chips New Media Limited) for the year ended on 31<sup>st</sup> March, 2013 as stipulated in clause 49 of the listing agreement of the said company with concerned Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management, our examination has been limited a review of the procedures and implementation thereof adopted by the company for ensuring the compliance the conditions of corporate governance. It is neither an audit not expression of opinion on the financial statements of the company

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

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

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

**Sd/-  
P V S N Murthy  
Proprietor  
M. No: 21862  
FRN NO. 002217S**

**Place: Hyderabad  
Date: 14/08/2013**

**AUDITOR'S REPORT**

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

1. We have audited the attached Balance Sheet of **M/s Millitoons Entertainment Limited (Formerly Color Chips New Media Limited)**, as at 31<sup>st</sup> March, 2013 and the Profit and Loss Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs, in terms of Sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of accounts as required by law, have been kept by the company in so far as it appears from our examination of those books.
  - (iii) The Balance Sheet and Profit and Loss Statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
  - (v) On the basis of written representations received from the directors, as on 30<sup>th</sup> June 2012 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31.03.2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2013;
- b) In the case of Profit and Loss Statement, of the loss of the Company for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

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

**Sd/-  
P V S N Murthy  
Proprietor  
Membership No. 21862  
FRN NO. 002217S**

**Place: Hyderabad  
Date: 14/08/2013**

**ANNEXURE TO AUDITOR'S REPORT  
(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)**

1. (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of Fixed Assets.
- (b) The Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification as compared to the books.
- (c) In our opinion and according to the information and explanations given to us, there was no substantial disposal of fixed assets during the period and hence the going concern status of the company is not affected.
2. (a) In our opinion and according to the information and explanations provided to us, the Company has adequate procedures for physical verification and adjustment for material discrepancies with respect to Inventory during the period.
- (b) In our opinion, the procedures adopted for verification of inventory by the management is reasonable and commensurate with the size of the company and the nature of its business.
- (c) The Company has maintained proper records of inventories. In our opinion and according to the information and explanations given to us, the company has properly dealt with material discrepancies, if any, noticed during such verification in the books of accounts.
3. (a) Based on the information available and explanations provided to us, the Company has taken loans, secured or unsecured, from companies, firms or other parties covered in the register mentioned in Section 301 of the Companies Act, 1956 and are properly recorded in the Register and the terms and conditions of such loans are not prima facie prejudicial to the interest of the company and its members.
- (b) Based on the information available and explanations provided to us, the Company has not granted any loan whether secured or unsecured during the financial year ended on 31.03.2013 to any company covered within the provisions of Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations provided to us, internal control procedures are adequate and commensurate with the size of the Company and the nature of its business, with regard to purchase of raw material, plant and machinery, equipment and similar assets and for the sale of goods and services. During the course of our audit, no significant weaknesses have been noticed in the internal controls in these areas.
5. (a) In our opinion and based on the information and according to the explanations given to us, transactions that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 have been duly entered.
- (b) That the Transaction so entered, prima facie, appear, reasonable having regard to nature of

transactions and the information and explanations given to us.

6. Based on the information provided to us, the company has not accepted any deposits from public to which the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, apply.
7. In our opinion, the Company has an adequate internal audit system, which is commensurate with the size and nature of its business.
8. As explained to us, the Central Government has not prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 for the this type of Company.
9.
  - (a) According to the records of the Company, undisputed Statutory dues including provident fund, income tax, sales tax, customs duty, cess and other statutory dues as applicable, have generally been regularly deposited with the appropriate authorities.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrear, as at 30<sup>th</sup> June 2012 for a period of more than 6 months from the date they became payable.
  - (c) According to the records of the Company, there are no outstanding dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess on account of any dispute.
10. In our opinion, the does not have accumulated losses and the Company has not suffered cash losses for the current financial period on account of business operations.
11. Based on the information available and explanations provided, the Company has not defaulted in the repayment of dues to banks or financial institutions.
12. According to the information and explanation given to us and based on the documents and records examined by us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a Nidhi / Mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion and based on the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions and consequently, provisions of clause 4 (xv) are not applicable.
16. According to the information available and explanations provided and the Financial Statements of

the Company, in our opinion, the company has utilized term loans taken from banks or financial institutions for the purpose for which they were taken.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the company has not utilized loans raised on short term basis for long term investment.
18. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued debentures during the period covered under audit and consequently creating security for debentures do not apply.
20. The Company has not raised any monies during the year by issue of securities to the public and consequently, no disclosure on end use of funds is required.
21. Based upon the audit procedures performed for the purpose of reporting true and fair state of affairs of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

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

**Sd/-  
P V S N Murthy  
Proprietor  
Membership No. 21862  
FRN NO. 002217S**

**Place: Hyderabad  
Date: 14/08/2013**

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

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

We have examined the compliance of conditions of corporate governance by M/s **Millitoons Entertainment Limited (Formerly Color Chips New Media Limited)**, for the year ended on 31.03.2013 as stipulated in clause 49 of the listing agreement of the said company with Stock Exchanges

The compliance of conditions of corporate governance is the responsibility of the management, our examination has been limited a review of the procedures and implementation thereof adopted by the company for ensuring the compliance the conditions of corporate governance. It is neither an audit not expression of opinion on the financial statements of the company

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

We further state that such compliance is neither an assurance as to the future viability of the company not the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

**Sd/-  
P V S N Murthy  
Proprietor  
Membership No. 21862  
FRN NO. 002217S**

**Place: Hyderabad  
Date: 14/08/2013**



**Millitoons Entertainment Limited**

**Balance Sheet As At 31.03.2013**

Amount in Rs.

Particulars	Note No.	As on 31.03.2013	As on 30th June,2012
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Share Holders Funds</b>			
a) Share Capital	2-1	81,049,500	81,049,500
b) Reserves & Surplus	2-2	6,045,538	5,650,916
c) Money received against Share Warrants		-	-
<b>Sub-Total ( 1 )</b>		<b>87,095,038</b>	<b>86,700,416</b>
<b>(2) Share Application Money Pending for Allotment</b>			
		-	-
<b>(3) Non Current Liabilities</b>			
a) Long Term Borrowings	2-3	17,331,958	20,486,695
b) Deferred Tax Liability ( Net )	2-4	21,792	456,478
c) Other Long Term Liabilities		-	-
d) Long Term Provisions		-	-
<b>Sub-Total ( 2 )</b>		<b>17,353,750</b>	<b>20,943,173</b>
<b>(4) Current Liabilities</b>			
a) Short Term Borrowings	2-5	22,445,856	45,567,183
b) Trade Payables	2-5	-	40,706,334
c) Other Current Liabilities	2-5	-	635,683
d) Short Term Provisions	2-5	658,525	109,539
<b>Sub-Total ( 3 )</b>		<b>23,104,381</b>	<b>87,018,739</b>
<b>Total ( 1 + 2 + 3 )</b>		<b>127,553,169</b>	<b>194,662,328</b>
<b>II ASSETS</b>			
<b>(1) Non Current Assets</b>			
a) Fixed Assets			
(i) Tangible Assets	2-6	11,001,765	11,067,320
(ii) Intangible Assets		-	-
(iii) Capital Work in Progress		56,382,590	80,786,234
(iv) Intangible Assets under Development		-	-
b) Non-Current Investments		-	-
c) Deferred Tax Asset - Net			
d) Long Term Loans and Advances			
e) Other Non Current assets			
<b>Sub-Total ( 1 )</b>		<b>67,384,355</b>	<b>91,853,554</b>
<b>(2) Current Assets</b>			
a) Current Investments		-	-
b) Inventories	2-7	10,654,623	-
c) Trade Receivables	2-7	34,233,016	76,192,621
d) Cash and Cash Equivalents	2-7	62,051	76,234
e) Short Term Loans and Advances	2-7	14,803,778	20,613,463
f) Other Current Assets	2-7	415,346	5,926,456
<b>Sub-Total ( 2 )</b>		<b>60,168,814</b>	<b>102,808,774</b>
<b>Total ( 1 + 2 )</b>		<b>127,553,169</b>	<b>194,662,328</b>
<b>Significant Accounting Policies</b>		1	
<p><b>For S N Murthy &amp; Co</b> Chartered Accountants</p> <p>Sd/- P V S N MURTHY Proprietor Membership No. 21862</p> <p><b>Place : Hyderabad</b> <b>Date : 14.08.2013</b></p>		<p><b>For on behalf of the board of</b> <b>Millitoons Entertainment Limited</b></p> <p>Sd/- D. Sai Satish Kumar (Director)</p> <p>Sd/- TBVP Chandramouli (CEO)</p>	

## Millitoons Entertainment Limited

### Profit and Loss statement for the period 01.07.2012 to 31.03.2013

Amount in Rs.

Particulars	Note No.	As on 31.03.2013	As on 30th June,2012
<b>I Revenue from Operations</b>		8,365,115	57,102,333
<b>II Other Income</b>		846,700	-
<b>III Total Revenue ( I + II )</b>		<b>9,211,815</b>	<b>57,102,333</b>
<b>IV Expenses</b>			
a) Cost of Materials Consumed			-
b) Purchase of Stock in Trade			
c) Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	2-8	7,053,823	46,957,617
d) Employee Benefits Expense	2-9	1,164,508	3,588,451
e) Finance Costs	2-10	13,014	3,971,223
f) Depreciation and Amortization Expense	2-6	65,556	402,724
g) Other Expenses	2-11	954,978	1,490,562
<b>Total Expenses</b>		<b>9,251,879</b>	<b>56,410,577</b>
<b>V Profit Before Taxes</b>		<b>(40,064)</b>	<b>691,756</b>
<b>VI Extra-Ordinary Items</b>			-
<b>VII Tax Expense</b>			
(a) Current Tax		-	-
(b) Deferred Tax		434,686	-
<b>VIII Profit &amp; (Loss) for the Period ( V - VI )</b>		<b>394,622</b>	<b>691,756</b>
<b>IX Earning Per Equity Share:</b>			
1 Basic		0.0049	0.0085
2 Diluted		0.0049	0.0085
<b>For S N Murthy &amp; Co</b> Chartered Accountants		<b>For on behalf of the Board of</b> <b>Millitoons Entertainment Limited</b>	
Sd/- P V S N MURTHY Proprietor Membership No. 21862	Sd/- D. Sai Satish Kumar (Director)	Sd/- TBVP Chandramouli (CEO)	
Place : Hyderabad			
Date : 14/08/2013			

Millitoons Entertainment Limited

Notes to the Accounts for the period 01.07.2012 to 31.03.2013

Amount in Rs.

Particulars	As on 31.03.2013	As on 30th June,2012
<b><u>2(1)Share Capital</u></b>		
<b>I Authorised Capital</b>		
Equity Shares of 10,00,00,000 nos at face value of Rs.1 each	100,000,000	100,000,000
<b>II Issued, Subscribed and paidup Capital</b>		
a) Equity Shares of 8,10,49,500 No's 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
<b>Total</b>	<b>81,049,500</b>	<b>81,049,500</b>
<b>III Reconciliation of the shares outstanding at the beging and end the reporting period</b>		
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
<b>IV Details of Share Holders holding more than 5% shares</b>	In Nos	In Nos
a) R S Sudhish ( No of Shares )	42,480,229	42,480,230
% of Holding	52.41%	52.41%
b) Cybertoons Entertainment Pvt Ltd ( No of Shares )	12,064,890	12,064,890
% of Holding	14.89%	14.89%
<b><u>2(2)Reserves &amp; Suplus</u></b>		
<b>I Share Premium</b>		
a) Opening Balance	1,307,250	1,307,250
b) Add: Current year Appropriation	-	-
c) Closing Balance	1,307,250	1,307,250
<b>II Profit and Loss Surplus</b>		
a) Opening Balance	4,343,666	3,651,910
b) Add: Current year Appropriation	394,622	691,756
c) Closing Balance	4,738,288	4,343,666
<b>Total Reserves and Surplus ( I + II )</b>	<b>6,045,538</b>	<b>5,650,916</b>
<b><u>2(3) Long-Term Borrowings</u></b>		
<b>I Secured Loans</b>		
a) From Banks	-	-
Term Loan from Syndicate Bank	17,331,958	20,486,695
Repayable in 20 quarterly installment commencing from April,2010 secured by mortgage of 3 acres of land situated at Visakhapatnam together with the proposed super structure. The interest rate PLR + 1% floating.		
b) From Others	-	-
<b>Total Long Term Borrowings ( a + b )</b>	<b>17,331,958</b>	<b>20,486,695</b>

<b>Millitoons Entertainment Limited</b>		
<b>Cash Flow Statement for the period 01.07.2012 to 31.03.2013</b>		
<b>Amount in Rs.</b>		
<b>Particulars</b>	<b>As on 31st March 2013</b>	<b>As on 30th June,2012</b>
<b>I Cash flow from Operating Activities</b>		
a) Net Profit (loss) as per Profit and Loss Account	(40,064)	691,756
b) Adjustments for non-cash eliments		
i) Depreciation/Amortization	65,556	402,724
ii) Loss on Sales of Assets		
iii) Loss on Sale of Investments		
c) Cash flow before change in the working capital	<b>25,492</b>	<b>1,094,480</b>
d) Changes in working capital		
i) (Increase) or Decrease in Inventories	(10,654,623)	6,596,287
ii) (Increase) or Decrease in Trade Receivables	41,959,605	(46,742,306)
iii) (Increase) or Decrease in Other Advaces and Loans	11,320,795	10,414,566
iv) Increase or ( Decrease) in Trade Payables	(40,706,334)	40,361,330
v) Increase or ( Decrease) in Other Liabilities & Provisions	(23,208,024)	(3,688,249)
<b>Net Cash Flow from Operating Activities</b>	<b>(21,263,089)</b>	<b>8,036,108</b>
<b>II Cash Flow from Investment Activities</b>		
a) Sale of Fixed Assets	-	-
b) Changes in Capital Work in Progress	24,403,642	
b) Sale of Investments	-	-
c) Purchase of Fixed Assets	-	-
<b>Net Cash Flow from Investment Activities</b>	<b>24,403,642</b>	<b>-</b>
<b>III Cash Flow from Financing Activities</b>		
a) Repayment of Term Loan	(3,154,737)	(8,051,834)
<b>IV Net surplus or ( Deficiet) of Cash and Cash equivalents during the year</b>	<b>(14,184)</b>	<b>(15,726)</b>
<b>V Balance at the beging of the year</b>	<b>76,234</b>	<b>91,960</b>
<b>VII Balance at the end of the year</b>	<b>62,051</b>	<b>76,234</b>
<b>For S N Murthy &amp; Co</b> Chartered Accountants	<b>For on behalf of the Board of</b> <b>Millitoons Entertainment Limited</b>	
Sd/- P V S N MURTHY Proprietor Membership No. 21862	Sd/- D. Sai Satish Kumar (Director)	Sd/- TBVP Chandramouli Authorised Signatory
<b>Place : Hyderabad</b>		

**Millitoons Entertainment Limited**  
**Depreciation Chart for the period 01.07.2012 to 31.03.2013**

Particulars	Opening Gross Block	Additions	Deletions	Total	Rate of Depreciation	Opening Depreciation	Dep for the yr.	Total Depreciation	WDV at 31.03.2013
Tangible Fixed assets									
Land - Vizag	10,193,041	-	-	10,193,041	0.00%	-	-	-	10,193,041
Electrical Equipment	165,425	-	-	165,425	4.75%	62,681	5,893	68,574	96,851
Furniture and Fittings	745,642	-	-	745,642	6.33%	353,708	35,399	389,107	356,535
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%	129,960	17,927	147,888	355,338
Plant and Machinery	438,000	-	-	438,000	16.21%	431,665	6,335	438,000	-
<b>Total</b>	<b>13,880,297</b>	<b>-</b>	<b>-</b>	<b>13,880,297</b>		<b>2,812,977</b>	<b>65,555</b>	<b>2,878,532</b>	<b>11,001,765</b>

MILLITOONS ENTERTAINMENT LIMITED  
(Formerly Color Chips New Media Limited)

Schedule to Accounts for the period ended 31.03.2013

Note 18: Notes to Accounts  
Page 34 of 5

**1. BACKGROUND**

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

*(i)* Basis of preparation of financial statements

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

*(ii)* Revenue Recognition

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

*(iii)* Expenditure

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

*(iv)* Fixed Assets

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

*(v)* Depreciation

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

(vi) Inventories

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

(vii) Foreign Exchange Transactions

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

(viii) Impairment

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

(ix) Taxes on income

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

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

(x) Retirement Benefits

Provident Fund:

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

Gratuity & Leave Encashment:

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

(xi) Borrowing Costs:

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

(xii) Provisions and Contingent Liabilities

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

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

### 3. Earnings per Share

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

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

Sl. No.	Particulars	FY 2012-13	FY 2011-12
01	Earnings After Tax	3,94,622	6,91,756
02	Number Shares Outstanding	8,10,49,500	8,10,49,500
03	Nominal Value Per Share	1	1
04	Basic Earnings Per Share (BEPS)	0.0049	0.0085
05	Diluted Earnings Per Share (DEPS)	0.0049	0.0085

### 4. Auditor's remuneration

Particulars	FY 2012-13	FY 2011-12
Statutory Audit Fees	10,000	19,900
<b>Total</b>	<b>10,000</b>	<b>19,000</b>



**5. Managerial Remuneration:**

Particulars	FY 2011-12	FY 2010-11
Managerial Remuneration included in Salaries & Wages	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

**6. Related party Disclosures:**

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

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

(b) Transactions with related parties during the year

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

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

Particulars	Rs. lacs		
	CCIL	CAPL	RKPL
Balances Payable	174.45	-	-
Balances Receivable	-	342.33	148.03

(d) Key Management Personnel during the Year

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

**7. Foreign Currency Earnings & Outgo**

Particulars	FY 2012-13	FY 2011-12
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 31,2013	As at June 30, 2012
<b>Deferred tax Asset/(Liability)</b>		
Opening Balance of Deferred Tax Assets	4,56,478	4,56,478
Deduction on Account of deprecation during the year	4,34,686	-
Closing Balance of Deferred Tax Assets	21,792	4,56,478

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

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

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

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

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

**for S N Murthy**  
**Chartered Accountants**

**for and on behalf of Board of Directors of**  
**Millitoons Entertainment Limited**

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

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

Sd/-  
**TBVP Chandramouli**  
**(CEO)**

**Place: Hyderabad**  
**Date: 14/08/2013**

**MILLITOONS ENTERTAINMENT LIMITED**

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

**ATTENDANCE SLIP**

DP ID No. : \_\_\_\_\_

Regd. Folio No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_

No. of Shares held: \_\_\_\_\_

Name of the Shareholder/Proxy Present: \_\_\_\_\_

I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the members of the company to be held on, Monday the 30<sup>th</sup> day of September, 2013 at 3.00 PM at Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad - 500033.

Shareholders/Proxy's Signature \_\_\_\_\_

Note:

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

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**MILLITOONS ENTERTAINMENT LIMITED**

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

**PROXY FORM**

DP ID No. : \_\_\_\_\_ Regd. Folio No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ be  
ing a Member(s) of above named Company, hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him/her \_\_\_\_\_ of  
\_\_\_\_\_ as my/our proxy to attend and vote for me/us, on my/our behalf at the  
28<sup>th</sup> Annual General Meeting of the Company to be held on, Monday the 30<sup>th</sup> day of September, 2013 at 3.00 PM at Plot  
No.91, Road No.7-B, Jubilee Hills, Hyderabad - 500033 and at any adjourned meeting thereof.

Signed \_\_\_\_\_ this September of 2013. Affix

Re. 1/-  
Revenue  
Stamp.

Signature of the Shareholder \_\_\_\_\_

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