

21st
ANNUAL REPORT
2010 - 2011



COLORCHIPS
(INDIA) LIMITED

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Board of Directors:

Mr. K S Ravi Shanker : Independent Director
Mr. K CHAVS N Murthy : Independent Director
Dr. G Chandra Bhushan : Independent Director
Mr. M Krishnam Raju : Director
Mr. D S Subrahmanyam : Whole Time Director
Mr. Penugonda TVM Suresh : Managing Director

Mr. P Chandrasekhar : Chief Financial Officer

Registered Office:

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

Auditors:

Karumanchi & Associates
Chartered Accountants
Flat No.301, Swarganivas Enclave
H.No 7-1-619/A, Behind HUDA Complex
Ameerpet, Hyderabad-500038

Bankers:

ICICI Bank Limited
Jubilee Hills Branch
Hyderabad

Registrars & Share Transfer Agents:

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

Listed At:

- 1) National Stock Exchange of India Limited
- 2) Bombay Stock Exchange Limited

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of Color Chips (India) Limited will be held on Saturday the 31st day of December, 2011 at 11.00 AM at Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad- 500033, AP to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2011 and the Profit and Loss Account for the year ended 30th June, 2011 and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K S Ravi Shankar who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. D S Subrahmanyam who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors of the Company.

Hyderabad
November 14, 2011

BY ORDER OF THE BOARD

**SD/-
PENUGONDA TVM SURESH
MANAGING DIRECTOR**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID SHALL BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 29th December 2011 to Saturday, 31st December 2011, both days inclusive.
3. 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.
4. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Share Transfer Agents at M/s. Venture Capital & Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad- 500018.

5. The Company has designated exclusive e-mail Id called cs@colorchipsindia.com for redressal of shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at above said mail IDs.

6. The Ministry of Corporate Affairs has taken a corporate "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies vide circular bearing No.18/2011 dated 29.04.2011. As per the MCA Circular, Service of documents through electronic mode i.e. e-mail by the Company will be a valid compliance of Section 53 of the Companies Act, 1956. In view of the above, notice is hereby given to every member of the Company including NRI shareholders to get their e-mail addresses registered with their respective Depository Participants (DP) in case shares are held in Demat form and with the Registrar & Share Transfer Agent (RTA) viz. M/s. Venture Capital & Corporate Investments Private Limited, Hyderabad, if the shares are held by them in physical mode. Further, it is also clarified that Company would be in compliance of provisions of Section 219(1) of the Companies Act, 1956, in case, a copy of Balance Sheet etc., is sent by electronic mail to its members subject to the above cited compliance.

7. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking re-appointment at the meeting are annexed.

8. Company is also in receipt of complaints from various shareholders from time to time regarding non-receipt of Annual Report. In this connection, kind attention of the shareholders is drawn towards SEBI's Circular No. Cir/CFD/DCR/5/2010 dated 07.05.2010 read with amended Clause 31 of the Listing Agreement whereby filing of the soft copy of the full Annual Report to BSE by every listed company is made mandatory and in turn BSE is putting that Annual Report on its website for the reference and perusal of all the interested members. Hence, members may download the copy of full Annual Report of the Company from BSE website for their immediate reference and perusal. Further, Company is also maintaining a functional website in compliance with the Listing Agreement entered with the stock exchanges. Annual Report and other documents are available on the website of the Company for inspection.

9. It is also noticed that many members holding shares in physical mode are holding insignificant shares under multiple folios. In order to provide cost effective, faster and prompt service, all Members concerned are requested under relevant clause of Listing Agreement to get their shareholding consolidated in one folio only.

10. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the company/RTA.

11. All mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting.

Details of Directors retiring by rotation and seeking re-appointment:
(In pursuance of Clause 49 of the Listing Agreement)

Particulars	K S Ravi Shankar	D S Subrahmanyam
Date of Birth	Nov 14, 1973	May 07, 1971
Date of Appointment	July 1,2007	July 1,2007
Expertise in specific functional areas	He is having 10 years experience in Company matters and Business affairs and projects	He is the Key personnel with 10 years experience in matters related to SEBI or ROC or Stock Exchange
Qualifications	Graduate in Commerce	Graduate in Commerce
No. of shares held as on Nov 14, 2011	500	Nil
Directorships held in other companies (excluding private limited and foreign companies)	1	Nil
Positions held in mandatory committees in other companies	3	Nil

DIRECTORS' REPORT

To
The Members
Color Chips (India) Limited

Your Directors have pleasure in placing before you the 21st Annual Report of the Company with Audited Financial Statements for the year ended 30th June 2011.

Financial Results :

(Rupees in Lakhs)

Particulars	2010-11	2009-10
Gross Total Income from Operations	20.34	0.50
Profit before Depreciation, Interest and Taxes	19.22	(41.40)
Depreciation	3.19	12.74
Finance Expenses	-	4.83
Profit Before Tax	16.03	(23.82)
Provision for Tax	--	--
Net Profit / (Loss)	16.03	(23.82)
Balance Carry forward to Balance Sheet	(704.76)	(704.76)

Dividend:

Due to inadequate profits, your directors have not recommended any dividend for the financial year.

Directors:

During the year Mr. Penugonda TVM Suresh and Mr. M. Krishnam Raju were inducted as Additional Directors with effect from August 14, 2010 and regularized as Directors with effect from September 23, 2010.

Mr. K S Ravi Shankar and Mr. D S Subrahmanyam retire by rotation and being eligible, offer themselves for re-appointment and brief particulars of these gentlemen, is given in the Explanatory Statement to the Notice of this Meeting. The Board commends the re-appointment of these persons as Directors of the Company.

Auditors:

M/s. Karumanchi & Associates, 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 Karumanchi & Associates 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 ORDER OF THE BOARD

Hyderabad
November 14, 2011

**SD/-
PENUGONDA TVM SURESH
CHAIRMAN OF THE MEETING**

MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of Directors' Report)

Industry Structure and Developments:

The total global animation production figures, according to the NASSCOM Animation report, range between US\$ 20-24 billion for the year 2011. Statistics for 2012 stand anywhere between US\$ 41 billion and US\$ 43 billion. Analysts estimate that the global animation production rose to about US\$ 54 billion in 2014. Besides, newer applications for animation are already in progress. In a classical sense, animation is converting drawing skills to a moving format it could be either on paper (2D) or on the computer (3D).

Segment wise analysis of the Industry:

The Indian animation industry is poised to touch Rs 4,375 crore by 2013, growing at a compound annual growth rate (CAGR) of 23 per cent, driven by a strong demand from entertainment and other sectors, says a study. According to a joint study by industry chamber Assocham and Deloitte, the Indian animation industry is expected to touch Rs 4,375 crore by 2013, from Rs 2,325 crore in 2010. While animation entertainment sector (content for television, films or DVD) comprised 20 per cent of the animation industry, the custom content development and education segment made up 64 per cent.

Opportunities:

According to a recent report by Pricewaterhouse Coopers International Limited, an international business consulting service provider, the Indian animation industry is poised to grow by, hold your breath, about 23% in the next four years! This means that the value of the industry that was estimated at 18.5 billion in 2009 will be a whopping 54 billion by 2014. This income has mainly come about as a result of the growing reputation of India as a quality place to outsource animation work to. Production for films including the Lord of the Rings, the Harry Potter series, The Chronicles of Narnia, and Spiderman 3 have taken place here during the last few years. Cartoons that were strictly in the domain of Cartoon Network are now a regular feature of many channels including POGO, Hungama TV, Nickelodeon, Disney XD and Disney Channel. From merely being a country that helps Hollywood studios make animated films, Indians are now witnessing several Desi production houses evince interest in making such films.

Outlook:

India is emerging as an outsourcing hub for animation and visual effects with large number of international media companies entering into joint ventures with animation studios in India. Animation market in India is estimated to be worth USD 860 mn in 2010 and is expected to reach USD 1,192 mn by 2012. Animation sector comprises of education, multimedia/web design, entertainment and custom content development. The Indian animation industry has matured on the technical expertise since last five years. Color Chips New Media Limited is into 2D and 3D Animation and syndication of comics & contents now needs to focus on creativity and build its own IP content based on indigenous story themes to become more credible in the world market.

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 Color Chips 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 Color Chips 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. 2.03 Crores and Profit after tax of Rs. 0.54 Lakhs.

The earnings per share of the Color Chips (India) Limited as on 30-06-2011 is Re.0.00259/- (basic & diluted).

The paid-up capital of the Company as on 30-06-2011 is Rs. 20,96,20,500/- comprising of 2,09,62,050 equity shares of Rs. 10/- each.

Human Resources Development and Industrial Relations:

Color Chips New Media 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 June 30, 2011, the Board of Directors comprised of 6 Directors out of which three (50%) are independent directors. The Composition of the Board is in conformity with the listing requirements. None of the Directors on the Company's Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other Companies and do not hold the office of Director in more than 15 public companies.

The Managing Director (CEO) has certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO certification for the Financial Year ended June 30, 2011.

BOARD MEETINGS:

The Board of Directors met eight (8) times during the year on 15-07-2010, 13-08-2010, 14-08-2010, 15-10-2010, 16-11-2010, 31-01-2011, 10-03-2011, and 14-05-2011 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49. The details of composition of Board, attendance at Board Meetings held during the year and at last AGM, number of Directorship and membership/chairmanship of Committees in public companies are given below:

Name of the Director	Category	No. of meetings Attended	Whether Attended Last AGM	No. of other directorships *	No. of Board Committees of other Companies	
					Chairman	Member
M. Krishnam Raju	Promoter & NED	08	YES	-	-	-
Penugonda TVM Suresh	Promoter and Managing Director	08	YES	-	-	-
D.S. Subrahmanyam	Non Promoter & WTD	08	YES	-	-	-
Dr.G. Chandra Bhushan	Independent Director	04	NO	-	-	-
K.Ch.A.V.S.N. Murthy	Independent Director	08	YES	-	-	-
K.S. Ravi Shanker	Independent Director	08	YES	01	-	03

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

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

All the Directors and members of Senior Management have affirmed compliance with the Code of Conduct for the financial year ended June 30, 2011

III. AUDIT COMMITTEE:

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

Committee is to review:

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

The members of the Audit Committee are as follows:

Name of Member	Category	Designation	No. of Meetings
Mr. K Ch A V S N Murthy	Independent	Chairman	5
Mr. K S Ravi Shanker	Independent	Member	5
Mr. D S Subrahmanyam	WTD	Member	5

Audit committee met five times on the following dates: i) 15.07.2010; ii) 15.10.2010; iii) 16.11.2010; iv) 31.01.2011; and v) 14.05.2011.

IV. REMUNERATION COMMITTEE:

The terms of reference of the Committee are:

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

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

The Remuneration Committee consists of all Independent Directors under the Chairmanship of Mr. K.Ch.A.V.S Murthy.

COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON:

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

Remuneration Policy:

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

V. INVESTOR GRIEVANCE COMMITTEE:

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

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

There was 1 investor complaint during the year under review and has been resolved in a timely manner. There are no pending Investor complaints as on 30-06-2011.

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

Composition:

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

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

VI. GENERAL BODY MEETINGS:

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

Financial Year	Location	Date and Time
2007-2008	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2008 10.00 AM
2008-2009	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2009 11.00 AM
2009-2010	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500033	31.12.2010 11.00 AM

- No Special Resolutions were passed in the previous three Annual General Meetings.
- No Ballots papers were used for voting at above meetings.
- No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

Special Resolutions passed last year through postal ballot (under Section 192A):

The Company has passed a Special Resolution through postal ballot on September 23, 2010 for Change of Management of the Company in accordance with Regulation 12 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations.

VII. OTHER DISCLOSURES:

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

VIII. MEANS OF COMMUNICATION:

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

IX) GENERAL SHAREHOLDERS INFORMATION:

a) 21st Annual General Meeting:

Date and Time	Friday, 31 st December 2011 at 11.00 AM
Venue	Plot No.91 , Road No. 7-B, Jubilee Hills, Hyderabad - 500033, AP

b) Book Closure Date: 29-12-2011 TO 31-12-2011 (inclusive of both days)

c) Financial Year and Calendar (Tentative) 2011-12:

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

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

e) Listing Fees : Listing fee for the year 2011-12 has been paid

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

g) ISIN No. : INE737B01017 (Fully paid-up);
IN9737B01015 (For partly paid)

h) Market Price Data :

During the financial year the equity shares of the Company are not traded as the shares are suspended from trading in NSE and BSE with effect from September 13, and September 14, 2007 respectively due to penal provisions.

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

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

j) Share Transfer System:

The Physical 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 Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt

k) Distribution of shareholding as on 30th June 2011:

Number of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto - 500	8,539	60.56	20,83,879	9.94
501 - 1000	2,540	60.56	22,02,073	10.50
1001 - 2000	1,417	10.05	23,06,550	11.00
2001 - 3000	501	3.55	13,09,901	6.24
3001 - 4000	268	1.90	9,62,112	4.59
4001 - 5000	243	1.72	11,67,325	5.56
5001 - 10000	348	2.46	26,12,584	12.46
10001 and above	242	1.71	83,17,626	39.67
Total	14098	100.00	20962050	100

l) Shareholding Pattern as on 30th June 2011:

Category	No. of shares	%
Promoters	332137	1.58
Mutual Funds and UTI Financial Institutions	2000	0.01
Private Corporate Bodies	1764575	8.42
Indian Public	18268749	87.15
NRI's OCB's	594589	2.84
Others	--	--
Total	20962050	100.00

m) Dematerialization of Shares:

The equity shares of the Company are in compulsory Demat segment. The Company has already entered into necessary agreements with NSDL and CDSL for Demat facility. As on 30th June 2011 2,05,70,393 equity shares are in Demat form representing 98.13% of total equity share capital of the Company.

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

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

o) Plant Locations:

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

p) Address for Investors Correspondence:

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

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

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

q) CEO /CFO Certification:

As required by the revised clause 49 (V) of the Listing Agreement, the certificate from CEO/CFO was placed before the Board of Directors at their meeting held on November 14, 2011.

r) Compliance Certificate of the Auditors:

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

Hyderabad
November 14, 2011

BY THE ORDER OF THE BOARD

**SD/-
PENUGONDA TVM SURESH
MANAGING DIRECTOR**

DECLARATION

To

The Members of Color Chips (India) Limited

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

Hyderabad
November 14, 2011

BY THE ORDER OF THE BOARD

**SD/-
PENUGONDA TVM SURESH
MANAGING DIRECTOR**

CERTIFICATE BY CEO / CFO:

Pursuant to the provisions Clause 41 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the period ended June 30, 2011:

- 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/-
PENUGONDA TVM SURESH
MANAGING DIRECTOR

Hyderabad
November 14, 2011

SD/-
P. CHANDRASEKHAR
CHIEF FINANCIAL OFFICER

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Color Chips (India) Limited

We have examined the compliance of conditions of corporate governance by Color Chips (India) Limited for the year ended on June 30th, 2011 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.

Hyderabad
November 14, 2011

**For Karumanchi & Associates
Chartered Accountants**

**SD/-
K. Peddabbai**
Membership No: 25036

AUDITORS' REPORT

To
The Members,
M/s. Colorchips (India) Limited

We have audited the attached Balance Sheet of M/s. Color Chips (India) Limited as at 30th June 2011 and also the Profit & loss Account of the company for the year ended on the 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.

We have conducted our audit in accordance with 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Company (Auditor's Report) Order, 2003 issued by the Central Government 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.

Further to our comments in the annexure referred to above, we report that: we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit.

In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books. The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with books of accounts.

In our Opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956. On the basis of written representations received from the directors, as on 30th June, 2011 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 30th June, 2011 from being appointed as director in terms of clause (g) of sub-section 1 of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the same accounts give the information required by the Companies Act, 1956, in the matter so required and give a true and fair view in conformity with accounting principles generally accepted in India.

In the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 2011 and in the case of the Profit and Loss Account, of the profit for the year ended on the date.

Hyderabad
November 14, 2011

**For Karumanchi & Associates
Chartered Accountants**

**SD/-
K.Peddabbai**
Membership No: 25036

ANNEXURE TO THE AUDITORS REPORT

(Referred to in Para 1 of our report even date)

1) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

The management has physically verified the fixed assets at reasonable intervals during the year and no major discrepancies were noticed on such verification.

In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.

2) As explained to us, inventories have been physically verified during the year by the management at regular intervals. In opinion, the frequency of verification is reasonable.

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

The Company has maintained proper records of inventories. In our opinion and according to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material, have been properly dealt with in the books of accounts.

3) As informed, the Company has given / taken loans, Secured or Un-Secured, to / from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Refer to Notes on Accounts under note (II) (3) (b).

4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of raw materials, Plant and Machinery, equipment and similar assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

5) According to the information and explanations provided by the management, there has been a transaction that needs to be entered into a register maintained under section 301 of the Companies Act, 1956.

6) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed there under apply.

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

8) We are informed and according to the information and explanations given to us, that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for the activities of the Company.

9) In Respect of Statutory dues:

According to the records of the Company as per the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Wealth tax, Custom duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, wealth Tax, Sales Tax, Customs Duty and Excise Duty which have remained outstanding as at June, 2009 for a period exceeding six months from the date they become payable. According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom duty, Wealth tax, Excise duty and cess which have not been deposited on account of any dispute.

10) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit.

11) As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12) According to the information and explanations given to us, the company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13) The Company is neither a chit fund nor a nidhi mutual fund benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the above referred order are not applicable to the company.

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

15) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

16) The Company has not availed any term loan from any bank / financial institutions. According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used of long term investment. No Long-term funds have been used to finance short-terms assets.

17) The company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the above referred Order are not applicable to the company.

18) The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19) In our opinion, the Company is not required to create / register / modify and security (Charge) as company is not holding / issued any debentures.

20) According to the information and explanations given to us, no fraud on or by the company has been noticed or report during the course of our audit.

November 14, 2011
Hyderabad

**For Karumanchi & Associates
Chartered Accountants**

**SD/-
K.Peddaabbai**
Membership No: 25036

BALANCE SHEET AS AT 30TH JUNE 2011			
SCHEDULE	SCH NO	As at 30.06.2011	As at 30.06.2010
Source of Funds			
SHARE HOLDER'S FUNDS			
Share Capital	1	207,242,738	207,242,738
Reserves & Surplus	2	2,303,100	2,303,100
Secured Loans	3	-	(3,415)
	Total	209,545,838	209,542,423
APPLICATION OF FUNDS			
A. FIXED ASSETS			
a) Gross Block	4	72,731,430	72,731,430
b) Less : Depreciation		63,923,335	62,648,660
c) Net Block		8,808,095	10,082,770
B. Investments		39,866,750	39,866,750
C. Deferred Tax		3,829,302	3,829,302
D. Current Assets and loans &,Advances			
Stock In Trade		143,240,287	143,240,287
Sundry Debtors	5	16,066,240	14,845,840
Cash and bank balances	6	2,200,004	1,839,189
Loans & Advances	7	23,514,601	23,514,601
		185,021,132	183,439,917
LESS :			
CURRENT LIABILITIES & PROVISIONS	8	98,401,297	98,401,297
		98,401,297	98,401,297
NET CURRENT ASSETS		86,619,835	85,038,620
Profit and Loss Account		70,421,856	70,476,149
Miscellaneous Expenditure to the Extent not written off	9		248,832
	Total	209,545,838	209,542,423
NOTES ON ACCOUNTS			
11			
As per our report of even date attached			
For Karumanchi & Associates Chartered Accountants		For and on behalf of Board of Directors of Color Chips (India) Limited.,	
Sd/- K Peddabbai Partner M.No.25036	Sd/- PENUGONDA T V M Suresh Managing Director	Sd/- D S Subrahmanyam Whole Time Director	
Place : Hyderabad			
Date : November 14, 2011			

COLOR CHIPS(INDIA)LIMITED			
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE2011			
PARTICULARS	SCHEDULE No	(Rs.) For the year ended 30.06.2011	(Rs.) For the year ended 30.06.2010
INCOME			
Sales		2,034,000	-
Other Income		-	50,000
Closing Stock			-
		2,034,000	50,000
EXPENDITURE			
Purchases		-	-
Manufacturing & Admin Expenses	10	188,200	426,393
Finance cost		268,000	482,528
Depreciation for the year		1,274,675	1,274,675
Preliminary exp.written off		248,832	248,832
Total Expenditure		1,979,707	2,432,428
Profit/(Loss) before tax		54,293	(2,382,428)
Prior Period expenses			-
Provision for FBT			-
Profit (Loss)after Tax		54,293	(2,382,428)
Balance brought forward from P.Year		(70,476,149)	(68,093,721)
Balance carried to balance sheet		(70,421,856)	(70,476,149)
NOTES ON ACCOUNTS	11		
As per our report of even date attached			
For Karumanchi & Associates Chartered Accountants		For and on behalf of Board of Directors of Color Chips (India) Limited.,	
Sd/- K Peddabbai Partner M.No.25036	Sd/- PENUGONDA T V M Suresh Managing Director	Sd/- D S Subrahmanyam Whole Time Director	
Place : Hyderabad Date : November 14, 2011			

SCHEDULES FORMING PART OF THE B/SHEET FOR THE YEAR ENDED 30-06-2011		
SCHEDULES	As at 30.06.2011	As at 30.06.2010
SCHEDULE - 1 SHARE CAPITAL		
AUTHORISED		
3,93,15,000 Eq Shares of Rs.10/- each	393,150,000	393,150,000
ISSUED ,SUBSCRIBED & PAID UP		
20,96,2050 Eq, shares of Rs 10/- each fully paid up	209,620,500	209,620,500
LESS: CALLS IN AREARS	2,377,762	2,377,762
(3,17,035 Eq, shares of Rs. 7.50/- each		
Total	207,242,738	207,242,738
SCHEDULE - 2 RESERVES & SURPLUS		
General Reserve	1,529,000	1,529,000.00
Special Reserve	41,500	41,500.00
Share Premium	732,600	732,600.00
Total	2,303,100	2,303,100
SCHEDULE - 3 Secured Loans:		
Total	-	(3,415)
SCHEDULE - 5 SUNDRY DEBTORS		
Debts considered good		
more than 6 months	14,845,840	14,845,840
less than 6 months	1,220,400	-
Total	16,066,240	14,845,840
SCHEDULE - 6 CASH & BANK BALANCES		
Cash In hand	444,074	83,259
Cash at Bank (In schduled bank)	86,917	86,917
Deposits	1,669,013	1,669,013
Total	2,200,004	1,839,189
SCHEDULE - 7 LOANS & ADVANCES		
(Unsecured considered good)		
Loans and Advances	16,889,439	16,889,439
Investement Subsidy Receivable	500,000	500,000
T D S Receivable	175,162	175,162
Share Application Money AAKAR FOUNDRY	5,950,000	5,950,000
Total	23,514,601	23,514,601
SCHEDULE - 8 CURRENT LIABILITIES & PROVISIONS		
A.Currmet Liabilities		
Expenses Creditors	1,584,492	1,584,492
Other liabilities	96,816,805	96,816,805
Provision for FBT		-
Total	98,401,297	98,401,297

Color Chips India Limited
Schedule - 4

(Rs.)

Fixed Assets for the year ended 30-06-2011												
Name of the Assets	Gross Block			Depreciation			Net Block					
	As on 1-Jul-10	Additions during the year	Deletions during the year	Gross Assets as on 30-6-2011	As on 1-Jul-10	For the year	Dep. On deletions	As on 30-06-2010	As on 30-06-2011	As on 30-06-2010	As on 30-06-2011	
Airconditioners	1,919,147	-	-	1,919,147	822,781	91,159	-	913,941	1,005,206	1,096,366	1,096,366	
Computers	50,302,414	-	-	50,302,414	50,302,414	-	-	50,302,414	-	-	-	
Plant & Machinery	1,431,951	-	-	1,431,951	844,294	68,018	-	912,311	519,640	587,657	587,657	
Electrical Equipment	6,338,895	-	-	6,338,895	3,555,838	301,098	-	3,856,935	2,481,960	2,783,057	2,783,057	
Furniture & Fixtures	10,622,759	-	-	10,622,759	5,968,487	672,421	-	6,640,907	3,981,852	4,654,272	4,654,272	
Office Equipment	1,863,264	-	-	1,863,264	1,001,071	117,945	-	1,119,015	744,249	862,193	862,193	
Motor Vehicles	253,000	-	-	253,000	153,776	24,035	-	177,811	75,189	99,224	99,224	
Syndication Features	-	-	-	-	-	-	-	-	-	-	-	
Totals	72,731,430	-	-	72,731,430	62,648,660	1,274,675	-	63,923,335	8,808,095	10,082,770	10,082,770	

SCHEDULE - 9		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or Adj)		
Preliminary Expenses	248,832	497,664
Public Issue Expenses		
Less: Written Off	248,832	248,832
Total	-	248,832

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT :

SCHEDULE - 10		
MANUFACTURING & ADMIN EXPENSES		
Salary and allowances	110,000	336,000
Audit Remuneration		
- As Auditor	15,000	15,000
- For Tax Audit	-	-
- For certification	-	-
Bank Charges	-	12,873
Travelling & Conveyance	23,500	15,000
Legal & Professional Charges	9,500	-
Electricity charges	-	-
Printing & Stationery	7,000	9,800
Postage & Courier	2,400	2,345
Telephone Expenses	-	4,990
Office Maintenance	20,800	30,385
Total	188,200	426,393

SCHEDULE-11 NOTES ON ACCOUNTS

Significant Accounting Policies:

1. Accounting convention

The Financial Statements have been prepared under the historical cost conventions in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and Provisions of the Companies Act, 1956 as adopted consistently by the Company. The company follows Mercantile System of accounting to recognize all material revenue and expenses, including provisions/adjustments for committed obligations and amount determined as payable or receivable during the period under review.

2. 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.

3. Expenditure

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

4. Fixed Assets

Fixed Assets are accounted at cost of acquisition, which is inclusive of inward freight, duties, taxes and other incidental expenses related to acquisition.

5. Depreciation

Depreciation on Fixed Assets has been provided on Straight-line method as per the rates specified under Schedule XIV of the companies Act, 1956. Depreciation on assets acquired during the year has been provided on pro-rata basis.

6. Inventories

Inventories are valued at lower of cost or net realizable value.

7. Foreign Exchange Transactions

Transactions in Foreign Currencies are recorded at exchange rates prevailing on the date of transaction and exchange difference arising from foreign 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.

8. Investments:

The investments are valued and carried at cost or fair value whichever is lower. In case of sale of investments effected during the year the loss on sale is brought in to the books of account.

9. Taxes on Income:

Differed Tax is accounted by computing the tax effect on timing differences, being tax difference between taxable income and accounting income that originate in one period and are reversible in one or more subsequent periods.

10. Retirement Benefits

Contribution in respect of Employees Provident Fund and Pensions Fund are made to fund Administered and managed by the Government of India are charged as incurred on accrual basis.

11. Amortization of Rights issue expenses for the period is not considered due to huge loss incurred by the company for the year.

12. There are no dues to SSI units outstanding for more than 30 days as on 30th June, 2011.

13. Notes on Accounts:

	Year Ending 30.06.2011	Year Ending 30.06.2010
1. Contingent Liabilities:	-Nil-	-Nil-
2. Auditors Remuneration:		
a) Statutory Audit Fees	Rs. 11,500/-	Rs. 11,500/-
b) Tax Audit Fees	-	-
c) Certification Fees	Rs. 3,500/-	Rs. 3,500/-

3. Related Party Disclosures: The following are the related parties as defined in Accounting Standards 18 of the Institute of Chartered Accountants of India.

(i) Names of the Related Parties

(a) Key Management Personal during the year

- M Krishnam Raju	- Director
- D S Subrahmanyam	- Director
- Penugonda TVM Suresh	- Director

(b) Associate Companies

i. Color Chips New Media Limited (CCNML)

ii. Color Chips Animation Park Ltd (CCAPL)

Particulars	CCNML	CCAPL
Sales	Nil	Nil
Accounts Payable	9,40,922	Nil
Others	Nil	Nil

4. Earnings in Foreign Currency	2010-2011 Rs.	2009-2010 Rs.
Income from Services	-Nil-	-Nil-

5. Expenditure in Foreign Currency

S.No	Particulars	2010-2011	2009-2010
a.	Traveling	Nil	Nil
b.	Professional Services	Nil	Nil
c.	Animation Services	Nil	Nil
d.	Marketing Services	Nil	Nil
e.	Others	Nil	Nil

6. Quantitative Details: -NA-

7. In Accordance with AS 22- Accounting for Taxes on Income, the deferred tax asset as at 30th June, 2011 comprises the following:

Particulars	(Amount in Rs.)
Deferred Tax Asset as on 1 st July 2010	38,29,302
Deferred Tax Asset as on 30 th June 2011	38,29,302

8. Accounting balances of Sundry Debtors/ Sundry Creditors, Loans and Advances and Group Companies Balances are subject to confirmation.
9. Since the accounting statements are prepared for 12 months period ending 30th June, 2011 figures for the current years are incomparable with that of the previous year.
10. Previous year figures have been regrouped and reclassified wherever necessary to conform to current year's classification. Figures have been rounded off to the nearest rupee as per our report of even date.

**For Karumanchi & Associates
Chartered Accountants**

**For and on behalf of Board of Directors of
Color Chips (India) Limited**

**Sd/-
K Peddabbai**
Partner
M.No.25036

**Sd/-
Penugonda T V M Suresh**
Managing Director

**Sd/-
D S Subrahmanyam**
Whole Time Director

Place : Hyderabad
Date : November 14, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2011

	Description	(Rs.)	
		As at 30-Jun-11	As at 30-Jun-10
A.	Cash Flow from operating activities		
	Net profit/loss after taxation and extraordinary items	54,293	(2,382,428)
	Adjustment for :		
	Depreciation	1,274,675	1,274,675
	Speculation Profit	-	-
	Dividend Misc. Income	-	-
	Loss on Sale of Assets	-	-
	Loss on Sale of Investments	-	-
	Income tax for the Earliers Years	-	-
	Preliminary & Issue Expenses W/off	248,832	248,832
	Deferred Tax Liability	-	-
	Operating profit before working capital changes	1,577,800	(858,921)
	Adjustment for:		
	Increase/Decrease in inventory		-
Increase/Decrease in Trade & Other Recevables	(1,220,400)	(2,909,087)	
Increase/Decrease in Current Liabilities	-	9,628,912	
Cash generation from operating activity	357,401	5,860,905	
Direct Taxes paid	-	-	
Net Cash from operating activity	357,401	5,860,905	
B.	Cash flow from investing activities		
	Loss on Sale of investments	-	-
	Profit/Loss on Sale of Fixed Assets		
	Fixed Assets Written Back		
	Depreciation Written Back on Sold Assets		
	Assets Acquired	-	-
Increase / Decrease in investments	-	-	
Net cash from investing activity	-	-	
C.	Cash Flow From Financing Activities		
	Increase /Decrease in secured Borrowings	3,415	(5,875,878)
	Increase in Share Captial		
	Interest Received	-	-
	Dividend & Misc. Income	-	-
Net Cash Flow from Financing activities	3,415	(5,875,878)	
Net Increase / (decrease) in cash & Cash equivalencests (A+B+C)	360,816	(14,973)	
Cash and cash equivalentes as at the beginning of the year	1,839,189	1,854,162	
Cash and cash equivalentes as at the end of the year	2,200,004	1,839,189	
Net Flow As shown above	360,815	(14,973)	

As per our report of even date attached

For Karumanchi & Associates
Chartered Accountants

Sd/-
K Peddabbai
Partner
M.No.25036

Place : Hyderabad
Date : November 14, 2011

For and on behalf of Board of Directors of
Color Chips (India) Limited.,

Sd/-
PENUGONDA T V M Suresh
Managing Director

Sd/-
D S Subrahmanyam
Whole Time Director

AUDITORS CERTIFICATE ON CASH FLOW STATEMENT

We have examined annexed Cash Flow Statement of Colorchips (India) Limited (Formerly Arham Fiscals Limited) for the year ended 30th June 2011. The statement has been prepared by the Company in accordance with the requirement of clause No 32 of Listing Agreement with Stock exchanges and is based on and in agreement with the corresponding Profit and loss Account and the Balance Sheet of the Company covered by our report of even date to the members of the company.

Place : Hyderabad
Date : November 14, 2011

**For Karumanchi & Associates
Chartered Accountants**

**Sd/-
K. Peddabbai**
Partner
Membership No: 25036

FINE PLAST POLYMERS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(SUBMITTED IN FORM OF SCHEDULE VI OF THE COMPANIES ACT, 1956)

I. REGISTRATION DETAILS

Registration No.

0 1 - 1 1 1 2 9

State Code

0 1

Balance sheet Date : 30-06-2011

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)

Allotment Money

0

Rights Issue

0

Bonus Issue

0

Private Placement

0

III. POSITION OF MABILISATION AND DEPLOYMENT OF FUNDS (Amony in Rs. Thousands)

Total Liabilities

2 0 9 5 4 5

Total Assets

2 0 9 5 4 5

SOURCES OF FUNDS

Paid up capital

2 0 7 2 4 2

Reserve & Surplus

2 3 0 3

Secured Loans

0

Unsecured Loans

0

APPLICATION OF FUNDS

Net Fixed Assets

8 8 0 8

Investments

3 9 8 6 6

Net Current Assets

8 6 6 1 9

Miscellaneous Expenditure

0

Accumulated Losses

6 4 0 8 2

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turn Over

2 3 0 4

Total Expenditure

1 9 7 9

Profit / Loss Before Tax

5 4

Profit / Loss After Tax

5 4

Earnings per Share in Rs.

0 . 0 0 2 5

Divended Rate (%)

N I L

For Karumanchi & Associates
Chartered Accountants

For and on behalf of Board of Directors of
Color Chips (India) Limited.,

Sd/-
K Peddabbai
Partner
M.No.25036

Sd/-
PENUGONDA T V M Suresh
Managing Director

Sd/-
D S Subrahmanyam
Whole Time Director

Place : Hyderabad
Date : November 14, 2011

GENERAL NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY
(As per monetary terms)

Animation

2D Animation

3D Animation

Web Animation

Post Production and SFX

CG Imagery and Modeling

Video Games

Training in 2D Classical Animation

3D Computer – based training

Features Syndication

Cartoon based Features Syndication

Electronic News Bulletin

Customized Supplements

Print and Digital Publishing

Product Design

Complete Web Designing

Commercial Data Transfer

COLOR CHIPS (INDIA) LIMITED
Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad – 500 033

ATTENDANCE SLIP

DP ID No. : _____ Regd. Folio No. : _____



Client ID No. : _____ No. of Shares held: _____

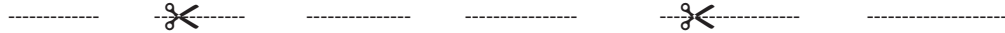
Name of the Shareholder/Proxy Present: _____

I hereby record my presence at the 21st Annual General Meeting of the members of the company to be held on, Saturday the 31st day of December, 2011 at 11.00 AM 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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PROXY FORM

DP ID No. : _____ Regd. Folio No. : _____

Client ID No. : _____ No. of Shares held: _____



I/We _____ of _____ bein
g a Member(s) of above named Company, hereby ap _____ point _____ of
_____ or failing him/her _____ of
_____ as my/our proxy to attend and vote for me/us, on my/our behalf at the
21st Annual General Meeting of the Company to be held on, Saturday the 31st day of December, 2011 at 11.00 AM at
Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad - 500033 and at any adjourned meeting thereof.

Signed _____ this December of 2011.

Signature of the Shareholder _____

Affix
Re.1/-
Revenue
Stamp.

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



COLORCHIPS
(INDIA) LIMITED

Plot No: 16, Road No:5, Jubilee Hills, Hyderabad