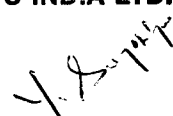


COLOR CHIPS (INDIA) LIMITED



“Certified True Copy”

For COLORCHIPS INDIA LTD.


Executive Director

**12th Annual Report
2001-2002**

Board of Directors.

Sudhish S Rambhotla
Y. Suryanarayana
Dr. Chandra Bhushan
William Bill Buck
A.V.Rao
KCh. A.V.S.N.Murty
Dr.Jaydev Babu
M.Ugandhar

Chairman and Managing Director
Executive Director
Director
Director
Director
Director
Director
Director

Registered Office:

Plot No.16, Road No.5
Jubilee Hills, Hyderabad – 500 033
Tel No.3550268,3544862,3,4

Bankers

Global Trust Bank Limited,
Ameerpet, Hyderabad

ICICI Bank Limited
Jubilee Hills, Hyderabad

State Bank of India,
Film Nagar, Hyderabad

Auditors

S N Murthy & Co.,
Chartered Accountants
Chikkadapally
Hyderabad – 500 020

Registrars (NSDL and CDSL)

Venture Capital and Corporate Investments Pvt Ltd
6-2-913/914, 3rd Floor
Progressive Towers, Khairatabad
Hyderabad
Phone No. +91-040-332226/4, Fax No.+91-040-3303221

COLORCHIPS

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of the company is scheduled to be held on Monday 30th September at 11.a.m. at the Registered office of the company situated at Plot No.16, Road No.5, Jubilee Hills, Hyderabad, to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st day of March, 2002, Profit and Loss Account for the year ended as on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr Sudhish S Rambhotla who retires by rotation.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Shri M Ugandhar , be and is hereby appointed as Director liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Dr Jaydev Babu, be and is hereby appointed as Director liable to retire by rotation."

Place: Hyderabad
Date:02-9-2002

by order of the Board
for Color Chips (India) Limited

Sudish S Rambhotla
Chairman and Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the company.
2. Duly executed instrument of proxy should be deposited with the company atleast 48 hours before the commencement of the meeting.
3. Explanatory statement as required by Section 173 of the Companies Act, 1956 is annexed and forms part of this Notice.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.4: Sri M. Ugandhar was appointed as additional director of the company and holds office till this annual general meeting and the company has received the required nomination in favour of Sri. M.Ugandhar proposing his candidature to the office of the director .Sri M .Ugandhar brings with him years of experience in corporate finance , strategy and palnning .His induction into the Borad would further strengthen the Board and the Company would be immensely benifitted with his appointment as director of the Company .Hence your directors commend the resolution for approval.

Except Sri M.Ugandhar none of the Directors is interested or concerned in the above resolutions.

ITEM NO.5: Sri.Dr .Jaydev Babu was appointed as additional director of the company and hold office till this annual general meeting and that the company has received the required nomination in favour of Sri.Dr Jaydev Babu proposing his candidature to the office of the director Sri.Dr .Jaydev Babu is an internationally acclaimed cartoonist . He is a receipt of several awards and accolades from various bodies. His induction into the Board would further strengthen the Board and the Company would be immemseely benifitted with his appointment as director of the Company.Hence your directors commend the resolution for approval.

Except Sri Dr Jaydev Babu none of the Directors is interested or concerned in the above resolutions.

Place: Hyderabad
Date: 02-09-2002

By order of the Board
For Color Chips (India) Limited

Sudhish S Rambhotla
Chairman and Managing Director

12 th Report of the Board Of Directors

To

The Members

Your Directors have pleasure in placing before you their 12th Annual Report of the company with Audited Financial statements for the year ended 31st March ,2002.

OPERATIONS AND FUTURE OUTLOOK:

(Rs In Lakhs)

	2001-02	2000-01
Net Sales / Income from operations	63.74	96.43
Other Income	8.86	7.04
Total Expenditure	213.82	209.12
Profit before Interest , Depreciation and Tax	(46.34)	(89.82)
Provision for Taxation	Nil	Nil
Profit after Tax	(140.47)	(105.63)
Profit of the Py brought forward	(104.54)	(1.09)
Provision for Deferred tax asset current year	35.59	Nil
Transitional Cum Deferred tax asset	41.78	Nil
Profit / Loss carried to Balance Sheet	(167.64)	(104.54)

Your Company is Planning to enter in own production of Animation Films , TV Serials by using own content library (Intellectual Property) and also trying to enter into Joint Production and Co-Production arrangements with other studios and Production houses.

DIRECTORS: Sri Sudhish S Rambhotla retires by rotation and is eligible for re-appointment. Further ,Sri M .Ugandhar and Dr Jaydev Babu were appointed as additional directors and hold office upto the ensuing annual general meeting .The Company has received nomination proposing the candidature of Sri M Ugandhar and Dr Jaydev Babu to the office of the director as per the provisions of the Companies Act,1956.

DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors confirm:

1. That in preparation of Annual Accounts , the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2002.
3. They have taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March,2002 in accordance with the Provisions of the

Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities.

4. That they have prepared the Annual Accounts on an ongoing basis.

DISCLOSURES AS PER THE LISTING AGREEMENT:

Cash Flow statement:

A Cash flow statement for the period ended 31-03-2002 is annexed forming a part of Annual Report in compliance with the requirement of clause 32 of the Listing Agreement with Stock Exchanges.

Stock Exchanges:

S No	Nme of the Stocke Exchange	Addressses
1	The Mumbai Stock Exchange	Phiroze JeeJeebhoy Towers Dalal Street , Mumbai –400 001
2	The National Stock Exchange of India Limited	Exchange Plaza , Plot No C/1 G Block Bandra – Kurla Complex , Bandra (E) Mumbai – 400 051
3	The Hyderabad stock Exchange Limited	3-6-275, Himayat Nagar Hyderabad

There are no arrears fo the listing fees payable to any of the above stock exchanges except an amount of Rs 28,000 to HSE.

CORPORATE GOVERNANCE REPORT:

A separate report on Corporate Governance is annexed forming a part of Annual Report of the company in terms of compliances of requirements of clause 49 of the Listing Agreement with Stock Exchanges.

AUDITORS:

M/s P S N Murthy & Co . Chartered Accountants , Hyderabad retire at the Conclusion of

ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors of the Company. They have furnished a certificate to the effect that the proposed re-appointment if made will be in accordance with the provisions of section 224 (1-B) of the Companies Act, 1956.

FIXED DEPOSITS:

Your company has not accepted any deposits from the public or shareholders of the company pursuant to provisions of Section 58A of the Companies Act, 1956.

DIVIDEND:

The Board of Directors of your Company regret to inform the shareholders of the Company that the Company is not in a position to declare any dividend in the absence of operational profit.

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

These particulars have been provided in the annexure which forms part of this report.

PARTICULARS OF EMPLOYEES:

The Provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable to the company, since no employee draws the remuneration in excess of the limits prescribed therein.

ACKNOWLEDGEMENT:

Your Directors place on record their appreciation for the continued co-operation by the State Government/ Banks Various organisations both Public and private and shareholders and the contribution and co-operation of the employees.

For and on behalf of the Board

Sudhish S Rambhotla
Chairman and Managing Director

Place : Hyderabad

Date : 02-09-2002

ANNEXURE TO DIRECTORS REPORT**CONSERVATION OF ENERGY , TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES , 1988****FORM A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION ENERGY**

The operation of your company are not energy intensive. Adequate measures have , however , been taken on reduce energy consumption by using energy-efficient computer terminals and by the purchase of energy-efficient equipment incorporating the latest technology. Your Company constantly evaluates new technologies and invests in them, to make its infrastructure more energy-efficient. Energy efficient UPS systems have been purchased. Energy saving air conditioners are used only where required. These measures have enhanced energy efficiency .As energy cost forms a very small part of the total cost , the impact on cost is not material.

FORM B**A .RESEARCH AND DEVELOPMENT**

1. Specific areas in which R & D carried out by the Company:
Research and development is a continuous process and your company is devoting sufficient sources to continuously create and update its content in order to meet the changing education and entertainment needs of youngsters and elders.
2. Benefit derived as results of the above R & D : N.A
3. Future plans of Action: The Company wanted to engage in research and development for improving quality as well as to reduce cost.
4. Expenditure in R & D : N.A

Technology Absorption and adoption:

1. Efforts in brief towards technology absorption , adoption and innovation:
The company keeps it self abreast of latest developments in technology applicable to it and absorbs and adopts accordingly as may be permissible by its operation.
2. Benefit derived as results of the above R & D : N.A
3. Import of Technology : N. A

B.FOREIGN EXCHANGE EARNINGS AND OUTGO.

Foreign Exchange earnings : Rs 490339
 Foreign Exchange Outgo : Rs 13,96,100

REPORT ON THE CORPORATE GOVERNANCE:

Your Directors take pleasure in presenting the Company's Report on Corporate Governance in compliance with the requirement of Clause 49 of the listing agreement of stock exchanges.

1 A brief statement on Company's philosophy on code of governance.

Company's philosophy on code of governance are:

- 1.The compliance of law , rules and regulations of the statute including Listing Agreement
2. Redressal of grievances of the shareholders and protection of their interest.
3. Ensuring the transparency in the Management of the company.

2. Board of Directors:

The present strength of the Board is Eight directors consisting of one Chairman & Managing Director, one Executive Directors and six numbers Independent Directors.

During the financial year 2001-2002 , Board met fifteen times on the following dates

1. 5-5-2001,(2) 02-06-2001 (3) 23-6-2001(4) 29-6-2001 (5) 06-8-2001 (6) 13-9-2001 (7) 23-9-2001 (8) 31-10-2001 (9) 21-11-2001(10) 29-12-2001(11)7-01-2002 (12) 25-01-2002 (13) 31-01-2002 (14) 08-03-2002 (15) 26-03-2002(16) 30-03-2002.

The details of the attendance of the Directors at Board Meeting and at the last Annual General Meeting with particulars of their other Directorship and Chairman / Membership of the Board Committees are given in the following table: