

18th Annual Report 2007-2008



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COLOR CHIPS (INDIA) LIMITED

Board of Directors:

Mr. Y. Suryanarayana
Mr. B. Kishan Rao
Mr. D. S. Subrahmanyam
Mr. K. Ch. A.V. S. N. Murthy
Dr. G. Chandra Bhushan
Mr. K. S. Ravi Shanker

: Executive Director
: Whole Time Director
: Whole Time Director
: Independent Director
: Independent Director
: Independent Director

Registered Office:

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

Auditors:

Mr. R. Chengal Reddy
Chartered Accountant
H No. 8-3-222/D4, Block D-23
3rd Floor, Madhura Nagar
Hyderabad- 500038

Bankers:

HDFC Bank Limited, Jubilee Hills Branch
Hyderabad

Registrars & Share Transfer Agents:

Venture Capital and Corporate Investments Private Ltd
6-2-913 & 914, 3rd Floor
Progressive Towers, Khairtabad
Hyderabad – 500004
Phone No. 040 – 23322262/4
Fax No. 040 - 23324803

Listed At:

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

NOTICE

NOTICE is hereby given to the members of the Company that the 18th Annual General Meeting of the members of the Company is to be held on Wednesday, the 31st day of December, 2008 at 10.00 AM at the Registered Office situated 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, 2008 and the Profit and Loss Account for the year ended 30th June, 2008 and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B. Kishan Rao who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. G. Chandra Bhushan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors of the Company.

BY ORDER OF THE BOARD

Hyderabad
November 10, 2008

**SD/-
D.S.SUBRAHMANYAM
WHOLE TIME DIRECTOR**

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 29th December 2008 to 31st December 2008 (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 M/s. Venture Capital & Corporate Investments Private Limited, 6-2-913&914, 3rd Floor, Progressive Towers, Khairtabad, Hyderabad-500004.

COLOR CHIPS (INDIA) LIMITED

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

(In pursuance of Clause 49 of the Listing Agreement)

Particulars	Dr. G. Chandra Bhushan	B. Kishan Rao
Date of Birth	June 01, 1955	April 24, 1942
Date of Appointment	September 29, 2005	June 28, 2007
Expertise in specific functional areas	He has over 12 years of experience in health care sector	He is a retired police DCP and having 10 years experience in Administrative matters
Qualifications	MBBS, M.S	B.Com
No. of Shares held as on Nov 10, 2008	NIL	5000
Directorships held in other companies (excluding private limited and foreign companies)	NIL	NIL
Positions held in mandatory committees in other companies	NIL	NIL

COLOR CHIPS (INDIA) LIMITED

DIRECTORS' REPORT

To
The Members
Color Chips (India) Limited

Your Directors have pleasure in placing before you the 18th Annual Report of the Company with Audited Financial statements for the year ended 30th June 2008.

Financial Results:

(Rupees in Lakhs)

Particulars	2007-08	2006-07 (15 months)
Gross Total Income from Operations	11.96	155.96
Profit before Depreciation, Interest and Taxes	(157.64)	(581.66)
Depreciation	50.42	123.30
Finance expenses	7.09	3.27
Profit Before Tax	(100.12)	(455.10)
Provision for Tax	—	—
Net Profit / (Loss)	(100.62)	(485.85)
Balance Carry forward to Balance Sheet	(100.62)	(485.85)

Dividend:

Your directors have not recommended any dividend for the financial year due to lack of profits.

Directors:

During the year under review Mr. Y. Kasipathy, and Mr. R.S. Sudhish has resigned as Director of the Company with effect from July 01, 2007 and August 05, 2007 respectively. Mr. D.S. Subrahmanyam, Mr. K.S. Ravi Shankar were inducted on the Board on July 01, 2007 as Additional Directors.

During the year under review, Mr. Kishan Rao and Dr. G. Chandra Bhushan retire by rotation and being eligible, offer themselves for re-appointment and brief particulars of these gentlemen, are given in the Explanatory Statement to the Notice of this Meeting.

COLOR CHIPS (INDIA) LIMITED

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

Auditors:

M/s. S. N. Murthy & Co., Chartered Accountants, Hyderabad, were resigned as Auditors of the Company with effect from August 25, 2008. Accordingly, the Shareholders of your Company in their meeting held on September 20, 2008 appointed Mr. R. Changal Reddy, Chartered Accountant, Hyderabad as Statutory Auditors of the Company to hold office until the conclusion of the ensuing Annual General Meeting. The Company has also received willingness from Mr. R. Changal Reddy and 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 detecting 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.

COLOR CHIPS (INDIA) LIMITED

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 & Outgo:

Foreign Exchange Earning	: Nil
Foreign Exchange Outgo	: 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.

Hyderabad

November 10, 2008

BY ORDER OF THE BOARD

**SD/-
D.S. SUBRAHMANYAM
CHAIRMAN OF THE MEETING**

MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of Directors' Report)

Industry Structure and Developments:

Animation is not just about cartoon; it is just one genre of animation. Animation has several applications like educational CDs, online education, video games, Internet, mobile phones, commercials and industry-specific applications in architecture, medical, law and insurance. 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 high cost of production is one of the key reasons why studios are willing to outsource animation work to India. Overseas markets, already impressed by the country's proven success in the IT industry are increasingly looking at India to cut costs, as studios here offer services at lower rates due to availability of skilled yet cheaper manpower. India also has a strong advantage in getting outsourced work from the West because of the fast growing consumer class and lack of language barrier.

Opportunities:

(Source: FICCI Report)

Total revenue of the animation production services sector in India, as estimated by NASSCOM, are around 1,125 Crores (USD 250 Million) in 2004. The industry is said to have grown over 20% in the past year. Based on the contracts in hand with most animation studios, the industry is expected to grow over 30% in the next five years.

Outlook:

The Indian animation and gaming industry is projected to reach the \$1 billion mark by 2010. What goes in India's advantage is that an animation movie can be made here 15 times cheaper than the cost of a Hollywood production. Right now, about 300,000 students are undergoing training in animation technology across India. "Most of the professionals are still at the entry level," the way the industry is growing, even these 300,000 professionals will not be enough to handle the work load in the coming years. We need more than the 10,000 artistes and 2,000 programmers that we have today. The future for India's animation movie sector is bright.

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.

Human Resources Development and Industrial Relations:

Color Chips (India) 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.

COLOR CHIPS (INDIA) LIMITED

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, 2008, the Board of Directors comprised of 6 Directors out of which three (50%) are non-executive 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.

COLOR CHIPS (INDIA) LIMITED

BOARD MEETINGS:

During the Financial Year under review, nine (9) meetings of the Board of Directors were held on the following dates:

01-07-2007, 30-07-2007, 05-08-2007, 25-08-2007, 30-10-2007, 10-11-2007, 31-01-2008, 30-04-2008, and 31-05-2008

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 held during the Tenure	No. of meetings Attended	Whether Attended Last AGM	No. of other directorships *	No. of Board Committees of other Companies
Mr. Y. Suryanarayana	Non Promoter & WTD	09	09	YES	01	-
Mr. B. Kishan Rao	Non Promoter & WTD	09	09	YES	-	-
Dr. G. Chandra Bhushan	Independent Director	09	07	NO	-	-
Mr. A. Ch. V. S. N. Murthy	Independent Director	09	06	YES	01	-
Mr. Y. Kasipathy @	Independent Director	01	01	NO	-	-
Mr. R. S. Sudhish @	Promoter & Non-Executive Director	03	03	YES	02	01
Mr. D. S. Subrahmanyam #	Non Promoter & Whole-time Director	09	09	YES	-	-
Mr. K. S. Ravi Shanker #	Independent Director	09	09	YES	-	-

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

Appointed as Additional Directors on July 01, 2007.

@ Resigned as Directors of the Company with effect from July 01, 2007 and August 05, 2007 respectively.

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, 2008.

COLOR CHIPS (INDIA) LIMITED

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
K.CH.A.V.S.N. Murthy	Independent	Chairman	4
K.S. Ravi Shanker	Independent	Member	4
D.S. Subrahmanyam	WTD	Member	4

The Audit Committee was re-constituted on July 01, 2007 by inducting Mr. K.S. Ravi Shanker, and Mr. D.S. Subrahmanyam.

Audit committee met four times on the following dates: i) 30.07.2007; ii) 30.10.2007; iii) 31.01.2008 iv) 29.04.2008.

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 memeber	category	Designation
Mr.K.Ch. A.V.S.N. Murthy	Independent	Chairman
Mr. K.S. Ravi Shanker	Independent	Menmber
Dr.G.Chandra Bhushan	Independent	Menmber

The Remuneration Committee was constituted by the Board of Director in their meeting held on 01st July, 2007.

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. SHARE TRANSFER/ 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. D.S. Subrahmanyam, Whole-time Director is the Compliance Officer.

There are no pending transfer/complaints as on 30-06-2008.

Composition:

Name of the memeber	category	Designation
Mr. D.S. Subrahmanayam	WTD	Chairman
Mr. K.S. Ravi Shanker	Independent	Menmber
Dr.G.Chandra Bhushan	Independent	Menmber

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

COLOR CHIPS (INDIA) LIMITED

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
2004-2005	Sagi Ramakrishnam Raju Community Hall, Madhuranagar, Hyderabad – 500038	29-09-2005 11.00 AM
2005-2006	Sagi Ramakrishnam Raju Community Hall, Madhuranagar, Hyderabad – 500038	29-09-2006 11.00 AM
2006-2007	Plot No.16, Road No.5, Jubilee hills, Hyderabad – 500033	13.12.2007 11.00 AM

- Special Resolutions passed in the last three Annual General Meetings are as under:
 - i) Special Resolution for appointment of Mr. R.S. Sudhish as Managing Director in the AGM 2005.
 - ii) Special Resolution for appointment of Mr. Y. Suryanarayana as Executive Director in the AGM 2005.
 - iii) Special Resolution for approval for issue of GDRs/ADRs/FCCBs and other instruments in the AGM 2005.
 - iv) Special Resolution for voluntarily Delisting from Hyderabad Stock Exchange in the AGM 2005.
 - v) Special Resolution for change of Name of the Company to Color Chips Animation Limited in the AGM 2005.
 - vi) Special Resolution for change of Name of the Company to CCIL Animation Limited in the AGM 2007.
- No Ballots papers were used for voting at above meetings.

b) No Special Resolutions passed last year through postal ballot (under Section 192A).

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

VII. OTHER DISCLOSURES:

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.

COLOR CHIPS (INDIA) LIMITED

- (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) 18th Annual General Meeting:

Date and Time	Wednesday, 31 st December 2008 at 10.00 AM
Venue	Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad- 500033, AP

b) Book Closure Date: 29-12-2008 TO 31-12-2008 (inclusive of both days)

c) Financial Year and Calendar (Tentative) 2008-09:

The Company follows July to June as its Financial Year. The results of every quarter beginning from July are declared in the first month following each quarter as per 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 2008-09 has been paid

COLOR CHIPS (INDIA) LIMITED

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

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

h) Market Price Data :

	BSE			NSE		
Month	High	Low	Volume	High	Low	Volume
July 2007	8.80	7.30	582958	8.80	7.25	510056
August 2007	7.35	6.90	551872	7.30	6.95	265114
Sept 2007	8.13	7.90	196880	8.10	7.95	186550

Note: The equity 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

6-2-913 & 914, 3rd Floor, Progressive Towers, Khairtabad, Hyderabad – 500 004

Phone No. 040 – 23322262/4, Fax No. 040 – 23324803.

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.

COLOR CHIPS (INDIA) LIMITED**k) Distribution of shareholding as on 30th June 2008:**

Nominal Value of Shares in Rupees	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Up to 5000	8236	60.36	20,03,481	9.55
5001-10000	2456	18.00	21,26,102	10.14
10001 - 20000	1393	10.21	22,69,764	10.82
20001 – 30000	478	3.50	12,51,286	5.96
30001 – 40000	254	1.86	9,08,896	4.33
40001 – 50000	230	1.68	11,04,839	5.27
50001 – 100000	344	2.52	25,80,545	12.31
100001 and above	252	1.84	87,17,137	41.58
Total	13643	100.00	20962050	100

l) Shareholding Pattern as on 30th June 2008:

Category	No. of shares	%
Promoters	332137	1.58
Mutual Funds and UTI Financial Institutions/ Mutual Funds	41346	0.20
Private Corporate Bodies	2184372	10.42
Indian Public NRI's OCB's	17805206 598989	84.94 2.86
Others	–	–
Total	20962050	100.00

COLOR CHIPS (INDIA) LIMITED

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 2008 2, 02, 45,846 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

M/s.Venture Capital and Corporate Investments Private Ltd
6-2-913 & 914, 3rd Floor, Progressive Towers,
Khairtabad, Hyderabad – 500 004
Phone No. 040 – 23322262/4, Fax No. 040 – 23324803

q) CEO Certification:

As required by the revised clause 49 (V) of the Listing Agreement, the certificate from CEO was placed before the Board of Directors at their meeting held on November 10, 2008.

r) Compliance Certificate of the Auditors:

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

BY ORDER OF THE BOARD

Hyderabad
November 10, 2008

**SD/-
D.S. SUBRAHMANYAM
WHOLE TIME 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.

FOR COLOR CHIPS (INDIA) LIMITED

Hyderabad
November 10, 2008

**SD/-
D.S. SUBRAHMANYAM
WHOLE TIME DIRECTOR**

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE:

To
The Members
Color Chips (India) Limited

We have examined the compliance of conditions of corporate governance by Color Chips (India) Limited for the year ended on June 30th, 2008 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.

August 25, 2008
Hyderabad

For S N Murthy & Co
Chartered Accountants

SD/-
P S N Murthy
Proprietor
Membership No: 21862

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 2008 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, 2008 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 30th June, 2008 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, 2008 and in the case of the Profit and Loss Account, of the profit for the year ended on the date.

For S N Murthy & Co
Chartered Accountants

August 25, 2008
Hyderabad

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

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 transactions 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

COLOR CHIPS (INDIA) LIMITED

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, 2007 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.

COLOR CHIPS (INDIA) LIMITED

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.

For S N Murthy & Co
Chartered Accountants

August 25, 2008
Hyderabad

SD/-

P.V.S.N Murthy
Proprietor
M.No. 21862

COLOR CHIPS (INDIA) LIMITED

BALANCE SHEET AS AT 30TH JUNE 2008			
SCHEDULE	SCH NO	As at 30.06.2008	As at 30.06.2007
Source of Funds			
SHARE HOLDER'S FUNDS			
Share Capital	1	207,242,738	207,242,738
Reserves & Surplus	2	1,570,500	1,570,500
Secured Loans	3	941,586	2,555,832
Total		209,754,824	211,369,070
APPLICATION OF FUNDS			
A. FIXED ASSETS			
a) Gross Block	4	72,731,430	77,581,603
b) Less : Depreciation		60,099,308	58,373,584
c) Net Block		12,632,122	19,208,019
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		89,740,287	134,240,287
Sundry Debtors	5	14,195,840	14,195,840
Cash and bank balances	6	1,815,444	1,811,654
Loans & Advances	7	47,514,192	52,170,324
		153,265,763	202,418,105
C.LESS : CURRENT LIABILITIES & PROVISIONS	8	66,111,621	110,412,014
		66,111,621	110,412,014
NET CURRENT ASSETS		87,154,142	92,006,091
Profit and Loss Account		65,526,012	55,463,580
Miscellaneous Expenditure to the Extent not written off	9	746,496	995,328
Total		209,754,824	211,369,070
NOTES ON ACCOUNTS	12		

As per our report of even date attached

For S N Murthy & Co
Chartered Accountants

For and on behalf of Board
COLOR CHIPS(INDIA) LIMITED

SD/-
P V S N Murthy
Proprietor
Membership No: 21862
Hyderabad
August 25, 2008

SD/-
D. S. Subrahmanyam
Director

SD/-
B. Kishan Rao
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2008			
SCHEDULE		(Rs.) For the year ended 30.06.2008	(Rs.) For the year ended 30.06.2007
INCOME			
1) Sales		1,195,810	7,268,717
2) Other Income			1,901,377
3) Accounts Written Off			6,426,404
	TOTAL	1,195,810	15,596,498
EXPENDITURE			
(Increase)/Decrease in stocks			
Manufacturing & Admin Expenses	10	3,207,977	28,127,756
Finance cost	11	709,572	327,132
Depreciation for the year		5,041,827	12,329,664
Miscellaneous Expenses written off		248,832	
Loss on Sale of Benz Car		2,000,000	
Loss on Sale of Investments			20,000,000
Amortisation of Preliminary Exp			28,690
Amortisation of Public Issue Exp			99,038
Prior Period Expenses			193,782
Total Expenditure	TOTAL	11,208,208	61,106,062
Profit/(Loss) before tax		(10,012,398)	(45,509,564)
Provision for Tax			-
Provision for Deferred Tax			3,022,050
Provision for FBT		50,033	52,919
Profit (Loss) after Tax		(10,062,431)	(48,584,533)
Balance brought forward from P. Year		(55,463,580)	(6,879,047)
Traditional Cumilative deferred tax			-
Balance carried to balance sheet		(65,526,011)	(55,463,580)
NOTES ON ACCOUNTS	12		

As per our report of even date attached

For S N Murthy & Co
Chartered Accountants

For and on behalf of Board
COLOR CHIPS(INDIA) LIMITED

SD/-
P V S N Murthy
Proprietor
Membership No: 21862
Hyderabad
August 25, 2008

SD/-
D. S. Subrahmanyam
Director

SD/-
B. Kishan Rao
Director

COLOR CHIPS (INDIA) LIMITED

SCHEDULE - 9			
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or Adj)			
Preliminary Expenses		995,328	968,305
Public Issue Expenses			27,023
Less: Written Off		248,832	
	TOTAL	746,496	995,328
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT :			
SCHEDULE - 10			
MANUFACTURING & ADMIN EXPENSES			
Power, Fuel		-	805,403
Syndication & Animation expenses		-	4,966,847
Salary and allowances		163,500	5,813,427
Audit Remuneration			
- As Auditor		10,000	10,000
- For Tax Audit		5,000	5,000
- For certification		3,500	3,500
Bank Charges		882	129,587
Travelling & Conveyance		51,788	1,546,464
Legal & Professional Charges		21,359	16,500
Listing Fees		-	203,294
Donations		-	109,000
Insurance			23,438
Repairs & Maintenance		1,350	215,247
Rent, Rates & Taxes		413,600	3,978,556
Telephone Expenses			
Rights Issue Expenses (Amortised)		-	-
Communication		-	585,662
Printing & Stationery		25,105	394,627
Seminars Meeting & Subscriptions Exps			246,603
Share Transfer Expenses		-	117,188
Postage & Courier		4,401	206,543
Staff Welfare		4,121	186,032
Conveyance		1,523	50,693
Consultancy - Overseas		-	3,854,530
Security Charges		749,516	1,059,119
Office Maintenance		489,192	179,834
Advertisement Expenses		614,844	493,560
Business Promotion		648,296	2,958,352
STP Processing		-	168,750
	TOTAL	3,207,977	28,127,756
SCHEDULE			
SCHEDULE - 11			
Finance Cost			
Interest -others		-	327,132
HDFC Bank OD Interest		709,572	-
	TOTAL	709,572	327,132

COLOR CHIPS (INDIA) LIMITED
Schedule - 4

Color Chips India Limited
Schedule - 4

(Rs.)

Name of the Assets	Gross Block				Depreciation				Net Block	
	As on 1-Jul-07	Additions during the year	Deletions during the year	Gross Assets as on 30-06-2008	As on 1-Jul-07	For the year	Dep. On delations	As on 30.06.2008	As on 30.06.2008	As on 30.06.2007
Air conditioners	1,919,147	-	-	1,919,147	549,304	91,159	-	640,463	1,278,684	1,369,843
Computers	50,302,414	-	-	50,302,414	46958157	3,344,257	-	50,302,414	-	3,344,257
Plant & Machinery	1,431,951	-	-	1,431,951	640,240	68,018	-	708,258	723,693	791,711
Electrical Equipment	6,338,895	-	-	6,338,895	2652544	301,098	-	2,953,642	3,385,523	3,686,351
Furniture & Fixtures	10,622,759	-	-	10,622,759	3,951,224	672,421	-	4,623,645	5,999,114	6,671,535
Office Equipment	1,863,264	-	-	1,863,264	647236	117,945	-	765,181	1,098,083	1,216,028
Motor Vehicles	5,103,173	-	4,850,173	253,000	508,949	446,930	850,173	105,706	147,294	4,594,224
Totals	77,581,603	-	4,850,173	72,731,430	55,907,654	5,041,827	850,173	60,099,308	12,632,122	21,673,949

SCHEDULE-12

Notes on Accounts

I. 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 amounts 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 known 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 the exchange rates prevailing on the date of transaction and exchange differences 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

COLOR CHIPS (INDIA) LIMITED

count. 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

Deferred 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

Contributions in respect of Employees Provident Fund and Pension Fund are made to fund administered and managed by the Government of India and 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, 2008.

II. Notes on Accounts:

		Year ending 30.06.2008	Year ending 30.06.2007
		Rs.	Rs.
1.	Contingent Liabilities:	Nil	Nil
2.	Auditors' Remuneration:		
	a. Statutory Audit Fee	10,000	10,000
	b. Tax Audit fees	5,000	5,000
	c. Certification fees	3,500	3,500

2. Secured Loans: The Car Loan from ICICI Bank is closed during the year and obtained Over draft from HDFC Bank.

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

(i) Names of the Related Parties

COLOR CHIPS (INDIA) LIMITED

(a) Key Management Personnel during the Year

- Y. Surya Narayana - Director
- B. Kishan Rao - Director

(b) Associate Companies

- i. Colorchips New Media Limited (CCNML)
- ii. Colorchips Animation park Ltd (CAPL)
- iii. Ravikanth Portfolio Services Pvt. Ltd (RKPL)

(Amount in Rs.)

Particulars	CCNML	CAPL	RKPL
Sales	Nil	Nil	Nil
Accounts payable	Nil	Nil	2,80,618
Others	Nil	Nil	Nil

3. Earnings in Foreign Currency	2007-08	2006-2007
	Rs.	Rs.
Income from Services	10,85,588	72,68,717

4. Expenditure in Foreign Currency

a	Traveling	Nil	9,97,997
b	Professional Services	Nil	36,54,530
c	Animation services	Nil	49,66,847
d	Marketing services	Nil	Nil
e	Others	Nil	Nil

5. Quantitative Details:

The Company is engaged in the development of 2D and 3D animation Services. The production and sale of such services can not be expressed in any generic unit. Hence it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

6. In accordance with AS 22 – Accounting for Taxes on Income, the deferred tax asset as at 30th June, 2008 comprises the following:

Particulars	(Amount in Rs.)
Deferred Tax Asset as on 01st July, 2007	NIL
Total Deferred Tax Asset as on 30th June, 2008	NIL

7. Accounting balances of sundry debtors / creditors, Loans and advances and Group Companies Balances are subject to confirmation.

8. Since the accounting statements are prepared for 12 months period ending 30th June, 2008, figures for the current year are incomparable with that of the previous year.

9. Previous 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 S N Murthy & Co.,
Chartered Accountants

SD/-
P V S N Murthy
Proprietor
Membership No: 21862
August 25, 2008
Hyderabad

For and on behalf of Board
COLOR CHIPS(INDIA) LIMITED

SD/-
D. S. Subrahmanyam
Director

SD/-
B. Kishan Rao
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 2008. 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.

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

August 25, 2008
Hyderabad

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

COLOR CHIPS (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2008

Description	(Rs.)	(Rs.)
	As at 30-Jun-08	As at 30-Jun-07
A. Cash Flow from operating activities		
Net profit/loss after taxation and extraordinary items	(10,062,431)	(48,584,533)
Adjustment for :		
Depreciation	5,041,827	12,329,664
Speculation Profit	-	-
Dividend Misc. Income	-	-
Loss on Sale of Assets	-	-
Loss on Sale of Investments	-	-
Income tax for the Earlier Years	-	-
Preliminary & Issue Expenses W/off	248,832	127,728
Deferred Tax Liability	-	3022050
Operating profit before working capital changes	(4,771,772)	(33,105,091)
Adjustment for:		
Increase/Decrease in inventory	44,500,000	-
Increase/Decrease in Trade & Other Receivables	5,032,795	(40,529,297)
Increase/Decrease in Current Liabilities	(44,300,393)	32,266,997
Cash generation from operating activity	460,630	-
Direct Taxes paid	50,033	-
Net Cash from operating activity	460,630	(41,367,391)
B. Cash flow from investing activities		
Loss on Sale of investments	-	-
Profit/Loss on Sale of Fixed Assets	2,000,000	-
Fixed Assets Written Back	-	-
Depreciation Written Back on Sold Assets	(850,173)	-
Assets Acquired	-	5,026,435
Increase / Decrease in investments	-	(40,133,250)
Net cash from investing activity	1,149,827	(35,106,815)
C. Cash Flow From Financing Activities		
Increase /Decrease in secured Borrowings	(1,614,246)	2,555,832
Increase in Share Capital	-	375,903
Interest Received	-	-
Dividend & Misc. Income	-	-
Net Cash Flow from Financing activities	(1,614,246)	2,931,735
Net Increase / (decrease) in cash & Cash equivalents (A+B+C)	(3,789)	(3,328,841)
Cash and cash equivalents as at the beginning of the year	1,811,654	5,140,495
Cash and cash equivalents as at the end of the year	1,815,444	1,811,654
Net Flow As shown above	(3,790)	(3,328,841)

As per our report of even date attached

For S N Murthy & Co
Chartered Accountants

For and on behalf of Board
COLOR CHIPS(INDIA) LIMITED

SD/-
P V S N Murthy
Proprietor
Membership No: 21862
Hyderabad
August 25, 2008

SD/-
D. S. Subrahmanyam
Director

SD/-
B. Kishan Rao
Director

COLOR CHIPS (INDIA) LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (AS AMENDED)

REGISTRATION DETAILS

Registration Number

1	1	1	2	9
---	---	---	---	---

State code

0	1
---	---

Balance Sheet Date

30	06	2008
----	----	------

CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS THOUSAND)

Public Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

Preferential Issue

N	I	L
---	---	---

Right Issue

N	I	L
---	---	---

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.Thousands)

Total Liabilities

N	I	L
---	---	---

Total Assets

N	I	L
---	---	---

SOURCE OF FUNDS

Paid up Capital

2	0	7	2	4
---	---	---	---	---

Secured Loans

N	I	L
---	---	---

Reserves & Surplus

1	5	7	0	
---	---	---	---	--

Unsecured Loans

N	I	L
---	---	---

APPLICATION OF FUNDS

Net fixed Assets

1	2	6	3	2
---	---	---	---	---

Miscellaneous Expenditure

7	4	6		
---	---	---	--	--

Investment

3	9	8	6	6
---	---	---	---	---

Accumulated Loss

6	5	5	2	6
---	---	---	---	---

Net current Assets

8	5	1	6	7
---	---	---	---	---

PERFORMANCE OF COMPANY (AMOUNT IN RS.THOUSAND)

Turnover includes other Income

1	1	9	6
---	---	---	---

Profit after Tax

(4	9	7	0)
----	---	---	----

Total Expenditure

6	1	6	5
---	---	---	---

Earning Per Share

N	I	L
---	---	---

Profit Before Tax

(4	9	7	0)
----	---	---	----

Dividend Rate (%)

N	I	L
---	---	---

For S N Murthy & Co.,
Chartered Accountants

For and on behalf of Board
COLOR CHIPS(INDIA) LIMITED

SD/-

P V S N Murthy
Proprietor

Membership No: 21862

Hyderabad

August 25, 2008

SD/-

D. S. Subrahmanyam
Director

SD/-

B. Kishan Rao
Director

INTENTIONALLY LEFT BLANK

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 18th Annual General Meeting of the members of the company to be held on, Wednesday the 31st day of December, 2008 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.



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

PROXY FORM

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

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

✂ We _____ of _____ being a Member(s) of above named Company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 18th Annual General Meeting of the Company to be held on, Wednesday the 31st day of December, 2008 at 11.00 AM at Plot No.91, Road No.7-B, Jubilee Hills, Hyderabad- 500033 and at any adjourned meeting thereof.

Signed _____ this _____ of 2008.

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



COLORCHIPS (INDIA) LIMITED

Plot No: 91, Road 7-B, Jubilee Hills, Hyderabad