

# 33<sup>rd</sup> ANNUAL REPORT 2017-2018



## MILLITOONS ENTERTAINMENT LIMITED

TVNXT

NETWORK CHANNELS

TVNXT  
TELUGU

TVNXT  
KANNADA

TVNXT  
KIDZ

TVNXT  
BOLLYWOOD

TVNXT  
CROSS-FIRE

TVNXT  
DEVOTIONAL

TVNXT  
MUSIC

TVNXT  
TOLLYWOOD

TVNXT  
COMEDY

TVNXT  
SWARASUDHA

TVNXT  
NEWS

<https://www.youtube.com/TVNXT>

## Celebrities Interviewed



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**CORPORATE INFORMATION**

**Board of Directors**

Mr. Ramabhotla Srinivasa Sudhish	: Chairman and Managing Director
Mr. Srinivasa Murthy Banda	: Independent Director
Ms. Krishnapriya Vincent	: Independent Director
Mr. R L V N Kishore Siram	: Additional Director (Non-executive)

**KMP**

Ms. Monica Shrikant Gehlot	: Company Secretary and Compliance Officer
Mr. Srinivasa Rao Kakkerla	: Chief Financial Officer

**Registered Office**

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

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

**Statutory Auditors**

**M/s. S N Murthy & Co.,**  
*Chartered Accountants*  
1-8-30, Upstairs, Chikkadapally,  
Hyderabad – 500 020, T.S.

**Bankers**

Allahabad Bank  
HDFC Bank

**Registrar & Share Transfer Agents:**

Karvy Computershare Private Limited  
Karvy Selenium, Tower- B, Plot No 31 & 32.,  
Financial district, Nanakramguda, Serilingampally Mandal,  
Hyderabad, Telangana 500032.

**Listed at:**

BSE Limited

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE THIRTY THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF MILLITOONS ENTERTAINMENT LIMITED WILL BE HELD ON MONDAY, SEPTEMBER 24, 2018 AT 09:00 A.M. AT COMPANY'S PRODUCTION CENTRE AT PLOT NO 85, PHASE 1, KAMALAPURI COLONY, HYDERABAD- 500073, TELANGANA TO TRANSACT THE FOLLOWING**

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**Ordinary Business**

1. To receive, consider and adopt the standalone and consolidated financial statements as at March 31, 2018 along with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Ramabhotla Srinivasa Sudhish (DIN: 00027816) who retires by rotation and being eligible, offers himself for re-appointment.

**Special Business**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 & the rules framed thereunder, Mr. RLVN Kishore Siram, (DIN08208141) who was appointed as an Additional Director of the Company with effect from August 27, 2018 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as Director (non –executive category) and who shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Directors of the Company be and are hereby severally authorised to file relevant forms with the Registrar of Companies, Hyderabad and to do such other acts, deeds and things as may be considered necessary in connection with the said appointment."

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

**"RESOLVED THAT** pursuant to provision of Section 13 (2) and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force, the provisions of the Memorandum and Articles of Association of the Company and SEBI (LODR) Regulations, 2015 and subject to the approval of the Registrar of Companies, Hyderabad and other necessary approvals, consents, permissions and sanctions, required, if any, in this regard from any appropriate authority and subject to such terms, conditions, amendments or modifications as may be required or suggested by statutory authorities, the consent of the members be and is hereby given for changing the name of the company



from "Millitoons Entertainment Limited" to "Colorchips New Media Limited" or any other name as may be approved by the statutory authorities, whether under the Companies Act, 2013 or any other rules, laws, acts, statutes or regulations as may be applicable to the Company.

**RESOLVED FURTHER THAT** name clause being Clause 1<sup>st</sup> of the Memorandum of Association of the Company be substituted by the following clause:

1<sup>st</sup>The name of the Company is "Colorchips New Media Limited."

**RESOLVED FURTHER THAT** in terms of Section 14 of the Companies Act, 2013 and other applicable provisions of the Act, if any, the Articles of Association of the Company be altered by deleting the existing name of the Company wherever appearing and substituting it with the new name of the Company.

**RESOLVED FURTHER THAT** the Board or any Committee thereof be and is hereby authorised to accept any other name approved by the relevant statutory authorities and seek approval for the change in the name of the Company accordingly without any further reference to the members for their approval.

**RESOLVED LASTLY THAT** for the purpose of giving effect to this resolution, Mr. R.S. Sudhish, Managing Director (DIN: 00027816) of the Company be and is hereby authorised to file all the necessary forms and / or returns and to make the application in Form INC24 and any other Form to the Registrar of Companies or to other concerned authorities for approval for the change of name as above and to do such other acts, things and deeds as may be necessary to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 61(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification, amendment or re-enactment thereof for the time being in force), read with the Articles of Association of the Company, and subject to the approval(s), consent(s), permission(s) and sanction(s) as may be necessary or, required from any authority and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred as "the Board" which term shall be deemed to include any Committee thereof or any such officer of the Company as the Board may deem fit), the consent of the members of the Company be and is hereby accorded to consolidate 10 (Ten) equity shares of the Company having face value of Re. 1/- (Rupee One only) each fully paid-up into 1 (One) equity share of face value of Rs. 10/- (Rupees Ten only) each fully paid-up and consequently, the existing Authorised Equity Share Capital of the Company of 18,50,00,000 Equity Shares of Re. 1/- (Rupees One only) each shall be consolidated to 1,85,00,000 Equity Shares of Rs. 10/- (Rupees Ten only) each amounting to Rs. 18,50,00,000/- (Rupees Eighteen Crore Fifty Lakh only) with effect from the "Record Date" to be determined by the Board for this purpose.

**RESOLVED FURTHER THAT** upon consolidation of the Equity shares of the Company as aforesaid, every 10 (Ten) equity shares of the face value of Re. 1/- (Rupee One only) each

fully paid-up held by a shareholder as on the Record Date shall stand consolidated into 1 (one) equity share of the face value of Rs. 10/- (Rupees Ten only) each fully paid-up with effect from the Record Date.

**RESOLVED FURTHER THAT** upon consolidation, 1 (One) Equity Share of the face value of Rs. 10/- (Rupees Ten Only) each fully paid-up be issued in lieu of 10 (Ten) Equity Shares of Re. 1/- (Rupee One Only) each fully paid-up, subject to the terms of Memorandum and Articles of Association of the Company and such shares shall rank paripassu in all respects and carry the same rights as the existing fully paid Equity Shares of the Company and shall be entitled to dividend(s) after consolidation of equity shares, if declared/recommended by the Board and subsequently approved by the shareholders.

**RESOLVED FURTHER THAT** upon consolidation of the Equity shares of the Company as aforesaid, the existing share certificates in relation to the existing Equity shares of the face value of Re. 1/- (Rupee One only) each fully paid-up held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and that no letter of allotment shall be issued to the allottees of the new Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid-up on consolidation and the Company may without requiring the surrender of the existing equity share certificates directly issue and dispatch the new share certificates of the Company, in lieu of such existing share certificates and in the case of the Equity shares held in the dematerialized form, the number of consolidated Equity shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants, in lieu of the existing credits representing the Equity shares of the Company before consolidation.

**RESOLVED FURTHER THAT** no shareholder shall be entitled to a fraction of a share and all fractional entitlements resulting from the consolidation shall be aggregated into whole shares and the number of shares so arising shall be held by a Trustee/authorized person appointed by the Board who shall dispose off the said shares in the market at the best available price in one or more lots and the decision of the Trustee/authorized person in this regard shall be final and binding to all concerned and that the Trustee/authorized person shall hold the net sale proceeds of all such shares after deducting therefrom all costs, charges and expenses of such sale and shall thereafter distribute such sale proceeds to the members of the Company in proportion to their fractional entitlements.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to fix a Record Date and to take such steps as maybe necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required on behalf of the Company and generally to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, proper and expedient or incidental for the purpose of giving effect to this resolution.

**RESOLVED LASTLY THAT** the Board be and is hereby authorized to delegate any of its power to any committee thereof or to such officer of the Company as the Board may think fit and proper for the purpose of giving effect to this resolution.

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

**"RESOLVED THAT** subject to the approval of the members for consolidation of face value of equity shares as proposed under Item No. 5 above and pursuant to the provisions of Section 13, 61 and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made there under (including any statutory modification(s), amendment(s) or reenactment(s) thereof for the time being in force), and subject to consents, approvals, permissions and sanctions, if any required from any authority, consent of the members of the Company be and is hereby accorded that the existing Clause 5<sup>th</sup> of the Memorandum of Association of the Company be deleted and substituted thereof by the following Clause 5<sup>th</sup>:

5th. The Share Capital of the company is Rs. 18,50,00,000/- (Rupees Eighteen Crore and Fifty Lakh only) divided into 1,85,00,000 (One Crore Eighty Five Lakh only) Equity Shares of Rs. 10/- (Rupees Ten Only)each.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Mr. R.S. Sudhish(DIN:00027816), Managing Director of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary for obtaining such approvals in relation to the above and to execute all such documents, instruments and writings as may be required in this connection."

**By order of the Board  
forMILLITOONS ENTERTAINMENT LIMITED**

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

August 28, 2018  
Hyderabad



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXY(IES) IN ORDER TO BE EFFECTIVE MUST SUBMIT PROXY FORM AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE ACT IS ATTACHED HEREWITH
4. The requirement to place the matter relating to appointment of the Statutory Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of the Statutory Auditors.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
6. Members holding shares in dematerialized form are advised to inform the particulars of their bank account, change of address and Email ids to their respective Depository Participants only. The Company or its Registrar and Transfer Agents cannot act on any request received directly from the members holding shares in dematerialized mode for changes in any bank mandates or other particulars etc., and such instructions shall be given directly to the Depository Participants by the members.
7. Copies of notice and annual report are being sent by electronic mode to those members whose email ids are available with our Registrar and Transfer Agents, unless members have requested for physical copy specifically. For members whose e-mail ids are not available, physical copy is being sent by permitted mode. The notice of the AGM is also available on the website of the company: [www.millitoons.com](http://www.millitoons.com).
8. The detailed profile of the director seeking appointment, as required in terms of Regulation 36(3) of the SEBI(LODR) Regulations, 2015 is annexed to this notice.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in electronic format, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Shareholders holding shares in physical form may submit their PAN details to the Company/or to Karvy.
10. The Company pursuant to Section 108 of Companies Act, 2013 read with rules made thereunder and Regulation 44 of the SEBI (LODR) Regulations, 2015, is providing e-voting facility to its Members to exercise their votes electronically on the items of business given in the Notice through the electronic voting service facility provided by Karvy Computershare Private Limited.
11. Members can opt for only one mode of voting i.e. either by physical ballot paper or remote e-voting. However, if members cast their vote through both mode of voting, then the voting through remote e-voting shall prevail. The members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.
12. Subject to the receipt of requisite number of votes, the resolution shall be deemed to be passed at the annual general meeting of the Company. The result declared, along with the Scrutinizer's Report, will be placed on the Company's website after the result is declared by the Chairman or any other person authorized by the Chairman, and the same shall be communicated to BSE Ltd.

**THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:**

1. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
2. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Authorized Agency to provide e-voting facilities. The e-voting particulars are set out below:
3. EVENT (e-voting event number) USER ID PASSWORD/ PIN - - -
4. The e-voting facility will be available during the following voting period:
5. Commencement of e-voting: From 21<sup>st</sup> September, 2018 (09.00 AM onwards)
6. End of e-voting: Up to 23<sup>rd</sup> September, 2018 (05.00 PM)

7. The cut-off date (i.e. the record date) for the purpose of e-voting is 17<sup>th</sup> September, 2018.
8. Please read the procedure and instructions for e-voting given below before exercising the vote.
9. This communication forms an integral part of the Notice for the AGM scheduled to be held on 24<sup>th</sup> September, 2018, which is enclosed herewith and is also made available on the website of the Company. Attention is invited to the statement on the accompanying notice that the Company is pleased to provide e-voting facility through Karvy for all shareholders of the Company to enable them to cast their votes electronically on the resolution mentioned in the Notice of the Annual General Meeting of the Company.

**A. Procedure and instructions for e-voting**

- i. Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'
- ii. Enter the login credentials (i.e., user-id & password). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iii. User – ID For Members holding shares in Demat Form:-
  - a) For NSDL :- 8 Character DP ID followed by 8 digit Client ID
  - b) For CDSL :- 16 digits Beneficiary ID / Client ID
  - c) ID for Members holding shares in Physical Form:- Event No. (EVENT) followed by Folio No. registered with the CompanyPassword Your unique password is sent through e-mail/printed on the covering letter
- d) Captcha: Enter the verification code i.e., please enter the letters and numbers in the exact way as they are displayed for security reasons.
- iv. After entering these details appropriately, click on "LOGIN".
- v. You will now reach Password Change Menu wherein they are required to mandatorily change their password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc on first login. You may also enter a secret question of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- vi. After changing password, you need to login again with the new credentials.
- vii. On successful login, the system will prompt to select the "Event" i.e. Millitoons Entertainment Limited.
- viii. On the voting page, enter the number of shares (which represents number of votes) as on the cut-off date under "FOR/AGAINST/ABSTAIN" against the resolution or alternatively you may partially enter any number in "FOR", partially in "AGAINST" and partially in "ABSTAIN" but the

total number in “FOR/AGAINST/ABSTAIN” taken together should not exceed your total shareholding.

viii. You may then cast your vote by selecting an appropriate option and click on “Submit”. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify your vote. During the voting period, Members can login any number of times till they have voted on the resolution.

ix. Once you have voted on the resolution, you will not be allowed to modify your vote.

x. Corporate/Institutional Members (Corporate / Fls / Flls / Trust / Mutual Funds / Companies, etc) are additionally required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc. together with the attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: [cstapasvideora@gmail.com](mailto:cstapasvideora@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_ Event No.”

**B. In case of Members receiving the Notice by post:**

1. Please use the User ID and initial password as provided above.
2. Please follow all steps from Sr. No. (i) to (ix) as mentioned in (A) above, to cast your vote.

C. The e- voting period commences on 21<sup>st</sup> September, 2018 at 09.00 A.M and ends on 23<sup>rd</sup> September, 2018 at 05.00 P.M. In case of any query pertaining to e-voting, please visit Help & FAQs section of Karvy e-voting website.

D. Once the vote on the resolution is cast by a shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically shall not be allowed to vote again at the AGM.

E. Mr. Tapasvilal Deora, Practicing Company Secretary (Membership No.F9813)and COP No 13087) has been appointed as Scrutinizer for conducting the e-voting process in accordance with the Act. The Scrutinizer’s decision on the validity of e-voting shall be final. The e-mail ID of the Scrutinizer is [cstapasvideora@gmail.com](mailto:cstapasvideora@gmail.com).

F. The Scrutinizer shall, on the date of the AGM unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer’s report of the votes cast in favor or against, if any, and submit it to the Chairman.

G. The result of voting will be announced by the Chairman of the AGM, or any of the Director / CS at or after the AGM to be held on 24th September, 2018 and the

resolution will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favor of the resolution.

H. The result of the voting along with the Scrutinizer's Report will be communicated to the stock exchanges and will also be hosted on the website of the Company ([www.millitoons.com](http://www.millitoons.com)) and on Karvy's website (<https://evoting.karvy.com>) within 48 hours of completion of voting.

I. The voting rights for the shares are one vote per equity share, registered in the name of the shareholders / beneficial owners as on 17th September, 2018. Shareholders holding shares either in physical form or dematerialized form may cast their vote electronically.

J. Shareholders / proxies may also vote at the venue of the meeting physically by using the ballot papers that will be provided at the venue. Shareholders / proxies who have cast their votes through e-voting will not be allowed to cast their votes physically at the venue of the AGM.

K. Please contact Karvy's toll free No. 1800 3454 001 for any support or clarification in relation to the e-voting.

L. Members who have acquired shares after the dispatch of the Notice and before the Cut off date may obtain the user ID by approaching Karvy, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032, E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com), Phone: 040-67162222, for issuance of the user ID and password for exercising their right to vote by electronic means.

for MILLITOONS ENTERTAINMENT LIMITED

Sd/-  
MONICA SHRIKANT GEHLOT  
COMPANY SECRETARY

August 28, 2018  
Hyderabad



**EXPLANATORY STATEMENT**

Pursuant to Section 102 of the Companies Act, 2013

**Item No.3:**

The Board of Directors at its Meeting held on August 23, 2018 had appointed Mr. R L V N Kishore Siram (DIN 08208141) as Additional Director of the Company (Non – executive Category) subject to obtaining a valid DIN and was accordingly appointed as Additional Director w.e.f August 27, 2018. In terms of section 161 of the Act, R L V N Kishore Siram (DIN 08208141) holds office only upto the date of forthcoming Annual General Meeting and is eligible for appointment as a director. A notice under section 160 of the Act has been received from a member signifying its intention to propose appointment of Mr. R L V N Kishore Siram (DIN 08208141) as a director.

The directors are of the view that the appointment of Mr. R L V N Kishore Siram (DIN 08208141) will be beneficial to the Company and that the Company should receive the benefit of valuable experience and advice.

**Brief Profile of Mr. RLVN Kishore Siram:**

Mr. RLVN Kishore Siram was born on 9th August, 1986 is an MBA finance. He worked as Accounts Manager for eight years and was appointed as CFO of the Company in the year 2016 and tendered his resignation on August 23, 2018 from the post of CFO of the Company. Mr. RLVN Kishore Siram has strong set of hard skills – technical and analytical competence – and soft skills, such as strategic communication, commercial, interpersonal and managerial competence. In addition to that he has high working capacity with strong service attitude and excellent coordination skills.

Accordingly, the Board recommends the appointment of Mr. RLVN Kishore Siram as Director (under the Non – executive Category). The aforementioned resolution is recommended for your approval as Ordinary Resolution.

Mr. RLVN Kishore Siram is not connected to any Directors in any manner.

None of the directors or key managerial personnel and their relatives except Mr. RLVN Kishore Siram is concerned or interested (financially or otherwise) in this resolution.

**Item No. 4:**

The Board of Directors of the Company in their meeting held on 23rd July, 2018 decided to change the name of the Company from Millitoons Entertainment Limited to Colorchips New Media Limited. The Directors believe that the change in the name of the Company will aid in achieving enhanced branding of the products offered as a whole and to leverage the Brand “Colorchips” to reach out to the customers effectively.

Accordingly an application was made to Central Registration Centre (CRC), Delhi and the name "Colorchips New Media Limited" was made available by them vide their letter dated 26th July, 2018.

The proposed change of name will not affect any of the rights of the Company or of the shareholders/stakeholders of the Company. All existing share certificates bearing the current name of the Company will, after the change of name, continue to be valid for all purposes.

By virtue of the above change in the name the company, it is required to alter the Memorandum of Association and Articles of Association accordingly.

As per the provision of the Companies Act, 2013, approval of the members is required to be accorded for changing the name of the Company by way of passing a Special Resolution, hence the resolution is put up for members approval. Subject to the resolution being passed, an application will be made to Registrar of Companies for approval for change of name.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 of this Notice.

**Item No. 5&6:**

The Board of Directors of the Company proposes to consolidate the Equity Shares of the Company by which the face value of each equity share would be Rs. 10/- (Rupees Ten only). Accordingly, 10 (Ten) equity shares of face value of Re. 1/- (Rupee One only) each fully paid-up, of the Company existing on the Record Date shall stand consolidated into 1 (One) equity share of face value of Rs. 10/- (Rupee Ten only) each fully paid-up.

The Board considers that the proposed consolidation would benefit shareholders as follows:

**Greater Investor Interest:** The proposed share consolidation will result in a trading price that better reflects its maturity and also increase the profile of the Company amongst the institutional investors and the coverage of the Company amongst research houses and fund managers as the trading price per share is expected to be higher than the trading price per existing share.

**No effect of Consolidation on the Shareholders' Funds:** The proposed share consolidation will not involve payment to any shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Company. Shareholders will not be required to make any payment to the Company in respect of the proposed share consolidation. Each consolidated share will rank paripassu in all respects with each other.

**Stable market cap in the interest of shareholders:** The proposed share consolidation will generally be beneficial to its Shareholders as it may serve to reduce the fluctuation in

magnitude of the Company's market capitalisation. This may, in turn, increase market interest in the shares and generally make the shares more attractive to investors.

The proposed consolidation of equity shares of the Company from Re. 1/- (Rupee One only) per equity share to Rs. 10/- (Rupees Ten only) per equity share, requires consequential amendment to the Memorandum of Association of the Company. Accordingly, Clause 5<sup>th</sup> of the Memorandum of Association is proposed to be altered in the manner set out in the Resolution at Item No. 6, to reflect the alteration in the authorized equity share capital of the Company.

The Record Date for the aforesaid consolidation of the equity shares will be fixed by the Board after the approval of the Members. On the record date all fractional entitlements resulting from the consolidation shall be aggregated into whole shares and the number of shares so arising shall be held by a trustee/authorized person appointed by the Board who shall dispose off the said shares in the market at the best available price in one or more lots and the decision of the trustee/authorized person in this regard shall be final and binding to all concerned. The Trustee shall hold the net sale proceeds of all such shares after deducting therefrom all costs, charges and expenses of such sale and shall thereafter distribute such sale proceeds to the members of the Company in proportion to their fractional entitlements.

The Board is of the opinion that the aforesaid resolutions for consolidation of 10 (Ten) equity shares of face value of Re.1/- (Rupee One only) each fully paid-up of the Company into 1 (One) Equity Share of Rs. 10/- (Rupees Ten only) each fully paid-up and the consequent amendments to Clause 5<sup>th</sup> of the Memorandum of Association of the Company are in the best interest of the members and hence recommends the resolution as set out at Item No. 5 and 6 of the Notice for your approval.

A copy of Memorandum of Association of the Company along with the proposed amendments is available for inspection for the members of the Company at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00p.m. upto Saturday, 22nd September, 2018.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution except to the extent of their shareholding.

By order of the Board  
for MILLITOONS ENTERTAINMENT LIMITED

Sd/-  
MONICA SHRIKANT GEHLOT  
COMPANY SECRETARY

August 28, 2018  
Hyderabad

**ADDITIONAL INFORMATION**

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

<b>Name of Director</b>	<b>R L V N Siram Kishore</b>
Date of Birth	09/08/1986
Date of Appointment	27/08/2018
Relationship with Directors	NIL
Qualification	MBA (Finance)
Experience and expertise in Specific functional area	He worked as Accounts manager for eight years and was appointed as CFO of the Company in the year 2016 and has tendered his resignation on August 23, 2018 as CFO of the Company. Mr. RLVN Kishore Siram have strong set of hard skills – technical and analytical competence – and soft skills, such as strategic communication, commercial, interpersonal, and managerial competence. In addition to that he has high working capacity with strong service attitude and excellent coordination skills. He has over ten years of experience in areas of Audit, Taxation, Corporate Finance, Corporate Advisory, Risk Management and Corporate Governance.
Board Membership of Companies as on March 31, 2018	NIL
Number of Shares held in the Company as on March 31, 2018	NIL

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

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

August 28, 2018  
Hyderabad

**DIRECTOR'S REPORT**

Dear Members,

Your Directors have pleasure in presenting herewith the 33<sup>rd</sup> Annual Report on the business of the Company together with the Financial Statements for the financial year ended March 31, 2018.

**FINANCIAL HIGHLIGHTS**

(Amount in Rs.)

PARTICULARS	STANDALONE		CONSOLIDATED	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Total Revenue	2,53,10,185	15,05,32,450	13,47,49,990	15,05,32,450
Total Expenses	2,48,40,025	14,64,91,519	11,56,82,099	14,64,91,519
<b>Profit before Tax</b>	<b>4,70,160</b>	<b>40,40,931</b>	<b>1,90,67,891</b>	<b>40,40,931</b>
Tax Expense	1,14,383	11,87,106	57,20,367	11,87,106
Deferred Tax	1,30,118	--	130,118	--
<b>Profit after Tax</b>	<b>2,25,659</b>	<b>28,53,825</b>	<b>1,32,17,405</b>	<b>28,53,825</b>

**DIVIDEND**

Considering the business needs of the Company, your Directors do not propose any dividend for FY 2017-18.

The Company declared an interim dividend of 2% for the FY 2016-17 on September 08, 2016 which was ratified by the shareholders as final dividend in the 32<sup>nd</sup> AGM of the Company held on September 29, 2017.

**CHANGES IN SHARE CAPITAL**

There is no change in the share capital of the Company during the year.

**TRANSFER TO RESERVES**

No amount has been transferred to the general reserves during the year under review. Details of reserves and surplus are disclosed in Note No 13 of the financial statements.

**DEPOSITS**



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

**DETAILS OF DIRECTORS & KEY MANAGERIAL PERSONNEL**

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

There were following changes during the year under review :

<b>S. No</b>	<b>Name of the Director /KMP</b>	<b>Type of Change</b>	<b>Date of Change</b>
1	Mr. Kotturi Ravi Kumar (DIN 06363981)	Resignation as Director	w.e.f May 29, 2017
2	Mr. Yerra Srinivas (DIN 07834798)	Appointed as Additional Director	w.ef May 29, 2017
3	Mr. VivekKalyan (DIN:01719658)	Appointed as Additional Director	w.e.f August 26,2017
4	Mr. Yerra Srinivas (DIN 07834798)	Regularised as Non Executive Director	w.e.f September 29, 2017
5	Mr. VivekKalyan (DIN:01719658)	Regularised as Independent Director(for the term of one year upto August 25, 2018)	w.e.f September 29, 2017

Subsequently, the following changes took place on the Board of the Company:

<b>S. No</b>	<b>Name of the Director KMP</b>	<b>Type of Change</b>	<b>Date of Change</b>
1	Mr. Vivek Kalyan (DIN:01719658)	Appointed as Additional Director (in the board meeting held on 07.08.2018)	w.e.f August 26,2018
2.	Mr. Vivek Kalyan (DIN:01719658)	Resignation as Director	w.e.f August 22, 2018
3.	Mr. R L V N Kishore Siram	Resignation as CFO	w.e.f August 23,

			2018
4.	Mr. R L V N Kishore Siram (DIN 08208141)	Appointment as Additional Director	w.e.f August 27, 2018
5.	Mr. Srinivasa Rao Kakkerla	Appointed as CFO	w.e.f August 24, 2018
6.	Mr. Yerra Srinivas (DIN 07834798)	Resignation as Director	w.ef. August 29, 2018

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

### **BOARD EVALUATION**

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

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

### **STATUTORY AUDITORS**

M/s. S N Murthy & Co., Chartered Accountants (FRN:002217S), Hyderabad the statutory auditors of the Company were appointed in the 29th annual general meeting of the Company for a term of 5 years, subject to ratification by the members of the Company each year. As per the amendment effective from May 7, 2018, the first proviso to Section 139(1) in connection with ratification of appointment of statutory auditors has now been omitted from the Companies Act and accordingly the ratification of the appointment of the statutory auditors by shareholders in annual general meetings is not being considered henceforth.

### **AUDITORS' REPORT**

The Auditors' Report does not contain any disqualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments. There were no frauds reported by the auditor in his Audit Report.

**SECRETARIAL AUDIT REPORT:**

Sarada Putcha, Practicing Company Secretary, (C.P. No. 8735) conducted the secretarial audit of the Company for the financial year 2017-18, as required under Section 204 of the Companies Act, 2013 and rules there-under. The secretarial audit report for FY 2017-18 forms part of this Annual Report as **Annexure – I**. The report contains certain qualifications/observations as follows:

**Management response to qualifications/observations of Secretarial Auditor:**

1. Due to procedural difficulties, there was delay in filing the financial statements for the quarter ended 30.06.2017 in XBRL mode, voting results of Annual General Meeting held on 29.09.2017, yearly disclosure for the year ended 31.03.2018 under Regulation 30 of SEBI (SAST) Regulations, 2011 after prescribed period of time. No penalty was imposed by the regulatory authorities and all the abovematters stands resolved.

2. Filing of forms MGT 14, MGT 15, MGT 10 & IEPF 2 with the Registrar of Companies has been inadvertently missed during the year under view. The said forms are in process of filing with the concerned authority.

The Board is acutely conscious of its compliance obligations under various laws and due care will be taken to avoid such instances in future.

**INTERNAL AUDITORS:**

M/s P K Rao & Co., Chartered Accountants(FRN: 014554S) were appointed as Internal Auditors of the Company for the financial year 17-18.

**MATERIAL EVENTS****Acquisition of Kirksville Hospitality, INC (step down WOS):**

The Company's Wholly Owned Subsidiary ("WOS") 'MIENT Hospitality LLC', acquired 100% stake in Kirksville Hospitality, Inc in USA during the year under review. Further, due to non fulfillment of certain clauses of acquisition agreement by the seller, the Step down subsidiaries namely, Kirksville Hospitality, Inc has been disposed off.

**Acquisition of J & K Hotels, LLC(Associate Company OF WOS):**

The Company's Wholly Owned Subsidiary 'MIENT Hospitality LLC', acquired 20% stake in stake in J&K Hotels, LLC an Indiana Limited Company in USA during the year under review. Further, due to non fulfillment of certain clauses of acquisition agreement by the seller, associate Company J & K Hotels, LLC an Indiana Limited Company has been disposed off.

**Change of Name to Colorchips New Media Limited**

The Board in its meeting held on August 28, 2018 approved the change of name of the Company to Colorchips New Media Limited subject to the approval of shareholders, BSE Ltd and the Registrar of Companies, Hyderabad

The Central Registration Centre (CRC), Delhi has approved the said name vide their letter dated July 26, 2018.

The resolution for change of name is Item No 4 of the Notice of the 33<sup>rd</sup>AGM forming part of this annual report.

### **Consolidation of Equity shares**

The Board has approved consolidation of equity shares from Re .1/- to Rs.10/- in its Board Meeting held on August 28, 2018 subject to the approval of the shareholders and BSE Ltd.

The resolution for consolidation of equity shares is Item No.5 of the Notice of the 33<sup>rd</sup> AGM forming part of this annual report.

### **Acquisition of business of Vega Music Private Limited**

Your Company has acquired the entire business of Vega Music Private Limited to give a boost to its existing business operations on the digital media front. The acquisition includes about 300 audio titles over ten digital channels which include popular channels such as Vega Music, Devotional, Vega Kannada songs, Vega Tamil etc.

### **AUDIT COMMITTEE**

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

Ms. Krishnapriya Vincent : Chairman and Member  
Mr. Srinivasa Murthy Banda : Member  
Mr. RamabhotlaSrinivasaSudhish : Member

### **NOMINATION AND REMUNERATION POLICY**

A committee of the Board has been formed which is named as “Nomination and Remuneration Committee” which has been entrusted with the task to recommend a policy of the Company on Directors’ appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters and to frame proper systems for identification, appointment of Directors & KMPs, Payment of Remuneration to them and evaluation of their performance and to recommend the same to the Board from time to time. Nomination and Remuneration Policy of the Company is available on Company’s website [www.millitoons.com](http://www.millitoons.com). The following is the composition of the Nomination and Remuneration Committee:

Mr. Srinivasa Murthy Banda: Chairperson and Member  
Ms. Krishnapriya Vincent : Member  
Mr. YerraSrinivas : Member (Ceased to be director w.e.f August 29,2018)

Mr. RLVN Kishore Siram : Member (Appointed as additional director w.e.f August 27, 2018)

**INVESTOR GRIEVANCE COMMITTEE**

The following is the composition of the Investor Grievance Committee:

Mr. Srinivasa Murthy Banda:Chairperson and Member

Mr. YerraSrinivas : Member (Ceased to be director w.e.f August 29,2018)

Mr. R L V N Kishore Siram : Member (Appointed as additional director w.e.f August 27, 2018)

Mr. RamabhotlaSrinivasaSudhish : Member

**CORPORATE SOCIAL RESPONSIBILITY**

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

**VIGIL MECHANISM**

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

**RISK MANAGEMENT POLICY**

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

**INTERNAL FINANCIAL CONTROLS**

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

**DIRECTORS RESPONSIBILITY STATEMENT**

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

- i. in preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2018 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2018 and of the profit and loss of the Company for the year;
- iii. the Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies



Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. the Directors had prepared the annual accounts on a going concern basis;
- v. the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO**

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

### **EXTRACT OF ANNUAL RETURN**

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

The Boards Report along with annual return and other annexures are also uploaded at the investor section of the Company's website - [www.millitoons.com](http://www.millitoons.com)

### **OTHER DISCLOSURES:**

#### **BOARD MEETINGS**

During the year under review, seven (07) board meetings were held on 28.04.2017, 29.05.2017, 26.08.2017, 04.09.2017, 14.09.2017, 14.12.2017 and 14.02.2018. All the Directors of the Company attended all the Board Meetings.

Audit Committee meetings were held on 29.05.2017, 04.09.2017, 14.09.2017, 14.12.2017 and 14.02.2018. Nomination and Remuneration Committee meetings were held on 29.05.2017 and 26.08.2017. All the members of the respective committees attended all the committee meetings conducted.

#### **PARTICULARS OF EMPLOYEES**

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

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

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

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

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of investment made by the Company are given in the Notes to the Financial Statements.

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

#### **CORPORATE GOVERNANCE**

A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations. A Certificate from the MD and CFO of the Company in terms of Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee is also annexed.

#### **RELATED PARTY TRANSACTIONS**

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

Note: An amount of Rs. 66,00,000 is given towards acquisition of assets arising out of the business acquisition agreement entered prior to date of Vega Music Private Limited becoming related party to the Company which is pending for capitalisation.

#### **DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

##### **MIENT Hospitality LLC**

**MIENT Hospitality LLC** is Company's Wholly Owned Subsidiary and was established on December, 19 2016 with the object of carrying the business of acquiring & running hotels and related businesses. The brief operational performance of the WOS is as given below:

(Amount in Rs.)

<b>Particulars</b>	<b>FY 2017-18</b>
Revenue from operations	Nil
Profit for the year before tax	Nil
Profit for the year after tax	Nil

There were no operations in the Company during the year.

The contribution of the said subsidiary has been accordingly taken for the purpose of consolidation.

##### **KIRKSVILLE HOSPITALITY, INC**

During the year under review, the Company's Wholly Owned Subsidiary **MIENT Hospitality LLC**, acquired 100% stake in **Kirksville Hospitality, INC** in USA by virtue of which Kirksville Hospitality, Inc becomes step down subsidiary of the Company.

The brief operational performance of the WOS is as given below:

(Amount in Rs.)

<b>Particulars</b>	<b>2017-18</b>
Revenue from operations	8,45,96,924
Profit for the year before tax	17159203
Profit for the year after tax	11553219

The contribution of the said subsidiary has been accordingly taken for the purpose of consolidation.

Subsequently, due to non-fulfillment of certain clauses by seller under acquisition agreement Kirksville Hospitality, INC USA ceased to be a Wholly Owned Subsidiary Company of the Company's wholly owned subsidiary MIENT Hospitality LLC, USA w.e.f February 12, 2018.

#### **J&K Hotels, LLC**

During the year under review, the Company's Wholly Owned Subsidiary also acquired 20% stake in **J&K Hotels, LLC** an Indiana Limited Company in USA.

Subsequently, due to non-fulfillment of certain clauses by seller under acquisition agreement J&K Hotels, LLC USA ceased to be associate Company of the Company's wholly owned subsidiary MIENT Hospitality LLC, USA w.e.f July 13, 2018.

Hence, Kirksville Hospitality, INC USA ceased to be a Subsidiary Company of the Company's wholly owned subsidiary MIENT Hospitality LLC, USA during the financial year 2017-2018 and **J&K Hotels, LLC** an Indiana Limited Company in USA also ceased to be associate Company of the Company's wholly owned subsidiary MIENT Hospitality LLC, USA.

The Company does not have any associate Company or joint ventures as on March 31, 2018.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of your Company's Subsidiary in Form AOC-1 is attached to the Financial Statements of your Company as **Annexure – VI**

#### **GENERAL**

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and date of report.
5. No change in the nature of business of the Company.

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company.

The Company has complied with all the applicable provisions of the secretarial standards as applicable to the Company.

Your Directors further state that during the year under review, there were no cases filed/registered pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **ACKNOWLEDGEMENT**

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

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

**For and on behalf of the Board**

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

**August 28, 2018**  
**Hyderabad**

**FORM No. MR-3  
SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018****(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)****To  
The Members  
Millitoons Entertainment Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Millitoons Entertainment Limited bearing CIN: L74110TG1985PLC051404 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit and as per the explanations given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Company for the financial year ended on March 31, 2018 according to the applicable provisions of:

- i. The Companies Act, 1956 and the Companies Act, 2013 ('the Act') and the rules made there under,
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable during the audit period);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the audit period);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealings with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the audit period);
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the audit period) and
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have also examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India.

The above laws as may be applicable to the Company are based on the Compliance Certificate issued by the Managing Director and submitted to the Board of Directors of the Company. During the Audit Period under review and as per the explanation and clarifications given to me and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except *that*:

- *the financial statements for the quarter ended 30.06.2017 were submitted in XBRL mode after the prescribed period of 24 hours as mentioned in Circular DCS/COMP/28/2016-17 dated March 30, 2017 issued to Listed Companies;*
- *the voting results of Annual General Meeting held on 29.09.2017 were submitted to the exchange after the prescribed period of 48 hours as mentioned in Regulation 44 of SEBI(LODR) Regulations, 2015;*
- *the unaudited financials for the quarter ended 30.06.2017 were published in a newspaper not having wide National circulation as envisaged in Regulation 47 of SEBI(LODR) Regulations, 2015;*
- *the yearly disclosure for the year ended 31.03.2018 under Regulation 30 of SEBI (SAST) Regulations, 2011 was given after the prescribed period of 7 working days;*
- *the Company has not filed Form MGT 14's, MGT 15, MGT 10 and Form IEPF 2 with the Registrar of Companies;*

I further report that, during the year under review:

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

I further report that:

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

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

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

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

I further report that:

- The Company has changed its Registrar and Share Transfer Agent from CIL Securities Limited to Karvy Computershare Private Limited. The Company has executed Tripartite Agreements with the newly appointed RTA - Karvy Computershare Private Limited and depositories namely CDSL & NSDL on June 13, 2017 and June 09, 2017 respectively.
- The Company's Wholly Owned Subsidiary - 'MIENT Hospitality LLC', acquired 100% stake in Kirksville Hospitality, Inc in USA during the year under review. However, due to non fulfillment of certain clauses of acquisition agreement, the step down subsidiary has been disposed off w.e.f February 12, 2018.
- During the year under review, the Company's Wholly Owned Subsidiary "MIENT Hospitality LLC" also acquired 20% stake in J&K Hotels, LLC an Indiana Limited Company in USA. However, due to non fulfillment of certain clauses of acquisition agreement, the investment in the said has been disposed off w.e.f July 13, 2018.

**for Sarada Putcha**  
**Company Secretary in practice**  
**Sd/-**  
**Sarada Putcha**  
**M. No.: A21717**  
**C.P. No.: 8735**

August 28, 2018  
Hyderabad

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

**Encl:Annexure A**



**Annexure A**

**To  
The Members  
Millitoons Entertainment Limited**

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

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

**for Sarada Putcha  
Company Secretary in practice**

**Sd/-  
Sarada Putcha  
M. No.: A21717  
C.P. No.: 8735**

August 28, 2018  
Hyderabad

Annexure – II

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

**(A) Conservation of energy-**

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

**(B) Technology absorption-**

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

**(C) Foreign exchange earnings and Outgo-**

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

Total Foreign exchange Outgo: Rs. 2,35,12,504/-

Total Foreign exchange earned: Nil

**For and on behalf of the Board**

**Sd/-**

**Ramabhotla Srinivasa Sudhish**  
**Chairman & Managing Director**  
**DIN: 00027816**

August 28, 2018  
Hyderabad

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31-03-2017**  
*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L52110TG1985PLC051404
Registration Date	May 10, 1985
Name of the Company	Millitoons Entertainment Limited
Category/Sub-Category of the Company	Company limited by Shares/ Indian Non-Government Company
Address of the Registered office and contact details	8-2-268/K/7&8, Ground Floor, Sagar Society, Road No.2, Banjara Hills, Hyderabad- 500034, Telangana Contact: 040 6535 9666 Email id: <a href="mailto:info@millitoons.com">info@millitoons.com</a>
Whether listed company	Yes – listed on BSE
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited is the RTA of the Company. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032, T.S. Contact No. : 040 - 67161500 E-Mail : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>

*\* The Company has changed its Registrar and Share Transfer Agent from CIL Securities Limited to Karvy Computershare Private Limited. The Company has executed Tripartite Agreements with the newly appointed RTA - Karvy Computershare Private Limited and depositories namely CDSL & NSDL on June 13, 2017 and June 09, 2017 respectively*

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No	Name and Address of The company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares Held	Applicable Section
1.	MIENT Hospitality, LLC USA 221 Historic 25th Street, Ogden, UT 84401.	-	Subsidiary	100%	2(87)
2.	Kirksville Hospitality, INC USA (Ceased to be stepdown subsidiary w.e.f February 12, 2018)	-	Stepdown Subsidiary	100%	2(87)

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

#### *i) Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2017]				No. of Shares held at the end of the year [As on 31.03.2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	79349368	0	79349368	46.65	79349368	0	79349368	46.65	0.00
b) Central Govt					-	-	-	-	-
c) State Govt(s)					-	-	-	-	-
d) Bodies Corp.	48121412	0	48121412	28.29	48221412	0	48221412	28.35	0.06
e) Banks / FI					-	-	-	-	-
f) Any other					-	-	-	-	-
<b>Sub Total (A) (1)</b>	127470780	0	127470780	74.94	127570780	0	127570780	75.00	0.06
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-

**MILLITOONS ENTERTAINMENT LIMITED**

c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total (A)</b>	127470780	0	127470780	74.94	127570780	0	127570780	75.00	0.06
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>									
<b>2. Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	32813920	0	32813920	19.29	39188579	0	39188579	23.04	3.75
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh	1396614	21909	1418523	0.83	1017844	21909	1039753	0.61	-0.22
ii) Individual	6305298	1659500	7964798	4.68	2254782	0	2254782	1.33	-

**MILLITOONS ENTERTAINMENT LIMITED**

c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians & Foreign Nationals	2697	0	2697	0.00	875	0	875	0.00	0.00
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Clearing Members	428282	0	428282	0.25	44231	0	44231	0.03	0.23
Trusts		-	-	-	-	-	-	-	-
Foreign Bodies - D R		-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	40946811	1681409	42628220	25.06	42506311	21909	42528220	25.00	0.06
<b>Total Public (B)</b>	40946811	1681409	42628220	25.06	42506311	21909	42528220	25.00	0.06
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	168417591	1681409	170099000	100.00	170077091	21909	170099000	100.00	

**(ii) Shareholding of Promoters**

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
								% change in share holding during the year

				es				
1	RamabhotlaSrinivasaSudhish	71856468	42.24	-	71856468	42.24	-	-
2	Sree Lakshmi Ramabhotla	7492900	4.41	-	7492900	4.41	-	-
3	Ravikaanth Portfolio Services Private Limited	48221412	28.35	-	48221412	28.35	-	-
<b>TOTAL</b>		<b>127470780</b>	<b>75.00</b>	-	<b>127570780</b>	<b>75.00</b>	-	-

***Note:** Ravikaanth Portfolio Services Private Limited held shares in two demat accounts. Shares were moved from one account to the other. There was no change as such in the shareholding of Ravikaanth Portfolio Services Private Limited.*

**(iii) Change in Promoters' Shareholding:**

S.No	Name of Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	RamabhotlaSrinivasaSudhish				
	At the beginning of the year	71856468	42.24	71856468	42.24
	Changes during the year	--	--	--	--
	At the End of the year	71856468	42.24	71856468	42.24

S.No	Name of Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	Sree Lakshmi Ramabhotla				
	At the beginning of the year	7492900	4.41	7492900	4.41
	Changes during	--	--	--	--



	<b>At the End of the year</b>	7492900	4.41	7492900	4.41

S.No	Name of Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3	Ravikaanth Portfolio Services Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	48221412	28.35	48221412	28.35
	Changes during the year (Addition of folio under promoter category)	0	0	0	0
	<b>At the End of the year</b>	48221412	28.35	48221412	28.35

***Note:** Ravikaanth Portfolio Services Private Limited held shares in two demat accounts. Shares were moved from one account to the other. There was no change as such in the shareholding of Ravikaanth Portfolio Services Private Limited.*

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

S No.	Name	Shareholding at the beginning of the year	% of total shares of Company	Shareholding at the end of the year	% of total shares of Company
1	Tranello Info Solutions Private Limited	15744595	9.26	15986382	9.40
2	Locero Media and Consulting Private Limited	8447545	4.97	14781627	8.69
3	Viniato Advisors Private Limited	8233000	4.84	8227209	4.84
4	A S Kameshwar Rao	3507160	4.33	1701782	1.00
5	Prabhakar Rao mandava	483178	0.28	553000	0.33
6	Globe Capital Market Ltd	4666	0.00	120589	0.07
7	Lanka V N Murlidhar	74652	0.04	75000	0.04

8	Kaushika Hemant Khajanchi	--	--	73390	0.04
9	Iqbal Habib	32900	0.02	23779	0.01
10	Motilal Oswal Securities Limited	23115	0.01	1079	0.00
	<b>Total Shares of the Company</b>	<b>170099000</b>	<b>100</b>	<b>170099000</b>	<b>100</b>

Note:

1. The shares of the Company are traded on a daily basis on the stock exchanges (BSE) and hence data wise increase/decrease in shareholding is not provided.
2. The details of date-wise increase/decrease can be provided upon request.

(v) Shareholding of Directors and Key Managerial Personnel:

S. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>Ramabhotla Srinivasa Sudhish</b> <b>At the beginning of the year</b>	7,18,56,468	42.24	7,18,56,468	42.24
	Changes during the year	--	--	--	--
	At the end of the year	7,18,56,468	42.24	7,18,56,468	42.24
2	<b>Srinivasa Murthy Banda</b> <b>At the beginning of the year</b>	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
3	<b>Vivek Kalyan (Ceased to be Director w.e.f August 22, 2018)</b> <b>At the beginning of the year</b>	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
4	<b>Yerra Srinivas (Ceased to be Director w.e.f August 29, 2018)</b> <b>At the beginning of the year</b>	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
5	<b>Krishnapriya Vincent</b> <b>At the beginning of the year</b>	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
6	<b>Srinivasa Rao Kakkera (Appointed w.e.f August 24, 2018)</b>	-	-	-	-

	<b>At the beginning of the year</b> Changes during the year <b>At the end of the year</b>				
7	<b>Monica ShrikantGehlot</b> <b>At the beginning of the year</b> Changes during the year <b>At the end of the year</b>	-	-	-	-
8	<b>RLVN Kishore Siram(Resigned w.e.f as CFO August 23, 2018)</b> <b>At the beginning of the year</b> Changes during the year <b>At the end of the year</b>	-	-	-	-
9	<b>RLVN Kishore Siram(Appointed w.e.f as Additional Director August 27, 2018)</b> <b>At the beginning of the year</b> Changes during the year <b>At the end of the year</b>	-	-	-	-
<b>TOTAL</b>		<b>7,18,56,468</b>	<b>42.24</b>	<b>7,18,56,468</b>	<b>42.24</b>

**V. INDEBTEDNESS**

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

**Amount in INR**

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b> i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i + ii + iii)</b>	NIL	NIL	NIL	NIL
<b>Change in Indebtedness during the financial year</b> • Addition • Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	NIL	NIL	NIL	NIL
<b>Indebtedness at the end of the financial year</b> i) Principal Amount ii) Interest due but not paid	NIL	NIL	NIL	NIL

iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

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

**B. Remuneration to other directors:**

S.No	Particulars of Remuneration	Name of Directors	Total Amount
<b>1.</b>	<b>Independent Directors</b>		-
	• Fee for attending board / committee meetings	-	
	• Commission	-	
	• Others, please specify	-	
		-	
<b>2.</b>	<b>Total (1)</b>	-	-

	<b>Other Non-Executive Directors</b> • Fee for attending board / committee meetings • Commission • Others, please specify (Salary)		-
	<b>Total (2)</b>		-
	<b>Total (B)=(1+2)</b>		-
	<b>Total Managerial Remuneration</b>	-	
	<b>Overall Ceiling as per the Act</b>	N.A.	-

**C. Remuneration to KMP Other Than MD/Manager/WTD (Rs.)**

S.No	Particulars of Remuneration	KMP		Total Amount
		Monica Shrikant Gehlot	RLVN Kishore Siram	
		CS	CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2,80,000	2,10,000	4,90,000
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>2,80,000</b>	<b>2,10,000</b>	<b>4,90,000</b>
	<b>Ceiling as per the Act</b>	<b>N.A.</b>		<b>-</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

**For and on behalf of the Board**

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

**August 28, 2018**  
**Hyderabad**

**Annexure - IV**

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

i. The ratio of the remuneration of each director to the median remuneration of the employees of the company:

No remuneration was paid to directors during the year under review.

ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive officer, Company Secretary or manager, if any, in the Financial Year:

No Remuneration was paid to directors during the year under review.

There was 60% increase in remuneration paid to Company Secretary.

There was 250% increase in remuneration paid to Chief financial officer.

The remuneration currently being paid to CS and CFO is in line with the industry standards. There were no exceptional circumstances for increase in the managerial remuneration of any person.

iii. The percentage increase in the median remuneration of the employees in the financial year:

There has not been any increase in the remuneration of the employees in the financial year. However, the Company has hired new talent who were paid remuneration as per with the industry standards.

iv. There were 20 Permanent employees on the rolls of the Company as on March 31, 2018.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The Company had not paid any salaries to managerial personnel. There was no increase in the salaries of employees. However, the Company has hired new talent who were paid remuneration as per with the industry standards.

Further, the remuneration currently being paid to CS and CFO is in line with the industry standards. There were no exceptional circumstances for increase in the managerial remuneration of any person.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company has not paid any remuneration to directors during the year under review.



**Top 10 Employees in terms of remuneration:**

Name	Age	Qualification	Designation	Date of commencement of employment	Experience Gross (years)	Nature of employment	Remuneration Per annum	Previous Employment	Relative of Director If any
K.V. Pradeep	58	CA	Business Head	21.03.2018	40 years	Full Time	12,00,000	Neeharika Entertainment Private Limited	N.A.
K.V. Saraswathi	53	MA	Creative Head	21.03.2018	28 years	Full Time	10,20,000	Neeharika Entertainment Private Limited	N.A.
ArunTej	35	MBA	Chief Operating Officer	21.03.2018	10 years	Full Time	9,00,000	Linova Health Services Pvt Ltd	N.A.
K.Neeharika	28	BDS	Programming Head	21.03.2018	10years	Full Time	9,00,000	Neeharika Entertainment Private Limited	N.A.
M.Suryamacharao	35	MCA	Admin & Operations Manager	26.02.2018	09 years	Full Time	6,00,000	Sapio Solutions Private Limited	N.A.
K. SrinivasaRao	48	B.Com	Accounts Manager	23.11.2017	11years	Full Time	3,36,000	Studio News	N.A
Monica ShrikantGehlot	27	ACS	Company Secretary and Compliance Officer	01.02.2016	02 years	Full Time	2,80,000	NIL	N.A
M. Kishore	36	MCA	Out Manager	26.02.2018	09years	Full Time	3,00,000	Sapio Solutions Private Limited	N.A
M.Mogulaswar	25	B.Com	Video Editor	25.10.2017	10 years	Full Time	1,20,000	NIL	N.A
Medde Raja Shekar	25	B.Com	Video Editor	18.09.2017	10 years	Full Time	1,20,000	DTP India Today Live	N.A.

**For and on behalf of the Board**

**Sd/-**

**RamabhotlaSrinivas  
Chairman & Managing Director  
DIN: 00027816**

August 28, 2018  
Hyderabad

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Business Review:**

The main focus of the Company is production of films, domestic productions in the space of theatrical, web, TV and launching channels on new technologies. The Company already owns Digital Channels under brand name of **TVNXT** such as TVNXT Telugu, TVNXT Kannada, TVNXT Comedy, TVNXT Hotshot, TVNXT Kidz, TVNXT Bollywood, TVNXT Devotional Music, etc., also affiliate channels.

The Company currently owns a You tube channels named “**TV NXT, TV NXT Telugu, TV NXT Kannada, TV NXT Kids, etc.**”The Channel plans to launch itself on various other platforms including live streaming on its own website and through apps for Android, IOS and other devices at a grand scale.

The Company is constructing a production centre at Vizag. The Production centre is being geared up to accommodate 800 seater ITES, animation and production centre shortly which will boost the business of the Company and will provide an competitive edge against its competitors and will also help in cost cutting, optimum utilization of resources and ultimately resulting in better growth and improving profit margins.

The Company holds IPRs in animation and rights of about 2000 films in various languages.

The Company is in the process of making considerable inroads to develop the business and is confident of take it to the next level in the coming years.

**Industry Structure and Developments:**

The Indian Media and Entertainment (M&E) industry is a sunrise sector for the economy and is making high growth strides. Proving its resilience to the world, the Indian M&E industry is on the cusp of a strong phase of growth, backed by rising consumer demand and improving advertising revenues.

The industry has been largely driven by increasing digitisation and higher internet usage over the last decade. Internet has almost become a mainstream media for entertainment for most of the people.

Indian media and entertainment (M&E) industry grew at a CAGR of 18.55 per cent from 2011-2017; and is expected to grow at a CAGR of 13.9 per cent to touch US\$ 37.55 billion by 2021 from US\$ 22.75 billion in 2017.

The next 5 years will see digital technologies increase their influence across the industry leading to a sea change in consumer behaviour across all segments. The entertainment industry is projected to be more than US\$ 62.2 billion by FY25.

The Indian Media and Entertainment industry is on an impressive growth path. The industry is expected to grow at a much faster rate than the global average rate. The Indian

Digital media has grown significantly over the past few years, and continues to lead the growth charts on advertising. Subscription revenues are emerging and are expected to make their presence felt by 2020. In 2017, digital media grew 29.4% (27.8% net of the impact of GST) on the back of a 28.8% growth in advertising and a 50% growth in subscription. Subscription, which was just 3.3% of total digital revenues in 2016, is expected to grow to 9% by 2020.

**Outlook:**

The advent of large OTT platforms in India such as Google, Netflix, Amazon, Eros Now, Jio Cinema, etc, apart from OTT offerings of various Telecom companies, has significantly increased the demand for films' digital rights. The sudden surge in demand especially the demand for exclusive rights, has resulted in a significant increase in the value of digital rights, which as per industry estimates have increase multi-fold (depending on the length of the deal and type of rights acquired) over the last two to three years. Digital revenue generated INR 8.5 billion for the film segment in 2017 an increase of 40% over 2016.

Online video viewing: 250 Million people viewed videos online in 2017, a growth of 64% over 2016. Consumer has shown increased preference towards short form content, with the average length of video viewed being around twenty minutes. In addition, 62 % of the content consumed on you tube is short-form content. Trends in online searches in India suggest that entertainment is becoming the largest sought after category, contributing to 31% of all searches.

Unlike the era of television, where must provide regulations force a broadcaster to share content across all platforms who demanded it, no such laws exist India for Digital Media. This has enabled OTT platforms to bid for and acquire content which is exclusive and not available on other platform, or even television. Such content covers originals from Netflix and Amazon Prime, as well as a new trend of direct to digital movies such as Love per square foot.

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

**Internal Control System and their adequacy:**

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

**Opportunities:**

The way in which we consume news and entertainment has changed dramatically over the past decade, creating both challenges and opportunities for traditional broadcasters. Think about it: Millennials spend more time streaming content than watching it on television, and more than 20 percent of them are viewing shows on their mobile devices.

The following are the opportunities:

- The rising interest in shorter forms of content such as serialized web and YouTube segments that are a mere six to ten minutes in length.,
- Content creators have a relationship with the end consumer like never before and derived insights about users allow for content and ads to be more personalized.
- Companies that can figure out how to push discovery of their content to consumers or help them discover it for themselves will have a leg up in this competitive space.

**Threats:**

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

**Challenges, Risks and Concerns:**

Digitization forms a new business frontier, with geographical barriers to trade in Asia being leapfrogged by technology. The rapid growth of both domestic and cross-border e-commerce, and particularly smartphone-focused mobile commerce (m-commerce) has created real-time access to previously inaccessible markets across Asia. It has also catalyzed entire new business models and value chains, and added speed and dynamism to both B2B and B2C procurement processes. As a result, individual entrepreneurs and tech start-ups as well as regional and multinational firms can utilize a multiplicity of channels to interact with existing, newly acquired and prospective customers and clients at any time of the day or night.

But the catalytic impact of digitization also brings unique challenges. Cutting through the cluttered desert of data engages the region's brightest analytical and marketing minds, while cross-border trading and trading in untapped areas within the same country can create unexpected logistical, distribution and after-sales service challenges.

As a result, the quest to seamlessly manage digital and traditional channels is becoming more complex and more resource-intensive, and choosing a specialist Market Expansion Services partner to help deliver real competitive advantage is a critical business decision.

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

During the year under review the Company has achieved a turnover of Rs. 2,46,79,255, profit after tax for the current financial year was Rs.2,25,659/-.

The paid-up capital of the Company as on March 31,2018 is Rs. 17,00,99,000/- comprising of 17,00,99,000 equity shares of Re. 1/- each.

### **Human Resources Development and Industrial Relations:**

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

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

### **Cautionary Statement:**

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

**For and on behalf of the Board**

**Sd/-**

**Ramabhotla Srinivasa Sudhish**  
**Chairman & Managing Director**  
**DIN: 00027816**

August 28, 2018  
Hyderabad

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies  
(Account)  
Rules, 2014)

**Statement containing salient features of the financial statement of  
subsidiaries/associate companies/ joint ventures**

**Part “A”: Subsidiaries****SUBSIDIARY COMPANY FINANCIAL HIGHLIGHTS – 2017-18**

Sl No.	Particulars	Mient Hospitality, LLC (January 1, 2018 – December 31, 2018)
1.	Share Capital	2,35,12,504
2.	Reserves and surplus	NIL
3.	Total assets	NIL
4.	Total Liabilities	NIL
5.	Turnover	NIL
6.	Profit before taxation	NIL
7.	Provision for taxation	NIL
8.	Profit after taxation	NIL
9.	Proposed Dividend	NIL
10.	Investment	NIL
11.	Percentage of Shareholding	NIL
12.	Reporting Currency	
	Exchange rate used for Conversion	
	-Average yearly rates for profit and loss account	
	-Year end rates for balance sheet items	

**Notes:**

1. There were no operations in Mient Hospitality , LLC as on 31 March, 2018.
2. Kirksville Hospitality, INC ceased to be the wholly owned subsidiary of Mient Hospitality, LLC USA w.e.f February 12, 2018.

**\*\*Part B: Associate and Joint ventures of AOC 1.**

Part "B": Associates and Joint Ventures

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates/Joint Ventures	Name 1
<b>1. Latest audited Balance Sheet Date</b>	March 31, 2018
<b>2. Shares of Associate/Joint Ventures held by the company on the year end</b>	
No.	-
Amount of Investment in Associates/Joint Venture	1,60,71,475
<b>3. Description of how there is significant influence</b>	Mient Hospitality, LLC is Company's wholly owned subsidiary and it holds 20% in J & K Hotels, LLC.
<b>4. Reason why the associate/joint venture is not consolidated</b>	It is being consolidated
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b>	2,61,10,853
<b>6. Profit / Loss for the year</b>	25,98,349
i. Considered in Consolidation	25,98,349
i. Not Considered in Consolidation	-

The associate Company J & K Hotels, LLC is an form of Limited Liability Corporation. Hence there are no shares for such type of Company.

J&K Hotels, LLC ceased to be the associate company of MIENT Hospitality, LLC w.e.f July 13, 2018.

As per our report of even date

**For SN MURTHY & CO**  
Chartered Accountants  
Sd/-  
**PVSN MURTHY**  
Partner  
M.No.021862

**By order of the Board**  
Sd/-  
**R.S.Sudhish**  
Managing Director  
DIN: 00027816

Sd/- Sd/- Sd/-

Place : Hyderabad      **SrinivasaRaoKakkerla**      **Monica ShrikantGehlot**      **YerraSrinivas**  
Date : 28 August, 2018      Chief Financial Officer      Company Secretary      Director (DIN : 07834798)



## REPORT ON CORPORATE GOVERNANCE

**Company's philosophy on Code of Governance:**

Over the years, Millitoons Entertainment Limited ("**Millitoons**" and/or "**Company**") has shown a commitment towards effective corporate governance and has always been at the forefront of benchmarking its internal systems and policies with global practices. Millitoons believes in showing a greater degree of responsibility and accountability. It is committed to provide fair, transparent and equitable treatment to all its stakeholders.

At Millitoons, we have always sought to be a value driven organisation, where our growth and success is directed by our values. A report on Corporate Governance as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

**Board of Directors****Size of the Board**

The composition of Board is in consonance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31st March, 2018, Board of Millitoons consisted of 5 members. Out of the five directors, three are Independent Directors, one non executive Non Independent Director and one Promoter director of the Company.

**COMPOSITION AND CATEGORY OF DIRECTORS**

Name of the Director	Category	Designation	No. of Shares held in the Company as on March 31, 2018
Mr. RamabhotlaSrinivasaSudhish (DIN: 00027816)	Promoter	Chairman and Managing Director	7,18,56,468
Ms. Krishnapriya Vincent (DIN 07443638)	Non Executive - Independent	Director	NIL
Mr. Srinivasa Murthy Banda (DIN 03165686)	Non Executive - Independent	Director	NIL
Mr. VivekKalyan (DIN: 01719658)	Non Executive - Independent	Director	NIL
Mr. YerraSrinivasa (DIN : 07834798)	Non Executive- Non Independent	Director	NIL

Mr. Kotturi Ravi Kumar (DIN:06363981) Independent Director of the Company resigned w.e.f May 29, 2017, Mr. R L V N Kishore Siram (DIN: 08208141) was appointed as

additional director of the Company under non - executive category w.e.f. August 27, 2018 and Mr. Yerra Srinivas (DIN : 07834798) Non executive Director of the Company resigned w.e.f August 29, 2018 and Mr. Vivek Kalyan (DIN: 01719658) was appointed as additional director w.e.f. August 26, 2018 in the board meeting held on August 07, 2018. Further, Mr. Vivek Kalyan (DIN: 01719658) Independent Director of the Company resigned w.e.f August 22, 2018.

### **RELATIONSHIP AMONG DIRECTORS**

None of the board of directors of the Company are related to each other.

**Details of attendance of Directors at the AGM, Board Meetings with particulars of their Directorship and Chairmanship /Membership of Board /Committees in other Companies are as under:**

Name	Attendance at AGM held on 29th September, 2017	Attendance In Board Meeting		Others	
		Held	Present	Directorships *	Committee Memberships
Mr. Ramabhotla Srinivasa Sudhis h (DIN: 00027816)	Present	7	7	2	0
Mr. Srinivasa Murthy Banda (DIN 03165686)	Absent	7	7	6	0
Ms. Krishnapriya Vincent (DIN 07443638)	Present	7	7	0	0
Mr. Vivek Kalyan (DIN : 01719658)	Present	7	5	2	0
Mr. Yerra Srinivas (DIN : 07834798)	Present	7	6	0	0

\* Directors as on March 31, 2018

\*The Directorships held by Directors in other Companies as mentioned above do not include Directorships in Foreign Companies.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Directors. None of the Directors serve as Independent Director in more than seven listed companies.

### **DATES OF BOARD MEETINGS:**

The Board met 07 times in the financial year 2017-18 on the following dates with a gap not exceeding one hundred and twenty days between any two meetings: 28.04.2017, 29.05.2017, 26.08.2017, 04.09.2017, 14.09.2017, 14.12.2017 and 14.02.2018.

**Committees of the Board:**

Currently, there are three Board Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board, Committee are convened by the Chairman of the respective Committees.

The role and composition of these Committees are provided below:

**Audit Committee:**

The Company has a Qualified and Independent Audit Committee comprising of 2 Independent Directors and 1 Executive Director, constituted in accordance with of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee is empowered with the powers as prescribed under the said Regulations and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions if any given by the Board from time to time. The Audit Committee of the Company is duly constituted. The following are the members:

Ms. Krishnapriya Vincent	: Chairman and Member
Mr. Srinivasa Murthy Banda	: Member
Mr. RamabhotlaSrinivasaSudhish	: Member

All the members of the Audit Committee are financially literate and have expertise in accounting/ financial management. Mr. Srinivasa Rao Kakkera, Chief Financial Officer of the Company. The Company Secretary of the Company acts as the Secretary of the said Committee.

Audit Committee meetings were held on 29.05.2017, 04.09.2017, 14.09.2017, 14.12.2017 and 14.02.2018. All the members attended all the meetings.

Terms of reference: The terms of reference of the Audit Committee are as per Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

**(i) Powers of the Audit Committee include:**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(ii) Role of the Audit Committee includes:**

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee.
  - Approval of payment to statutory auditors for any other services rendered by them.
  - Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to: - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013. - changes, if any, in accounting policies and practices and reasons for the same. - major accounting entries involving estimates based on the exercise of judgment by management - significant adjustments made in the financial statements arising out of audit findings - compliance with listing and other legal requirements relating to financial statements - disclosure of any related party transactions - review of draft Auditors Report, in particular qualifications / remarks / observations made by the Auditors on the financial statements - Management Discussion and Analysis of financial conditions and results of operations
  - Review of Statement of significant related party transactions submitted by the management.
  - Review of management letters/letters of internal control weaknesses issued by the statutory auditors.
  - Review of internal audit reports relating to internal control weaknesses.
  - Review of appointment, removal and terms of remuneration of the Chief Internal Auditor.
  - Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
    - Review of the financial statements of subsidiary Companies
    - Review and monitor the auditor's independence and performance and effectiveness of audit process
  - Approval or any subsequent modification of transactions of the company with related parties
  - Scrutiny of inter-corporate loans and investments
  - Valuation of undertakings or assets of the Company, wherever it is necessary
  - Evaluation of internal financial controls and risk management systems
  - To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors
  - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the

statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors of any significant findings and follow up there on
- Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To review the functioning of the Whistle Blower Mechanism
- Approval of appointment / reappointment / remuneration of CFO (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee
- statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7). The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

**Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee has been formed in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013.

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

Mr. Srinivasa Murthy Banda: Chairperson and Member

Mr. YerraSriniva : Member (Ceased to be director w.e.f August 29, 2018)

Ms. Krishnapriya Vincent : Member

Mr. RLVN Kishore Siram : Member (Appointed as additional director w.e.f August 27, 2018)

The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

No remuneration was paid to any of the directors of the Company. There were no pecuniary relationship or transactions with the non-executive directors during the year under review.

Nomination and Remuneration Committee meetings were held on 29.05.2017 and 26.08.2017. All the members attended all the meetings.

The remuneration policy of the company is available on the company website at the following link:

[www.millitoons.com/investors](http://www.millitoons.com/investors)

### **Terms of reference**

The terms of reference of the Nomination and Remuneration Committee are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To recommend/review remuneration of Key Managerial personnel based on their performance and defined assessment criteria.

- To decide on the elements of remuneration package of all the Key Managerial personnel i.e. salary, benefits, bonus, stock options, pensions, etc.
- Recommendation of fee / compensation if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
- Payment / revision of remuneration payable to Managerial Personnel.
- While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
- The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and shareholders.
- Any other functions / powers / duties as may be entrusted by the Board from time to time.

The Company has adopted a Policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company which is disclosed on the website of the Company [www.millitoons.com](http://www.millitoons.com).

### **Investor Grievance Committee**

The Investor Grievance Committee has been formed in compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013.

The following is the composition of the Investor Grievance Committee

Mr. Srinivasa Murthy Banda : Chairperson and Member

Mr. YerraSrinivas : Member (Ceased to be director w.e.f August 29, 2018)

Mr. RLVN Kishore Siram : Member (Appointed as additional director w.e.f August 27, 2018)

Mr. Ramabhotla Srinivasa Sudhish : Member

The Committee reviews the security transfers/transmissions, process of dematerialization and the investors' grievances and the systems dealing with these issues.

The Board has authorised the Mrs. Monica Gehlot, Company Secretary, who is also the Compliance Officer, to approve share transfers / transmissions and comply with other formalities in relation thereto.

All investor complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

During the year under review, the Company has received zero (0) complaints. There were no complaints pending for redressal during the year under review. There were no pending transfers as on 31st March, 2018.



The Committee, along with the Registrars and Share Transfer Agents of the Company follows the policy of attending to the complaints, if any, within seven days from the date of its receipt.

As mandated by SEBI, the Quarterly Reconciliation of Share Capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by a Practicing Company Secretary. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares held in physical and dematerialized form with NSDL and CDSL.

As on 31st March, 2018, 17,00,77,091 Equity Shares of Re. 1/- each representing 99.98% of the total no. of shares are in dematerialized form.

### **Corporate Social Responsibility**

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

### **Risk Management Policy**

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

### **Vigil Mechanism**

A vigil mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company. The Board affirms that the person has been denied access to the Audit Committee.

### **Familiarization Programme for Board Members**

A formal familiarization programme for the Board Members was conducted. The details of the same are available on our website at the following link: [www.millitoons.com](http://www.millitoons.com).

### **Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a formal evaluation of the performance of the Boards, its committees and of individual directors has been made and also the the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees has been done.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.



A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

**General Body Meetings:**

Last 3 Annual General Meetings (AGMs) were held at:

Financial Year Ended	Date	Day	Venue	Time	Special Resolutions passed at the AGMs by the Shareholders
March 31, 2017	29 <sup>th</sup> September, 2017	Friday	Hotel Celebrations, Plot No.66a, Road No.1, Jubilee Hills, Hyderabad - 500 033, Telangana	9:00 am	--
March 31, 2016	30 <sup>th</sup> September, 2016	Friday	Hotel Vinflora, No. 157, Kamalapuri, Srinagar Colony Main Road, Hyderabad 500073, Telangana.	9:00 am	Appointment of Mr. Ramabhotla Srinivasa Sudhish as Managing Director and Chairman
March 31, 2015	30 <sup>th</sup> September, 2015	Wednesday	Plot No.91, Road No.7-B, Women's Co-operative Society Jubilee Hills, Hyderabad - 500 033, Telangana	2:30 pm	--

Special resolution moved at the AGM conducted on 30th September, 2016 was passed through e-voting and poll.

No special resolution was passed through Postal Ballot in FY 2016-17

No Special Resolution is proposed to be conducted through postal ballot

**Other Disclosures:**

There are no materially significant related party transactions that may likely to have any conflict with the Company's interest.

Note: An amount of Rs. 66,00,000 is given towards acquisition of assets arising out of the business acquisition agreement entered prior to date of Vega Music Private Limited becoming related party to the Company which is pending for capitalisation.

There were no non-compliances during the last three years except that during the fy 2016-17 Bonus Issue of shares was completed after the prescribed period of 15 days as provided in Regulation 95(1) of SEBI (ICDR) Regulations, 2009 by the Company on any matter related to Capital Market and during the year under review the financial statements for the quarter ended 30.06.2017 were submitted in XBRL mode after the prescribed period of 24 hours as mentioned in Circular DCS/COMP/28/2016-17 dated March 30, 2017 issued to Listed Companies, the voting results of Annual General Meeting held on 29.09.2017 were submitted to the exchange after the prescribed period of 48 hours as mentioned in Regulation 44 of SEBI (LODR) Regulations, 2015, the unaudited financials for the quarter ended 30.06.2017 were published in a newspaper not having wide National circulation as envisaged in Regulation 47 of SEBI (LODR) Regulations, 2015, the yearly disclosure for the year ended 31.03.2018 under Regulation 30 of SEBI (SAST) Regulations, 2011 was given after the prescribed period of 7 working days, the Company has not filed Form MGT 14's, MGT 10 and Form IEPF 2 with the Registrar of Companies .

There were no penalties imposed during the last three years except that during the FY2016-17 a penalty was paid to BSE Ltd. for submission of shareholding pattern with a delay of 1 day after the prescribed time period as mentioned in the SEBI (LODR) Regulations, 2015.

The policy for related party transactions is posted on Company's website: [www.millitoons.com](http://www.millitoons.com)

Material subsidiary policy is hosted in our website [www.millitoons.com](http://www.millitoons.com).

Pursuant to Regulation 34 read Schedule V of Securities Exchange Board of India (Listing Obligations and Disclosure Regulations), 2015, the Company confirms that it has complied with all mandatory requirements prescribed.

The Company has posted the Code of Conduct for Directors and Senior Management on its website. Except as stated above, the Company has complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has made compliance with the Disclosures of corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

There was no need for creation of demat suspense account for the Company.

There was no suspension of trading of securities in any Stock Exchanges during the year.

None of non – executive directors hold any shares and convertible instruments.

The Company's website contains a separate dedicated section "Investors" where information sought by shareholders is available

**Means of communication:**

The quarterly results, financial results, official news releases and other information are displayed in the Investor Relations section on the Company's website: [www.millitoons.com](http://www.millitoons.com) and are also disseminated to BSE Ltd. for general public.

The Company generally publishes its financial results in Mint Newspaper and Nava Telangana.

Management Discussion and Analysis Report forms part of Annual Report as an annexure to the Directors' Report.

**General Shareholder Information**

The 33<sup>rd</sup> Annual General Meeting of the Company will be held on 24<sup>th</sup> September, 2018 at 09.00 AM at the Company's Production Centre at Plot No 85, Phase 1, Kamalapuri Colony, Hyderabad- 500073, Telangana.

Financial Calendar	1st April, 2017 to 31st March, 2018
Date of Book Closure	September 18, 2018 to September 24, 2018 (For the purpose of AGM)
Dividend Payment Date	--
Listing on Stock Exchanges	BSE Ltd, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai -400001
Name of the Stock Exchange	BSE Ltd
Stock Code	540023
ISIN no. for both NSDL and CDSL	INE621I01018

The Listing fees for the year 2018-19 has been paid to BSE Ltd.

### Market Price Data

High, low during each month and trading volumes of the Company's equity shares during the last financial year 2017-18 at the BSE Limited (BSE) are as under:

Date	BSE	
	High	Low
April 2017	55.00	48.50
May 2017	55.90	44.50
June 2017	51.10	36.55
July 2017	48.25	38.10
August 2017	47.80	39.30
September 2017	52.00	39.25
October 2017	57.40	45.25
November 2017	49.90	42.00
December 2017	56.00	45.55
January 2018	60.00	42.00
February 2018	44.85	23.40
March 2018	34.40	23.70

### Distribution Schedule as on 31st March 2018

S. No.	Nominal Value	Amount in Rs.	% of Total Capital	No. of Shareholders	% of total Holders
1.	Upto 5000	718575.00	0.42	2897	98.60
2.	5001 to 10000	157118.00	0.09	19	0.65
3.	10001 to 20000	77429.00	0.05	6	0.20
4.	20001 to 30000	22119.00	0.01	1	0.03
5.	30001 to 40000	34000.00	0.02	1	0.03
6.	40001 to 50000	NA	NA	NA	NA
7.	50001 to 100000	248390.00	0.15	3	0.10
8.	100000 and above	168841369.00	99.26	11	0.37
<b>Total</b>		<b>1770099000</b>	<b>100</b>	<b>2938</b>	<b>100</b>

### Performance in comparison to broad based indices such as BSE Sensex:

S. No.	Month	Millitoons Share Price	Sensex Price
1.	April 30, 2017	51.15	29,918.40
2.	May 31, 2017	51.10	31,145.80
3.	June 30, 2017	43.35	30,921.61
4.	July 31, 2017	45.00	32,514.94
5.	August 31, 2017	40.00	31,730.49
6.	September 30, 2017	29.15	31,283.72
7.	October, 2017	47.65	33,213.13
8.	November, 2017	46.95	33,149.35
9.	December, 2017	50.55	34,056.83

10.	January, 2018	42.60	35,965.02
11.	February, 2018	27.30	34,184.04
12.	March 31, 2018	24.65	32,968.68

**Categories of Shareholders as on 31st March, 2018:**

S No.	Category of Shareholders	No. of Shares	Percentage
1	Promoter & Promoter Group	12,75,70,780	75.00
2	Individuals	3288134	1.93
3	Non Resident Indian	875	0.00
4	Clearing members	44231	0.03
5	Bodies corporate	39188579	23.04
6	HUF	6401	0.00
	<b>Total</b>	<b>17,00,99,000</b>	<b>100</b>

Dematerialization of shares and liquidity:

The Company has made necessary arrangements with NSDL and CDSL for demat facility. 99.98% of the Company's Shares are dematerialised as on 31st March, 2018.

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

Nil

Address for Correspondence & any query on Annual Report – Compliance Officer:

The Company Secretary  
**Millitoons Entertainment Ltd**  
 8-2-268/K/7&8, Ground Floor, Sagar Society Road No.2, BanjaraHills, Hyderabad-500034

Registrar and Transfer Agents:

**Karvy Computershare Private Limited**  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032

Contact Person:

Praveen Chaturvedi  
 General Manager  
 Direct : +91 040 6716 1751

Share Transfer System:

The Share transfers are effected within one month from the date of lodgment for transfer, transmission, sub-division consolidation, renewal etc. or in accordance with the applicable laws. Such modified

Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund:	share certificates are delivered to the shareholders immediately. There are no unclaimed dividends during the year under review that has to be credited to Investor Education & Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 read with the rules prescribed thereunder.
Compliance Certificate:	Certificate from the Statutory Auditors of the Company M/s S.N Murthy & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the Directors' Report and forms part of this 33 <sup>rd</sup> Annual Report.
Commodity Price Risk or Foreign Exchange Risk and hedging activities	The company is engaged in providing services in Media and Entertainment sector and not exposed to any commodity price risk. The Foreign Exchange exposure of the Company is minimal compared to the total domestic operations of the company, further the operations of the company in International Geographies act as natural exchange hedge.
Plant Location	The Company owns 3 acres (i.e., 1,30,680sqft.) of land in IT SEZ, Vizag.

#### CEO/CFO Certification

We, Ramabhotla Srinivasa Sudhish, Managing Director and Srinivasa Rao Kakkera, Chief Financial Officer, to the best of our knowledge and belief, certify that:

- a. We have reviewed the financial statements including cash flow statement (standalone and consolidated) for the financial year ended March 31, 2018 and to the best of our 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 statement 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 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 we have taken or propose to take to address these deficiencies.
- d. We have indicated to the auditors and the Audit Committee:
  - i. significant changes in the internal control over financial reporting during the year;
  - ii. significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. that there are no instances of significant fraud of which they have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Millitoons Entertainment Limited**

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

**For Millitoons Entertainment Limited**

**Sd/-**  
**Srinivasa Rao Kakkera**  
**CFO**

**Place:** Hyderabad

**Date :** August 28, 2018

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT  
PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Codes of Conduct, as applicable to them for the year ended 31st March, 2018.

**For Millitoons Entertainment Limited**

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

**Place:** Hyderabad

**Date:** August 28, 2018

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members,  
Millitoons Entertainment Limited

We have examined the compliance of conditions of Corporate Governance by Millitoons Entertainment Limited ('the Company') for the year ended 31st March, 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations as applicable.

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

**For S.N. Murthy & Co.,  
Chartered Accountants  
(Firm Regn No. 002217S)**

**Sd/-  
(P V S N Murthy)  
Proprietor**

**Place:** Hyderabad  
**Date:** August 28, 2018



**INDEPENDENT AUDITOR'S REPORT**

**To**  
**The Members of**  
**The Millitoons Entertainment Limited**  
**Hyderabad**

**Report on Standalone Ind AS Financial Statements**

We have Audited the accompanying standalone Ind AS financial statements of The Millitoons Entertainment Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS Financial Statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of

- i. the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2018, and
- ii. its profits (financial performance including other comprehensive income),
- iii. its cash flows ( cash flows for the year ended on that) and
- iv. The changes in equity for the year ended on that date.

### **Other Matters**

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the auditor whose report for the year ended 31<sup>st</sup> March 2017 and 31st March 2016 dated 29/05/2017 and 30/05/2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the Accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian

Accounting Standards prescribed under section 133 of the Act.

- e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”
- f) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company doesn’t have any pending litigations on its financial position in its Standalone Ind AS financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection during the year ended 31st March 2018.

**For S N MURTHY & Co**  
**Chartered Accountants**  
**FRN No. 0022175**

**Sd/-**

**P V S N Murthy**  
**(Proprietor)**  
**M.No.21862**

**Place: Hyderabad**  
**Date: 30/05/2018**

**Annexure- A**

**A statement on the matters specified in paragraphs 3 and 4 of the CARO, 2016**

As required by the Companies ( Auditor's Report) order, 2016 issued by the Government of India in terms of Section 143(11) of the Companies Act, 2013, we report that:

**(i) In respect of its Fixed Assets:**

(a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The company has a phased programme of verification of fixed assets that is reasonable having regard to the size of the company and the nature of its business. As per the Phased Programme, during the year, the management has carried out physical verification of fixed assets and discrepancies noted have been properly dealt within the books of account.

(c) According to the information and explanations given to us by the management, all the title deeds of immovable properties are held in the name of the company.

**(ii) In respect of its Inventory:**

a. The company has conducted physical verification of its inventory during the year in a phased manner.

b. In our opinion, having regard to the size of the company and nature of its business, the frequency of inventory verification process is reasonable and commensurate.

c. Any material discrepancies were noticed, between book stocks and physical stocks have been properly dealt in books of account.

(iii) In our opinion and according to the information and explanations given to us, the company has not entered any contract or arrangement with the entities in which the directors are interested within the meaning under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, there are no such loans, guarantees and securities to which provision of section 185 and 186 of the companies Act, 2013 are applicable.

(v) The company has not accepted the deposits

(vi) Clause (vi) of Paragraph 3 of the Companies (Auditor's Report) Order, 2016, relating to maintenance of cost records is not applicable to the Company.

(vii) According to the information and explanations given to us and records of the Company examined by us, in our opinion.

(a) There was no undisputed amounts payable in respect of Provident Fund, ESI, Income-tax, Sales Tax, Wealth Tax, service tax, customs duty, Excise duty, VAT, Cess and statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

- (b) There were no dues outstanding in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty or VAT or Cess on account of any dispute.
- (viii) According to information and explanation given to us and based on records of the company examined by us, the company has not defaulted in repayment of loans, or borrowings to any financial institution, bank, Government or due to debenture holders.
- (ix) The company did not raise any money by way of initial public offer (IPO) or further public offer (FPO) (including debt instruments) and term loans raised are used for the purpose for which it was raised during the year.
- (x) There is no fraud by the Company or any fraud on the Company by its officers and employees has been noticed or reported during the year.
- (xi) The Company has not paid managerial remuneration as per provisions of section 197 of the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company Accordingly, Paragraph 3(xii) of the order is not applicable
- (xiii) According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;
- (xv) According to the information and explanations given to us, and based on our examination of the records of the company the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

**For S N MURTHY & Co**  
**Chartered Accountants**  
**FRN No. 0022175**

**Sd/-**

**P V S N Murthy**  
**(Proprietor)**  
**M.No.21862**

**Place: Hyderabad**  
**Date: 30/05/2018**

**Annexure – B to the Independent Auditors of even date on the Standalone Financial Statements of the Millitoons Entertainment Limited**

(Referred to in paragraph 2(e) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of Millitoons Entertainment Limited.

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

We have audited the Internal Financial Controls over Financial reporting of Millitoons Entertainment Limited. (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

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

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

The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S N MURTHY & Co  
Chartered Accountants  
FRN No. 0022175

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

Place: Hyderabad  
Date: 30/05/2018



# MILLITOONS ENTERTAINMENT LIMITED

## MILLITOONS ENTERTAINMENT LIMITED

Registered Office : 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, T.S.  
Phone : 040-3192 3239 | CIN : L74110TG1985PLC051404 | Email : [info@millitoons.com](mailto:info@millitoons.com) | Website : [www.millitoons.com](http://www.millitoons.com)

### Standalone Balance Sheet as at 31 March 2018

Particulars	Notes	As at 31-Mar-18	As at 31-Mar-17	Amount in Rs. As at 01-Apr-16
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property , Plant and equipment	3	1180574251	1178605202	10764885
Intangible assets	4	45457		
Capital Work in Progress		101416203	97637969	48664029
<b>Financial Assets</b>				
a. Investments	5	39135277	37891844	0
b. Loans				
c. Restricted Deposits				
d. Other Financial Assets	6	1521346	1521346	1521346
<b>Other non-current Assets</b>				
<b>Total Non-Current Assets</b>		<b>1322692534</b>	<b>1315656361</b>	<b>60950260</b>
<b>Current Assets</b>				
Inventories	7	123447481	131502831	22124060
<b>Financial Assets</b>				
a. Trade Receivables	8	53861526	47242358	11521565
b. Cash and Cash equivalents	9	4624321	21990866	3548083
c. Restricted Deposits				
d. Loans and advances	10	7700648	3218176	1744000
e. Other financial assets				
<b>Other current assets</b>	11	771222	0	0
<b>Total current assets</b>		<b>190405198</b>	<b>203954231</b>	<b>38937708</b>
<b>Total Assets</b>		<b>1513097732</b>	<b>1519610592</b>	<b>99887968</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity share capital	12	170099000	170099000	81049500
Other equity	13	1337557665	1337332006	6234952
<b>Total equity</b>		<b>1507656665</b>	<b>1507431006</b>	<b>87284452</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
a. Borrowings				
b. Trade payables				
c. Other financial liabilities				
Employee benefit obligations				
Deferred tax liabilities	14	49647	-80471	-80471
<b>Other non-current liabilities</b>				
<b>Total Non-Current Liabilities</b>		<b>49647</b>	<b>-80471</b>	<b>-80471</b>
<b>Current Liabilities</b>				
a. Borrowings	15	0	0	11535116
b. Acceptances				
c. Trade payables		4879268	11890470	0
d. Other Financial Liabilities	16	397769	352713	1117321
Employee benefit obligations				
Current tax liabilities	17	114383	5858	0
<b>Other current liabilities</b>	18	0	11016	31550
<b>Total Current Liabilities</b>		<b>5391420</b>	<b>12260057</b>	<b>12683987</b>
<b>Total Liabilities</b>		<b>5441067</b>	<b>12179586</b>	<b>12603516</b>
<b>Total Equity and Liabilities</b>		<b>1513097732</b>	<b>1519610592</b>	<b>99887968</b>

Notes 1 to 31 form an integral part of these standalone financial statements

As per our report of even date

For S N Murthy & Co.,

Chartered Accountants

FRN: 002217S

Sd/-

PVSN Murthy

(Proprietor)

M.No. 21862

Date : 30.05.2018

Place: Hyderabad

For and on behalf of Board of Directors

Sd/-

R. S. Sudhish

(Managing Director)

Din: 00027816

Sd/-

Monica Shrikant Gehlot

(Company Secretary)

Sd/-

Y. Srinivas

(Director)

DIN: 07834798

Sd/-

RLVN Kishore Siram

(CFO)



# MILLITOONS ENTERTAINMENT LIMITED

## MILLITOONS ENTERTAINMENT LIMITED

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### Standalone Statement of Profit and Loss for the year ended 31 March 2018

Particulars	Notes	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>Revenue</b>			
Revenue from operations (net)	19	24679255	149151169
Other income	20	630930	1381281
<b>Total Revenue</b>		<b>25310185</b>	<b>150532450</b>
<b>Expenses</b>			
Film right costs including amortisation costs	21	7410090	248331201
Changes in inventories of film rights	22	8055350	-109378771
Employee benefit expenses	23	3908892	2042901
Finance costs (net)	24	15484	13438
Depreciation and amortisation expenses	25	1078252	979956
Other expenses	26	4371957	4502794
<b>Total Expenses</b>		<b>24840025</b>	<b>146491519</b>
Profit Before tax		470160	4040931
<b>Tax expenses</b>			
Current tax		114383	1187106
Deferred tax		130118	0
Short/(excess) provision of earlier years			0
		244501	1187106
<b>Profit after tax for the year</b>		<b>225659</b>	<b>2853825</b>
<b>Other comprehensive income</b>			
Revaluation of land			1165906959
Reversal of excess depreciation			0
<b>Total Comprehensive income for the year</b>		<b>0</b>	<b>1165906959</b>
<b>Earnings per share</b>	27		
Basic (in Rs.) (nominal value Rs.1)		0.00	0.03
Diluted (in Rs.) (nominal value Rs. 1)		0.00	0.03

Notes 1 to 31 form an integral part of these standalone financial statements  
As per our report of even date

**For S N Murthy & Co.,**

Chartered Accountants

FRN: 002217S

Sd/-

PVSN Murthy

(Proprietor)

M.No. 21862

Date : 30.05.2018

Place: Hyderabad

**For and on behalf of Board of Directors**

Sd/-

R. S. Sudhish

(Managing Director)

Din: 00027816

Sd/-

Monica Shrikant Gehlot

(Company Secretary)

Sd/-

Y. Srinivas

(Director)

DIN: 07834798

Sd/-

RLVN Kishore Siram

(CFO)

### 3. Property, Plant and Equipment

Details of company's property, plant and equipment and their carrying amounts are as follows:

Gross Carrying amount	Land	Furniture & Fixtures	Motor Vehicles	Office Equipments	Data processing Equipments	Total
<b>Balance as at 1 April 2016</b>	10193041	745642	0	668651	1834963	13442297
Additions					2844950	2844950
Revaluation	1165906959					1165906959
<b>Balance as at 31 March 2017</b>	<b>1176100000</b>	<b>745642</b>	<b>0</b>	<b>668651</b>	<b>4679913</b>	<b>1182194206</b>
Additions		418520	1618934		1008154	3045608
Adjustments/disposals						
<b>Balance as at 31 March 2018</b>	<b>1176100000</b>	<b>1164162</b>	<b>1618934</b>	<b>668651</b>	<b>5688067</b>	<b>1185239814</b>
<b>Accumulated Depreciation</b>						
<b>Balance as at 1 April 2016</b>	0	530705		311744	1834963	2677412
Depreciation Charge	0	47199	0	23903	908854	979956
Adjustments/disposals	0	23254	0	-4713	49823	68364
<b>Balance as at 31 March 2017</b>	<b>0</b>	<b>554650</b>	<b>0</b>	<b>340360</b>	<b>2693994</b>	<b>3589004</b>
Depreciation Charge	0	40522	26125	30189	979723	1076559
Adjustments/disposals	0					
<b>Balance as at 31 March 2018</b>	<b>0</b>	<b>595172</b>	<b>26125</b>	<b>370549</b>	<b>3673717</b>	<b>4665563</b>
<b>Net Carrying Amount</b>						
Balance as at 1 April 2016	<b>10193041</b>	<b>214937</b>	<b>0</b>	<b>356907</b>	<b>0</b>	<b>10764885</b>
Balance as at 31 March 2017	<b>1176100000</b>	<b>190992</b>	<b>0</b>	<b>328291</b>	<b>1985919</b>	<b>1178605202</b>
Balance as at 31 March 2018	<b>1176100000</b>	<b>568990</b>	<b>1592809</b>	<b>298102</b>	<b>2014350</b>	<b>1180574251</b>

1. As explained in note 48, the Company has used Indian GAAP carrying value of its Property, plant and equipment on date of transition as deemed cost, accordingly, the net carrying amount as per Indian GAAP as on 1 April 2016 has been considered as gross carrying value under Ind-AS 101.

## 4. Intangible Assets

Amount in Rs.

Gross Carrying amount	Software & Website	Total
<b>Balance as at 31 March 2017</b>	0	0
Additions	47150	47150
Adjustments/disposals	0	0
<b>Balance as at 31 March 2018</b>	47150	47150
<b>Accumulated Depreciation</b>		0
<b>Balance as at 31 March 2017</b>	0	0
Depreciation Charge	1693	1693
Adjustments/disposals	0	0
<b>Balance as at 31 March 2018</b>	1693	1693
Balance as at 31 March 2017	0	0
Balance as at 31 March 2018	45457	45457

## 4. Intangible Assets

Amount in Rs.

Gross Carrying amount	Software & Website	Total
<b>Balance as at 31 March 2017</b>	0	0
Additions	47150	47150
Adjustments/disposals	0	0
<b>Balance as at 31 March 2018</b>	47150	47150
<b>Accumulated Depreciation</b>		0
<b>Balance as at 31 March 2017</b>	0	0
Depreciation Charge	1693	1693
Adjustments/disposals	0	0
<b>Balance as at 31 March 2018</b>	1693	1693
Balance as at 31 March 2017	0	0
Balance as at 31 March 2018	45457	45457

## 5. Investments

Amount in Rs.			
Particulars	As at 31-Mar- 18	As at 31-Mar-17	As at 1-Apr-16
<b>Non current investments</b>			
<b>Unquoted Equity Shares</b>			
<b>i) Investment in equity shares of subsidiaries accounted at cost</b>			
Mient Hospitality LLC, U.S	23512504		
<b>ii) Investments carried at fair value through profit or loss</b>			
i) Franklin Temple MF	15622773	19375755	
ii) ICICI Prudential MF		18516089	
<b>Total</b>	<b>39135277</b>	<b>37891844</b>	<b>0</b>

Aggregate value of unquoted Investments	23512504	0	0
Aggregate value of impairment in value of investment	0	0	0

## 6. Other Financial Assets

Amount in Rs.			
Particulars	As at 31-Mar- 18	As at 31-Mar- 17	As at 1-Apr-16
Deposits to Others	1521346	1521346	1521346
<b>Total</b>	<b>1521346</b>	<b>1521346</b>	<b>1521346</b>

## 7. Inventories

Amount in Rs.			
Particulars	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Film Rights	118544231	131502831	22124060
Books	4903250		
<b>Total</b>	<b>123447481</b>	<b>131502831</b>	<b>22124060</b>

**8. Trade Receivables**

Amount in Rs.

Particulars	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Secured, considered good			
Unsecured, considered good	53861526	47242358	11521565
Considered doubtful			
Dues from related parties			
Less: Provision for doubtful receivables			
<b>Total</b>	<b>53861526</b>	<b>47242358</b>	<b>11521565</b>

**9. Cash and Cash Equivalents**

Amount in Rs.

Particulars	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Cash on hand	1257964	934313	29693
Cheques on hand			
Balances with banks			
In current accounts	3366357	21056553	3518390
In deposit accounts (with original maturity of <3 months)			
<b>Total</b>	<b>4624321</b>	<b>21990866</b>	<b>3548083</b>

**10. Loans and Advances**

Amount in Rs.

Particulars	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Amounts due from related parties (refer note 43)			
Loans and advances to employees			
Other loans & Advances	7400648	3218176	1744000
Security deposits	300000		
<b>Total</b>	<b>7700648</b>	<b>3218176</b>	<b>1744000</b>

Out of the above loans and advance Rs. 74,00,648, Rs. 66,00,000 is given towards

acquisition of assets arising out of the business acquisition agreement entered prior to date of Vega Music Private Limited becoming related party to the Company which is pending for capitalisation.

### 11. Other Current Assets

Amount in Rs.

Particulars	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Prepaid expenses	458955		
Advance payment of taxes	312267		
<b>Total</b>	<b>771222</b>	<b>0</b>	<b>0</b>

### 12. Equity Share Capital

Amount in Rs.

Particulars	As at 31-Mar-18		As at 31-Mar-17		As at 01-Apr-16	
	Number	Amount	Number	Amount	Number	Amount
<b>Authorised Share Capital</b>						
Equity shares of Rs. 1 each	185000000	185000000	185000000	185000000	100000000	100000000
<b>Issued, Subscribed and fully paid up</b>						
Equity shares of Rs. 1 each	170099000	170099000	170099000	170099000	81049500	81049500
<b>Total</b>	<b>170099000</b>	<b>170099000</b>	<b>170099000</b>	<b>170099000</b>	<b>81049500</b>	<b>81049500</b>

### Reconciliation of paid-up share capital (Equity Shares)

Amount  
in Rs.

Particulars	As at 31-Mar-18		As at 31-Mar-17		As at 01-Apr-16	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the year	170099000	170099000	81049500	81049500	81049500	81049500
Add: Issued during the year			40000000	40000000		
			8504950	8504950		
Add: Bonus issue			0	0		
<b>Balance at the end of the year</b>	<b>170099000</b>	<b>170099000</b>	<b>170099000</b>	<b>170099000</b>	<b>81049500</b>	<b>81049500</b>

**Details of Shareholders holding more than 5% of the shares in the company**

	As at 31-Mar-18		As at 31-Mar-17		As at 01-Apr-16	
	Number	% holding in the class	Number	% holding in the class	Number	% holding in the class
<b>Promoter</b>						
Ramabhotla Srinivasa Sudhish	71856468	42.24	71856468	42.24	3,59,28,234	44.33
Ravikaanth Portfolio Services Private Limited	48221412	28.35	48221412	28.35	20960706	25.86%
<b>Total</b>	120077880	70.59	120077880	70.59	20960706	70.19
<b>Non Promoter</b>						
Tranello Info Solutions Private Limited	15986382	9.40	15744595	9.26	0	0
Locero Media and Consulting Private Limited	14781627	8.69	8,447,545	4.97	0	0

**Rights, preferences, restrictions of equity shares**

The Company has only one class of equity shares having par value of Rs.1/- per share. Every holder is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors and approved by the Shareholders in the Annual General Meeting is paid in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**13. Other equity**

Particulars	Amount in Rs.		
	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Securities Premium</b>			
Balance at the beginning of the year	165537750	1307250	1307250
Add: Additions for		249280000	
Less: Bonus Issue		85049500	
Balance at the end of the year	165537750	165537750	1307250
<b>Revaluation Reserve</b>			
Balance at the beginning of the year	1165906959	0	0
Add: Additions for		1165906959	0
Less:		0	0
Balance at the end of the year	1165906959	1165906959	0
<b>Retained Earnings</b>			
Balance at the beginning of the year	5887297	4927702	4928187
Add: Net profit after tax for the year	225659	2853825	67800
Other Comprehensive income		68364	
Adjustment on account of Appropriation: Dividend and Dividend distribution tax		1962594	68285
Balance at the end of the year	6112956	5887297	4927702
<b>Total</b>	<b>1337557665</b>	<b>1337332006</b>	<b>6234952</b>



**14. Deferred Tax Liabilities (Net)**Amount  
in Rs.

Particulars	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Deferred tax liability on Depreciation on tangible assets	130118		
Total	130118		
Deferred tax asset on Provision for expenses allowed on payment basis			
Others	80471	80471	80471
Total	80471	80471	80471
MAT credit recoverable			
<b>Deferred tax liabilities (net)</b>	<b>49647</b>	<b>-80471</b>	<b>-80471</b>

**Reconciliation of statutory rate of tax and  
effective rate of tax**

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Profit before tax</b>	470160	4040931
Tax expense	114383	1187106
<b>Tax rate as a % of profit before tax</b>	24.33%	29%
<b>Adjustments</b>		
Non-deductible expenses for tax purpose		
Effect of change in deferred tax balances due to change in tax rates		
Tax impact of earlier years		
Others		
At India's statutory income tax rate of 25% (31 March 2017: 29%)	25%	29%

**15. Short-Term Borrowings**

Particulars	Amount in Rs.		
	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
<b>Repayable on demand</b>			
<b>Unsecured</b>			
From others			11435116
From related parties		0	100000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>11535116</b>

Loans carry an interest rate of nil

Note : There is no default, continuing or otherwise as at the reporting date, in repayment of any of the above loans

**16. Other Financial Liabilities**

Particulars	Amount in Rs.		
	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Unclaimed dividend			
Employees dues	289213	291310	
Other expenses payable	108556	61403	1117321
<b>Total</b>	<b>397769</b>	<b>352713</b>	<b>1117321</b>

**17. Current Tax Liabilities**

Particulars	Amount in Rs.		
	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Provision for corporate taxes (net)	114383	5858	
<b>Total</b>	<b>114383</b>	<b>5858</b>	<b>0</b>

**18. Other Current Liabilities**

Particulars	Amount in Rs.		
	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
Duties and taxes payable		11016	31550
<b>Total</b>	<b>0</b>	<b>11016</b>	<b>31550</b>

**19. Revenue from operations (net)**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Revenue from distribution and exhibition of film and other rights	20175915	148390339
Revenue from sale of books	3951240	-
Training Income	552100	760830
<b>Total</b>	<b>24679255</b>	<b>149151169</b>

**20. Other Income**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Interest Income		31219
Other non-operating Income	630930	1350062
<b>Total</b>	<b>630930</b>	<b>1381281</b>

**21. Film right cost**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Film rights cost	1157300	248331201
Printing of books	6252790	
<b>Total</b>	<b>7410090</b>	<b>248331201</b>

**22. Changes in inventory of film rights**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Opening Stock		
Finished goods	131502831	22124060
Closing Stock		
Finished goods	123447481	131502831
<b>Total</b>	<b>8055350</b>	<b>-109378771</b>

**23. Employee Benefit expenses**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Salaries and bonus	3873601	1912352
Staff Welfare expenses	35291	130549
<b>Total</b>	<b>3908892</b>	<b>2042901</b>

**24. Finance Costs**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Interest expenses	0	7618
Other borrowing costs	13264	5820
Interest on late payment of taxes	2220	0
<b>Total</b>	<b>15484</b>	<b>13438</b>

**25. Depreciation and amortisation expenses**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Depreciation on tangible assets	1076559	979956
Amortisation on intangible assets	1693	0
<b>Total</b>	<b>1078252</b>	<b>979956</b>

**26. Other Expenses**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
BSE Listing charges	340037	3345650
Electricity expenses	93781	39853
Telephone & Internet	128705	7852
NSDL Charges	77082	54743
Printing & Stationery	13509	47852
Postage & Stamps	617	5470
Repairs & Maintenance	121665	95820
Audit fees	25000	25000
Professional charges	421000	360000
Insurance		19087
CDSL Charges	81441	93222
ROC Charges	166405	153090
Corp Action Fee	0	12650
Travelling & Conveyance	1260258	237989
Advertisement	103895	
Miscellaneous expenses	235011	4516
Office Maintenance	820218	
Office Rent	483333	
<b>Total</b>	<b>4371957</b>	<b>4502794</b>

**27. Earnings per share**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>a) Computation of net profit for the year</b>		
Profit after tax attributable to equity shareholders	225659	2853825
<b>b) Computation of number of shares for Basic Earnings Per Share</b>		
Weighted average number of equity shares	170099000	170099000
<b>Total</b>		
<b>c) Computation of number of shares for Diluted Earnings Per Share</b>		
Weighted average number of equity shares	170099000	88886958
<b>Total</b>		
<b>d) Nominal value of shares</b>		1
<b>e) Computation</b>		
Basic	0.00	0.03
Diluted	0.00	0.03

**Statement of Changes in Equity as at 31st March 2017****A. Equity Share Capital**

Particulars	Number	Amount in Rs.
<b>Balance as at 1st April 2016</b>	<b>81049500</b>	<b>81049500</b>
Add: Issued during the year	4000000	4000000
Add: Bonus Issue	85049500	85049500
<b>Balance as at 31st March 2017</b>	<b>170099000</b>	<b>170099000</b>
<b>Balance as at 31st March 2018</b>	<b>170099000</b>	<b>170099000</b>

**B. Other Equity**Amount in  
Rs.

Particulars	Securities Premium Account	Revaluation Reserves	Retained Earnings	Total other equity
<b>Balance as at 1 April 2016</b>	1307250	0	4927702	6234952
Profit for the year			2853825	2853825
Additions/appropriations	249280000	1165906959		1415186959
Less: Bonus issue/Dividend	85049500		1962594	87012094
Other comprehensive income/(loss) for the year			1165906959	1165906959
<b>Total comprehensive income/(loss) for the year</b>			<b>1165906959</b>	<b>1165906959</b>
<b>Balance as at 31 March 2017</b>	<b>165537750</b>	<b>1165906959</b>	<b>1171725892</b>	<b>1334409817</b>
Profit for the year			225659	225659
Other comprehensive income/(loss) for the year				
<b>Total comprehensive income/(loss) for the year</b>				0
Additions				0
<b>Balance as at 31 March 2018</b>	<b>165537750</b>	<b>1165906959</b>	<b>1171951551</b>	<b>2503396260</b>

Notes 1 to 31 form an integral part of these standalone financial statements

As per our report of even date

**For S N Murthy & Co.,**

Chartered Accountants

FRN: 002217S

Sd/-

PVS N Murthy

(Proprietor)

M.No. 21862

Date : 30.05.2018

Place: Hyderabad

**For and on behalf of Board of Directors**

Sd/-

R. S. Sudhish  
(Managing Director)

Din: 00027816

Sd/-

Monica Shrikant  
Gehlot  
(Company Secretary)

Sd/-

Y. Srinivas  
(Director)

DIN: 07834798

Sd/-

RLVN Kishore Siram  
(CFO)



# MILLITOONS ENTERTAINMENT LIMITED

## MILLITOONS ENTERTAINMENT LIMITED

Registered Office : 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, T.S.  
Phone : 040-3192 3239 | CIN : L74110TG1985PLC051404 | Email : [info@millitoons.com](mailto:info@millitoons.com) | Website : [www.millitoons.com](http://www.millitoons.com)

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	2017-2018	
<b>Cash Flows from Operating Activities</b>		
Profit Before Tax	470,160	
Adjustments for :		
(+) Depreciation	1,078,252	
(-) Interest Income	-630,930	
(+) Interest Expense		
<b>Operating Profit Before Working Capital Changes</b>	<b>917,482.00</b>	
<b>Adjustments for changes in Working Capital:</b>		
(-) Increase in Sundry Debtors	-6,619,168	
(+) Decrease in Stock	8,055,350	
(-) Decrease in Trade Payables	-7,011,202	
(+) Increase in other Current Liabilities	142,565	
(+) Decrease in other Current Assets	4,048,771	
(-) Increase in Short Term Loans and Advances	-7,700,648	
<b>Cash Generated from Operations</b>	<b>(8,166,850.00)</b>	
Income Taxes Paid	244,501	
<b>Cash Flow before Extra-ordinary Items</b>	<b>-8,411,351</b>	
(-) Extra-ordinary Items		
<b>Net Cash from Operating Activities</b>		<b>-8,411,351</b>
<b>Cash Flows from Investing Activities</b>		
(-) Purchase of Fixed Assets	-2,037,413	
(-) Increase in Capital-work-progress	-3,778,234	
(-) Increase in Other Tangible Assets	-45,457	
(+) Interest received	630,930	
(+) Dividend received	-	
(-) Purchase of Non-Current Investments	-1,243,434	
(-) Others(Long term Loans & Advances)	-1,521,346	
(+) Others(Long term Loans & Advances)	-	
<b>Net cash from Investing activities</b>		<b>-7994954</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issuance of share capital		
Deferred Tax	49,647	
Interest paid		
Dividends Paid		
(+) others	-1,009,888	
<b>Net cash from Financing activities</b>		<b>-960,241</b>
<b>Net increase in cash and cash equivalents</b>		<b>(17,366,546)</b>
<b>Cash and Cash equivalents at beginning of the period</b>		<b>21,990,867</b>
<b>Cash and Cash equivalents at end of the period</b>		<b>4,624,321</b>

In terms of our attached report of even date

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

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

## Summary of Significant Accounting Policies

### Corporate Information

Millitoons Entertainment Limited (the 'Company') was incorporated in India, under the Companies Act, 1956. The Company is a global player within the Indian media and entertainment industry and is primarily engaged in the business of film production, exploitation and distribution. It operates on a vertically integrated studio model controlling content as well as distribution and exploitation across multiple formats globally, including cinema, digital, home entertainment and television syndication. Its shares are listed on leading stock exchanges in India (BSE Scrip Code: 540023).

These standalone financial statements were authorised for issue in accordance with a resolution of the Directors on May 30, 2018.

### Basis of preparation

For all periods, up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2018 have been prepared in accordance with Indian Accounting Standards ("Ind-AS") consequent to the notification of The Companies (Indian Accounting Standards) Rules, 2015 (the Rules) issued by the MCA. These are the first Ind-AS financial statements of the Company, wherein the Company has restated its Balance Sheet as at 1 April 2016 and financial statements for the year ended and as at 31 March 2017 also as per Ind-AS.

The standalone financial statements have been prepared on a historical cost basis. All assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company considers 12 months to be its normal operating cycle.

## 1. Significant accounting policies

### a. Revenue recognition

Revenue is recognized, net of sales related taxes, when persuasive evidence of an arrangement exists, the fees are fixed or determinable, the product is delivered or services have been rendered and collectability is reasonably assured. The Company considers the terms of each arrangement to determine the appropriate accounting treatment.

The following additional criteria apply in respect of various revenue streams within filmed entertainment:

Books: Revenue is recognised when the goods are dispatched. Provision is made for physical returns where applicable.

Other - DVD, CD and video distribution revenue is recognized on the date the product is delivered or if licensed in line with the revenue recognition criteria. Provision is made for physical returns where applicable. Digital and ancillary media revenues are recognized at the earlier of when the content is accessed or declared. Visual effects, production and other fees for services rendered by the Company and overhead recharges are recognized in the period in which they are earned and in certain cases, the stage of production is used to determine the proportion recognized in the period.

### **Other income**

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

### **b. Property, plant and equipment and depreciation**

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price inclusive of taxes etc. up to the date the asset is ready for its intended use. Depreciation is provided under straight line method at the rates and in the manner prescribed under Schedule II to the Companies Act, 2013. Residual value of property, plant and equipment is considered as nil for calculation of depreciation.

### **c. Intangible assets**

Intangible assets acquired by the Company are stated at cost less accumulated amortisation less impairment loss, if any.

Other intangible assets, which comprise internally generated and acquired software used within the Entity's digital, home entertainment and internal accounting activities, are stated at cost less amortisation less provision for impairment. The average life of the assets is the lesser of 5 years or the remaining life of the asset. The amortisation charge is recognized in the Statement of profit and loss.

### **d. Impairment of non-financial assets**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at the cash generating unit level. All individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external or internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price of assets and their 'value in use'.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Film and content rights are stated at the lower of unamortized cost and estimated recoverable amounts. In accordance with Ind AS 36 Impairment of Assets, film content costs are assessed for indication of impairment on a library basis as the nature of the Company's business, the contracts it has in place and the markets it operates in do not yet make an ongoing individual film evaluation feasible with reasonable certainty. Impairment losses on content advances are recognized when film production does not seem viable and refund of the advance is not probable. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

#### **e. Borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the Statement of profit and loss within finance costs over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### **f. Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on risk exposure arising from financial assets like debt instruments measured at amortised cost e.g., trade receivables and deposits.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables or contract revenue receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a

significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss. This amount is reflected under the head 'other expenses' in the Statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

#### **g. Inventories**

Inventories primarily comprise of books, film rights and are valued at the lower of cost and net realizable value. Cost in respect of goods for resale is defined as purchase price, including appropriate labour costs and other overhead costs. Cost in respect of raw materials is purchase price.

Purchase price is assigned using a weighted average basis. Net realizable value is defined as anticipated selling price or anticipated revenue less cost to completion.

#### **h. Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligations and can be reliably measured. Provisions are measured at Management's best estimate of the expenditure required to settle the obligations at the statement of financial position date and are discounted to present value where the effect is material.

#### **Foreign Currency**

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated at the prevailing rates of exchange at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the

transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognized in the Statement of profit and loss in the period in which they arise. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company's functional currency and the presentation currency is same i.e. Indian Rupee (₹)

### **Financial Assets**

Financial assets are divided into the following categories:

- financial assets carried at amortised cost
- financial assets at fair value through other comprehensive income
- financial assets at fair value through profit and loss;

Financial assets are assigned to the different categories by management on initial recognition, depending on the nature and purpose of the financial assets. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available. Financial Assets like Investments in Subsidiaries are measured at Cost as allowed by Ind-AS 27 – Separate Financial Statements and hence are not fair valued.

#### **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are non-derivative financial assets that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank and cash balances) are measured subsequent to initial recognition at amortized cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in the Statement of profit and loss. In accordance with Ind AS 109: Financial Instruments, the Company recognizes impairment loss allowance on trade receivables and content advances based on historically observed default rates. Impairment loss allowance recognized during the year is charged to Statement of profit and loss.

#### **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are non-derivative financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



**Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. It includes non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. Gains and losses arising from investments classified under this category is recognized in the Statement of profit and loss when they are sold or when the investment is impaired.

In the case of impairment, any loss previously recognized in other comprehensive income is transferred to the Statement of profit and loss. Impairment losses recognized in the Statement of profit and loss on equity instruments are not reversed through the Statement of profit and loss. Impairment losses recognized previously on debt securities are reversed through the Statement of profit and loss when the increase can be related objectively to an event occurring after the impairment loss was recognized in the Statement of profit and loss.

When the Company considers that fair value of financial assets can be reliably measured, the fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company applies its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. Equity instruments measured at fair value through profit or loss that do not have a quoted price in an active market and whose fair value cannot be reliably measured are measured at costless impairment at the end of each reporting period.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognized only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

**Financial liabilities**

Financial liabilities are classified as either ‘financial liabilities at fair value through profit or loss’ or ‘other financial liabilities’. Financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading such as a derivative, except for a designated and effective hedging instrument, or if upon initial recognition it is thus designated to eliminate or significantly reduce measurement or recognition inconsistency or it forms part of a contract containing one or more embedded derivatives and the contract is designated as fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value. Any gains or losses arising of held for trading financial liabilities are recognized in Statement of profit and loss. Such gains or losses incorporate any interest paid and are included in the “other gains and losses” line item.

Other financial liabilities (including borrowing and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

A financial liability is derecognized only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires. Changes in liabilities’ fair value that are reported in profit or loss are included in the Statement of profit and loss within finance costs or finance income.

#### **m. Taxes**

Taxation on profit and loss comprises current tax and deferred tax. Tax is recognized in the Statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income in which case tax impact is also recognized inequity or other comprehensive income.

Current tax is provided at amounts expected to be paid(or recovered) using the tax rates and laws that have been enacted at the balance sheet date along with any adjustment relating to tax payable in previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. MAT credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, which is the period for which MAT credit is allowed to be carried forward. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written



down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**n. Earnings per share**

Basic earnings per share is computed using the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by considering the impact of the potential issuance of ordinary shares, on the weighted average number of shares outstanding during the period except where the results would be anti dilutive.

**o. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments which are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Deposits held with banks as security for overdraft facilities are included in restricted deposits held with bank.

**p. Segment reporting**

Ind-AS 108 Operating Segments (“Ind-AS 108”) requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Chief Operating Decision Maker. The revenues of films are earned over various formats; all such formats are functional activities of filmed entertainment and these activities take place on an integrated basis. The management team reviews the financial information on an integrated basis for the Company as a whole, with respective heads of business for each region and in accordance with Ind-AS 108, the Company provides a geographical split as it considers that all activities fall within one segment of business which is filmed entertainment.

The Company has identified one geographic markets– India

## **2. Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions, as described below, that affect the reported amounts and the disclosures. The Company based its assumptions and estimates on parameters available when the financial statements were prepared and reviewed at each balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the reported amounts and disclosures.

**a. Intangible Assets**

The Company is required to identify and assess the useful life of intangible assets and determine their income generating life. Judgment is required in determining this and then providing an amortisation rate to match this life as well as considering the recoverability or conversion of advances made in respect of securing film content or the services of talent associated with film production.

Accounting for the film content requires management's judgment as it relates to total revenues to be received and costs to be incurred throughout the life of each film or its license period, whichever is the shorter. These judgments are used to determine the amortisation of capitalized film content costs.

The Company tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy. These calculations require judgments and estimates to be made, and in the event of an unforeseen event these judgments and assumptions would need to be revised and the value of the intangible assets could be affected. There may be instances where the useful life of an asset is shortened to reflect the uncertainty of its estimated income generating life.

## **28. Related Party Disclosure**

<b>Sl. No.</b>	<b>Name of the related party</b>	<b>Nature of Relations</b>	<b>Transaction with related party during the year</b>	<b>Outstanding balance</b>
<b>1.</b>	Mient Hospitality LLC	WOS	Rs. 2,35,12,504 investment made during the year	Rs. 2,35,12,504

## **29. Transactions during the year with related parties**

30. Based on the information available with the Company, there are no dues payable as at the year end to micro, small and medium enterprises as defined in The Micro, Small & Medium Enterprises development Act, 2006. This information has been relied upon by the statutory auditors of the Company.

## **30. Post reporting date events**

No adjusting or significant non-adjusting events have occurred between 31 March 2018 and the date of authorisation of these standalone financial statements.

## **31. Authorisation of financial statements**

The financial statement for the year ended 31 March 2018 (including comparatives) were approved by the board of directors on 30 May 2018.

As per our report of even date

**For S N Murthy & Co.,**

Chartered Accountants

FRN: 002217S

Sd/-

PVSN Murthy

(Proprietor)

M.No. 21862

**For and on behalf of Board of Directors**

Sd/-

R. S. Sudhish

(Managing Director)

Din: 00027816

Sd/-

Monica Shrikant Gehlot

(Company Secretary)

Sd/-

Y. Srinivas

(Director)

DIN: 07834798

Sd/-

RLVN Kishore Siram

(CFO)

**INDEPENDENT AUDITOR'S REPORT**

**To**

**The Members of**

**M/s Millitoons Entertainment Limited**

**Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of M/s. Millitoons Entertainment Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), comprising of the consolidated Balance Sheet as at 31 March 2018, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management’s Responsibility for the Financial Statements**

2. The Holding Company’s Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (‘the Act’) that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit and loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company’s Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit we have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us, and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

**Other matter**

9. We did not audit the financial information of the subsidiary, whose financial information reflect total assets of Rs. 15627.36 lakhs as at 31 March 2018 and total revenues of Rs. 1,341.19 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

10. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - (c) The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act;
  - (e) With respect to adequacy of internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in "Annexure A"

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
- (i) The Group does not have any pending litigations which would impact its consolidated financial position.
  - (ii) The Group did not have any long-term contracts including derivative contracts for which they were any material foreseeable losses.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act during the year ended 31<sup>st</sup> March, 2018.

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

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

**Place: Hyderabad**  
**Date: 30.05.2018**

**Annexure – A** to the Independent Auditor's Report of even date to the members of Millitoons Entertainment Limited on the consolidated financial statements for the year ended 31 March 2018

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the consolidated financial statements of Millitoons Entertainment Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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



**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

**Place: Hyderabad  
Date: 30.05.2018**

# MILLITOONS ENTERTAINMENT LIMITED

## MILLITOONS GROUP

(Millitoons Entertainment Limited and its subsidiary company MIENT Hospitality LLC)

Registered Office : 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, T.S.  
Phone : 040-3192 3239 | CIN : L74110TG1985PLC051404 | Email : [info@millitoons.com](mailto:info@millitoons.com) | Website : [www.millitoons.com](http://www.millitoons.com)

## Consolidated Balance Sheet as at 31 March 2018

	Notes	As at 31-Mar-18	As at 31-Mar-17
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property , Plant and equipment	2	1562690799	1178605202
Intangible assets	3	45457	
Capital Work in Progress		101416203	97637969
<b>Financial Assets</b>			
a. Investments	4	15622773	37891844
b. Loans			
c. Restricted Deposits			
d. Other Financial Assets	5	1521346	1521346
Other non-current Assets			
<b>Total Non-Current Assets</b>		<b>1681296578</b>	<b>1315656361</b>
<b>Current Assets</b>			
Inventories	6	123447481	131502831
<b>Financial Assets</b>			
a. Trade Receivables	7	53861526	47242358
b. Cash and Cash equivalents	8	5940350	21990866
c. Restricted Deposits			
d. Loans and advances	9	7700648	3218176
e. Other financial assets			
Other current assets	10	771222	0
<b>Total current assets</b>		<b>191721227</b>	<b>203954231</b>
<b>Total Assets</b>		<b>1873017805</b>	<b>1519610592</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	11	170099000	170099000
Non Controlling Interest		43725973	
Other than equity (inclusive of revaluation)	12	1336119138	1337332006
<b>Total equity</b>		<b>1549944111</b>	<b>1507431006</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
a. Borrowings	13	316165005	0
b. Trade payables			
c. Other financial liabilities			
Employee benefit obligations			
Deferred tax liabilities	14	49647	-80471
Other non-current liabilities			
<b>Total Non-Current Liabilities</b>		<b>316214652</b>	<b>-80471</b>
<b>Current Liabilities</b>			
a. Borrowings	15	0	0
b. Acceptances			
c. Trade payables		4879268	11890470
d. Other Financial Liabilities	16	397769	352713
Employee benefit obligations			
Current tax liabilities	17	1337898	5858
Other current liabilities	18	244108	11016
<b>Total Current liabilities</b>		<b>6859043</b>	<b>12260057</b>
<b>Total Liabilities</b>		<b>323073695</b>	<b>12179586</b>
<b>Total Equity and Liabilities</b>		<b>1873017806</b>	<b>1519610592</b>

Notes 1 to 27 form an integral part of these consolidated financial statements

As per our report of even date

As per our report of even date

**For S N Murthy & Co.,**

Chartered Accountants

FRN: 0022175

Sd/-

PVSN Murthy

(Proprietor)

M.No. 21862

Date : 30.05.2018

Place: Hyderabad

**For and on behalf of Board of Directors**

Sd/-

R. S. Sudhish

(Managing Director)

DIN: 00027816

Sd/-

Monica Shrikant Gehlot

(Company Secretary)

Sd/-

Y. Srinivas

(Director)

DIN: 07834798

Sd/-

RLVN Kishore Siram

(CFO)

# MILLITOONS ENTERTAINMENT LIMITED

## MILLITOONS GROUP

(Millitoons Entertainment Limited and its subsidiary company MIENT Hospitality LLC)

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## Consolidated Statement of Profit and Loss for the year ended 31 March 2018

Particulars		Notes	Amount in Rs. Year ended 31-Mar-18	Year ended 31-Mar-17
<b>Revenue</b>				
Revenue from operations (net)	19		134119061	149151169
Other income	20		630929	1381281
<b>Total Revenue</b>			<b>134749990</b>	<b>150532450</b>
<b>Expenses</b>				
Film right costs including amortisation costs	21		7410090	248331201
Changes in inventories of film rights	22		8055350	-109378771
Employee benefit expenses	23		20657623	2042901
Finance costs (net)	24		2549999	13438
Depreciation and amortisation expenses	25		9390300	979956
Other expenses	26		67618737	4502794
<b>Total Expenses</b>			<b>115682099</b>	<b>146491519</b>
<b>Profit Before tax</b>			<b>19067891</b>	<b>4040931</b>
<b>Tax expenses</b>				
Current tax			5720367	1187106
Deferred tax			130118	0
Short/(excess) provision of earlier years				0
			5850485	1187106
<b>Profit after tax for the year</b>			<b>13217405</b>	<b>2853825</b>
<b>Attributable to:</b>				
Equity Shareholders of Millitoons Entertainment Limited			2824008	2853825
Non Controlling Interest			10393397	0
<b>Other comprehensive income</b>				
Revaluation of land			0	1165906959
Reversal of excess depreciation			0	68364
<b>Total Comprehensive income for the year</b>			<b>0</b>	<b>1165975323</b>
<b>Attributable to:</b>				
Equity Shareholders of Millitoons Entertainment Limited			0	1165975323
Non Controlling Interest			0	0
<b>Earnings per share</b>	27			
Basic (in Rs.) (nominal value Rs.1)			0.08	0.03
Diluted (in Rs.) (nominal value Rs. 1)			0.08	0.03

Notes 1 to 27 form an integral part of these consolidated financial statements

As per our report of even date

For S N Murthy & Co.,

Chartered Accountants

FRN: 002217S

Sd/-

PVSN Murthy

(Proprietor)

M.No. 21862

Date : 30.05.2018

Place: Hyderabad

For and on behalf of Board of Directors

Sd/-

R. S. Sudhish

(Managing Director)

DIN: 00027816

Sd/-

Monica Shrikant Gehlot

(Company Secretary)

Sd/-

Y. Srinivas

(Director)

DIN: 07834798

Sd/-

RLVN Kishore Siram

(CFO)

## 2. Property, Plant and Equipment

Details of company's property, plant and equipment and their carrying amounts are as follows:

Gross Carrying amount	Land	Furniture & Fixtures	Motor Vehicles	Buldings	Office Equipments	Data processing Equipments	Total
<b>Balance as at 31 March 2017</b>	<b>1176100000</b>	<b>745642</b>	<b>0</b>	<b>0</b>	<b>668651</b>	<b>4679913</b>	<b>1182194206</b>
Additions		182968527	1618934	207878589		1008154	393474204
Adjustments/disposals							
<b>Balance as at 31 March 2018</b>	<b>1176100000</b>	<b>183714169</b>	<b>1618934</b>	<b>207878589</b>	<b>668651</b>	<b>5688067</b>	<b>1575668410</b>
<b>Accumulated Depreciation</b>							
<b>Balance as at 1 April 2016</b>	0	530705			311744	1834963	2677412
Depreciation Charge	0	47199	0		23903	908854	979956
Adjustments/disposals	0	23254	0		-4713	49823	68364
<b>Balance as at 31 March 2017</b>	<b>0</b>	<b>554650</b>	<b>0</b>	<b>0</b>	<b>340360</b>	<b>2693994</b>	<b>3589004</b>
Depreciation Charge	0	40522	26125	8312048	30189	979723	9388607
Adjustments/disposals	0						0
<b>Balance as at 31 March 2018</b>	<b>0</b>	<b>595172</b>	<b>26125</b>	<b>8312048</b>	<b>370549</b>	<b>3673717</b>	<b>12977611</b>
<b>Net Carrying Amount</b>							
Balance as at 31 March 2017	<b>1176100000</b>	<b>190992</b>	<b>0</b>	<b>0</b>	<b>328291</b>	<b>1985919</b>	<b>1178605202</b>
Balance as at 31 March 2018	<b>1176100000</b>	<b>183118997</b>	<b>1592809</b>	<b>199566541</b>	<b>298102</b>	<b>2014350</b>	<b>1562690799</b>

- As explained in note 48, the Company has used Indian GAAP carrying value of its Property, plant and equipment on date of transition as deemed cost, accordingly , the net carrying amount as per Indian GAAP as on 1 April 2016 has been considered as gross carrying value under Ind-AS 101.

**3. Intangible Assets**

<b>Gross Carrying amount</b>	<b>Software &amp; Website</b>	<b>Total</b>
<b>Balance as at 31 March 2017</b>	0	
Additions	47150	47150
Adjustments/disposals	0	0
<b>Balance as at 31 March 2018</b>	47150	47150
<b>Accumulated Depreciation</b>		
<b>Balance as at 31 March 2017</b>	0	0
Depreciation Charge	1693	1693
Adjustments/disposals	0	0
<b>Balance as at 31 March 2018</b>	1693	1693
Balance as at 31 March 2017	0	0
Balance as at 31 March 2018	45457	45457

**4. Investments**

<b>Particulars</b>	<b>As at 31-Mar-18</b>	<b>As at 31-Mar-17</b>
<b>Non current investments</b>		
<b>Unquoted Equity Shares</b>		
i) Investment in equity shares of subsidiaries accounted at cost		
Mient Hospitality, LLC		
ii) Investments carried at fair value through profit or loss		
i) Franklin Temple MF	15622773	19375755
ii) ICICI Prudential MF		18516089
<b>Total</b>	<b>15622773</b>	<b>37891844</b>

Aggregate value of unquoted Investments	0	0
Aggregate value of impairment in value of investment	0	0

## 5. Other Financial Assets

Particulars	As at 31-Mar-18	As at 31-Mar-17
Deposits to Others	1521346	1521346
<b>Total</b>	<b>1521346</b>	<b>1521346</b>

## 6. Inventories

Particulars	As at 31-Mar-18	As at 31-Mar-17
Film Rights	118544231	131502831
Books	4903250	
<b>Total</b>	<b>123447481</b>	<b>131502831</b>

## 7. Trade Receivables

Particulars	As at 31-Mar-18	As at 31-Mar-17
Secured, considered good		
Unsecured, considered good	53861526	47242358
Considered doubtful		
Dues from related parties		
Less: Provision for doubtful receivables		
<b>Total</b>	<b>53861526</b>	<b>47242358</b>

**8. Cash and Cash Equivalents**

<b>Particulars</b>	<b>As at 31-Mar-18</b>	<b>As at 31-Mar-17</b>
Cash on hand	1257964	934313
Cheques on hand		
Balances with banks		
In current accounts	4682386	21056553
In deposit accounts (with original maturity of <3 months)		
<b>Total</b>	<b>5940350</b>	<b>21990866</b>

**9. Loans and Advances**

<b>Particulars</b>	<b>As at 31-Mar-18</b>	<b>As at 31-Mar-17</b>
Amounts due from related parties (refer note 43)		
Loans and advances to employees		
Other loans & Advances	7400648	3218176
Security deposits	300000	
<b>Total</b>	<b>7700648</b>	<b>3218176</b>

Out of the above loans and advance Rs. 74,00,648, Rs. 66,00,000 is given towards acquisition of assets arising out of the business acquisition agreement entered prior to date of Vega Music Private Limited becoming related party to the Company which is pending for capitalisation.

**10. Other Current Assets**

<b>Particulars</b>	<b>As at 31-Mar-18</b>	<b>As at 31-Mar-17</b>
Prepaid expenses	458955	
Advance payment of taxes	312267	
<b>Total</b>	<b>771222</b>	<b>0</b>

**11. Equity Share Capital**

Particulars	As at 31-Mar-18		As at 31-Mar-17	
	Number	Amount	Number	Amount
<b>Authorised Share Capital</b>				
Equity shares of Rs. 1 each	185000000	185000000	185000000	185000000
<b>Issued, Subscribed and fully paid up</b>				
Equity shares of Rs. 1 each	170099000	170099000	170099000	170099000
<b>Total</b>	<b>170099000</b>	<b>170099000</b>	<b>170099000</b>	<b>170099000</b>

**Reconciliation of paid-up share capital (Equity Shares)**

Particulars	As at 31-Mar-18		As at 31-Mar-17	
	Number	Amount	Number	Amount
Balance at the beginning of the year	170099000	170099000	81049500	81049500
Add: Issued during the year			4000000	4000000
Add: Bonus issue			85049500	85049500
<b>Balance at the end of the year</b>	<b>170099000</b>	<b>170099000</b>	<b>170099000</b>	<b>170099000</b>

**Details of Shareholders holding more than 5% of the shares in the company**

Particulars	As at 31-Mar-18		As at 31-Mar-17	
	Number	% holding in the class	Number	% holding in the class
<b>Promoter</b>				
Ramabhotla Srinivasa Sudhish	71856468	42.24	71856468	42.24
Ravikaanth Portfolio Services Private Limited	48221412	28.35	48221412	28.35
<b>Total</b>	<b>120077880</b>	<b>70.59</b>	<b>120077880</b>	<b>70.59</b>
<b>Non Promoter</b>				
Tranello Info Solutions Private Limited	15986382	9.40	15744595	9.26
Locero Media and Consulting Private Limited	14781627	8.69	8447545	4.97



Rights, preferences, restrictions of equity shares The Company has only one class of equity shares having par value of Rs.1/- per share. Every holder is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors and approved by the Shareholders in the Annual General Meeting is paid in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 12. Other than equity ( inclusive of revaluation reserve)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Securities Premium</b>		
Balance at the beginning of the year	165537750	1307250
Add: Additions for		249280000
Less: Bonus Issue		85049500
Balance at the end of the year	165537750	165537750
<b>Revaluation Reserve</b>		
Balance at the beginning of the year	1165906959	0
Add: Additions for		1165906959
Less:		0
Balance at the end of the year	1165906959	1165906959
<b>Retained Earnings</b>		
Balance at the beginning of the year	5818933	4927702
Add: Net profit after tax for the year	225659	2853825
Other Comprehensive income		68364
Adjustment on account of		
Appropriation: Dividend and Dividend distribution tax	1370163	1962594
Balance at the end of the year	4674429	5887297
<b>Total</b>	<b>1336119138</b>	<b>1337332006</b>

## 13. Long Term Borrowings

Particulars	As at 31-Mar-18	As at 31-Mar-17
a.Borrowings		
1) Windsor Capital Loan	316165005	
<b>Total</b>	<b>316165005</b>	<b>0</b>

**14. Deferred Tax Liabilities (Net)**

Particulars	As at 31-Mar-18	As at 31-Mar-17
Deferred tax liability on Depreciation on tangible assets	130118	
Total	130118	
Deferred tax asset on Provision for expenses allowed on payment basis Others	80471	80471
Total	80471	80471
MAT credit recoverable		
<b>Deferred tax liabilities (net)</b>	49647	-80471

**Reconciliation of statutory rate of tax and effective rate of tax**

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Profit before tax</b>	19067890.59	4040931
Tax expense	5720367.22	1187106
<b>Tax rate as a % of profit before tax</b>	30.00%	29%
<b>Adjustments</b>		
Non-deductible expenses for tax purpose		
Effect of change in deferred tax balances due to change in tax rates		
Tax impact of earlier years		
Others		
At India's statutory income tax rate of 25% (31 March 2017: 29%)	25%	29%

**15. Short-Term Borrowings**

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Repayable on demand</b>		
<b>Unsecured</b>		
From others		
From related parties		0
<b>Total</b>	<b>0</b>	<b>0</b>

Loans carry an interest rate of nil

Note : There is no default, continuing or otherwise as at the reporting date, in repayment of any of the above loans

**16. Other Financial Liabilities**

Particulars	As at 31-Mar-18	As at 31-Mar-17
Unclaimed dividend		
Employees dues	289213	291310
Other expenses payable	108556	61403
<b>Total</b>	<b>397769</b>	<b>352713</b>

**17. Current Tax Liabilities**

Particulars	As at 31-Mar-18	As at 31-Mar-17
Provision for corporate taxes (net)	114383	5858
Credit cards	1223514.5	
<b>Total</b>	<b>1337898</b>	<b>5858</b>

**18. Other Current Liabilities**

Particulars	As at 31-Mar-18	As at 31-Mar-17
Duties and taxes payable		11016
Payroll Liabilities	244108	
<b>Total</b>	<b>244108</b>	<b>11016</b>

**19. Revenue from operations (net)**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Revenue from distribution and exhibition of film and other rights	20175915	148390339
Revenue from sale of books	3951240	0
Training Income	552100	760830
Lodging sales	109439806	0
<b>Total</b>	<b>134119061</b>	<b>149151169</b>

**20. Other Income**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Other Income		31219
Other non-operating Income	630929	1350062
<b>Total</b>	<b>630929</b>	<b>1381281</b>

**21. Film right cost**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Film rights cost	1157300	248331201
Printing of books	6252790	
<b>Total</b>	<b>7410090</b>	<b>248331201</b>

**22. Changes in inventory of film rights**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Opening Stock		
Finished goods	131502831	22124060
Closing Stock		
Finished goods	123447481	131502831
<b>Total</b>	<b>8055350</b>	<b>-109378771</b>

**23. Employee Benefit expenses**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Salaries and bonus	20567506	1912352
Staff Welfare expenses	90117	130549
<b>Total</b>	<b>20657623</b>	<b>2042901</b>

**24. Finance Costs**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Interest expenses	2534515.27	7618
Other borrowing costs	13264	5820
Interest on late payment of taxes	2220	0
<b>Total</b>	<b>2549999</b>	<b>13438</b>

**25. Depreciation and amortisation expenses**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
Depreciation on tangible assets	9388607	979956
Amortisation on intangible assets	1693	0
<b>Total</b>	<b>9390300</b>	<b>979956</b>

**26. Other Expenses**

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
BSE Listing charges	340037	3345650
Electricity expenses	93781	39853
Telephone & Internet	3325687	7852
NSDL Charges	77082	54743
Printing & Stationery	13509	47852
Postage & Stamps	617	5470
Repairs & Maintenance	536927	95820
Audit fees	25000	25000
Professional charges	949992	360000
Insurance	2931851	19087
CDSL Charges	81441	93222
ROC Charges	166405	153090
Corp Action Fee	0	12650
Travelling & Conveyance	1395407	237989
Advertisement	200511	
Miscellaneous expenses	235011	4516
Office Maintenance & supplies	1038459	
Office Rent	483333	
Cable TV Expenses	339173	
Cleaning Supplies	2926305	
Copier rental	437730	
County innkeepers Tax	4602702	
Automobile expenses	91015	
Dues & Subscriptions	154385	
Guest Water & Supplies	4204428	
Interest Expenses	8039246	
Landscaping and Groundskeeping	2226368	
Management Fees	1886297	
Meals AND Entertainment	3745283	
Pest Control	86249	
Sales Tax	2641046	
Utilities	8276915	
Franchise Fees	14998381	
Merchant Account Fees	1068165	
<b>Total</b>	<b>67618737</b>	<b>4502794</b>

## 27. Earnings per share

Particulars	Amount in Rs.	
	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>a) Computation of net profit for the year</b>		
Profit after tax attributable to equity shareholders	13217405	2853825
<b>b) Computation of number of shares for Basic Earnings Per Share</b>		
Weighted average number of equity shares	170099000	170099000
<b>Total</b>		
<b>c) Computation of number of shares for Diluted Earnings Per Share</b>		
Weighted average number of equity shares	170099000	88886958
<b>Total</b>		
<b>d) Nominal value of shares</b>		1
<b>e) Computation</b>		
Basic	0.08	0.03
Diluted	0.08	0.03

# MILLITOONS ENTERTAINMENT LIMITED

## MILLITOONS GROUP

(Millitoons Entertainment Limited and its subsidiary company MIENT Hospitality LLC)

Registered Office : 8-2-268/K/7&8, Ground Floor, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, T.S.  
Phone : 040-3192 3239 | CIN : L74110TG1985PLC051404 | Email : [info@millitoons.com](mailto:info@millitoons.com) | Website : [www.millitoons.com](http://www.millitoons.com)

## Consolidated CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	2017-2018	
<b>Cash Flows from Operating Activities</b>		
Profit Before Tax	19,067,891	
Adjustments for :		
(+) Depreciation	9,390,300	
(-) Interest Income	-630,930	
(+) Interest Expense	2,547,779	
<b>Operating Profit Before Working Capital Changes</b>	<b>30,375,040.53</b>	
<b>Adjustments for changes in Working Capital:</b>		
(-) Increase in Sundry Debtors	-6,619,168	
(+) Decrease in Stock	8,055,350	
(-) Decrease in Trade Payables	-6,613,433	
(+) Increase in other Current Liabilities	1,337,898	
(+) Decrease in other Current Assets	4,048,771	
(-) Decrease in Short term provisions	-125,479	
(-) Increase in Short Term Loans and Advances	-9,016,678	
<b>Cash Generated from Operations</b>	<b>21,442,301.53</b>	
Income Taxes Paid	5,720,367	
<b>Cash Flow before Extra-ordinary Items</b>	<b>15,721,934</b>	
(-) Extra-ordinary Items	-	
<b>Net Cash from Operating Activities</b>		<b>15,721,934</b>
<b>Cash Flows from Investing Activities</b>		
(-) Purchase of Fixed Assets	-384,153,961	
(-) Increase in Capital-work-progress	-3,778,234	
(-) Increase in Other Intangible Assets	-45,457	
(+) Interest received	630,930	
(+) Dividend received	-	
(-) Purchase of Non-Current Investments	-1,243,434	
(-) Others(Long term Loans & Advances)	-1,521,346	
<b>Net cash from Investing activities</b>		<b>-390111502</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issuance of share capital	67,238,477	
Proceeds from long term borrowings	292,282,677	
Deferred Tax	49,647	
Interest paid	-2,547,779	
Dividends Paid		
(+) others		
<b>Net cash from Financing activities</b>		<b>357,023,022</b>
<b>Net increase in cash and cash equivalents</b>		<b>(17,366,546)</b>
<b>Cash and Cash equivalents at beginning of the period</b>		<b>21,990,867</b>
<b>Cash and Cash equivalents at end of the period</b>		<b>4,624,321</b>

In terms of our attached report of even date  
For S N Murthy & Co  
Chartered Accountants  
FRN No. 002217S

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



## **Summary of Significant Accounting Policies on Consolidated Accounts**

### **Corporate Information**

Millitoons Entertainment Limited (the 'Holding Company') was incorporated in India, under the Companies Act, 1956. The Company is a global player within the Indian media and entertainment industry and is primarily engaged in the business of film production, Publication and distribution. It operates on a vertically integrated studio model controlling content as well as distribution and exploitation across multiple formats globally, including cinema, digital, home entertainment and television syndication. Its shares are listed on leading stock exchanges in India (BSE Scrip Code: 540023). The subsidiary Company Mient Hospitality, LLC is engaged in the Business of Hospitality Services and Head Office of the Subsidiary is Located at 38 W, Rampart Road, Shellbyville, Indiana 46176.

These Consolidated financial statements were authorized for issue in accordance with a resolution of the Directors on May 30,2018.

### **Basis of preparation**

The Financial statements for the year ended 31 March 2018, are the First Financial statements prepared in accordance with Ind AS.

The adoption of Ind AS was carried out in accordance with Ind AS-101,using 1st April 2016, as the transition date. Ind AS -101 requires all Ind AS standards that are effective for the first Ind AS financial statement for the year ended 31<sup>st</sup> March 2018, be applied consistently and retrospectively for all financial years presented. The resulting difference between the carrying amounts of assets and liabilities in the financial statements in both Ind AS and Indian GAAP on the transition date have been recognized directly in Equity at the transition date.

For all periods, up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2018 have been prepared in accordance with Indian Accounting Standards ("Ind-AS") consequent to the notification of The Companies (Indian Accounting Standards) Rules, 2015 (the Rules) issued by the MCA. These are the first Ind-AS financial statements of the Company, wherein the Company has restated its Balance Sheet as at 1 April 2016 and financial statements for the year ended and as at 31 March 2017 also as per Ind-AS.

The consolidated financial statements have been prepared on a historical cost basis except financial assets and liabilities are measured at fair value and inventory is valued at cost or NRV whichever is lower.

- A. All assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company considers 12 months to be its normal operating cycle.

## **1. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements relate to Millitoons Entertainment Limited ('the Company') and its subsidiary companies namely Mient Hospitality LLC. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the fair value wherever applicable of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Ind AS-110 - "Consolidated Financial Statements".
- b) Interest in Joint Ventures has been accounted by using the proportionate consolidation method as per Ind AS-28 - "Investments in associates and joint ventures".
- c) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.
- d) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- e) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.
- f) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- g) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

- h) Investment in Associate Companies has been accounted under the equity method as per Ind AS-28 - “Investments in Associates and joint ventures”.
  - i) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates’ Profit or Loss through its reserves for the balance, based on available information.
  - j) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
  - k) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.
2. Other significant accounting policies are set out under “Significant Accounting Policies” as given in the Company’s separate financial statements.

For S N MURTHY & Co  
Chartered Accountants  
FRN No. 0022175

Sd/-  
PVSN Murthy  
(Proprietor)  
M.No. 21862

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

Sd/-  
Y. Srinivas  
(Director)  
DIN: 07834798

Sd/-  
Monica Shrikant Gehlot  
(Company Secretary)

Sd/-  
RLVN Kishore Siram  
(CFO)

**FORM FOR REGISTRATION OF EMAIL ADDRESS FOR RECEIVING  
DOCUMENTS/NOTICES BY ELECTRONIC MODE**

To  
Karvy Computershare Private limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032

**Company: Millitoons Entertainment Limited**

I agree to receive all documents/ notices including the Annual Report from the Company in electronic mode. Please register my email address given below in your records for sending communications through email.

Name of Sole /First Holder : \_\_\_\_\_

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

PAN No. : \_\_\_\_\_

Email Address : \_\_\_\_\_

Date:

Place:

(Signature of Member)

# MILLITOONS ENTERTAINMENT LIMITED

## Form No.MGT-11

### Proxyform

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies(Management and Administration) Rules, 2014]

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No /Client ID	DP ID
I/We, being the member(s) of _____ shares of the above named company. Hereby appoint		
Name :	E-mail Id:	
Address:		
Signature , or failing him		
Name :	E-mail Id:	
Address:		
Signature , or failing him		
Name :	E-mail Id:	
Address:		
Signature , or failing him		

as my/ our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the company, to be held on Monday the 24<sup>th</sup> day of September, 2018 at 09:00a.m. at Company's Production Centre at Plot No 85, Phase 1, Kamalapuri Colony, Hyderabad- 500073, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution(S)	Vote	
		For	Against
Ordinary Business			
1.	To receive, consider and adopt the standalone and consolidated financial statements as at March 31, 2018 along with the Reports of the Auditors and Directors thereon.		
2.	To appoint a Director in place of Mr. Ramabhotla Srinivasa Sudhish(DIN: 00027816) who retires by rotation and being eligible, offers himself for re-appointment.		
Special Business			
3.	Appointment of Mr. RLVN Kishore Siram , (DIN: 08208141 ) as Director		
4.	Name change of the Company		
5.	Consolidation of face value of Equity shares of the Company		
6.	Alteration to Memorandum of Association of the Company		

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

Signed this \_\_\_\_ day of September, 2018

Signature of Member

Affix Revenue Stamp

**MILLITOONS ENTERTAINMENT LIMITED**

**CIN:** L74110TG1985PLC051404

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

**Tel No.:** 040 – 31923239, **Email ID:** info@millitoons.com

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**ATTENDANCE SLIP**

33<sup>rd</sup> ANNUAL GENERAL MEETING

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

I/ We hereby record my/ our presence at the 33<sup>rd</sup> Annual General Meeting of the Company held on Monday, September 24, 2018 at 09:00 A.M. at Plot No 85, Phase 1, Kamalapuri Colony, Hyderabad-500073, Telangana.

Name of the Member/Proxy \_\_\_\_\_ Signature \_\_\_\_\_

Folio No. \_\_\_\_\_ No. of Shares Held \_\_\_\_\_

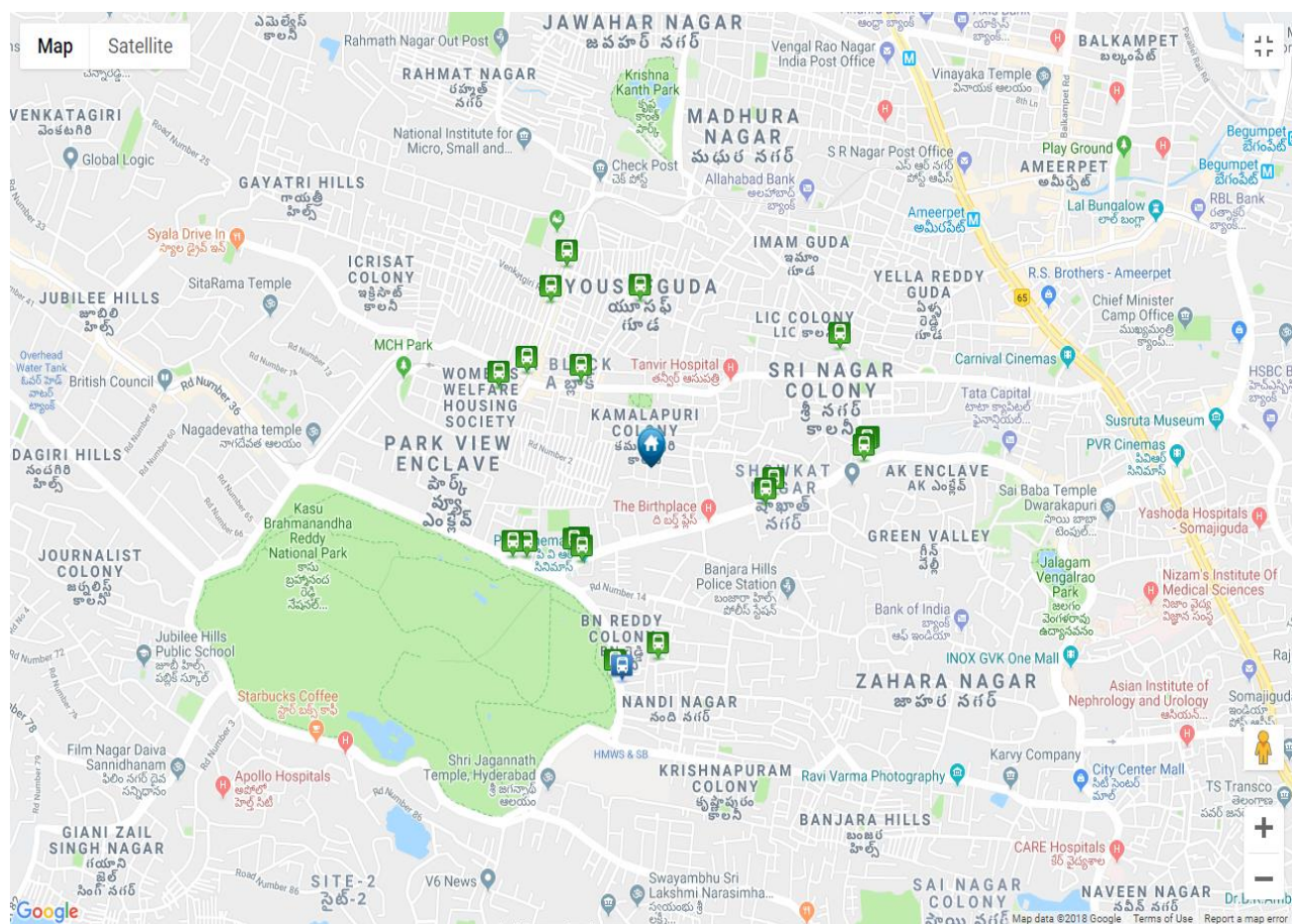
\*DP ID \_\_\_\_\_ \*Client ID \_\_\_\_\_

\*Applicable to investors holding shares in Electronic Form

**Notes:**

1. Electronic copy of the Annual Report for 2018 and Notice of the Annual General Meeting along with Attendance Slip and ProxyForm is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
  2. Physical copy of the Annual Report for 2018 and Notice of the Annual General Meeting along with Attendance Slip and ProxyForm is sent in the permitted mode(s) to all members whose email ids are not registered with the Company or have requested for a hard copy.
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## Map for Venue of AGM:







## **MILLITOONS ENTERTAINMENT LIMITED**

502, Ground Floor, Sagar Society, Road No.2,  
Banjara Hills, Hyderabad - 500034 (Telangana) INDIA

