

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of the KOFFEE BREAK PICTURES LIMITED will be held on Saturday, September 29, 2007 at 11.00 a. m. at 704-705, Silver Oak, Nr. Mahalaxmi Char Rasta, Paldi, Ahmedabad – 380 006 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 and the Profit & Loss Account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Mitesh Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

In this connection the members are hereby informed that M/s. Deepak C. Gandhi & Co., Chartered Accountants, Ahmedabad who are the present auditors of the Company, have expressed their unwillingness for appointment as a Statutory Auditors of the Company at the ensuing Annual General Meeting. Members are requested to appoint M/s. P. N. Jhamar & Co., Chartered Accountants, Mumbai as Statutory Auditors of the Company. The Company has received their consent and eligibility certificate in accordance with Section 224(1B) of the Companies Act, 1956 and your directors recommend their appointment for your approval at the ensuing Annual General Meeting for the year ending on 31<sup>st</sup> March, 2007.

By Order of the Board of Directors



Mr. Apurva M. Shah  
Chairman

Regd. Office:  
704-705, Silver Oak,  
Nr. Mahalaxmi Char Rasta,  
Paldi, Ahmedabad – 380 006

Date: 2<sup>nd</sup> August, 2007.


NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY;
2. The instrument appointing proxy, in order to be effective, must be lodged at the Company's registered office not less than 48 hours before the time of the Meeting. A blank proxy form is enclosed herewith.
3. Members / Proxies should bring with them the Attendance Slip duly filled in for attending the meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
4. All the documents referred to in this Notice are open for inspection of the members at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m., up to the date of the Annual General Meeting and during the time of the meeting.
5. There was no unpaid / unclaimed amount of dividend which the Company was require to transfer to the Investors Education and Protection Fund, pursuant to the provisions of Section 205C of the Companies Act, 1956.
6. As required under Clause 49 of the listing agreement, the details of the Directors seeking appointment / reappointment at the ensuing Annual General Meeting are given under paragraph on appointment / reappointment of the Corporate Governance Report.

REQUEST TO THE MEMBERS:

1. Members desiring any information at the Annual General Meeting are requested to write to the Company at least 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members are requested to inform immediately any change in their address to the Company either at its Registered Office, or to the Registrar & Share Transfer Agent. In case their shares are held in De-materialised form, the information should be passed on to their respective Depository Participants without any delay.

By Order of the Board of Directors

  
Mr. Apurva M. Shah  
Chairman

Regd. Office:  
704-705, Silver Oak,  
Nr. Mahalaxmi Char Rasta,  
Paldi, Ahmedabad – 380 006

Date: 2<sup>nd</sup> August, 2007.

DIRECTORS' REPORT



To,  
The Members of  
**KOFFEE BREAK PICTURES LIMITED**

Your Directors have pleasure in presenting the **Fifteenth Annual Report**, together with the Audited Accounts for the financial year ended **31<sup>st</sup> March 2007**.

**CONSOLIDATED FINANCIAL RESULTS:**

Particulars	Year Ended 31 <sup>st</sup> March, 2007	Year Ended 31 <sup>st</sup> March, 2006
Total Income	12,012,523.00	3,790,000.00
Total Expenditure	11,664,350.00	3,722,242.00
Profit / (Loss) Before Taxes	348,173.00	67,758.00
Less: Provision for Income Tax (net off short / (excess) provision for earlier years)	319,084.00	99,118.00
Profit / (Loss) After Taxes	29,089.00	(31,360.00)
Add: Balance brought forward from previous year	(3,633,079.00)	(3,601,719.00)
Balance carried to Balance Sheet	<b>(3,603,990.00)</b>	<b>(3,633,079.00)</b>

**DIVIDEND:**

In view of the accumulated losses, your Directors are unable to recommend any dividend during the year under review.

**OPERATIONS:**

During the year under review, the Company had announced the release of the Company's maiden home product "My Friend Ganesha", a composite Animation movie, which was released on June 22, 2007 worldwide, and which has embarked upon a milestone for the Company in animation films. This movie has better prospects for the Company. Also, your Company is desirous to produce more films in the coming years and achieve good level of prospects in the film industry.

**FUTURE OUTLOOK:**

As stated in the earlier para, your Company is getting involved in many other projects of producing films and will shortly announce release of other films. Your Directors hope for better prospects in the future on the basis of current scenario in the film industry, which will lead the Company to achieve the desired goal.

**DIRECTORS**

As Mr. Mitesh Mehta, Mr. Raman Trikha and Mr. Apurva Shah were appointed as additional directors of the Company w.e.f. 20.05.2006, 20.06.2006 and 20.06.2006, respectively, the disclosure for the same was made in the last years annual report. However, as the said appointments were done after 31.03.2006, we hereby reproduce the details of the same. Mr. Shivbabu Vesulla, Mr. Shanti Haria, Mr. Aatur Mehta and Mrs. Varsha Raja resigned during the year.

Also, pursuant to the provisions of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, Mr. Mitesh Mehta was liable to retire by rotation at the ensuing Annual General Meeting and the Company for whom notice u/s. 257 of the Companies Act, 1956 is received.

Your Directors recommend the appointment / re-appointment of Mitesh Mehta for your approval.

**CORPORATE GOVERNANCE**

A separate section on Corporate Governance Report and a Certificate from the Company's Statutory Auditors confirming compliance with the conditions of Corporate Governance by the Company as stipulated in Clause 49 of the Listing Agreement are annexed to and forming part of this report.

Film making • Production • Post-production • Events • Animation • Design Studio • TV Software

**Koffee Break Pictures Ltd.** : 328, Adhyaru Industrial Estate, Sun Mill Compound, Lower Parel (W), Mumbai - 400 013.  
Tel.: 40327100 / 3040 8872 / 73 / 74 / 75 / 76 • Email : koffeebreakpictures@gmail.com • Website : www.koffeebreak.co.in

## STATUTORY INFORMATIONS:

### **CONSERVATION OF ENERGY, EFFORTS FOR EXPORT MARKET DEVELOPMENT, R & D ACTIVITIES, FOREIGN EXCHANGE EARNINGS & OUTGO AND TECHNOLOGY ABSORPTION:**

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the necessary details are given hereunder:

The Company is not required to furnish the prescribed information under Section 217 (1) (e) of the Companies Act, 1956, relating to the Conservation of Energy and Technology Absorption, as the Company does not fall under Industries Included in Schedule to the relevant rules.

However, your Directors report that the operations of the Company do not involve much use of energy. The Company makes every possible effort to conserve energy at all levels of operations. The Company has not imported any technology and hence the details of technology absorption are also nil.

### **RESEARCH & DEVELOPMENT ACTIVITIES**

Your Company being predominately a service provider, continuously invests in the research and development activities including specific areas like up gradation / customization of the products / solutions offered by the Company as per Customer needs as well as generic feature changes and technological changes. These activities benefit the Company in keeping its offerings in line with the Customer expectation as well as wider acceptability of the offerings. It also helps in quality assurance to keep the offerings above the expectations of the customers.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO / TECHNOLOGY ABSORPTION AND EXPORT MARKET DEVELOPMENTS.**

During the year under review, the Company was not required to earned or expend any amount in the foreign currency

The Company being in the Film Technology Industry, always endeavors to learn and absorb new technologies and provide newer technology and tools to the employees for applying in the Company's project execution. There was no export activity incurred during the year under review.

### **DISCLOSURE OF PARTICULARS UNDER SECTION 217(2A):**

The disclosure about the details of the employees drawing remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, during the year under review are NIL.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- (i) that in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2007 on a going concern basis.

Film making • Production • Post-production • Events • Animation • Design Studio • TV Software

## **FIXED DEPOSITS**

During the year under review, the Company has not accepted any deposits falling within the purview of Section 58A of the Company's Act, 1956 and as such, no principal or interest amount was outstanding on the date of the Balance sheet.

## **AUDITORS:**

M/s. Deepak C. Gandhi & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company, have shown their unwillingness to continue as Statutory Auditors for the year ending on 31<sup>st</sup> March, 2007. The members of the Company are therefore proposed to appoint M/s. P. N. Jhamar & Co., Chartered Accountants as Statutory Auditors of the Company. The Company has received an eligibility certificate from them in accordance with Section 224(1B) of the Companies Act, 1956 and your Directors recommend their appointment for your approval at the ensuing Annual General Meeting.

## **HUMAN CAPITAL:**

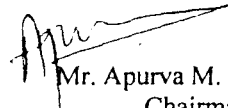
Human Resources are the most important assets in the Service industry. Attracting and retaining skilled people and upgrading the existing team are the key challenges in the industry. Your Company recognizes the importance of its human resources and accordingly takes several measures / programs to help the employees grow better. The attrition rate of your company's employees' has been below the industry average.

## **ACKNOWLEDGEMENTS:**

The Board of Directors put on record their sincere thanks to the clients, vendors, bankers, media, analysts for their continued support and co-operation.

Your Directors also place on record their appreciation for the business associates and shareholders. Your Directors also thank all the Government and regulatory authorities connected with the Company's business for their support during the year. Your Directors also appreciate the contribution and hard work of the employees at all levels for the growth of the organization.

For and On Behalf Of The Board

  
Mr. Apurva M. Shah  
Chairman

Regd. Office:  
704-705, Silver Oak,  
Nr. Mahalaxmi Char Rasta,  
Paldi, Ahmedabad - 380 006  
02.08.2007.

Film making • Production • Post-production • Events • Animation • Design Studio • TV Software

Koffee Break Pictures Ltd. : 328, Adhyaru Industrial Estate, Sun Mill Compound, Lower Parel (W), Mumbai - 400 013.  
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# Deepak C. Gandhi & Co.,

Chartered Accountants

7, Shakti Shopping Centre,

Vepari Jeen,

Kalol (NG) 382721

Tel.No.:- 079-26565130

email :- deepakcgandhi@rediffmail.com

## AUDITORS' REPORT

To, The Share holders,  
Koffee Break Pictures Limited, Ahmedabad

We have audited the attached Balance Sheet of KOFFEE BREAK PICTURES LIMITED as at 31st March,2007 and also the profit and loss account and the cash flow statement for the year ended on 31st March 2007 annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956; we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, We report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) Proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditor's Report has been forwarded to us and have been appropriately dealt with;
  - (d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with audited returns from the branch;
  - (e) In our opinion the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



# Deepak C. Gandhi & Co.,

Chartered Accountants

7, Shakti Shopping Centre,

Vepari Jeen,

Kalol (NG) 382721

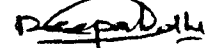
Tel.No. :- 079-26565130

email :- deepakcgandhi@rediffmail.com

- (f) On the basis of written representations received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act 1956;
- (g) In our opinion and to the best of our information and according to explanations given to us the said accounts read with the notes thereon give the information as required by The Companies Act of India, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2007;
- (ii) in the case of the Profit and Loss Account of the for the year ended on that date; and
- (iii) in the case of the cash flow statement of the cash flows for the year ended on that date.

Place :: Kalol (NG)  
Date :: 02/08/2007

For, Deepak C. Gandhi & Co.,  
Chartered Accountants



CA Deepak Gandhi  
Proprietor

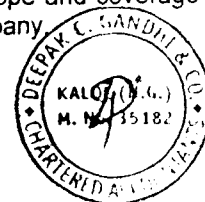
M / No. :: 35182

Address ::  
7, Shakti Shopping Centre,  
Vepari Jeen,  
Kalol (NG) 382721



**ANNEXURE TO THE AUDITOR'S REPORT**  
( Referred in paragraph (I) of report of even date )

- (i) a The company is maintaining proper records to show full particulars including quantitative details and situation of Fixed Assets.
- b The company's program of physical verification of all its fixed assets over a period of two years is in our opinion, reasonable having regard to the size of company and the nature of its assets. Accordingly the management during the year has physically verified a portion of the fixed assets. On the basis of explanation given to us, no material discrepancies have been noticed on such verification.
- c The company has not disposed off substantial part of its fixed assets during the year. Therefore clause (ic) of the Companies (Auditor's Report) Order, 2003 is not position application to the company.
- (ii) a The company has stock of picture in process which is not possible to physically verify as inform by management.
- b Stock of picture in process is valued at actual expenditure incurred for preparation of picture reduce by any sales realisation received by the company for the said picture. we have considered the above valuation procedure made by the management.
- c There is no physical stock and the company is running entertainment activity hence maintenance of stock is not possible.
- (iii) a The company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Act. The one parties involved during the year and the amount involved in transaction amount of Rs.6406000/- and the outstanding balance of Rs. 3906000/-.
- b The company has not charged any interest on advance given to the party as per mutual understanding between the company and the party.
- c The repayment of the principal amount and interest are as per mutual understanding between the parties.
- d There is no overdue amount of loans granted to the companies, firms or other parties listed in the register maintained u/s 301 of the companies Act, 1956. as per mutual understanding between the parties.
- e The company has taken unsecured loans from parties covered in the register maintained u/s 301 of the companies Act, 1956 under review. The two parties involved during the year and the amount involved in transaction amount of Rs.3800000/- and the outstanding of Rs. 3700000/-
- f The company has not paid any interest on loan taken as per mutual understanding between the parties.
- g The repayment of principal amount and interest is as per mutual understanding between the parties.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to fixed assets, advances etc. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) a According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in to the register is maintained u/s 301 of companies Act, 1956.
- b In our opinion and according to the information and explanation given to us, no transaction made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the companies Act, 1956 and exceeding the value of rupees Five lacs in respect of any party during the year.
- (vi) The company has not accepted any deposit from public.
- (vii) The company has appointed a firm of Chartered Accountant for Internal Audit and scope and coverage of the same is commensurate with the size and the nature of the business of the company





**ANNEXURE TO THE AUDITOR'S REPORT**  
( Referred in paragraph (1) of report of even date )

- (viii) The maintenance of cost records has not been prescribed by the Central Government u/s(d) of sub-section (1) of section 209 of the companies Act, 1956.
- (ix) a As inform by the management, the company is regular in deositing with appropriate authorities statutory dues including Income Tax and any other statutory dues applicable to it.
- b According to the information and explanation given to us, no undisputed amounts payable in respect of Statutory dues except Income Tax, FBT, TDS were in arrears as at 31st March,2007 for a period of more than six monthsfrom the date they became payable.
- (x) The company has accumulated losses of Rs. 3603990/- but the company has not incurredcash losses during the financial year covered by our audit and in the immediately preceeding financial year.
- (xi) The company is not default in repayment of its dues.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentureand other securities.
- (xiii) The provision of special statue applicable to chit fund is not applicable.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provision of clause 4(xiv) of the companies, (Auditor's Report) Order,2003 are not applicable to the company.
- (xv) The company has not given guarantee to the banks and financial institution.
- (xvi) The company has taken loan from Cosmos Co-operative Bank Ltd for vehicle and utilised for the same.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
- (xviii) The company has not made any allotment of preferential shares during the year covered by our audit. Therefore the provision of clause 4(xviii) of the companies (Auditor's Report) Order,2004 are not applicable to the company.
- (xix) The company has not issued debentures during the year under review and therefore the provision of clause 4(xix) of the companies (Auditor's Repoet) Order,2004 are not applicable to the company.
- (xx) The company has not raised any money by public issues till date. Therefore, clause4(xx) of the companies (Auditor's Report) Order,2003 are not applicable to the company.
- (xxi) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place :: Kalol (NG)  
Date :: 02/08/2007

For, Deepak C. Gandhi & Co.,  
Chartered Accountants

*Deepak Gandhi*

CA Deepak Gandhi

Proprietor

M / No. :: 35182

Address ::

7, Shakti Shopping Centre,

Vepari Jeen,

Kalol (NG) 382721



# KOFFEE BREAK PICTURES LIMITED.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

PARTICULARS	SCH.	AS AT 31/03/2007 Amount Rs.	AS AT 31/03/2006 Amount Rs.
<b>INCOME</b>			
Sales		4275000	3790000
Interest Income		56642	0
Commission Income		1522000	0
Picture in Process (Net)		6158881	0
		<b>12012523</b>	<b>3790000</b>
<b>EXPENDITURE</b>			
Purchase		1235000	2975000
Picture Production Expenses		9158881	0
Administration and Other Expenses	L	963960	603575
Financial Charges	M	81706	0
Depreciation		224803	143667
Total Expenditure		<b>11664350</b>	<b>3722242</b>
Profit Before Taxation		348173	67758
Tax Expenses	N	319084	99118
Profit / (Loss) for After Tax		29089	-31360
Previous Year Balance Brought Forward		-3633079	-3601719
Net Profit Carried To Balance Sheet		<b>-3603990</b>	<b>-3633079</b>
Basic and Diluted EPS		<b>0</b>	<b>0</b>

Accounting Policies & Notes forming parts of accounts 'O"  
As per our attached report of even date.

For Deepak C. Gandhi & co.  
Chartered Accountants

For, Koffee Break Pictures Limited


  
Proprietor



  
Director

*mishra*

Director

  
Director

Date : 02.08.2007  
Place : Kalol(NG)

Date : 02.08.2007  
Place : Ahmedabad

# KOFFEE BREAK PICTURES LIMITED

## BALANCE SHEET AS AT 31-03-2007

PARTICULARS	SCH.	AS AT 31/03/2007 Amount Rs.		AS AT 31-03-06 Amount Rs.	
<b>SOURCES OF FUNDS</b>					
Share Capital	A		48916000		48916000
<b>LOAN FUNDS</b>					
Secured Loan	B		2612098		0
Unsecured Loan	C		4800000		0
			<b>56328098</b>		<b>48916000</b>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets					
Gross Block	D	3419517		2254635	
Less : Depreciation		368470		143667	
Net Block			3051047		2110968
Investment	E		1269300		1250000
<b>Current Assets, Loans &amp; Advances</b>					
Picture in Process		6158881		0	
Sundry Debtors	F	2140898		815000	
Cash & Bank Balance	G	3850245		481738	
Loans & Advances	H	41351790		40289250	
		53501814		41585988	
Less : Current Liabilities and Provisions	I	5481716		284318	
			48020098		41301670
Deffered Tax Assets	J		-26719		209901
Miscellaneous Expenditure (To the extent not written off)	K		410382		410382
Profit & Loss Account			3603990		3633079
			<b>56328098</b>		<b>48916000</b>

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Accounting Policies & Notes forming parts of accounts 'O"  
As per our attached report of even date.

For Deepak C. Gandhi & co.  
Chartered Accountants

For, Koffee Break Pictures Limited



Proprietor





Director

Mitesh Mehta

Director

Director

Date : 02.08.2007  
Place : Kalol(NG)

Date : 02.08.2007  
Place : Ahmedabad

SCHEDULES FORMING PART OF BALANCE SHEET

Koffee Break Pictures Limited

<i>Particulars</i>	31/03/2007	31/03/2006
<b>SCHEDULE - 'A' - SHARE CAPITAL</b>		
<b>Particulars</b>		
Authorised Capital :		
6000000 Equity Shares of Rs.10/- each	60000000	60000000
Issued, Subscribed & Paid-up :		
4782100(P.Y.4782100) Equity Shares of Rs.10/- each	47821000	47821000
Fully Paid up.		
Add : Share Forfeiture A/c.	1095000	1095000
	48916000	48916000
<b>SCHEDULE - 'B' - SECURED LOAN</b>		
Overdraft Facility from Cosmos Co.Op. Bank Ltd against pledge of Fixed Deposit	1816065	0
Vehicle Loan from Cosmos Co.Op. Bank Ltd against Hypothecatio of Vehicles	796033	0
	2612098	0
<b>SCHEDULE - 'C' - UNSECURED LOAN</b>		
From Directors	3700000	0
Intercorporate Deposit	1100000	0
	4800000	0
<b>SCHEDULE -E- INVESTMENT (UNQUOTED)</b>		
125000 (P.Y. 125000)Equity Share of Rs. 10/- Each fully paid up of Jinex Enterprise Ltd.	1250000	1250000
Equity share of Cosmos Co.Op. Bank Ltd.	19300	0
	1269300	1250000
<b>SCHEDULE:- F SUNDRY DEBTORS</b> (Unsecured but considered good)		
More than six months	105000	520000
Less than six months	2035898	295000
	2140898	815000
<b>SCHEDULE:- G CASH &amp; BANK BALANCE</b>		
Cash on hand	425137	459596
Balance With Banks	1368466	22142
Bank FDR	2056642	0
	3850245	481738



**Schedule : H Loans and Advances**

Advance to Others	33839250	40244250
TDS Receivable	95835	0
Advance for Pictures	7402805	0
Advance for Assets	13900	0
Advance for Expenses	0	45000
	<b>41351790</b>	<b>40289250</b>

**Schedule : J Current Liabilities**

Creditors for Expenses	969321	278818
Creditors for Assets	219840	0
Creditors for Pictures	1252555	0
Advance Received For Picture	3000000	0
	<b>5441716</b>	<b>278818</b>
Provision for Taxation	40000	5500
	<b>5481716</b>	<b>284318</b>

**Schedule : I Deferred Tax**

Deffered Tax Assets	-26719	209901
	<b>-26719</b>	<b>209901</b>

**SCHEDULE 'K' Miscellaneous Expenditure**

Pre-Operative Expenses		
Preliminary Expenses	410382	410382
	<b>410382</b>	<b>410382</b>

**SCHEDULES FORMING PART OF PROFIT & LOSS A/C****SCHEDULE:-L ADMINISTRATIVE EXPENSES**

Accounting Charges	18000	6000
Advertisement Exp.	0	29214
Association Charges	7500	0
Bank Charges	18380	18009
Car repairing expenses	72477	0
Conveyance Exp.	74952	42683
Custodian charges	15714	0
Demate Fees	0	51403
Director Remuneration	108000	90000
Internet Expenses	49652	0
Legal & Professional Expenses	33800	0
Listing Fees	25500	25000
Office Expenses	70364	94900
Postage & Courier Exp.	951	4956
Premium Show expenses	28800	0
Printing Exp.	50880	24410
Professional Charges	172408	90003
Remuneration to Auditors	40000	16836



Rent Expenses	0	15000
Repairing & Maintenance Expenses	47346	0
ROC Expenses	2500	3000
Salary Expenses	0	78000
Stationary expenses	42853	0
Telephone Exp.	41596	14161
Travelling Expenses	42287	0
	963960	603575
<b>SCHEDULE : M FINANCIAL CHARGES</b>		
Interest on OD A/c	62979	0
Interest on Vehicle Loan	18727	0
	81706	
<b>Schedule : N Tax Expenses</b>		
Deffered Tax	236620	77228
FBT Exp	41353	15147
Provision for Tax	40000	5500
Income Tax Exp.	1111	1243
	319084	99118



*Mitesh Mehta*

Mitesh Mehta

*Rich*

Annexure : "4" Fixed Assets

Sr. No	Name of Assets	Rate	Gross Block			Depreciation				Net Block		
			as on 1.4.06	Addition	Sold	as on 31.3.07	as on 1.4.06	During the year	Deduction	as on 31.3.07	as on 31.3.07	as on 31.3.06
1	Office Equipment	4.75	290000	219840	0	509840	3525	14061	0	17586	492254	286475
2	Vehicles	9.50	1964635	945042	0	2909677	140142	210742	0	350884	2558793	1824493
			2254635	1164882	0	3419517	143667	224803	0	368470	3051047	2110968



*[Handwritten signature]*

mitesh mehta

*[Handwritten signature]*

KOFFEE BREAK PICTURES LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.3.07 (Rs.)	FOR THE YEAR ENDED 31.3.06 (Rs.)
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit before Taxes and Extraordinary Items	348173	67758
ADD:		
Depreciation	224803	143667
Preliminary and pre Operative Exp. W/off	0	0
Tax Paid		
Operating Profit before Working Capital Changes	<b>572976</b>	<b>211425</b>
Adjustment for:		
Other Current Assets	-8547319	1588972
Current Liabilities	5197398	42743
Tax Paid	(82464)	(20647)
Cash generated from operations	<b>-3432385</b>	<b>1611068</b>
Net Cash Flow From Operating Activities-----A	<b>(2859409)</b>	<b>1822493</b>
<b>B. Cash Flow From Investing Activities:</b>		
Acquisition of fixed Assets		0
(Includes Assets given on Lease)		
Investment in shares (Net)	(19300)	800000
Preliminary and Pre Operative Exp. Incurred		0
Purchase of Asset	-1164882	2254635
Bad_ Debt Written Off		0
Net Cash used in investing Activities-----B	<b>-1184182</b>	<b>(1454635)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Issue of Equity Shares		0
Loan Proceeds	7412098	0
Dividend Paid		0
Net cash flow from financing activities	7412098	0
Net Increase in cash and cash Equivalents (A-B+C)	<b>3368507</b>	<b>367858</b>
Cash and Equivalents as at 1/4/2006	481738	115123
Cash and cash Equivalents as at 31/3/2007	3850245	481738

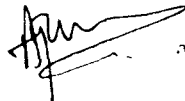
As per our report of even date  
For Deepak C. Gandhi & Co.,  
Chartered Accountants

  
Deepak Gandhi  
Proprietor

Date : 02/8/2007  
Place : Katol (NG)



For and on Behalf of the Board



Director

Nitish Mehta

Director

Date : 02/8/2007


Place : Ahmedabad



**KOFFEE BREAK PICTURES LIMITED**  
Auditors' Certificate

We have examined the above Cash Flow Statement of KOFFEE BREAK PICTURES LTD. For the year ended 31st March, 2007 The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For Deepak C. Gandhi & Co.  
Chartered Accountants



(Deepak Gandhi)  
Proprietor

Place : Kalol (NG)  
Date : 02/8/2007



Koffee Break Pictures Limited

SCHEDULE - "O" - ACCOUNTING POLICIES AND NOTES FORMING PARTS OF  
ACCOUNTS 2006-2007

**(A) Significant Accounting policies :**

**1) BASIS OF ACCOUNTING :**

The Accounting of the Company have been prepared under the historical cost convention using the accrual method of accounting with the applicable accounting standards and other generally accepted accounting principles in conformity with the statutory requirements.

**2) FIXED ASSETS.**

Tangible Fixed assets are stated at original cost of acquisition including taxes, duties, freight and the incidental expenses related to acquisition of the concerned asset. Fixed assets are stated at cost of acquisition/Construction or cost.

**3) DEPRECIATION :**

Depreciation on fixed assets has been provided Straite Line Method at the rates specified in Schedule- XIV to the Companies Act, 1956.

**4) INVESTMENTS :**

**Long Term:** Long Term Investments shown in the balance sheet are valued at cost unless there is a permanent diminution in the value, in which case are valued at the diminished value and the resulting difference is resulting in the profit and loss account.

**Disposal of Investment :** On disposal of an investment, the difference between the carrying amount and net disposal proceeds is being charged to Profit and Loss account determined on the basis of Average Method.

**5) REVENUE RECOGNITION :**

Revenue is recognized only when measurability and certain. In case of uncertainties, revenue recognition is postponed to the year in which it is properly measured and realisability assured.

The company recognize sale at the point of completion of complete and marketable picture and if any income arise during the process picture, than the cost of picture in process is reduce to that extent.



In respect of services, the company accounts for revenue on the basis of completed contract method.

#### 6) INVENTORIES

Picture in process are valued at expenditure incurred for the preparation of picture less any income arise before completion of picture in process.

#### 7) CONTINGENT LIABILITIES

Contingent liabilities are disclosed after careful evaluation of facts and legal aspects of the matter involved.

#### 8) RETIREMENT BENEFITS

**Gratuity :** Liability in respect of Gratuity is provided in the books of accounts on the basis of actuarial valuation.

**Leave Encashment :** Leave Encashment expenses are being accounted for as and when the employee encash.

**Provident Fund :** Contribution to Provident Fund maintained under approved scheme is made on monthly basis and charged to revenue.

#### 9) BORROWING COSTS :

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of that assets.

The amount of borrowing costs eligible for capitalization on the assets is determined as the actual borrowing costs incurred on funds that are specifically borrowed less any income on the temporary investment of those borrowings and by applying a weighted average capitalization rate of the borrowing costs applicable to the enterprise that are outstanding during the period other than those that are made specifically for the purpose of obtaining a qualifying asset. Such capitalization continues till substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are complete. Other borrowing costs are recognized as and expenses in the period in which they are incurred. None of the borrowing costs have been capitalize during the period.



**10) TAXES ON INCOME :**

The company provides for taxes on income on Tax Effect Accounting Method which takes into account the effect of all timing difference between the financial statements and income Tax assessments.

**11) EARNINGS PER SHARE;**

The company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20 "Earnings per share" issued by the Institute of Chartered Accountants of India. Basic Earning per share and Diluted earning per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during years as adjusted for the effect of all dilutive potential equity share except, where the results are anti-dilutive.



1. As informed to us, the company has given advances for various activities to the parties in which Directors are interested but the activities for which advances are given not completed. As informed by the management, no interest is to be charged on such Advances.

2. As inform by the management there is no tax liabilities as due to carried forward losses as per Income Tax Act, However the company has made Provisions for Income tax as per MAT of the Income Tax Act.

3. Payment made to auditors:

	31/03/07	31/03/06
For Audit Fees	40000	16836
	40000	16836

4. Balance confirmation of Debtors, Creditors and Loans and Advance are not received by the company which are subject to adjustment if any.

5. We have shown actual payment made to the various parities as per agreement as expenditure in profit or loss account and all expenses incurred for preparation of picture after realization of any income for the said picture as picture in process.

6. We have not made any provision for TDS liability, Vat/Service Tax liability as the same is not specified by the management of the company. Which is to be accounted as an when paid by the company.

7. Additional information pursuant to the provisions of the paragraph 3, 4c and 4d of the Part ii of the Schedule VI of the Companies Act, 1956 are not required looking to transaction of the company during the year under review.

8. The following components give rise to timing difference, the tax effect of which have been recognized as Deferred Tax Assets and Liability.

Particulars	Deffered Tax Liability		Deffered Tax Assets	
	06-07	05-06	06-07	05-06
Carried Forward loss as Per income tax up to accounting year 06-07.	0	0	231401	777620
Difference between the written down value of fixed assets as per books	310780	154028	0	0



and as per income tax

Substantively Enacted tax rate 33.66% 36.59% 33.66%  
36.59%

Tax effect of timing differences 104609 51846 77890  
261747

9. Profit after tax Rs. 29089/- has been used as numerator and 4782100 weighted average number of shares has been used as denominator for the purpose of calculation of basic and Diluted Earnings per Share.

10. Related Party Disclosure :

As required by accounting standard : AS 18 "Related Parties Disclosure" issued by the Institute of Chartered Accountants of India are as under;

(a) List of related parties with whom transaction have taken place during the year and relationship:

Sr No	Name of Related party	Relationship
1.	Manish K. Ruparel	Key Management personnel
2.	Hillcreast Informatic Ltd	Associate Concern concern of director
3.	Apurva M. Shah	Key Management Personnel
4.	Raman Trikha	Key Management personnel
5.	True Blue Enterprise	Directors are partners.

(b) Transaction with Related parties during the year

Sr	Nature of Transaction	2006-07	2005-06
1.	Managerial Remuneration	108000	Rs. 90000
2.	Rent Exp.	90000	0
3.	Unsecured Loan Taken	3700000	0

(c) Outstanding balance as on 31/03/2007.

(amount in Rs.)

Sr	Name of the director/ concern	06-07 Outst.	06-07 Max.	05-06 Out	05-06 Max.
1.	Hillcreast Informatic Ltd.	3906000	6406000	6406000	7126000



2.	True Enterprise	Blue	34804	58864	0	0
3.	Apurva Shah		1500000	1600000	0	0
4.	Raman Trikha		2200000	2200000	0	0

12. Previous year's figures have been regrouped wherever necessary to make them comparable with those of current years.

SIGNED SCHEDULE "A" TO "O"

As per our Report of even date attached herewith.


For, Deepak C. Gandhi & Co.  
Chartered Accountants

  
Proprietor

Date : 02.08.2007  
Place : Kalol (NG)



For, Koffee Break Pictures Limited

 Mitesh Mehta  
Director Director Director

Date : 02.08.2007  
Place : Ahmedabad


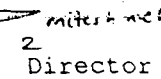

Additional information as required under Part-IV of Schedule -VI to the companies Act,19056.

		Balance sheet abstract
1.	REGISTRATION DETAILS	
	Registration No.	21800
	State code no.	04
	Balance Sheet Date	31-03-07
2.	CAPITAL RAISED DURING THE YEAR (RS, N '000)	
	Public Issue	nil
	Right Issue	nil
	Bonus Issue	nil
	Private Placement	nil
3.	POSITIONS OF MOBILISATION DEPLOYMENT FUNDS (RS. IN '000)	
	Total Liabilities	489.16
	Total Assets	489.16
	Sources of Funds	
	Paid up capital	489.16
	Reserve & Surplus	0.00
	Secured Loan	26.12
	Unsecured Loan	48.00
	Application Fund :	
	Net Fixed Assets	21.11
	Investments	12.50
	Net current Assets	480.20
	Miscellaneous Expenditure	4.10
	Accumulated Losses	36.04
4.	PERFORMANCE OF THE COMPANY (RS. IN '000)	
	Turnover	57.98
	Other Income	0.57
	Picture in Process	61.59
	Total Expenditure	116.64
	Profit before tax	3.48
	Profit after tax	0.29
	Earning per share	0.01
	Dividend Rate	0.00
5.	GENERAL NAMES OF PRICIPAL PRODUCTS, SERVICES OF THE COMPANY	

Item Code No. -----  
Product Description

Entertainment

FOR AND ON BEHALF OF THE BOARD  
OF DIRECTORS

 Director     Director     Director

Place ; Ahmedabad  
Date : 02.08.2007





