

KoffeeBreak
pictures

the

greenchic™

.... Finding Dad
in a journey of a lifetime

KOFFEE BREAK PICTURES LIMITED

17TH ANNUAL REPORT
2008 - 2009

COMING SOON



If you have a heart
this movie is for you.

&

If you don't have a heart,
this movie is a must for you...

KOFFEE BREAK PICTURES LIMITED

BOARD OF DIRECTORS

Mr. Apurva Shah	: CHAIRMAN AND MANAGING DIRECTOR
Mr. Manish Ruparel	: NON EXECUTIVE DIRECTOR
Mr. S. Shridhar (Up To 9 th December, 2008)	: INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Mitesh Mehta (Up To 30 th September, 2008)	: INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Raman Trikha	: INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Kshitij Sheth (w.e.f. 8 th April, 2008)	: WHOLE TIME DIRECTOR
Mr. Hitesh Kawa (w.e.f. 14 th June, 2008)	: INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Vijay Bharaktiya Singh (w.e.f. 9 th December, 2008)	: INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Nimesh Joshi (w.e.f. 22 nd September, 2008)	: INDEPENDENT AND NON EXECUTIVE DIRECTOR

REGISTERED OFFICE:

704-705, Silver Oak,
Nr. Mahalaxmi Char Rasta,
Paldi, Ahmedabad – 380007.

CORPORATE ADDRESS:

328, Adhyaru Industrial Estate,
Sun Mill Compound,
Lower Parel (West), Mumbai 400 013

AUDITORS:

P. N. JHAMAR & Co., Chartered Accountants,
Mumbai

REGISTRARS & SHARE TRANSFER AGENTS:

System Support Services,
209, Shiva Indl Est 89,
Nr. Copper Chimney Hotel,
Sakinaka, Andheri Kurla Road,
Andheri(E), Mumbai – 72.
Phone No. 02228500835

BANKERS:

Cosmos Co-operative Bank Limited.
HDFC Bank Limited.
State Bank of India
Central Bank of India
Dena Bank

SHARES LISTED AT:

The Stock Exchange - Mumbai, Ahmedabad

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17th ANNUAL GENERAL MEETING

Date: **24th, September, 2009**
Day: **Thursday**
Time: **4 p.m.**
Place: **Cultural Centre Hall, BCA Charitable
Trust,
Nr. Chandra Nagar Bus Stand,
Narayan Nagar Road, Paldi,
Ahmedabad - 380007**

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Koffee Break Pictures Limited will be held on Thursday, 24th September, 2009, at 4.00 p.m. at Cultural Centre Hall, BCA Charitable Trust, Nr. Chandra Nagar Bus Stand, Narayan Nagar Road, Paldi, Ahmedabad - 380007 to transact the following business.

ORDINARY BUSINESS.

1. To receive, and consider and adopt Audited Balance Sheet as at March 31, 2009 & Profit and Loss Account for the year ended on that date, together with reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Manish Ruparel of the company who retires by rotation & being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Hitesh Kawa of the company who retires by rotation & being eligible offers himself for re-appointment.
4. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS.

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

"RESOLVED THAT Mr. Nimesh Joshi, who was appointed as an additional Director w.e.f. 22nd September, 2008, and who holds office upto the date of the 17th Annual General Meeting, but who is eligible for the re-appointment and in respect of whom the company has received a notice in writing from a member under section 257 of the Companies Act, 1956 be and is hereby re-appointed as a Director."

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

"RESOLVED THAT Mr. Vijay Bharaktiya Singh, who was appointed as an additional Director w.e.f. 9th December, 2008, and who holds office upto the date of the 17th Annual General Meeting, but who is eligible for the re-appointment and in respect of whom the company has received a notice in writing from a member under section 257 of the Companies Act, 1956 be and is hereby re-appointed as a Director."

DATE: 31st July, 2009
PLACE: Mumbai

**BY ORDER OF THE BOARD
KOFFEE BREAK PICTURES LIMITED**

Sd/-

**APURVA SHAH
(CHAIRMAN & MANAGING DIRECTOR)**

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY 704-705, Silver Oak, Nr. Mahalaxmi Char Rasta, Paldi, Ahmedabad-380 006.**
3. The Register of Members and Share Transfer Register shall remain closed from Thursday, 17th September, 2009 to Thursday, 24th September, 2009 (both days inclusive).
4. The information as required to be provided under the Listing Agreements entered into by the Company with Stock Exchange regarding the directors who are proposed to be appointed/re-appointed is separately given in the Corporate Governance Report and the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, gives disclosure relating to the special business to be transacted at this Annual General Meeting.
5. All the documents referred to in this Notice are open for inspection of the members at the Corporate Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. up to the date of Annual General and during the time of the meeting.
6. The shares of the company are in Demat category for all the investors. In view of this and also to ensure better services, we request those shareholders who are yet to dematerialize their shares to do so at the earliest.
7. Corporate Members are requested to send a duly certified copy of the Board resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
8. Members/Proxies are requested to bring their admission slips along with the copies of the Annual Report to the Meeting.
9. Members having any queries in relation to the accounts are requested to send them at least ten days in advance to enable the Company to collect the relevant information.
10. Members may note that no gifts/gift coupons shall be distributed at the meeting.

EXPLANATORY STATEMENT

As required by section 173(2) of the Companies Act, 1956

Item No. 5

Mr. Nimesh Joshi was appointed as an additional Director w.e.f. 22nd September, 2008 under section 260 of the Companies Act, 1956. The said Director will hold office upto the date of the Annual General Meeting. The company has received a notice in writing from member proposing the candidature of Mr. Nimesh Joshi for the office of the Director under section 257 of the Companies Act, 1956.

1	Name of the director	Mr. Nimesh Joshi
2	Age	44 Years
3	Qualification	Company Secretary.
4	Number of directorship in other Indian Public Limited Company	Nil

Mr. Nimesh Joshi is holding 1000 equity shares in the Company.

The Board of Directors recommends the resolution for approval of the members.

None of the Directors are concerned or interested in the said Resolution except Mr. Nimesh Joshi.

Item No. 6.

Mr. Vijay Bharaktiya Singh was appointed as an additional Director w.e.f. 14th June, 2008 under section 260 of the Companies Act, 1956. The said Director will hold office upto the date of the Annual General Meeting. The company has received a notice in writing from member proposing the candidature of Mr. Vijay Bharaktiya Singh for the office of the Director under section 257 of the Companies Act, 1956.

1	Name of the director	Mr. Vijay Bharaktiya Singh
2	Age	73 Years
3	Qualification	B. com
4	Experience	He has good working experience over 20 years in various industries.
5	Number of directorship in other Indian Public Limited Company	Nil

Mr. Vijay Bharaktiya Singh is not having any shareholding in the Company.

The Board of Directors recommends the resolution for approval of the members.

None of the Directors are concerned or interested in the said Resolution except Mr. Vijay Bharaktiya Singh.

**BY ORDER OF THE BOARD
KOFFEE BREAK PICTURES LIMITED**

Sd/-

**APURVA SHAH
(CHAIRMAN & MANAGING DIRECTOR)**

DATE: 31st July, 2009
PLACE: Mumbai

DIRECTORS REPORT

To,
The Members,
KOFFEE BREAK PICTURES LIMITED.

Your Directors have pleasure in presenting the **Seventeenth Annual Report**, of the Company together with the Audited Statements of the Accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS:

	Year ended (Amount in Rs.)	
	2009	2008
Total Income	12,93,72,569	3,07,52,822
Total Expenditure	11,73,19,287	26,347,873
Profit/(Loss) before Taxes	1,20,53,283	44,04,949
Less: Provision for Income Tax (net off short/(excess) provision for earlier years)	55,49,755	21,41,429
Profit /(Loss) After Taxes	65,03,528	22,63,520
Add: Balance brought forward from previous year	(13,40,470)	(36,03,990)
Balance carried to Balance Sheet	51,63,058	(13,40,470)

2. OPERATIONS:

During the year 2008-2009, we have continued with our next home production – “Green Chic – Finding Dad” which is scheduled for release in Diwali 2009. Being into the Media and Entertainment Industry, we realize the importance of our stance and also are aware of our responsibility towards society and the coming generations, which is why, we have stressed a lot on the research and development of the film.

At Koffee Break, we strongly believe that excellence is a journey that never ends, and in this journey, we are constantly striving to give in our best inside the studio as well as outside with the help of the media platform. We treat the brand Koffee Break as a powerful communicator and want to continue influencing the lives of the target audience. For us, raising our benchmarks has always been a trend and we aim to be a global front runner in the world of entertainment.

During the year under review, we have set up an animation studio equipped with the best hardware and software available for the making of 2D animation to boost our production capacity. Also, we have highly trained artists handling the hardware and software. In the process, we are currently able to produce 10 minutes of complete traditional 2D animation which is comparatively highest as per industry standards. We are also in the process of upgrading the systems which will help us handle 2D as well as 3D animation.

In our efforts to strive towards higher benchmarks, we are also planning to foray into television. However, this is still under the research and development stage.

3. DIVIDEND:

The Board does not recommend any dividend for the year under review.

4. FIXED DEPOSITS:

The company has not accepted any deposits from the public during the year pursuant to the provisions of section 58A of the Companies Act, 1956.

5. LISTING:

Being listed at Mumbai, your company has paid listing fees till March, 2009. As the Company is in the process of delisting from Ahmedabad Stock Exchange the listing fees for the same is not paid.

6. SHARE CAPITAL:

During the period under review there were following changes in the capital structure which are as follows:

- a. The Authorized share capital was increased from Rs. 6,00,00,000/- to Rs.16,00,00,000/-
- b. The company had also reissued and allotted 2,19,000 equity shares of Rs. 10/- each at Rs. 25/- each to the outsiders.
- c. The existing equity shares of Rs. 10/- each in the capital of the company was subdivided into 10 equity shares of Re. 1/- each.

7. WARRANTS:

During the year under review, Company issued 1,00,00,00,000 (One Crore) Convertible share warrants on preferential basis at a price of Rs. 21/- which is arrived in pursuance of SEBI (DIP) guideline, 2000 in accordance with the provisions of Section 81(1A) and other applicable provisions of the companies Act, 1956. After sub division the aforesaid warrants have increased to 10,00,00,000 of Re. 1 each at a premium of 1.1 each. Out of the said warrants, 1,66,25,000 warrants of Re.1 each were converted into same number of equity shares as on date of this report.

8. DIRECTORS:

Mr. Nimesh S. Joshi was appointed as an Additional Director w. e. f. 22nd September, 2008, you are requested to reappoint him in forthcoming Annual General Meeting as a Director.

Mr. Vijay B. Singh was appointed as an Additional Director w. e. f. 9th December, 2008, you are requested to reappoint him in forthcoming Annual General Meeting as a Director.

Mr. S. Shridhar resigned as Director of the Company w.e.f. 9th December, 2008 and Mr. Mitesh Mehta was removed as Director of the Company w.e.f. 30th September, 2008 under section 284 of the Companies Act, 1956.

Also, Mr. Hitesh Kawa and Mr. Manish Ruparel, Directors of the Company retires by rotation being eligible, offers themselves for re-appointment, you are requested to reappoint them in ensuing Annual General Meeting.

9. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors hereby confirms:

- i. That in the preparation of the Annual Accounts, 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 are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the financial year and of the Profit or Loss of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the Annual accounts on a going concern basis.

10. SUBSIDIARIES:

Since the Company has no subsidiaries, provision of section 212 of the Companies Act, 1956 is not applicable.

11. CORPORATE GOVERNANCE:

The Board had implemented Corporate Governance Code in pursuance of clause 49 of Listing Agreement during the year except clause no. 49(I)(D)(i) and 49(IV)(G)(ii) . The Company is in the process of updating its website. All quarterly results as well as any official news release will be displayed thereon. The report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from HS Associates, Company Secretary in practice on implementation of requirements of the Corporate Governance is also annexed herewith forming part of this report.

12. COMMITTEES:

During the year under review the Company has constituted Administrative and Preferential Issue Committee and also reconstituted the Audit committee, Shareholder's Committee and Remuneration Committee pursuant to clause 49 of the Listing Agreement.

Mr. Apurva Shah was appointed as CFO of the Company in place of Mr. Siddharth Jain during the year.

13. AUDITORS:

M/s. P. N. Jhamar & Co., Chartered Accountants, Mumbai, Statutory Auditors of your company will hold office till the conclusion of the coming Annual General Meeting. They have signified their willingness to accept re-appointment & have further confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956. The significant Accounting policies & notes on Account are self explanatory hence no further explanations are required.

14. AUDITOR'S QUALIFICATION:

The Auditors in their report have made the following qualifications.

- a. *In point no. 4 (iv) the Auditors have mentioned that the Company has not made the provisions for retirement benefits as required under AS 15 viz. Gratuity is not made.*
Since the amount of gratuity is insignificant to the operations of the Company, hence there is no provision made by the Board as such, but whenever the actual liability of gratuity shall devolved the same will be accounted in the Books of Accounts in that year.
- b. *In the annexure to Auditor's Report in point no. (ix)(a) the Auditor's have mentioned that an amount of Rs. 3,01,753 is outstanding for more than six months towards professional tax and service tax They have further mentioned that the Company has not registered itself under the Provident Fund Act*

To the aforesaid qualification, your Directors would like to clarify that the Company is in the process of regularizing the said default.

15. MANAGEMENT DISCUSSION AND ANALYSIS.

The Management Discussion and Analysis are annexed and forms an integral part of this report.

16. PARTICULARS OF EMPLOYEES:

There are no employees whose particulars are required to be given under section 217(2A) of the Companies act read with the Companies (Particulars of Employees) Rules, 1975.

17. INFORMATION ON ENERGY CONSERVATION AND FOREIGN EXCHANGE:

There is nothing to report under the particulars of the companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988, on conservation of energy and technology absorption as the company is in "Software and Entertainment".

18. FOREIGN EXCHANGE EARNINGS & OUTGO:

During the year under review the foreign exchange earnings and outgoings are as follows:

		2008-2009	2007-2008
a)	Foreign Exchange Earnings	NIL	NIL
b)	Foreign Exchange Outgo	59,73,999	NIL

19. APPRECIATION:

Your Directors wish to thank all the shareholders, bankers and clients for lending their support in various activities of the Company. Your Directors would like to place on record their appreciation to all the employees who have continued their support during the year.

**BY ORDER OF THE BOARD
KOFFEE BREAK PICTURES LIMITED**

Sd/-

**APURVA SHAH
(CHAIRMAN AND MANAGING DIRECTOR)**

DATE: 31st July, 2009.
PLACE: Mumbai

CORPORATE GOVERNANCE REPORT

Company's philosophy:

The Company's philosophy of corporate governance stems out from its belief that timely disclosures, transparent accounting policies, and a strong and independent Board go a long way in preserving shareholders trust while maximizing long term corporate values.

Keeping in view the Company's size and complexity in operations, the company's corporate governance framework is based on the following main principles:

- a. Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- b. Timely and accurate disclosure of all material operational and financial information to the stakeholders.

The Securities and Exchange Board of India (SEBI) through clause 49 of the listing agreement with the stock exchanges regulates corporate governance for listed companies.

Board of Directors:

The Board composition is in conformity with the provisions of the Companies Act, 1956 and is in the process of complying with clause 49 of the listing agreement. The strength of the Board as on 31st March, 2009 is 7 Directors comprising of 2 Executive Directors and 5 Non Executive Directors.

The composition of the Board as on 31st March, 2009 was as follows:

Name of Directors	Category of Directorship	*No. of other Directorships	No. of Committee Memberships
Mr. Apurva Shah	Promoter, Chairman & Managing Director (Executive)	Nil	Nil
Mr. Kshitij Sheth	Whole Time Director	Nil	Nil
Mr. Manish Ruparel	Promoter & Non - Executive Director	Nil	Nil
Mr. Raman Trikha	Non – Executive Independent Director	Nil	Nil
Mr. Hitesh Kawa	Non – Executive Independent Director	Nil	Nil
Mr. Nimesh Joshi	Non – Executive Independent Director	Nil	Nil
Mr. Vijay Bharaktiya Singh	Non – Executive Independent Director	Nil	Nil

*Excludes Alternate Directorships, Directorships in Indian Private Limited Companies and Foreign Companies and proprietorship and partnership firms.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, membership/chairmanship of only the Audit Committee, Shareholders'/Investors Grievance Committee and the Remuneration Committee of the Public Limited Companies has been considered.

There are no nominees or Institutional Directors in the Company. None of Directors have pecuniary or Business relationship with the Company other than as mentioned in the elsewhere in the Annual Report. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

During the year there were in total 11 (Eleven) Board Meetings which were held on, 01-04-2008, 08-04-2008, 22-04-2008, 14-06-2008, 18-06-2008, 30-06-2008, 29-07-2008, 29-08-2008, 16-10-2008, 31-10-2008 and 27-01-2009 the time gap between the two meetings was not more than 4 months. All the informations required to be furnished to the Board were made available to them along with detailed Agenda notes.

Sr. No	Name of Director	Category	No. of Board meetings attended	Attendance at last AGM
1.	Mr. Apurva Shah	Chairman and Managing Director	11	YES
2.	Mr. Manish Ruparel	Promoter and Non Executive Director	8	NO
3.	Mr. Raman Trikha	Independent Non Executive Director	1	NO
4.	Mr. Vijay B. Singh	Independent Non Executive Director (w.e.f. 09/12/2008)	1	NA
5.	Mr. Hitesh N. Kawa	Independent Non Executive Director (w.e.f. 14/06/2008)	8	YES
6.	Mr. Nimesh Shambhulal Joshi	Independent Non Executive Director (w.e.f. 22/09/2008)	3	YES
7.	Mr. Kshitij Sheth	Whole Time Director	10	YES
8.	Mr. S. Shridhar	Promoter and Non Executive Director (up to 09/12/2008)	8	NO
9.	Mr. Mitesh Mehta	Independent Non Executive Director (up to 30/09/2008)	Nil	No

Board Committees

The Board has constituted Committees of Directors to monitor the activities and to deal with matters within the terms of reference of the respective Committees.

Audit Committee:

The Company has an Audit Committee at the Board level with powers and role that are in accordance with clause 49 of the listing agreement. The Committee acts as a link between the management, the statutory and the Board of Directors and oversees the financial reporting process. The Audit Committee presently comprises of 2 Non Executive & Independent Directors and 1 Managing Director.

The functions of the Audit Committee are as per Company Law and Listing Agreement with the Stock Exchanges. These include the Review of accounting and financial policies and procedures, Review of financial reporting system, Internal control system and Procedures and ensuring compliance of statutory requirements.

The Audit Committee reviews the financial statements with the Statutory Auditors and the Management with reference to the accounting policies and practices before commending the same to the Board for its approval.

The Committee met 4 times during the year under report on 22-04-2008, 29-07-2008, 31-10-2008 and 27-01-2009. The time gap between the two meetings was not more than 4 months.

The Audit Committee was reconstituted on 14th June, 2008 and 29th August, 2008

Composition of Audit Committee and details of the meeting attended:

Name	Category	No. of Committee meetings attended
Mr. Vijay Bharaktiya Singh	Chairman (Non Executive & Independent Director)	1
Mr. Hitesh Kawa (w.e.f. 14 th June, 2008)	Member (Non Executive & Independent Director)	3
Mr. S. Shridhar (up to 14 th June, 2008)	Member (Non – Executive Director)	1
Mr. Apurva Shah	Member (Managing Director)	4
Mr. Manish Ruparel (up to 22 nd September, 2008)	Member (Non – Executive Director)	2
Mr. Nimesh Joshi (w.e.f. 22 nd September, 2008 and upto 9 th December, 2008)	Member (Non Executive & Independent Director)	1

Broad terms of reference of the Audit Committee are as per following:

- Approving and implementing the Audit procedures and techniques.
- Reviewing audit reports of statutory auditors with management and Statutory Auditors.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with management, performance of statutory auditors, adequacy of the internal control systems.
- Reviewing the finding of any internal investigations 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.
- Review of Related party Transactions:
- Reviewing accounting treatment and confirmation of the fact that financial statement are giving true and fair view as per Company Law and Listing Agreement with the Stock Exchanges.
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

Remuneration Committee

The committee was reconstituted on 22nd April, 2008 and 22nd September, 2008.

Presently, the Remuneration Committee comprises of 3 Non Executive Directors.

Name	Category
Mr. Hitesh Kawa (w.e.f. 14 th June, 2008)	Chairman (Non Executive & Independent Director)
Mr. S. Shridhar (up to 14 th June, 2008)	Member (Non – Executive Director)
Mr. Apurva Shah (up to 22 nd September, 2008)	Member (Managing Director)
Mr. Manish Ruparel	Member (Non – Executive Director)
Mr. Nimesh Joshi (w.e.f. 22 nd September, 2008)	Member (Non Executive & Independent Director)

The terms of reference of the Remuneration Committee are to recommend to the Board, salary (including annual increments), perquisites and allowances, performance linked remuneration, if any, commission to be paid to the company's Executive/Whole time Director (ED/WTD) and to finalise the perquisites and allowances package within the overall ceiling fixed by the Board.

During the year there was no Remuneration Committee Meetings was held.

Disclosure on Remuneration of Directors

1. All elements of remuneration package of individual directors summarized under major groups, such as salary benefits, bonuses, stock option, and pension etc. Managerial remuneration is given in Profit and Loss Account as on year ended March 31, 2009 is Rs. 9,00,000/-
2. Details of fixed component and performance linked incentives, along with the performance criteria - NIL
3. Service contracts, notice period, severance fees – NIL
4. Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable – NIL

Details of remuneration paid to Executive Director during 2008-09

Name	Salary (Rs.)
Mr. Apurva Shah	6,00,000
Mr. Kshitij Sheth	3,00,000

Following is the list of Non-Executive Directors and their Shareholdings in the Company.

Sr. No.	Name of the Non-Executive Directors	Number of Equity Shares	Sitting fees	Non convertible Instruments
1.	Mr. Manish Ruparel	1,21,320	Nil	Nil
2.	Mr. S. Shridhar	NIL	Nil	Nil
3.	Mr. Raman Trikha	NIL	Nil	Nil
4.	Mr. Hitesh Kawa	1000	Nil	Nil
5.	Mr. Nimesh Joshi	1000	Nil	Nil
6.	Mr. V.S. Bharkatiya	NIL	Nil	Nil

Shareholders/Investors Grievance Committee

The Committee met on 22nd April, 2008, 29th July, 2008, 31st October, 2008, and 27th January, 2009. The Shareholder's/Investment committee presently comprises of 2 Non Executive Directors and 1 Managing Director. The Shareholder's Committee is empowered to perform all the functions of the Board in relation to handling of Shareholder's grievances. It primarily focuses on:

- Review of investor complaints and their redressal.
- Review of the queries received from the investors.
- Review of the work done by Share Transfer Agent.
- Review of corporate actions related work.

The Committee met Four times during the year.

Composition of Shareholders/Investors Grievance Committee and details of the meeting attended

The following are members of the Shareholder's / Investor's Grievance Committee Meeting.

THE ATTENDANCE AT THE SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE MEETING WAS AS UNDER:

Name	Category	No. of Committee meetings attended
Mr. Hitesh Kawa (w.e.f. 14 th June, 2008)	Chairman (Non Executive & Independent Director)	3
Mr. S. Shridhar (up to 14 th June, 2008)	Member (Non – Executive Director)	1
Mr. Apurva Shah (up to 22 nd September, 2008)	Member (Managing Director)	2
Mr. Manish Ruparel	Member (Non – Executive Director)	3
Mr. Nimesh Joshi (w.e.f. 22 nd September, 2008)	Member (Non Executive & Independent Director)	1

The name and Address of the Compliance Officer is as follows:

Mr. Apurva Shah.
Address: 328, Adhyaru Industrial Estate,
Sun Mill compound, Lower Parel (West),
Mumbai-400 013
Email id: helpdesk@koffeekbreakpictures.com

At the end of the year no shareholders complaints were pending.

Preferential Issue Committee for Issue of Equity Share Warrants on Preferential Basis:

The Board of Directors of the Company has constituted a committee of Directors to manage the issue of warrants of the company on 22nd April, 2008.

The Committee met 3 times during the year i.e. on 27th August, 2008, 12th September, 2008 and 23rd October, 2008.

The Attendance at the Preferential Issue Committee was as under.

Name	Category	No. of Committee meetings attended
Mr. Apurva Shah	Chairman (Managing Director)	3
Mr. Kshitij Sheth	Member (Whole time Director)	3
Mr. Hitesh Kawa	Member (Non Executive and Independent Director)	3

Board terms of reference of the Board Committee are as follows:

- To overlook various compliances in relation to issue of warrants on preferential basis and their conversion into Equity Shares of the Company.
- To issue Equity Shares of the Company on conversion of warrants as and when required in compliance with applicable laws and guidelines.

Administrative Committee:

The Committee was constituted on 29th August, 2008 for taking decisions of day to day administrative business of the Company.

Composition of Investment Committee and details of the meeting attended

Name	Category
Mr. Apurva Shah	Chairman (Managing Director)
Mr. Hitesh Kawa	Member (Non Executive & Independent Director)
Mr. Kshitij Sheth	Member (Non Executive & Independent Director)

The Committee did not meet during the year.

General Body Meetings:

Details of last three year's General Meetings are given below:

Financial Year	Date	Time	Venue	Special Resolution(s)
2005-06	30/09/06	11.00 a.m	At 705, Silver Oak, Nr. Mahalaxmi Char Rasta, Paldi, Ahmedabad-380 006	To authorize Board to apply for voluntary Delisting of Equity Shares of the Company listed at Ahmedabad Stock Exchange Ltd.
2006-07	29/09/07	11.00 a.m	At 705, Silver Oak, Nr. Mahalaxmi Char Rasta, Paldi, Ahmedabad-380 006	Nil
2007-08	27/05/08	10.00 a.m.	At 328, Adhyaru Industrial Estate, Sun Mill Compound, Lower Parel (West), Mumbai – 400 013.	a. Alteration of Memorandum & Articles of Association in respect of capital clause. b. Amendment in the existing Article No. 6 of Articles of Association by insertion of new clause 6(g) after the existing clause 6(f) regarding provisions of section 81.

				<p>c. To offer, issue and allot 1,00,00,000 convertible warrants, each warrant carrying right to subscribe to one equity share of the company of Rs. 10/- each at a price of Rs. 21/- on a future date.</p> <p>d. To offer, re-issue and allot 2,19,000 equity shares of Rs. 10/- each which were forfeited earlier by the Board for the non payment of allotment money thereon at a price to be decided by the Board in future</p>
2007-08	30/09/08	4.00 p.m.	BCA Charitable Trust, Narayan Nagar Road, Paldi, Ahmedabad - 7	Nil

The following are resolutions which were passed through postal ballot, of which results were declared on 28th November, 2008:

1. Pursuant to section 94(1)(d) of the Companies Act, 1956 and other applicable provisions, if any, subdivision of existing shares of Rs. 10/- each in to 10 equity shares of Re. 1/- each
2. Alteration of Clause V of the Memorandum of Association in respect of capital clause.
3. Amendment of object clause in Memorandum of Association under Section 17 of the Companies Act, 1956 and other applicable provisions, if any.
4. To shift the registered office of the Company from the State of Gujarat to State of Maharashtra and that Clause II in Memorandum of Association be substituted.

All the above resolutions were passed unanimously.

Disclosures:

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, Directors, the management or their relatives during the year with potential conflict of interest with the Company at large.

For the last 3 years, Company received notices from the Mumbai Stock Exchange for non compliances of various clauses of listing agreement which were complied by the Company. However no penalty was levied by SEBI or other statutory authorities for the said non compliances.

The Board hereby affirms that no personnel have been denied access to the audit committee.

Statutory Compliance

The Company has complied with mandatory provisions of Corporate Governance and is in the process of adopting the non-mandatory provisions of Corporate Governance.

Means of Communication:

The Quarterly/Yearly results were sent to the concerned Stock Exchanges with some delay after approved by the Board. The Company is in the process of updating its website. All quarterly results as well as any official news release will be displayed thereon.

However there was no presentation made during the year either to Institutional Investors or to the analysts. Management discussion & Analysis Report is attached herewith forming part of the Annual Report.

General Shareholders Information:

The 17th Annual General Meeting is scheduled to be held on Thursday, 24th September, 2009 at 4.00 p.m. at Cultural Centre Hall, BCA Charitable Trust, Nr. Chandra Nagar Bus Stand, Narayan Nagar Road, Paldi, Ahmedabad - 380007.

- i. The Financial year of the company is from April to March. The financial Calendar is as per following.

First quarter results (30 th June)	End of July, '09
Mailing of Annual Reports	Last week of August, '09
Annual General Meeting	24 th September, 2009
Payment of Dividend	N.A.
Second quarter results (30 th September)	End of October, '09
Third quarter results (31 st December)	End of January, 2010
Fourth quarter / Annual Results	End of April 2010/June, 2010

- ii. Book Closure dates are from Thursday, 17th September, 2009 to Thursday, 24th September, 2009 (both days inclusive).
- ii. The Board of Directors has not proposed any dividend for the current financial year.
- iii. The company's shares are listed at Mumbai and Ahmedabad Stock Exchange
- iv. **Stock Code 531602**
The Stock Exchange, Mumbai
Security in Physical Form No. 531602.
ISIN: INE208D01023
- v. Market price data: (All figures in Indian Rupees)

Month	High Price	Low Price	No. of Shares
April 2008	24	14	659616
May 2008	25.8	18.9	1505494
June 2008	28.75	20	1398066
July 2008	24.05	18.5	3226547
August 2008	30.8	19.9	3641331
September 2008	43.9	27.5	3748691
October 2008	40.45	20.2	676216
November 2008	32.35	20.25	430564
December 2008	33.1	*2.8	2701307
January 2009	3.25	2.32	12474966
February 2009	3.65	2.25	16566106
March 2009	3.09	2.05	7628968

*The Company sub - divided its shares from Rs. 10 to Re. 1 on 28th November, 2008 through postal ballot.

Distribution of shareholding as on 31st March, 2009

Distribution of Shares (Slab-Wise)	No. of Shareholders	Percentage to total No. of shareholders	No. of Shares held	Percentage to total share Capital
Upto 5000	1443	64.76	3064979	5.35
5001-10000	338	15.17	2911647	5.08
10000 - 100000	340	15.27	11913349	20.82
100001 - Above	107	4.80	39371025	68.75
Total	2228	100	57261000	100

Shareholding Pattern as on 31st March 2009

Category	No. of Shares	% of Shares
Indian Promoters and Promoter Group	28,90,810	5.05%
Foreign Promoters	Nil	Nil
Institutional Investors	Nil	Nil
Private Corporate Bodies	67,00,975	11.70%
Indian Public	4,72,08,271	82.45%
NRIs/OBC	4,60,944	0.80%
Others (Clearing Members)	Nil	Nil
	5,72,61,000	100%

vi. Register and Transfer System.

System Support Services,
209, Shiva Indl Est 89,
Nr. Copper Chimney Hotel,
Sakinaka, Andheri Kurla Road,
Andheri (E), Mumbai – 72.
Tel No. 02228500835.

vii. Share Transfer System

The Share transfer of Securities in Physical form are registered, duly transferred and dispatched within one month of the receipt, if the transfer documents are in order. The share transfers are approved every fifteen days. The shares in de-materialized form are normally processed and transferred with 21 days from receipt of dematerialization requests.

xi. Dematerialization of securities

As on 31st March, 2009, 76.34 %of your Company's Equity Shares representing 4,55,58,650 Equity shares are held on dematerialized mode and the balance were in paper form.

The Company issued and allotted 1,00,00,000 convertible warrants at a price of Rs. 21/- each with a right of getting the one equity shares against each warrant to the Promoters, Promoters Group and Outsiders. The aforesaid issue is in compliance with SEBI guidelines of preferential issue of securities other than this the Company has not issued ESOP or any GDRs/ADRs instrument.

Address for correspondence:

Shareholders of the company can send correspondence at company's share & Transfer Agent's Office or at the Corporate office of the company situated at following address:

REGISTERED OFFICE ADDRESS:

704 – 705, Silver Oak,
Nr. Mahalaxmi Char Rasta,
Paldi, Ahmedabad – 380007.

CORPORATE OFFICE ADDRESS:

328, Adhyaru Industrial Estate,
Sun Mill Compound,
Lower Parel (West), Mumbai 400 013

Compliance Certificate:

As required under clause 49 of the Listing Agreement, M/s. HS Associates, Company Secretaries have verified the compliance of the corporate governance norms by the Company. Their report is annexed hereto.

COMPANY SECRETARY IN PRACTICE'S REPORT ON CORPORATE GOVERNANCE

To,
The Board of Directors,
KOFFEE BREAK PICTURES LIMITED
704-705, Silver Oak,
Nr. Mahalaxmi Char Rasta,
Paldi, Ahmedabad-380 006.

We have reviewed the implementation of Corporate Governance procedure by the company during the year ended March, 31 2009, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management; our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company is not in compliance with clause (I) (D) (i) and (IV)(G)(ii), of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges.

We further state that our examination of 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 **HS Associates**,
Company Secretaries

Sd/-

Hemant Shetye
Partner

31st July, 2009
Mumbai

FCS – 2827
COP – 1483

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) INDUSTRY STRUCTURE AND DEVELOPMENT:

The Indian entertainment industry is among the fastest growing sectors in the country. In the past two decades entertainment industry in India has witnessed explosive growth. In television alone, from a single state owned television network, Doordarshan in 1991, today there are over 300 national, regional and local channels being beamed across the country. Indian film industry is the largest film industry in the world, producing on an average, close to a thousand films a year in all languages. In terms of film production India exceeds Hollywood's production volume by over three times. Some of the fastest growing segments in the Indian entertainment industry include music, cable and satellite television, animation and FM.

Entertainment industry in India is presently in a consolidation phase as boundary lines between films, music and television are fast disappearing. Skills and resources are being pooled extensively. Besides adaptation to high-end digital technology, the entertainment industry is also witnessing rapid development of state-of-the-art studios and post production facilities.

The popularity of Indian entertainment industry goes well beyond the geographical frontiers of the country. Indian television channels and films are viewed and enjoyed across the entire South Asia.

In UK and North America (USA and Canada), Indian TV channels and films are increasingly finding a foothold beyond the expatriate pockets as the audience there has started to enjoy and identify with the contemporary Indian culture.

The future prospects of Indian entertainment industry look to be extremely good. As India's profile rises on the global stage outside interest in India's culture and entertainment industry is also bound to grow.

B) SEGMENTWISE PERFORMANCE:

The animation segment has outperformed and is still outperforming the entire entertainment segment globally. Kids are always accompanied by their parents and the repeat value for the same is comparatively much higher. We are dealing more on the animation front than the regular entertainment companies as we foresee further growth in this segment which has been proven right by last year's performance.

C) OPPORTUNITIES/OUTLOOK:

Apart from making animation films we are targeting products at the children segment. This age-group is easier to please as they do not have any pre-notions about the products they view. Hence they form an excellent audience. Also all products aimed at this segment have a higher repeat value ensuring better sales in fields of home video and merchandise. If kids like one thing, they would repeatedly want to do the same thing time and over again.

We are using the best of hardware and software apart from specialized man-power we aim at delivering traditional 2D animation 90 minute films in a span of 9 to 12 months which usually take 25 – 30 months. After the setup of our own animation studio which is one of the best in country in terms of human resources, hardware & software we can now undertake projects for other firms & individuals.

The Company is also in talks with various other media companies to foray more and increase its base into the television industry. With the launch of more television channels, there is an acute shortage of material to telecast increasing our opportunities to exploit better prices for our content.

D) THREATS:

Currently, we are the only production house in the country which produces & releases content aimed specifically at the children segment.

E) RISKS AND CONCERNS:

As our industry requires specialized labour and with the growth of animation as an industry there can be problems of man-power but with the right management and goal oriented people these problems are not a serious concern to us.

F) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

We believe in the "Maker-Checker" concept and dual reporting. All members of staff report to 2 independent seniors who internally report to 2 independent seniors. This is done to curb bureaucracy and maintain the health of the organization.

We also maintain monthly charting system which traces out the positive or negative growth of each individual.

In cases of positive growth we maintain an "Employee of the Month" award. In cases of negative growth we try to trace out the problems if any and take the required steps if there is continuous negative growth.

The computer administration personnel take daily back up of all data which is moved out of the studio premises and deposited in a safety vault. We also have adequate firewalls to protect our systems from theft or illegal movement of data. Each member operates on a system which has assigned rights.

We have also appointed a Professional Firm who looks after the Internal Auditing of the Company. Their Job is to regularize the Internal Accounting procedures and submit reports to the Auditors so as to facilitate their final working.

G) HUMAN RESOURCES POLICIES:

We have legally binding contracts with all senior members of staff. Leaves need to be pre-approved 15 days in advance by their head of department. The head of department ensures that their absence will not affect the workflow of others for which the employee may have to finish his assigned task pre-hand. New employees are admitted only after they pass the required quality test. The leave and absence charts are maintained on a day to day basis in order to keep a check on the staff and are immediately reported to the head of their respective department to take any corrective or delegation measures if necessary.

H) CAUTIONARY STATEMENT:

None

DECLARATION

I, Varun Gada, CEO of the Company hereby declare that all Board members and senior management personnel have affirmed compliance with the code on an annual basis.

FOR KOFFEE BREAK LIMITED

Sd/-

Varun Gada
(CEO)

Date: 31st July, 2009.
Place: Mumbai.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

To,
The Board of Directors,
KOFFEE BREAK PICTURES LIMITED
Add: 704-705, Silver Oak,
Nr. Mahalaxmi Char Rasta,
Paldi, Ahmedabad-380 006.

We hereby certify that for the financial year, ending 31st March, 2009 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. 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.
4. we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that:
 - a. There have been no significant changes in internal control during the year;
 - b. There have been no significant changes in accounting policies during the year.
 - c. There have been no instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Sd/-

Varun Gada
(CEO)

Date: 30th June, 2009
Place: Mumbai.

Sd/-

Apurva Shah
(Managing Director, CFO)

AUDITORS' REPORT

To,
The Share holders,
Koffee Break Pictures Limited,

1. We have audited the attached Balance Sheet of **KOFFEE BREAK PICTURES LIMITED** as at 31st March, 2009 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended) (hereinafter referred to as "the order") issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, (hereinafter referred to as "the act") we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, We report that :
 - i. 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;
 - ii. 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;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts;
 - iv. 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 Act *except provision for Retirement Benefits as required under AS 15 viz. Gratuity is not made. In the absence of quantification, the impact on profit is not determinable.*
 - v. On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - vi. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2009;
 - b. In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date; and
 - c. In the case of the cash flow statement, of the cash flows of the company for the year ended on that date.

For P.N. JHAMAR & COMPANY
Chartered Accountants

Sd/-

Pankaj N. Jhamar
Proprietor

M. No. 106333
Mumbai, 30th June 2009

Annexure referred to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) **a)** The company has maintained proper records to showing full particulars, including quantitative details and situation of Fixed Assets.
b) The company has a program for phased physical verification of all its fixed assets which in our opinion, is reasonable having regard to the size of company and the nature of its assets. As informed, no material discrepancies have been noticed on such verification.
c) The company has not disposed off a substantial part of its fixed assets during the year and therefore do not affect the going concern assumption.
- (ii) **a)** The management has conducted physical verification of inventory at reasonable intervals during the year.
b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) **a)** The company has given unsecured interest free loan during the previous years, to one company which is covered in the register maintained u/s 301 of the Act in which one of the director of the company is interested party and the balance of loan granted to above party as at 31st March 2009 is Nil. The maximum balance outstanding during the year is Rs. 39,06,000/-.
b to d) In our opinion, the terms and conditions on which unsecured loans have been given to company, listed in register maintained under section 301 of the Act are not *prima facie*, prejudicial to the interest of the company. The principle amount has been repaid on demand and as per mutual understanding, hence paragraph (iii) (c) and (d) of the order, are not applicable.
e) The company has taken unsecured interest free loans from parties covered in the register maintained u/s 301 of Act under review. Such loans are accepted by the company from two of its directors amounts to Rs.30,70,638/-. Following is the detail is the same.

Name of the director	Outstanding as on 31 st march 2009	Maximum outstanding during the year
Apurva M. Shah	1,060,638	5,886,288
Raman Trikha	2,010,000	2,930,000

- f)** In our opinion, the rate of interest and other terms and conditions on which unsecured loans have been taken from the persons, listed in the register maintained under section 301 of the Act, are not, *prima facie*, prejudicial to the interest of the company.
g) In respect of the aforesaid interest free loans taken by the company, the principle amount is repayable on demand.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and sale of its products and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) **a)** To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section ;and
b) Transaction made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from public. Therefore, the provision of clause 4 (vi) of the Order are not applicable to the Company.
- (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.
- (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)** According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues An amount of Rs. 301,753/- is outstanding for more than six month with respect of:-

Nature of Statue	Amount
Professional Tax	42,080
Service Tax	<u>259,673</u>
	<u>301,753</u>

- b)** According to the information and explanation given to us and record of the company examined by us, there are no any disputed dues of any statute liabilities. As per our information there are no any disputed case is pending.
- (x) The company does not have accumulated losses at the end of financial year and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the order, are not applicable to the Company
- (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 Order, are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loan taken by others from banks or financial institution.
- (xvi) The Company has not raised term loans during the year. The term loans outstanding at the beginning of the year have been applied for the purposes for which they were raised.
- (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) According to information and explanation provided to us and on the basis of records examined by us, the company has made preferential allotment of warrants to companies / persons covered in the registered maintained u/s 301 of the Companies Act, 1956. In our opinion, the price at which warrants have been issued is not prejudicial to the interest of the company.
- (xix) The company has not issued debentures during the year under review and therefore the provision of clause 4(xix) of the Order, are not applicable to the company.
- (xx) During the year covered by our audit report, the Company has not raised any money by way of public issue.
- (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.

For P.N. JHAMAR & COMPANY
Chartered Accountants

Pankaj N. Jhamar
Proprietor

M.No. 106333
Mumbai, 30th June, 2009

BALANCE SHEET
AS ON 31ST MARCH, 2009

PARTICULARS	SCH NO.	AS AT		AS AT	
		31 March 2009		31 March 2008	
SOURCES OF FUND					
Share Capital	A		57261000		48916000
Share Warrants	A(i)		19477500		0
Reserves and Surplus	A(ii)		17518057.5		-1340470
LOAN FUNDS					
Secured Loan	B		45400930		5620454
Unsecured Loan	C		3070638		8816288
			<u>142728125.5</u>		<u>62012272</u>
APPLICATION OF FUND					
Fixed Assets	D				
Gross Block		52622861		15679907	
Less : Depreciation		15766859.47		2387247	
Net Block			36856001.53		13292660
Investment	E		4334838		4303947
Current Assets, Loans & Advances					
Picture in Process		50043119		11725744	
Sundry Debtors	F	28306469		6539863	
Cash & Bank Balance	G	19382387		3259317	
Loans & Advances	H	41095478		36384665	
		<u>138827453</u>		<u>57909589</u>	
Less : Current Liabilities and Provisions	I	33128646		14826158	
Deffered Tax Assets/Liabilities	J		105698807		43083431
Miscellaneous Expenditure	K		(4571903)		921852
(To the extent not written off)			410382		410382
			<u>142728125.5</u>		<u>62012272</u>

Accounting Policies & Notes forming parts of accounts "Q"

As per our attached report of even date.

For P N Jhamar & Company,
Chartered Accountants

For Koffee Break Pictures Limited,

Pankaj N Jhamar
Proprietor

Apurva Shah
CMD

Kshitij Sheth
Executive Director

Vijay Bharakatiya Singh
Independent Director

Date: 30th June, 2009
Place: Mumbai

Date: 30th June, 2009
Place: Mumbai

PROFIT AND LOSS ACCOUNT
AS ON 31ST MARCH, 2009

PARTICULARS	SCH NO.	AS AT 31/03/2009		AS AT 31/03/2008	
INCOME					
Income From Operations	L		129324996		30680697
Other Income			47573		193167
Profit / (Loss) on Sale of Share			0		-121042
			129372569		30752822
EXPENDITURE					
Picture Production / Software	M		111112944		19855284
Administration and Other Expenses	N		4680238.5		6485665
Financial Charges	O		574284		395115
Balance Written off / Written Back			0		-799755
Depreciation					
Gross		13379613		2018777	
Less: Charged to Picture Production		12427793		1607213	
Net			951820		411564
Total Expenditure			117319287		26347873
Profit Before Taxation			12053282.5		4404949
Tax Expenses	P		5549755		2141429
Profit / (Loss) After Tax			6503527.5		2263520
Previous Year Balance Brought Forward			-1340470		-3603990
Net Profit Carried to the Balance Sheet			5163057.5		-1340470
Basic and Diluted Earnings Per Share of Re 1			0.125		0.047

Accounting Policies & Notes forming parts of accounts "Q"

As per our attached report of even date.

For P N Jhamar & Company,
Chartered Accountants

For Koffee Break Pictures Limited,

Pankaj N Jhamar
Proprietor

Apurva Shah Kshitij Sheth
CMD Executive Director

Vijay Bharakatiya Singh
Independent Director

Date: 30th June, 2009
Place: Mumbai

Date: 30th June, 2009
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	March 31,2009	March 31,2008.
A. Cash Flow From Operating Activities :		
Net Profit before Taxes	12053282.5	4404949.14
Add: Depreciation	13379613	2018777
Add: Loss on sale of Shares	0	121042
Less: Other Income	-47573	-193167
Add: Interest paid	551849	395115
Sundry Debtors Creditors Written off	0	-799759
Operating Profit Before Working Capital Changes	25937172	5946957
Adjustment for :		
(Increase) / Decrease in Trade and Other receivable	-26477419	1367919
(Increase) / Decrease in Inventories	-38317375	-5566863
Increase / (Decrease) in Trade Payble	18302488	9344442
Tax Paid	-56000	-3090000
Cash Generated from Operation	-46548306	2055498
Net Cash Flow From Operating Activities	(20611135)	8002455
B. Cash Flow From Investing Activities:		
Purchase of fixed Assets	-36942954	-12260390
Investment in shares (Net)	-30891	-3034647
Interest & Dividend Received	47573	193167
Loss on sale of Investments	0	-121042
Net Cash used in Investing Activities	(36926272)	(15222912)
C. Cash Flow from Financing Activities		
Increase in Share Capital including Share Premium	20700000	0
Issue of Warrants	19477500	0
Increase in Secured Loan	39780476	3008356
Increase / (Decrease) in Unsecured Loan	-5745650	4016288
Interest Paid	-551849	-395115
Net Cash Flow from Financing Activities	73660477	6629529
Increase in cash and cash Equivalents	16123070	(590928)
Cash and Equivalents (Opening Balance)	3259317	3850245
Cash and Equivalents (Closing Balance)	19382387	3259317

SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	31/03/2009	31/03/2008
SCHEDULE : 'A' - SHARE CAPITAL		
Authorized Capital :		
16,00,00,000 Equity shares of Rs. 1/- Each	160000000	60000000
Issued, Subscribed & paid-up : 5,72,61,000 (P.Y. 47,82,100)	57261000	47821000
Equity Shares of Re. 1/- Each Fully Paid up	0	1095000
Add : Share Forfeiture A/c		
	57261000	48916000
SCHEDULE : 'A(i)' - SHARE WARRANTS		
9,275,000 (Nil) Warrants (Each warrant carries option / entitlement to subscribe to ten equity share of Re 1/- each at a price of Rs 2.10 per share of which 9,025,000 warrants to be subscribed on or before 13th December 2009 and 250,000 warrants to be subscribed on or before 17th July 2009)	19477500	0
	19477500	0
SCHEDULE : 'A(ii)' - RESERVES & SURPLUS		
Share Premium Account	11260000	0
Capital Reserves	1095000	0
Profit & Loss Account	5163058	(1340470)
	17518058	(1340470)
SCHEDULE : 'B' - SECURED LOAN		
- Overdraft facility from Cosmos Co-op. Bank Ltd. against pledge of Fixed Deposit	0	1878861
- Demand Cash Credit from State Bank Of India	43066152	0
- Term Loan Against Fixed Assets From ICICI Bank Ltd.	1450016	2444478
- Vehicle Loan from Cosmos Co-op. Bank Ltd. against Hypothecation of vehicles	884762	1297115
	45400930	5620454
* Refer to Note 4 of Schedule "Q" (B).		
SCHEDULE : 'C' -UNSECURED LOAN		
From Directors	3070638	8816288
	3070638	8816288
SCHEDULE : 'E' - INVESTEMENT		
Unquoted Investments		
1,25,000 Nos Equity Shares of Rs. 10/- Each Fully paid up of Jinex Enterprises Ltd.	1250000	1250000
Equity Share of Cosmos Co-op. Bank Ltd.	19300	19300
Quoted Investments		
90 Nos Equity shares of M/s Shree Bajarang Alloys Limited and 572943 Nos Equity Shares of M/s Kaleidoscope Films Ltd (Previous Year 557943/- Nos of M/s Kaleidoscope Films Ltd)	3065538	3034647
	4334838	4303947
SCHEDULE : 'F' - SUNDRY DEBTORS		
(Unsecured but considered good)		
More than six months	5010484	1979892
Less than six months	23295985	4559971
	28306469	6539863
SCHEDULE : 'G' - CASH & BANK BALANCE		
Cash on Hand	52289	406090
Balance with Bank	19330098	615934
Bank FDR	0	2237293
	19382387	3259317
SCHEDULE : 'H' - LOANS & ADVANCES		
Advances to others	8696499	6808200
TDS Receivable	3894917	3456666
VAT Receivable	1077263	0
Advance for Pictures	10276999	11276999
Advance for Assets	16669800	14327800
Advance for Expenses	480000	515000
	41095478	36384665

PARTICULARS	31/03/2009	31/03/2008
SCHEDULE : 'I' - CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors		
- Micro, Small and Medium Enterprises	0	0
- Others	27221016	8977425
	27221016	8977425
Provision for Taxation	3096000	3120000
Other Provision	2811630	2728733
	33128646	14826158
SCHEDULE : 'J' - DEFERRED TAX		
Deferred Tax Assets	921852	921852
Less: Deferred Tax Liability	-5493755	0
	-4571903	921852
SCHEDULE : 'K' - MISCELLANEOUS EXPENDITURE		
Pre-operative Expenses Preliminary Expenses	410382	410382
	410382	410382
SCHEDULE : 'L' - OTHER INCOME		
Interest and other Income	47573	180651
Dividend Income	0	12516
	47573	193167
SCHEDULE : 'M' - PICTURE PRODUCTION / SOFTWARE		
Opeining stock	11725744	6158881
Add: Purchases	111112944	0
Add : Cost of Production		
Advertising & Promotion Expenses	0	4722534
Animation Expenses	7660038	204433
Artist Expenses	0	1507277
Electricity Charges	874988	180500
Finance Cost	2671913	31492
Food and Refreshment	130097	172415
Gaming Production Expenses	1222000	0
Foreign Travelling Exp	1485923	0
Music & Recording Expenses	0	1875350
Other Production related Cost	2037830	8901289
Packing Expenses	4200	10650
Shooting and Location Expenses	0	1759121
Staff Salary Expenses	5654000	3254081
Uniforms and dress Expenses	0	94200
Printing Expenses	3415555	1076592
Depreciation	12427793	1607213
Professional Charges	712038	0
Script Writing Charges	21000	25000
	149430319	25422147
Less : Closing stock of Picture in Process	50043119	11725744
	111112944	19855284

PARTICULARS	31/03/2009	31/03/2008
SCHEDULE : 'N' - ADMINISTRATIVE & OTHER EXPENSES		
Advertisement Expenses	60,933	144,508
Accounts Writing Charges	24,500	-
Computer Expenses	4,952	-
Car Repairing/Petrol Expenses	172,222	194,169
Conveyance Expenses	8,360	142,246
Custodian Charges, Listing Fees and Demat Fees	181,698	14,279
Director's Remuneration	600,000	550,000
Electricity Expenses	206,146	743,051
Internet Expenses	-	58,127
Insurance Charges	-	24,612
Legal Expenses	129,948	167,628
Registration & Other Exp	192,000	-
ROC Fees	532,050	-
Membership Fees	-	45,452
Office Expenses	168,884	218,303
Postage & Courier Charges	44,165	5,475
Printing Expenses	162,559	383,295
Prior Period Expenses	71,845	-
Profession Tax	5,490	-
Professional Charges	486,420	175,680
Auditor's Remuneration	300,000	100,000
Rent Expenses	33,600	1,506,394
Repairs & Maintenance Expenses	117,427	295,274
Salary Expenses	775,593	1,072,966
Staff welfare	6,373	427,104
Telephone Charges	299,826	194,956
Travelling Expenses	53,294	22,146
Warrant Charges	11,236	-
Miscellaneous Expenses	30,718	-
	4,680,239	6,485,665
SCHEDULE : 'O' - FINANCIAL CHARGES		
Interest on OD A/c	145,248	187,417
Bank Charges	22,435	43,824
Other Interest	19,168	-
Interest	81,588	-
Interest on Term Loan	200,598	25,147
Interest on Vehicle Loan	105,247	138,727
	574,284	395,115
SCHEDULE : 'P' - TAX EXPENSES		
Deffered Tax	5,493,755	(948,571)
FBT Expenses	56,000	90,000
Provision for Taxation	-	3,000,000
	5,549,755	2,141,429

Annexure : "D" Fixed Assets

Name of Assets		Office Equipment	Vehicles	Furnitures	Studio Equipment	Computer	Computer Softwares for Film Production	Total
Rate		4.75	9.50	6.33	40.00	40.00	40.00	
Gross Block	As on 01.04.2008	945,732	3,871,978	1,137,388	802,433	7,494,356	1,428,020	15,679,907
	Addition	-	-	1,300,000	-	1,036,000	34,606,955	36,942,954
	Sold	-	-	-	-	-	-	-
	As on 31.03.2009	945,732	3,871,978	2,437,388	802,433	8,530,356	36,034,975	52,622,861
Depreciation / Amortisation	As on 01.04.2008	44,466	692,048	31,744	11,776	1,541,689	65,524	2,387,247
	During the year	44,922	367,838	148,165	320,973	3,236,972	9,260,742	13,379,613
	Deduction	-	-	-	-	-	-	-
	As on 31.03.2009	89,388	1,059,886	179,909	332,749	4,778,662	9,326,266	15,766,859
Net Block	As on 01.04.2008	901,266	3,179,930	1,105,644	790,657	5,952,666	1,362,496	13,292,660
	As on 31.03.2009	856,344	2,812,092	2,257,479	469,684	3,751,694	26,708,709	36,856,002

**Depreciation Chart
Under Head Profit & Gains of Business or Profession**

Fixed Assets

Description of Assets	Rate of Dep	Opening WDV as on 01/04/2008	Additions before September	Additions after September	Sales, W/o Adjustments during the Year	Total As on 31.03.2009	Dep. For the year	Closing WDV as on 31/03/2009
Office Equipment	15%	765,968	-	-	-	765,968	114,895	651,073
Vehicles	15%	2,780,523	-	-	-	2,780,523	417,078	2,363,445
Furnitures	10%	1,046,380	1,300,000	-	-	2,346,380	234,638	2,111,742
Studio Equipments	15%	742,251	-	-	-	742,251	111,338	630,913
Computer	60%	3,684,795	351,000	685,000	-	4,720,795	2,626,977	2,093,818
Computer Softwares	60%	1,294,252	32,277,628	2,329,326	-	35,901,206	20,841,926	15,059,280
Total		10,314,169	33,928,628	3,014,326	-	47,257,123	24,346,852	22,910,271

SCHEDULE: "Q" –SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PARTS OF ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING:

The financial statements of the Company have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the accounting standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and the relevant provisions of the Companies Act 1956.

2. Use of Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date, reported amounts of revenues and expenses for the period and disclosure of contingent liabilities as of the balance sheet date. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. FIXED ASSETS:

- (i) Fixed Assets are recorded at cost of acquisition or construction less Service Tax/VAT Credit availed.
- (ii) Intangible Assets are recorded at the cost of acquisition.

4. DEPRECIATION:

Depreciation on fixed assets is provided on straight line basis in accordance with provision of the Companies Act, 1956 at rates and in the manner specified in schedule XIV of this Act except for the following fixed assets where higher rates of depreciation have been applied:

Name of Fixed Assets	Higher Rate
Studio Equipments	40%
Computers	40%

5. INVESTMENTS:

- (i) **Long term:** Long term investments shown in the balance sheet are valued at cost unless there is a permanent diminution in the value, in such case are valued at the diminished value and the difference is charged to profit and loss account.
- (ii) **Disposal of investment:** On disposal of an investment, the difference between the carrying amount and net disposal proceed is being charged to profit and loss account determined on the basis of First in First out (FIFO) Method.

6. INVENTORIES:

- (i) Inventories of under production films/Animations and other contents are valued at actual amount spent which includes amount paid, bills settled and advance paid for which bills are awaited. The residual values of all the films are valued at NIL as total cost of production is charged to revenue at the time of first release of such films. Other inventories are stated at cost.
- (ii) Acquired rights pertaining to movies, animations and other contents are amortized on the exploitation of such rights based on the management estimates of revenue potential.

7. REVENUE RECOGNITION:

- (i) Revenues from Licensing / public sale of movies are recognized in accordance with the licensing agreement or on physical delivery of the movies, whichever is later.
- (ii) Recoveries of old films are recognized at as and when royalties earned.
- (iii) In respect of services, the company accounts for the revenue are on the basis of completed contract method.
- (iv) Interest income is accounted on accrual basis.
- (v) Dividend is recognized when the right to receive the dividend is unconditionally established at the balance sheet date.

8. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. None of the borrowing cost has been capitalised during the year.

9. TAXATION:

Tax expenses comprise Current Tax, Deferred Tax and Fringe Benefit Tax.

(i) Current Tax:

Current tax is calculated as per the provision of the Income Tax Act, 1961.

(ii) Deferred Tax:

Deferred Tax is recognized on timing differences being the differences between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets, subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on balance sheet date.

(iii) Fringe Benefit Tax:

Tax on Fringe Benefit is measured as the specified rates on the value of Fringe Benefits in accordance with the provisions of the section 115 WC of the Income Tax Act, 1961. Accounting for the Fringe Benefit Tax is done as per the guidance note issued by ICAI.

10. CONTINGENT LIABILITIES:

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

(B) NOTES FORMING PART OF ACCOUNTS:

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 are not completed. As informed by the management, no interest is to be charged on such advances.

2. Payment made to auditors:

Particular	Current year 2008-09	Previous year 2007-08
Audit Fees	75,000	75,000
Tax Audit Fees	25,000	25,000
Other Services	1,50,000	1,50,000
Total Amount	2,50,000	2,50,000

3. Balance confirmation of Debtors, Creditors and Loans and Advances are not received by the Company which are subject to adjustments, if any.

4. The Demand Cash Credit (Working Capital Facility) from State Bank Of India referred in schedule 'B' of the Balance Sheet is secured by:

(i) Primarily by hypothecation of all the stocks, book debts and rights of film being produced and

(ii) Equitable Mortgage of a Building at Dadar (West), Mumbai and a Building at Tardeo, Mumbai both owned by the promoter and their relatives/ friends as collateral security and

(iii) Promoter has pledged 12,50,000 nos. of shares as Collateral Security and

(iv) Personal guarantee of the Managing Director Mr. Apurva Shah and Director Mr. Manish Ruparel.

5. Additional Information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956 is as follows:

The company is in the business of production, distribution and exhibition of movies / animation / entertainment/ software etc which are not subject to any license and as such information regarding consumption of raw materials, production and sales is not applicable. Further the nature of business of the Company is such that the installed capacity is not quantifiable.

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

Particulars	Deferred Tax Liability		Deferred Tax Assets	
	2008-09	2007-08	2008-09	2007-08
Carried Forward losses as per income tax up to accounting year 2007-08	-	-	-	-
Difference between the written down value of fixed assets as per books and as per income tax	11,042,744.91	29,02,986.33	495,000.00	NIL
Other Disallowances	5,615,114.00	NIL	NIL	5,615,114
Substantively enacted tax rate	33.99%	33.99%	33.99%	33.99%
Tax effects of timing differences	5,662,006.00	9,86,725	168,251.00	19,08,577

7. Earnings Per Share:

The earning per share is calculated by dividing the profit after tax by weighted average no. of share outstanding for basic and diluted EPS.

Sr. No.	Particulars	2008-09	2007-08
a.	Profit after tax as per the Profit and Loss account	6,503,528	2,263,520
b.	Weighted Average no. of share outstanding during the year (Nos.) Basic and Diluted	52,088,397	47,821,000
c.	Nominal value of equity share (Rs.)	Re 1	Re 1
d.	Earning per share (Rs.)-Basic and Diluted	0.125	0.047

8. Related party Disclosure:

As required by accounting standard: As 18 "Related Parties Disclosures" 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 parties	Relationship
1.	Apurva M. Shah	Key Management Personnel
2.	Raman Trikha	Key Management Personnel
3.	Kshitij Sheth	Key Management Personnel
4.	True Blue Enterprises	Director is Partner

- (b) Transaction with Related parties during the year

Sr no.	Nature of Transaction	2008-09	2007-08
1.	Directors Remuneration	9,00,000	5,50,000
2.	Rent Exp.	3,60,000	3,60,000
3.	Unsecured Loan Taken	NIL	88,16,288

- (c) Outstanding Balance as on 31/3/2009.

Name of the director/concern	Transaction type	2008-09 Outstanding	2008-09 Max.	2007-08 Outstanding	2007-08 Max.
Hillcreast Informatics Ltd.	Advances given	NIL	3,906,000	39,06,000	39,06,000
True Blue Enterprise	Rent	NIL	389,914	3,39,184	3,60,000
Apurva M. shah	Loan taken	1,060,638	5,886,288	58,86,288	68,10,000
Raman Trikha	Loan taken	2,010,000	2,930,000	29,30,000	29,30,000

9. Remuneration to Directors:

Sr no.	Particulars	2008-09	2007-08
a.	Salary	900,000	5,50,000
b.	Commission	NIL	NIL
c.	Others	NIL	NIL

10. Expenditure in foreign currency on account of :

Particular	2008-09	2007-08
Travelling Expenses	370,561	Nil
Animation Expenses	5,603,438	Nil

11. Earning in foreign currency on account of:

Particular	2008-09	2007-08
Earning	Nil	Nil

12. Pursuant to the approval of members by way of Special Resolution passed at an Extra-ordinary General Meeting of the company held on 27th May, 2008, the company has allotted 50,00,000 warrants to Promoters / Promoter's Group company and has issued 50,00,000 warrants to various individuals and a body corporate. Each Warrant carries option entitlement to subscribe to Ten Equity Share of Re. 1/- each at a premium of Rs.1.10.

13. Pursuant to the provision of section 81 (1A) of the Companies Act, 1956 and provisions of Listing agreement, approval of members by way of Special Resolution passed at an Extra-ordinary General Meeting of the company held on 27th May, 2008, the company has issued 21,90,000 forfeited equity Shares to various individuals of Re. 1/- at premium of Rs.1.50.

14. Company has transferred Share Forfeiture Account of Rs. 1,095,000/- to Capital Reserves after issuing Forfeited Shares as mentioned in above para 13.

15. Segment Reporting:

The entire operation of the company relates to only one segment viz. Entertainment and Software. As such, there is no separate reportable segment under Accounting Standard – AS 17 on Segment Reporting.

16. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force on October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has compiled the relevant information from its supplier about their coverage under the said Act.

There are no outstanding to Micro, Small and Medium Enterprises as at 31st March 2009.

17. Contingent Liabilities:

Sr. no.	Particulars	As at 31 st March, 2009	As at 31 st March, 2008
a.	Claims against the Company not acknowledged as Debts	Nil	Nil
b.	Guarantees given by bank on behalf of the Company	Nil	Nil
c.	Letters of Credit given by Bank on behalf of the Company	Nil	Nil
d.	Legal Suits filed against the Company (having monetary implication)	Nil	Nil

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

As per our attached report of even date

For P N Jhamar & Company,
Chartered Accountants

For Koffee Break Pictures Limited,

Pankaj N Jhamar
Proprietor

Apurva Shah
CMD

Kshitij Sheth
Executive Director

Vijay Bharakatiya Singh
Independent Director

Date: 30th June, 2009
Place: Mumbai

Date: 30th June, 2009
Place: Mumbai

KOFFEE BREAK PICTURES LIMITED

Regd Office: 704-705, Silver Oak, Nr. Mahalaxmi Char Rasta, Paldi, Ahmedabad-380007.

ATTENDANCE SLIP

Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 17th Annual General Meeting of the Company at Cultural Centre Hall, BCA Charitable Trust, Nr. Chandra Nagar Bus Stand, Narayan Nagar Road, Paldi, Ahmedabad - 380007 on Thursday, the 24th September, 2009 at 4.00 p.m.

Name of the Shareholder

Signature

Folio No. _____

(Full name of Proxy)

Note: No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting

KOFFEE BREAK PICTURES LIMITED

Regd Office: 704-705, Silver Oak, Nr. Mahalaxmi Char Rasta, Paldi, Ahmedabad-380007.

PROXY FORM

I/We.....of.....
..... in the district of being a member/members of the above named Company hereby appoint of in the district of..... or failing him ofIn the district of as my / our proxy to vote for me/us on my our behalf at the 17th ANNUAL GENERAL MEETING of the Company to be held at Cultural Centre Hall, BCA Charitable Trust, Nr. Chandra Nagar Bus Stand, Narayan Nagar Road, Paldi, Ahmedabad - 380007, on Thursday, the 24th September, 2009, and at any adjournment thereof.

Signed this..... day of, 2009.

Reg. Folio No.....

No. of Shares

REVENUE
STAMP

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



the **greenchic**
... Finding Dad
in a journey of a lifetime

Conceived, Written & Directed By
SUDHIR

KoffeeBreak
pictures

If undelivered please return to,
Koffee Break Pictures Ltd., 328, Adhyaru Industrial Estate, Sunmill Compound, Lower Parel (w), Mumbai: 40001