

KOFFEE BREAK PICTURES LIMITED

19th ANNUAL REPORT



2010-2011

KOFFEE BREAK PICTURES LIMITED

BOARD OF DIRECTORS

Mr. Apurva Shah	:	CHAIRMAN AND MANAGING DIRECTOR
Mr. Hitesh Kawa (Upto 16.06.2011)	:	INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Nimesh Joshi (Upto 16.06.2011)	:	INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Vijay Bharaktiya Singh	:	INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Vinodkumar Jain (w.e.f. 14.03.2011)	:	INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Pikes Sharma (w.e.f. 14.03.2011)	:	EXECUTIVE DIRECTOR

REGISTERED OFFICE:

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

AUDITORS:

M/s Agarwal Desai & Shah, Chartered Accountants,
Mumbai

REGISTRARS & SHARE TRANSFER AGENTS:

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

SHARES LISTED AT:

The Stock Exchange - Mumbai, Ahmedabad

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19th ANNUAL GENERAL MEETING
 Date: **30th September, 2011**
 Day: **Friday**
 Time: **4 p.m.**
 Place: **328, Adhyaru Industrial Estate,
Sun Mill Compound,
Lower Parel (West),
Mumbai 400 013**

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of KOFFEE BREAK PICTURES LIMITED will be held on Friday, 30th September, 2011, at 4.00 p.m. at 328, Adhyaru Industrial Estate, Sun Mill Compound, Lower Parel (West), Mumbai - 400 013 to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 & Profit and Loss Account for the year ended on that date, together with reports of the Board of Directors and the Auditors thereon.
- To appoint a Director in place of Mr. Vinodkumar Jain, who retires by rotation & being eligible, offers himself for re-appointment.
- To appoint M/s Agarwal Desai & Shah, Chartered Accountants, Mumbai as a Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of next Annual General Meeting and to fix their remuneration.

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

Sd/-

Place: Mumbai
Date: 13th August, 2011

APURVA SHAH
(CHAIRMAN & MANAGING DIRECTOR)

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

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF ON POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- THE PROXIES IN ORDER TO BE EFFECTIVE, THE PROXY FORM MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY 328, ADHYARU INDUSTRIAL ESTATE, SUN MILL COMPOUND, LOWER PAREL (WEST), MUMBAI 400 013 NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING OF THE MEETING.
- Members/Proxies are requested to bring their admission slips duly filled and signed along with the copies of the Annual Report for attending the Meeting.
- Corporate Members are requested to send a duly certified copy of the Board resolution pursuant to Section 187 of the Companies Act, 1956 authorising their representative to attend and vote at the Annual General Meeting.
- The register of Directors' Shareholdings, maintained under Section 307 of the Companies Act, 1956 is open for inspection at the Registered Office of the Company during the office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and during the Annual General Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 23rd September, 2011 to Friday, 30th September 2011 (both days inclusive).
- Members desirous of seeking information relating to the accounts and operations of the Company are requested to address their queries to the Company at least 7 days in advance of the meeting to enable the Company to keep the information ready.
- Members holding shares in physical form are requested to notify immediately any change in their address to the Company quoting their folio number. Members holding shares in electronic form may update such details with their respective Depository Participants.
- Details of director seeking re-appointment at the ensuing Annual General Meeting to be held on Friday, 30th day of September, 2011 (in pursuance of Clause 49 of the Listing Agreement):

Name of Director	Mr. Vinodkumar Jain
Date of Birth	08/08/1963
Nationality	Indian
Date of appointment as director	14/03/2011
Designation	Independent Director
Qualification	Non Matriculate
Experience/ Expertise	Having an experience of more than 10 years in Capital Market.
Shareholding in the Company (Equity Shares of Re.1/- each)	NIL
List of directorships held in other Companies	Tarun Sales Agency Private Limited
Relationship with other Directors of the Company	Not related

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report of the Company together with the Audited Statements of the Accounts for the financial year ended 31st March, 2011.

1. FINANCIAL HIGHLIGHTS:

Particulars	Year ended (Amount in Rs.)	
	2011	2010
Total Income	25,44,87,874	14,07,98,921
Total Expenditure	25,43,15,250	13,75,71,217
Profit/(Loss) before Taxes	1,72,624	32,27,704
Less: Provision for Income Tax (net off short/(excess) provision for earlier years)	1,35,414	1,01,206
Profit/(Loss) After Taxes	37,210	31,26,498
Excess provision for Tax for previous year	15050	--
Previous Year Balance Brought Forward	52,57,439	51,63,058
Total Available for Appropriation	53,09,700	82,89,555
Proposed Dividend	--	26,00,220
Tax on Proposed Dividend	--	4,31,897
Balance carried to Balance Sheet	53,09,700	52,57,439

2. OPERATIONS:

During the year 2010-2011, "*Green Chic – Finding Dad*", our home production was successfully released on 24th June, 2011; the basic genre of the movie was animation focused on children as our target audience.

Being in 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 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.

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.

During the year we were in the business of production, distribution, selling and exhibition of movies / animation / entertainment/software etc.

3. DIVIDEND:

To conserve the resources of the company, your directors do not recommend any dividend during the year under review.

4. DIRECTORS:

In accordance with the provisions of the Articles of Association of the Company, Mr. Vinodkumar Jain, Director of the Company retires by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered themselves for re-appointment and your Board recommends for his re-appointment.

Mr. Vinodkumar Jain and Mr. Pikesh Sharma have been appointed as Directors of the Company w.e.f. 14th March, 2011.

Also, Mr. Hitesh Kawa and Mr. Nimesh Joshi resigned from the Directorship of the company w.e.f. 16th June, 2011.

5. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to provisions contained in Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That they 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 as at 31st March, 2011 and of the Profit or Loss of the Company for that period.
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities.
- That they have prepared the Annual accounts on a going concern basis.

6. SUBSIDIARIES:

Since the Company has no subsidiaries as on 31st March, 2011, provision of section 212 of the Companies Act, 1956 is not applicable.

7. PUBLIC DEPOSITS:

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

8. SHARE CAPITAL:

During the period under review there has not been any change in the capital structure of the company.

9. LISTING:

The Company is listed at the Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

10. AUDITORS:

M/s Borkar & Mazumdar., Chartered Accountants, Mumbai, Statutory Auditors of the Company have resigned from the office of the Statutory Auditors during the year. To fill the casual vacancy occurred due to the resignation of M/s Borkar & Mazumdar., the members of the Company at an Extra-Ordinary General Meeting held on 14th March, 2011 appointed M/s Agarwal Desai & Shah, Chartered Accountants, Mumbai as the Statutory Auditors of the Company to hold the office upto the conclusion of ensuing Annual General Meeting of the Company.

M/s Agarwal Desai & Shah, Chartered Accountants, Mumbai, the Statutory Auditors of the Company hold office up to the conclusion of the ensuing Annual General Meeting of the Company. The Company has received a letter from them to the effect that their re-appointment, if made, would be in conformity with the limits prescribed under Section 224 (1B) of the Companies Act, 1956. The Board recommends re-appointment of M/s Agarwal Desai & Shah, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company.

11. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, the following have been made a part of the annual report and are attached to this report:

- Management Discussion and Analysis
- Corporate Governance Report
- Statutory Auditors' Certificate regarding compliance of conditions of Corporate Governance.
- Declaration on Compliance with Code of Conduct

12. PARTICULARS OF EMPLOYEES:

As per the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, no employees were in receipt of remuneration exceeding the limits as prescribed under that section and hence your director have nothing to report in this regard.

13. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in terms of requirements of clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo, read along with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is as follows:

(A) Conservation of Energy:

The Company continues to implement prudent practices for saving electricity and other energy resources in day-to-day activities. However, considering the nature of business activities carried out by the Company, your director has nothing to report with respect to conservation of energy.

(B) Research and Development:

The Company has not carried out any specific research activity and so no benefit has been derived from it.

(C) Technology absorption, adaption and innovation:

The Company continues to take prudential measures in respect of technology absorption, adaptation and take innovative steps to use the scarce resources effectively.

(D) Foreign Exchange Earnings and Outgo:

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

	Particulars	2010-2011	2009-2010
a)	Foreign Exchange Earnings	Nil	NIL
b)	Foreign Exchange Outgo	Nil	30,54,582

(E) APPRECIATION:

Your Directors acknowledge with gratitude and wishes to place on record, their deep appreciation for the continued support and co-operation received by the Company from shareholders, bankers, Government authorities business associates customers and financial institutions during the year.

Your Directors place on record their deep appreciation for the dedication and commitment of your Company's employees at all levels and look forward to their continued support in the future as well.

For & On behalf of the Board of Directors

Sd/-
APURVA SHAH
(CHAIRMAN AND MANAGING DIRECTOR)

Place: Mumbai
Date: 13th August, 2011

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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:

- Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- 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.

2. BOARD OF DIRECTORS:

a) The composition of the 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, 2011 is 6 Directors comprising of 2 Executive Directors and 4 Non-Executive Directors.

Name of Directors	Category of Directorship	*No. of other Directorships held in other Companies	No. of Committee positions held in other Companies	
			Chairman	Member
Mr. Apurva Shah	Promoter, Chairman & Managing Director (Executive)	-	-	-
Mr. Vijay Bharaktiya Singh	Non - Executive Independent Director	1	-	-
Mr. Hitesh Kawa (up to 16.06.2011)	Non-Executive Independent Director	-	-	-
Mr. Nimesh Joshi (up to 16.06.2011)	Non-Executive Independent Director	1	-	-
Mr. Vinodkumar Jain (w.e.f. 14.03.2011)	Non - Executive Independent Director	-	-	-
Mr. Pikesh Sharma (w.e.f. 14.03.2011)	Executive Director	-	-	-

*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 6 (Six) Board Meetings which were held on 29-05-2010, 31-07-2010, 14-08-2010, 13-11-2010, 14-02-2011 and 16-02-2011; the time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board were made available to them along with detailed Agenda notes.

Sr. No	Name of Director	No. of Board meetings		Attendance at the last AGM
		Held	Attended	
1.	Mr. Apurva Shah	6	6	Yes
2.	Mr. Vijay B. Singh	6	3	Yes
3.	Mr. Hitesh N. Kawa	6	3	Yes
4.	Mr. Nimesh Shambhulal Joshi	6	3	Yes
5.	Mr. Vinodkumar Jain	6	0	NA
6.	Mr. Pikesh Sharma	6	0	NA

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 Auditor and the Board of Directors and oversees the financial reporting process.

The Audit Committee was re-constituted on 16th June, 2011. Presently comprises of two Independent Directors:

- Mr. Vijay Singh - Chairman
- Mr. Vinodkumar Jain - Member
- Mr. Apurva Shah - Member

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 29.05.2010, 14.08.2010, 13.11.2010 and 14.02.2011. The time gap between the two meetings was not more than 4 months.

Composition as on 31st March, 2011 of Audit Committee and details of the meeting attended:

Name of the Directors	No. of Committee Meeting	
	Held	Attended
Mr. Vijay Bharkatiya Singh	4	4
Mr. Hitesh Kawa	4	2
Mr. Apurva Shah	4	2

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 16th June, 2011

Presently, the Remuneration Committee comprises of two Non-Executive Directors:

- Mr. Vinodkumar Jain – Chairman
- Mr. Pkesh Sharma - Member
- Mr. Vijay Singh - Member

The Committee met 1 time during the year under report on 16-02-2011 to discuss and recommend the remuneration to be paid to Mr. Vinodkumar Jain, Non-Executive Director with the approval of the Shareholders in the Extra Ordinary General Meeting held on 14th March, 2011

Composition of Remuneration Committee and details of the meeting attended:

Name of the Directors	No. of Committee Meeting	
	Held	Attended
Mr. Hitesh Kawa	1	1
Mr. Nimesh Joshi	1	1
Mr. Vijay Bharkatiya Singh	1	1

Following is the list of Non-Executive Directors as on date 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. Vinodkumar Jain	NIL	Nil	Nil
2.	Mr. Hitesh Kawa	1000	Nil	Nil
3.	Mr. Nimesh Joshi	1000	Nil	Nil
4.	Mr. V.S. Bharkatiya	NIL	Nil	Nil

Shareholders/Investors Grievance Committee:

The Committee met on 29.05.2010, 14.08.2010, 13.11.2010 and 14.02.2011. The Shareholder's/Investment committee presently comprises of two Non Executive Directors which was re-constituted on 16th June, 2011:

- Mr. Vijay Singh – Chairman
- Mr. Vinodkumar Jain - Member

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 as on 31st March, 2011 and details of the meeting attended

The Composition and attendance at the Shareholders/Investors Grievance Committee Meeting was as follows:

Name	No. of Committee Meetings	
	Held	Attended
Mr. Hitesh Kawa	4	4
Mr. Nimesh Joshi	4	2
Mr. Vijay Bharkatiya Singh	4	2

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 some shareholders' complaints were pending for processing.

General Body Meetings:

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

Financial Year	Date / Type	Time	Venue	Special Resolution(s)
2007-2008	30/09/08 AGM	4.00 p.m.	BCA Charitable Trust, Narayan Nagar Road, Paldi, Ahmedabad – 7	Nil
2008-2009	24/09/09 AGM	4.00 p.m.	BCA Charitable Trust, Narayan Nagar Road, Paldi, Ahmedabad - 7	Nil
2009-2010	30/09/10 AGM	3.00 p.m.	Cultural Centre Hall, BCA Charitable Trust, Nr. Chandra Nagar Bus Stand, Narayan Nagar Road, Paldi, Ahmedabad – 380007	Nil

No Special Resolution is proposed to be passed through postal ballot process at ensuing annual general meeting.

- An Extra-Ordinary General Meeting of the Members of the Company was held on 14th March, 2011. Details of the meeting are mentioned as under:

Meeting Type: Extra Ordinary General Meeting
Day and Date: Monday, 14th March, 2011
Time: 3.00 p.m.
Venue: 328, Adhyaru Industrial Estate,
Sun Mill Compound,
Lower Parel (West),
Mumbai 400 013

Business Transacted: No Special resolution was transacted at the meeting.

- Shareholders may note that the Company has received the approval from Company Law Board, Mumbai Bench as well as from the Registrar of Companies, Mumbai, Maharashtra dated 18th October, 2010 and 23rd December, 2010 respectively with regards to Section 17 of the Companies Act, 1956 for shifting of registered office from State of Gujarat to State of Maharashtra by passing special resolution on 28th November, 2008 by members of the Company by way of Postal Ballot pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The results of which was declared on 28th November, 2008 with requisite majority in favor of the resolution.

Disclosures:

a) Related Party Transaction:

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.

b) Compliance by the Company:

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

c) Disclosure of accounting treatment:

In the preparation of the financial statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable.

d) Disclosure of Risk Management:

The Company has adequate risk assessment and minimization procedure.

e) Whistle Blower Policy:

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. 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 19th Annual General Meeting scheduled to be held on Friday, 30th September, 2011 at 3.00 p.m. at 328, Adhyaru Industrial Estate, Sun Mill Compound, Lower Parel (West), Mumbai 400 013

- The Financial year of the company is from April to March. The financial Calendar 2011-2012 (tentative) is as per following.

First quarter results (30 th June)	End of July, 11
Second quarter results (30 th September)	End of October, 2011
Third quarter results (31 st December)	End of January, 2012
Fourth quarter / Annual Results	End of April 2012/May, 2012

- Book Closure dates are from Friday, 23rd September 2011 to Friday, 30th September 2011 (both days inclusive).
- The Board of Directors has not proposed any dividend for the current financial year.
- The company's shares are listed at Mumbai and Ahmedabad Stock Exchange
- The Company is listed with BSE Limited and Ahmedabad Stock Exchange Limited
Scrip Code: 531602
ISIN: INE208D01023

i. Market price data: (All figures in Indian Rupees)

Month	High Price	Low Price	No. of Shares
April 2010	2.06	1.50	1,47,20,558
May 2010	2.38	1.85	3,57,25,365
June 2010	2.07	1.70	55,13,186
July 2010	2.06	1.65	70,53,750
August 2010	2.90	2.03	2,34,77,892
September 2010	2.22	1.91	57,60,741
October 2010	2.68	1.70	54,01,469
November 2010	2.00	1.56	20,53,625
December 2010	1.90	1.35	14,31,619
January 2011	1.57	0.98	24,78,191
February 2011	1.12	0.88	15,60,042
March 2011	1.18	0.88	33,23,400

ii. Distribution of shareholding as on 31st March, 2011

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	3405	71.28	6412469	4.93
5001-10000	601	12.58	5106395	3.93
10000 – 100000	629	13.17	19658523	15.12
100001 – Above	142	2.97	98833613	76.02
Total	4777	100.00	130011000	100.00

iii. Shareholding Pattern as on 31st March 2011

Category	No. of Shares	% of Shares
Indian Promoters and Promoter Group	28,628,116	22.02
Foreign Promoters	Nil	Nil
Institutional Investors	Nil	Nil
Private Corporate Bodies	26,089,380	20.07
Indian Public	74,449,385	57.26
NRI's/OBC	844,119	0.65
Others (Clearing Members)	Nil	Nil
TOTAL	13,00,11,000	100.00

iv. Register and Transfer System.

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

v. 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, 2011, 81.27% of your Company's Equity Shares representing 105,658,400 Equity shares are held on dematerialized mode and the balance were in paper form.

Address for correspondence:

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

REGISTERED 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. Agarwal Desai & Shah, Chartered Accountants, have verified the compliance of the corporate governance norms by the Company. Their report is annexed hereto.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Board of Directors,
KOFFEE BREAK PICTURES LIMITED
328, Adhyaru Industrial Estate,
Sun Mill Compound,
Lower Parel (West),
Mumbai 400 013

We have reviewed the implementation of Corporate Governance procedure by the company during the year ended March, 31 2011, 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 (ii) (IV)(G)*, 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 **AGARWAL DESAI & SHAH**
Chartered Accountants
Firm Reg. No. 124850W

Sd/-
Rishi Shekhri
Partner
Membership No. 126656

Place: Mumbai
Date: 13th August, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) INDUSTRY STRUCTURE AND DEVELOPMENT:

The Indian Media and Entertainment (M&E) industry was INR 652 billion in 2010 & is estimated to touch INR 738 billion in 2011. The industry is also estimated to grow at a CAGR of 14% to touch INR 1275 billion in 2015. By 2015 television is expected to account for almost half of the Indian Media & Entertainment Industry revenues. Key drivers of growth will be increasing media penetration and per capita income, convergence & digitization, regionalization, government regulations, & social media.

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 digital technologies and their innovative applications have changed the entertainment sector considerably, especially the content production and its quality. Internet has also emerged as the latest revenue stream and has become one of the fastest growing advertising medium and has made a significant impression on the entertainment industry.

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:

Increased Payouts: With a view to produce differentiated content, the production cost has increased.

Consistency: Consistency of picture quality is essential to maintain targeted revenue.

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

E) DISCUSSION ON FINANCIAL PERFORMANCE:

The financials of the Company has prepared by ensuring the objectivity, credibility, and correctness through proper financial reporting and disclosure processes, internal control, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

F) RISKS AND CONCERNS:

Change in Consumer Preference Risk:

The content developed by the Company need not appeal the target audience always as the target audience preferences are bound to change. The level of creativity required for the audience targeted varies with the available options to the consumers.

Artist Attrition Risk:

The reason for which the Company's content is preferred by the audience includes artist attrition also. These artists are an important part for the content produced by the Company.

Technological Risk:

Advancement of technology for creation of the picture is necessary with the new technologies being adopted by the competitors.

Regulatory Risk:

The business may have a positive or a negative impact on the revenues in future due to changes in the regulatory framework and the tax laws as compared to the current scenario.

Management continuously monitors and makes efforts to arrest decline and adverse output on any of these factors.

G) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has customized accounting packages, which has built in security, which prohibits deletions and overwriting once accounting entry is passed. The Company has introduced checks at various levels to monitor the expenses.

H) HUMAN RESOURCES POLICIES:

Human capital is a very important asset in a media company. Over the years, the Company has built up a human resource structure, which has enabled the Company to grow and take up challenges. The Company has a qualified team of professionals.

I) CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations maybe 'forward - looking statement' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas market in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

For & On behalf of the Board of Directors

Place: Mumbai
Date: 13th August, 2011

Sd/-
APURVA SHAH
(CHAIRMAN AND MANAGING DIRECTOR)

DECLARATION

To the best of my knowledge and belief, I hereby confirm that all the Board members and the Senior Management Personnel of the company have complied with the provisions of code of conduct as laid down by the Company during the financial year ended on 31st March, 2011.

For & On behalf of the Board of Directors

Place: Mumbai
Date: 13th August, 2011

Sd/-
APURVA SHAH
(CHAIRMAN AND MANAGING DIRECTOR)

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

To,
The Board of Directors,
KOFFEE BREAK PICTURES LIMITED
328, Adhyaru Industrial Estate,
Sun Mill Compound,
Lower Parel (West),
Mumbai 400 013

We hereby certify that for the financial year, ending 31st March, 2011 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.

For and on Behalf of the Board of Directors

Place: Mumbai
Date: 13th August, 2011

Sd/-
APURVA SHAH
(CHAIRMAN AND MANAGING DIRECTOR)

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, 2011, 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 the 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 perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, (herein after refer 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 purpose of our audit;
 - ii. In our opinion proper books of accounts are required by law have been kept by the Company so far as appears from the 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;
 - v. On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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 the explanations given to us the said accounts, read together with the notes appearing 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:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
 - ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - iii) In the case of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For **AGARWAL DESAI & SHAH**
Chartered Accountants
Firm Reg. No. 124850W

Sd/-
Rishi Shekhri
Partner
Membership No. 126656

Place: Mumbai
Date: 30th May, 2011

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 the company and the nature of its assets. As informed, no material discrepancies have been noticed on such verification.
 - c) The company has disposed off a substantial part of its fixed assets during the year however; the going concern assumptions remain unaffected.
- 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 not given any unsecured interest free loan during previous year to parties mentioned in the register maintained u/s 301 of the Act.
 - b to d) Since the company has not given any loan to the parties covered in the register maintained u/s 301 of the Act, hence paragraph (iii) (b) (c) and (d) of the order, are not applicable
 - e) The company has not taken any new unsecured interest free loans from parties covered in the register maintained u/s 301 of the Act during the year under review. However, the loan amounting to Rs. 10.05 lacs being carry forward from the previous year whereas maximum outstanding during the year was Rs 10.05 lacs. Such loan is being accepted by the company from one of its directors covered in the register maintained u/s 301 of the Act
 - 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 principal 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) Transactions 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 provisions 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 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. According to the information and explanations given to us and record of the company examined by us, there are no disputed dues of any statute liabilities. As per our information, no 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 any 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 not made any preferential allotment during the year.
- 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 **AGARWAL DESAI & SHAH**
Chartered Accountants
Firm Reg. No. 124850W

Sd/-

Rishi Sekhri
Partner
Membership No. 126656

Place: Mumbai
Date: 30th May, 2011

KOFFEE BREAK PICTURES LTD				
BALANCE SHEET AS AT 31ST MARCH, 2011				
AMOUNT IN RS				
PARTICULARS	SCH NO.	AS AT 31ST MARCH 2011		AS AT 31ST MARCH 2010
I. SOURCE OF FUNDS				
SHAREHOLDERS FUNDS				
Share Capital	A		13,00,11,000	13,00,11,000
Reserves and Surplus	A (i)		10,18,89,700	10,18,37,439
II. LOAN FUNDS				
Secured Loan	B		4,72,74,210	11,36,88,697
Unsecured Loan	C		28,78,081	30,15,475
Deferred Tax Liability	D		44,06,518	43,03,109
			28,64,59,508	35,28,55,720
III. APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	E	7,36,09,891		7,83,78,367
Less : Depreciation		2,31,82,533		3,41,46,024
Net Block			5,04,27,358	4,42,32,343
INVESTMENTS				
	F		19,300	19,300
CURRENT ASSETS, LOANS & ADVANCES				
Picture in Process		8,29,27,002		8,08,41,668
Sundry Debtors	G		4,41,90,111	8,83,90,736
Cash & Bank Balance	H		1,21,895	7,39,40,749
Loans & Advances	I		11,31,42,151	12,29,62,287
			24,03,81,159	36,61,35,440
Less: Current Liabilities & Provisions	J		43,68,309	5,79,41,745
			23,60,12,850	30,81,93,695
Misc Expenditure (To the extent not written off)	K		-	4,10,382
			28,64,59,508	35,28,55,720
Accounting Policies & Notes forming parts of accounts " Q				
As per our attached report of even date.				
For Agarwal Desai & Shah Chartered Accountants Firm Reg. No. 124850W Sd/- Rishi Sekhri Partner Membership No: 126656			For and on behalf of Board of Directors Koffee Break Pictures Ltd Sd/- Apurva M. Shah Managing Director	
Date: 30th May 2011 Place : Mumbai			Sd/- Pikesh Sharma Director Date: 30th May 2011 Place : Mumbai	

KOFFEE BREAK PICTURES LTD			
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011			
AMOUNT IN RS			
PARTICULARS	SCH NO.	AS AT 31ST MARCH 2011	AS AT 31ST MARCH 2010
I INCOME			
Operational Income		25,44,87,874	13,83,36,345
Other Income	L	-	24,62,576
		25,44,87,874	14,07,98,921
II EXPENDITURE			
Operational Expenses	M	21,53,82,009	13,49,16,273
(Increase) / decrease in inventories		(20,85,334)	(3,07,98,549)
Administrative & General Expenses	N	97,54,809	75,30,817
Finance Charges	O	61,92,283	42,93,480
Profit / (Loss) on Sale of Shares		-	24,64,220
Depreciation		2,50,71,483	1,91,64,976
Total Expenditure		25,43,15,250	13,75,71,217
Profit (Loss) Before Tax		1,72,624	32,27,704
Tax Expense	P	1,35,414	1,01,206
Profit (Loss) After Tax		37,210	31,26,498
Excess provision for Tax from last year		15,050	-
Previous Year Balance Brought Forward		52,57,439	51,63,058
		53,09,700	82,89,556
Appropriations			
Proposed Dividend		-	26,00,220
Tax on Proposed Dividend		-	4,31,897
Balance carried to Balance sheet		53,09,700	52,57,439
Basic and Diluted Earnings per Share of Re 1		0.00	0.04
As per our attached report of even date.			
For Agarwal Desai & Shah Chartered Accountants Firm Reg. No. 124850W Sd/- Rishi Sekhri Partner Membership No: 126656 Date: 30th May 2011 Place : Mumbai		For and on behalf of Board of Directors Koffee Break Pictures Ltd Sd/- Apurva M. Shah Managing Director Sd/- Pikesh Sharma Director	

KOFFEE BREAK PICTURES LIMITED			
Cash Flow Statement for the year ended on 31st March, 2011			
(Figures in Rupees)			
Particulars	31-Mar-11	31-Mar-10	
Cash flows from operating activities			
Net profit/(loss) before taxation and extraordinary item	1,72,624	32,27,704	
Add: Depreciation	2,50,71,483	1,91,64,976	
Add: Loss on sale of Shares	-	24,64,220	
Add: Loss on sale of Car	-	4,39,936	
Add: Foreign Exchange Difference	1,41,865	(24,62,576)	
Add: Interest paid	61,42,513	42,65,708	
Add: Preliminary Expenses w/off	4,10,383	-	
Less: Sundry Balances w/off	-	(4,38,723)	
Operating profit / (loss) before working capital changes	3,19,38,868	2,66,61,245	
Adjustment for:			
(Increase) / Decrease in Trade Receivables	4,42,00,625	(6,00,84,267)	
(Increase) / Decrease in Advances	64,45,252	(8,15,48,365)	
(Increase) / Decrease in Inventories	(20,85,334)	(3,07,98,549)	
Increase / (Decrease) in Trade Payables / other liabilities	(5,01,07,436)	2,44,43,099	
Taxes Paid	(1,08,071)	(3,18,444)	
Net cash from operating activities		3,02,83,905	(12,16,45,281)
Cash flows from investing activities			
Purchase of fixed assets	(3,12,66,500)	(2,74,70,141)	
Sale of Investments in shares	-	17,20,500	
Sale of fixed assets	-	4,88,888	
Net cash used in investing activities		(3,12,66,500)	(2,52,60,753)
Cash flows from financing activities			
Increase in share capital including Securities Premium	-	15,27,75,000	
Increase in Capital Reserve (Forfeiture of Share Warrants)	-	42,00,000	
Issue of Warrants	-	(1,94,77,500)	
Increase / (Decrease) in Secured Loans	(6,64,14,487)	6,82,87,767	
Increase / (Decrease) in Unsecured Loans	(1,37,394)	(55,163)	
Foreign Exchange Loss on Secured Loans	(1,41,865)	-	
Interest Paid	(61,42,513)	(42,65,708)	
Net cash from financing activities		(7,28,36,259)	20,14,64,396
Net increase in cash and cash equivalents		(7,38,18,855)	5,45,58,362
Cash and cash equivalents at beginning of period		7,39,40,750	1,93,82,388
Cash and cash equivalents at end of period		1,21,895	7,39,40,750
As per our attached report of even date.			
For Agarwal Desai & Shah Chartered Accountants Firm Reg. No. 124850W Sd/- Rishi Sekhri Partner Membership No: 126656 Date: 30th May 2011 Place : Mumbai		For and on behalf of Board of Directors Koffee Break Pictures Ltd Sd/- Apurva M. Shah Managing Director Sd/- Pikesh Sharma Director	

KOFFEE BREAK PICTURES LTD		
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE		
PARTICULARS	31-03-2011 Rupees	31-03-2010 Rupees
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED		
16,00,00,000 (16,00,00,000) Equity Shares of Re.1/- each	16,00,00,000	16,00,00,000
	16,00,00,000	16,00,00,000
ISSUED, SUBSCRIBED & PAID UP		
13,00,11,000 (13,00,11,000) Equity Shares of Re.1/- each fully paid up	13,00,11,000	13,00,11,000
	13,00,11,000	13,00,11,000
SCHEDULE "A (i)"		
RESERVES AND SURPLUS		
Share Premium	9,12,85,000	9,12,85,000
Capital Reserve	52,95,000	52,95,000
Profit & Loss Account	53,09,700	52,57,439
	10,18,89,700	10,18,37,439
SCHEDULE "B"		
SECURED LOANS		
Overdraft Facility - State Bank of India	4,35,36,916	7,87,93,942
SBI FITL	31,00,897	3,34,03,374
Cosmos Loan Against Vehicle	3,54,784	7,74,345
ICICI Bank - LAMUM00010536284 Car Loan 7587	2,81,613	7,17,036
	4,72,74,210	11,36,88,697
SCHEDULE "C"		
UNSECURED LOANS		
From Directors	8,68,081	30,15,475
From Others	20,10,000	-
	28,78,081	30,15,475
SCHEDULE "D"		
DEFERRED TAX		
Deferred Tax Liability	43,03,109	45,71,903
Add: Deferred Tax for the year (due to difference in fixed assets)	1,03,409	(2,68,794)
	44,06,518	43,03,109
SCHEDULE "F"		
INVESTMENTS		
Unquoted Investments		
Equity share of Cosmos Co-op Bank Ltd	19,300	19,300
	19,300	19,300
SCHEDULE "G"		
SUNDRY DEBTORS		
(Unsecured but considered good)		
More than six months	4,41,90,111	5,64,41,295
Less than six months	-	3,19,49,441
	4,41,90,111	8,83,90,736
SCHEDULE "H"		
CASH & BANK BALANCE		
Cash on hand	3,976	22,960
Bank Accounts	1,17,919	(78,211)
Cheques in hand	-	7,39,96,000
	1,21,895	7,39,40,749

KOFFEE BREAK PICTURES LTD		
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE		
PARTICULARS	31-03-2011 Rupees	31-03-2010 Rupees
SCHEDULE "I"		
LOANS & ADVANCES		
Advances to Others	1,18,53,953	1,49,91,394
TDS Receivable	8,38,477	42,13,361
VAT Receivable	7,23,422	8,11,233
Advance for Pictures	1,80,26,999	1,80,26,999
Advance for Assets	8,02,19,300	8,44,39,300
Advance for Expenses	14,80,000	4,80,000
	11,31,42,151	12,29,62,287
SCHEDULE "J"		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	28,50,271	4,67,46,103
Other Liabilities	15,18,038	-
	43,68,309	4,67,46,103
Provisions		
Provision for Taxation	-	34,66,000
Proposed Dividend	-	26,00,220
Tax on Proposed Dividend	-	4,31,897
Other Provision	-	46,97,525
	43,68,309	5,79,41,745
SCHEDULE "K"		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	-	4,10,382
	-	4,10,382
SCHEDULE "L"		
OTHER INCOME		
Foreign Exchange Gain	-	24,62,576
	-	24,62,576
SCHEDULE "M"		
OPERATIONAL EXPENSES		
Operational Expenses	21,53,82,009	13,00,64,774
Animation Expenses	-	43,69,437
Food and Refreshment	-	22,823
Foreign Travelling Exp- Production	-	39,919
Other Production related Cost	-	4,19,320
	21,53,82,009	13,49,16,273

KOFFEE BREAK PICTURES LTD

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT
31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

PARTICULARS	31-03-2011	31-03-2010
	Rupees	Rupees
SCHEDULE "N"		
ADMINISTRATIVE & GENERAL EXPENSES		
Accounting Charges	48,500	40,000
Advertisement Expenses	10,33,200	12,80,866
Annual Custodian Fees, Listing Fees and Demat Fees	55,600	5,67,391
Audit Fees	27,575	2,50,000
Business Promotion	6,04,470	-
Computer Expenses	1,00,550	2,872
Conveyance Expenses	70,620	36,342
Directors Remuneration	4,50,000	8,25,000
Electricity Expenses	1,41,865	5,07,511
Foreign Exchange Loss	33,04,939	-
General Expenses	1,63,063	1,18,075
Insurance Exp	15,617	-
Legal & Professional Charges	1,92,221	4,20,775
Loss on sale of Motor Car	-	4,39,936
Postage & Courier Charges	17,230	23,670
Preliminary Exp	4,10,382	-
Printing & Stationary Expenses	1,01,260	43,629
Rebate & Settlement	(36,184)	(4,38,723)
Repairs & Maintenance	2,31,850	30,083
Salary Expenses	25,94,824	32,02,971
Staff Welfare	-	20,534
Telephone Expenses	1,17,775	97,737
Travelling Expenses	1,09,452	18,028
Warrant Charges	-	44,120
	97,54,809	75,30,817
SCHEDULE "O"		
FINANCE CHARGES		
Bank Charges & Commission	49,770	27,772
Interest	61,42,513	42,65,708
	61,92,283	42,93,480
SCHEDULE "P"		
TAX EXPENSES		
Deferred Tax	1,03,409	(2,68,794)
Provision for Taxation	32,005	3,70,000
	1,35,414	1,01,206

KOFFEE BREAK PICTURES LTD

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

SCHEDULE "E"

FIXED ASSETS & DEPRECIATION AS PER COMPANIES ACT, 1956

AMOUNT IN RS

PARTICULARS	DEP. RATE (SLM)	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS ON 01.04.2010	ADDITION	DEDUCTION	AS ON 31.03.2011	AS ON 01.04.2010	FOR THE YEAR	DEDUCTION	AS ON 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
Office Equipments	4.75%	9,45,732	-	-	9,45,732	1,33,610	45,622	-	1,79,232	7,66,500	8,12,122
Vehicles	9.50%	21,57,343	-	-	21,57,343	6,36,111	2,04,948	-	8,41,059	13,16,284	15,21,232
Studio Equipments	40.00%	8,02,433	-	-	8,02,433	6,53,722	1,48,710	-	8,02,432	1	1,48,711
Computers	40.00%	2,76,67,436	-	-	2,76,67,436	78,09,186	83,76,003	-	1,61,85,189	1,14,82,247	1,98,58,250
Furniture & Fixtures	6.33%	24,37,388	-	-	24,37,388	3,34,195	1,54,287	-	4,88,482	19,48,906	21,03,193
Softwares	40.00%	4,43,68,036	3,12,66,500	3,60,34,975	3,95,99,561	2,45,79,201	1,61,41,913	3,60,34,975	46,86,139	3,49,13,422	1,97,88,835
TOTAL		7,83,78,368	3,12,66,500	3,60,34,975	7,36,09,893	3,41,46,025	2,50,71,483	3,60,34,975	2,31,82,533	5,04,27,360	4,42,32,343

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 Equipment	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 Investments: 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 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 capitalized 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 capitalized during the year.

9. RETIREMENT BENEFITS:
Leave Encashment:

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

10. TAXATION:

Tax expenses comprise Current Tax and Deferred 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.

11. 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. The Company had given advances to parties for various business activities which are not completed till date. Hence, no interest is charged on such advances given.

2. Payment made to auditors:

Particular	Current year 2010-11	Previous year 2009-10
Audit Fees	15,000	2,00,000
Tax Audit Fees	10,000	50,000
Certification and Other Services	NIL	1,95,000
Total Amount	25,000	4,45,000

- 3. Balances of Sundry Debtors, Sundry Creditors, advances given to various parties and Advances recoverable in cash or kind are as per books and are subject to confirmations and reconciliation, 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 of the Company as Collateral Security and
 - (iv) Personal guarantee of the Managing Director Mr. Apurva Shah.
- 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 business of production, distribution, selling 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. **Earning 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	2010-11	2009-10
a.	Profit after tax as per the Profit and Loss account	37,210	31,26,496
b.	Weighted Average no. of share outstanding during the year (Nos.) Basic and Diluted	13,00,11,000	8,84,02,096
c.	Nominal value of equity share (Rs.)	1	1
d.	Earnings per share (Rs.)- Basic and Diluted	0.00	0.04

7. 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 been taken place during the year and relationship.

Sr no.	Name of Related parties	Relationship
1.	Apurva M. Shah	Key Management Personnel
2.	Ashni Shah	Relative of Key Mangerial Personnel
3.	Bhavna M. Shah	Relative of Key Mangerial Personnel
4.	Manish L Shah	Relative of Key Mangerial Personnel
5.	Manish L Shah HUF	Relative of Key Mangerial Personnel
6.	Lalitchandra Shah	Relative of Key Mangerial Personnel
7.	Sumitra L. Shah	Relative of Key Mangerial Personnel

- (b) Transaction with Related parties during the year

Sr no.	Nature of Transaction	2010-11	2009-10
1.	Managerial Remuneration	4,50,000	8,25,000
2.	Unsecured Loan Taken	NIL	4,00,000
3.	Issue of Equity Share Capital to Relatives at Premium on conversion of Share Warrants	NIL	3,15,00,000
4.	Forfeiture of Share Warrants money on account of non-subscription by Relatives	NIL	42,00,000

(c) Outstanding Balance as on 31/03/2011.

Sr no.	Name of the director/concerns	2010-11 Outstanding	2009-10 Max.	2009-10 Outstanding	2009-10 Max.
1.	Apurva M. Shah	8,68,081	10,05,475	10,05,475	13,64,275

8. Remuneration to Directors:

Sr. No.	Particular	2010-11	2009-10
a.	Salary	4,50,000	8,25,000
b.	Commission	Nil	Nil
c.	Others	Nil	Nil

9. Expenditure in foreign currency on account of :

Particular	2010-11	2009-10
Animation Expenses	NIL	30,14,663
Travelling Expenses	NIL	39,919

10. Earning in foreign currency on account of:

Particular	2010-11	2009-10
Earning	Nil	Nil

11. Segment Reporting:

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

- 12.** There are no outstanding dues of Micro and Small Enterprises suppliers as defined under The Micro, Small and Medium Enterprises Development Act, 2006.
- 13.** There is no contingent liability during the year.
- 14.** 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 Agarwal Desai & Shah
Chartered Accountants
Firm Reg. No. 124850W

For and on behalf of the Board of Directors

Sd/-
Rishi Sekhri
Partner
M. No. 126656

Sd/-
Apurva M. Shah
Managing Director

Sd/-
Pikesh Sharma
Director

Place: Mumbai
Date: 30th May 2011

KOFFEE BREAK PICTURES LTD

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

1 Registration Details

Registration No. : L18109MH1994PLC211249 State Code : 11
Balance Sheet Date : 31st March, 2011

2 Capital Raised during the year (Amount in Rs. Thousands)

Public Issue : NIL Right Issue : NIL
Bonus Issue : NIL Private Placement : NIL

3 Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousand)

Total Liabilities : 286460 Total Assets : 286460

Source of Funds

Paid-up Capital : 130011
Reserves & Surplus : 101890
Loan Funds : 50152
Deferred Tax Liability : 4407

Application of Funds

Fixed Assets (Net) : 50428
Investments : 19
Net Current Assets : 236013

4 Performance of Company (Amount in Rs. Thousand)

Turnover & Other Income : 254488 Total Expenditure : 254315
Profit (Loss) Before Tax : 173 Profit after Tax : 37
Earning per Share in Rs. : 0 Dividend : NIL

5 Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

Product Description : Media & Entertainment Industry (Picture / Content Production)
Item Code No.(ITC Code) : NOT ALLOTTED

For and on behalf of Board of Directors
Koffee Break Pictures Ltd

Sd/-
Apurva M. Shah
Managing Director

Sd/-
Pikesh Sharma
Director

Date: 30th May 2011
Place : Mumbai

KOFFEE BREAK PICTURES LIMITED

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

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 19th Annual General Meeting of the Company at 328, Adhyaru Industrial Estate, Sun Mill Compound, Lower Parel (West), Mumbai 400 013 on Friday, the 30th September, 2011 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: 328, Adhyaru Industrial Estate, Sun Mill Compound, Lower Parel (West), Mumbai 400 013

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 19th ANNUAL GENERAL MEETING of
the Company to be held at 328, Adhyaru Industrial Estate, Sun Mill Compound, Lower Parel (West), Mumbai 400 013, on Friday, the 30th September, 2011 at 4.00
p.m., and at any adjournment thereof.

Signed this..... day of, 2011.

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.