

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2016**NOTE 1: Significant Accounting Policies****1 Basis of accounting and preparation of financial statements**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared in compliance with all material aspects of the accounting standards notified under section 133 and the other relevant provisions of the Companies Act, 2013. All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III to the Act.

2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3 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."

4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

6 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. In respect of computer softwares which are amortised over a period of five years in accordance with the Accounting Standard 26 "Accounting for Intangible Assets". Depreciation on addition to fixed assets is provided on a pro-rata basis from the date of addition.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

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 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

9 Tangible fixed assets

"Fixed assets, are carried at cost less accumulated depreciation, Service Tax/VAT Credit availed and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project. "

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

10 Intangible assets

Intangible Assets are recorded at cost of acquisition.

11 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."

12 Leave Encashment

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

13 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

14 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.

15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

16 Taxes on income

"Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. "

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

17 Provision and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

NOTE 2 : Notes to the Balance Sheet

1. SHARE CAPITAL

(a) Details of authorised, issued and subscribed share capital

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Authorised Capital 16,00,00,000 (PY 16,00,00,000) Equity Shares of ₹ 1/- each	160,000,000	160,000,000
Issued Capital 13,00,11,000 (PY 13,00,11,000) Equity Shares of ₹ 1/- each fully paid up	130,011,000	130,011,000
Subscribed and Paid up 13,00,11,000 (PY 13,00,11,000) Equity Shares of ₹ 1/- each fully paid up	130,011,000	130,011,000
Total	130,011,000	130,011,000

(b) The Share Capital of the Company is divided into 13,00,11,000 Equity shares of ₹ 1/- each with an Authorised Share Capital of 16,00,00,000 Equity shares of ₹ 1/- each. There has been no change in the capital structure of the Company during the period under review.

(c) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	31 st March 2014	31 st March 2013
No. of shares at the beginning of the year	130,011,000	130,011,000
Fresh Issue	-	-
No. of shares at the end of the year	130,011,000	130,011,000

2. RESERVES AND SURPLUS

Particulars	31 st March 2014	31 st March 2013
(a) Capital Reserve		
Opening Balance	5,295,000	5,295,000
Add/(Less): Transfers	-	-
Closing Balance	5,295,000	5,295,000
(b) Securities Premium Reserve		
Opening Balance	91,285,000	91,285,000
Add/(Less): Transfers	-	-
Closing Balance	91,285,000	91,285,000
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(180,669,660)	(38,102,663)
Less- Dep Charged on Fixed Assets	-	(984,132)
Add/(Less): profit/(loss) for the period	280,330	(141,582,864)
Add/(Less): Transfers	-	-
Closing Balance	(180,389,329)	(180,669,660)
Grand Total	(83,809,329)	(84,089,660)

3. SHORT-TERM BORROWINGS

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Unsecured Loans - From Others	-	18,699,978
Grand Total	-	18,699,978

4. TRADE PAYABLES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Dues to Micro, Small and Medium Enterprises* Other than Micro, Small and Medium Enterprises	188,750	222,988
	188,750	222,988

*There are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

5. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Other Current Liabilities		
Other liabilities & Statutory dues	9,000	8,500
Other Advances	500,239,800	-
Unclaimed Dividend	86,484	86,484
Total	500,335,284	94,984

7. NON-CURRENT INVESTMENT

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Other than Trade Investments		
Unquoted Investments 23928 (PY-23928) Shares of ₹ 10 each of Vin Anand E- Commerce India Pvt Ltd Limited	239,280	239,280
Grand Total	239,280	239,280

8. LONG - TERM LOANS AND ANCES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Unsecured Sundry Loans	52,638,365	14,610,518
Grand Total	52,638,365	14,610,518

(Amount in ₹)

Description	Gross Block			Depreciation Block				Net Block		
	1-Apr-15	Additions	Deductions / Adjustments	31-Mar-16	1-Apr-15	Charged For the year	Deductions / Adjustments	31-Apr-16	31-Mar-16	31-Mar-16
Tangible Assets:										
Vehicles	2,157,343	-	-	2,157,343	2,157,343	-	-	2,157,343	-	-
Furniture and Fixtures	2,437,388	-	-	2,437,388	1,379,683	428,340	-	1,808,023	629,365	1,057,705
TOTAL	4,594,731	-	-	4,594,731	3,537,026	428,340	-	3,965,366	629,365	1,057,705
Previous Year	5,540,463	-	945,732	4,594,731	2,721,244	777,382	(38,400)	3,537,026	1,057,705	2,819,219

9. CASH AND BANK BALANCES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
(a) Cash & Cash Equivalents Cash on Hand	87,759	7,259
Bank Balances in: In current accounts	61,600	2,662,878
	149,359	2,670,137
(b) Other Bank Balances - Earmarked balances	89,686	9,113
Unclaimed dividend Account Grand Total	239,045	2,679,250

10. SHORT - TERM LOAN AND ADVANCES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Unsecured, considered good Advance Given for Investment	166,500,000	45,000,000
Other Advances	325,095,286	-
Balances with government authorities	1,384,364	1,352,537
Grand Total	492,979,650	46,352,537

NOTE 3: Notes to Statement of Profit and Loss**1. REVENUE FROM OPERATIONS**

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Sale of Products	-	-
Business Liaising	-	2,450,000
Total	-	2,450,000

2. OTHER INCOME

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Interest Income	2,531,867	1,900,793
Total	2,531,867	1,900,793

3. CHANGES IN INVENTORIES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
(A) At the end of the period " Work-in-Progress		
(B) At the beginning of the period Work-in-Progress	-	84,140,732
Net	-	84,140,732

* Refer Note No.4(2).

3. CHANGES IN INVENTORIES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
(A) At the end of the period " Work-in-Progress		
(B) At the beginning of the period Work-in-Progress	-	84,140,732
Net	-	84,140,732

* Refer Note No.4(2).

4. OPERATING EXPENSES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Operational Expenses	-	1,995,201
	-	1,995,201

5. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Salaries and incentives	984,000	432,000
	984,000	432,000

6. OTHER EXPENSES

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Rates & taxes	750	-
Communication	34,730	25,629
Travelling and conveyance	15,870	158,375
Sales promotion and advertisement expenses	54,116	12,023
Legal and professional	523,852	380,848
Bank Charges	4,834	1,723
Sundry Balances Written off*	-	57,938,450
Payment to Auditors		
Audit fees	40,000	40,000
Miscellaneous expenses	23,195	31,294
Total	697,347	58,588,342

* Refer Note No.4(2).

7. EARNING PER EQUITY SHARE

(Amount in ₹)

Particulars	31 st March 2016	31 st March 2015
Rates & taxes	750	-
Profit/(Loss) attributable to Equity shareholders	280,330	(141,582,864)
Weighted average number of equity shares	130,011,000	130,011,000
Basic Earnings Per Share	0.00	(1.09)
Face value per Share	10	10
Profit after adjusting interest on potential equity shares	280,330	(141,582,864)
Weighted average number of equity share after considering potential equity shares\	130,011,000	130,011,000
Dilutive Earnings per Share	0.00	(1.09)

NOTE 4: Other Notes

1. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
2. The Inventory of 'Pictures in Process' as on 31st March'2015 had considered after writing off of the Inventory of CY- Nil (P.Y.-Rs. 84,140,732/-)as this inventory was not realisable. Further certain debtors, loans & advances of CY- Nil (PY-Rs. 57,938,450/-) had been written off during the year as the same were not recoverable.

3. Related Party Disclosure**a. Details of Related Parties**

Description of Relationship	Name of Related Parties
Key Management Personnel	Pikesh Sharma (MD)
Key Management Personnel	Babita Pikesh Sharma (CFO)

b. Details of Related Party transactions during the year ended March 31, 2016

Particulars	2015-16	2014-15
Loan taken from director	-	
Loan repayment	-	238,081
Balance outstanding at the end of year	-	-

In terms of our report of even date
For Agarwal Desai & Shah
 Chartered Accountants

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

Sd/-
Rishi Sekhri
 Partner
 Membership No: 126656
 Firm Reg. No. 124850W

Sd/-
Pikesh Sharma
 Managing Director
 DIN - 01543923

Sd/-
Babita Pikesh Sharma
 Director & CFO
 DIN - 6942432

Mumbai
 27th May, 2016