

# INTERESTING SCRIPT

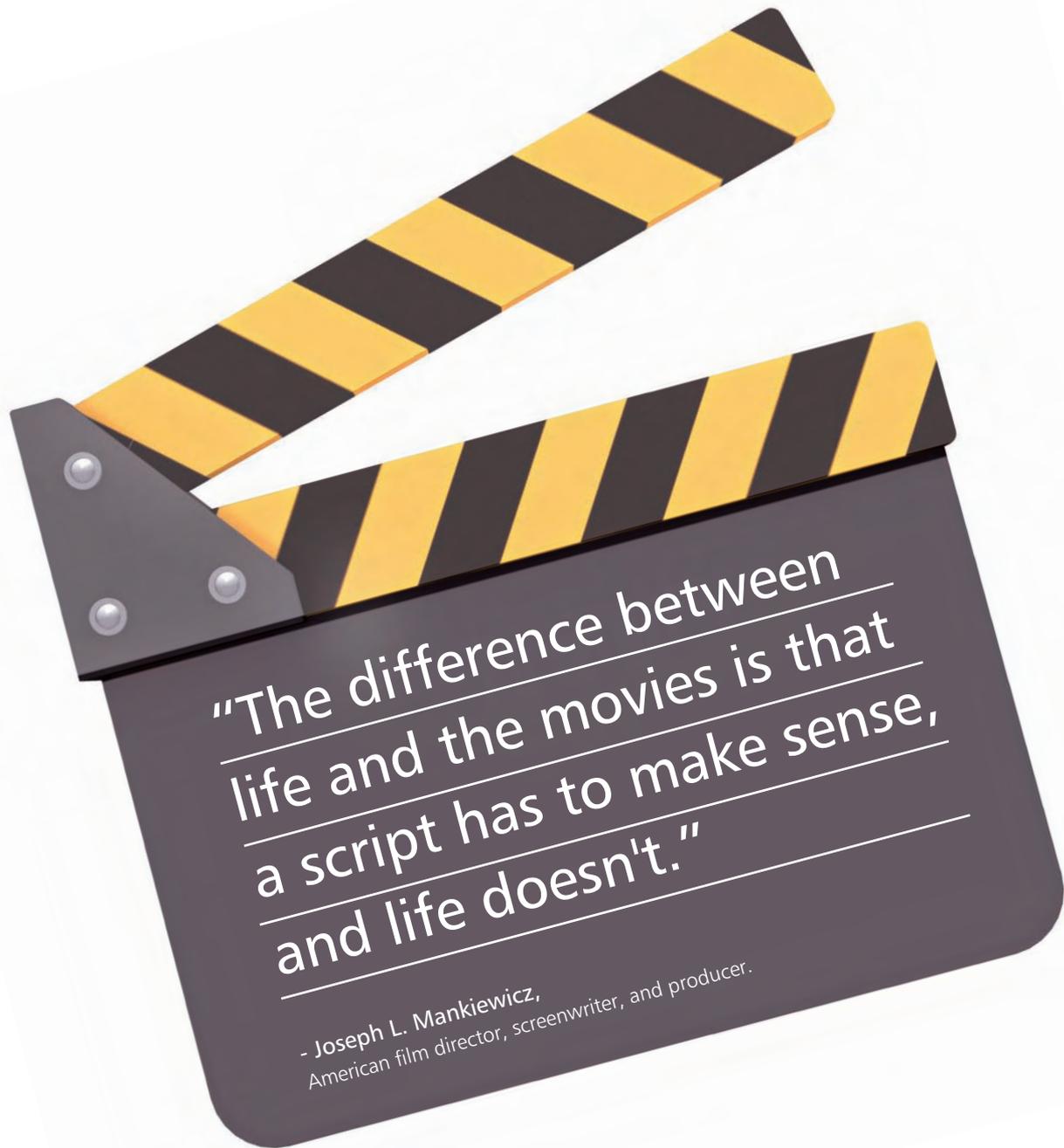
TIPS INDUSTRIES LTD  
Annual Report 2010-11



A PRISM SOLUTION ([www.prism.net.in](http://www.prism.net.in))  
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"The difference between  
life and the movies is that  
a script has to make sense,  
and life doesn't."

- Joseph L. Mankiewicz,  
American film director, screenwriter, and producer.

India is the second most populous country. Indians spend more on watching films and listening to music than ever before.

Tips Industries Limited is one of India's leading entertainment and media companies with a rich repository of music and films (owned or acquired).

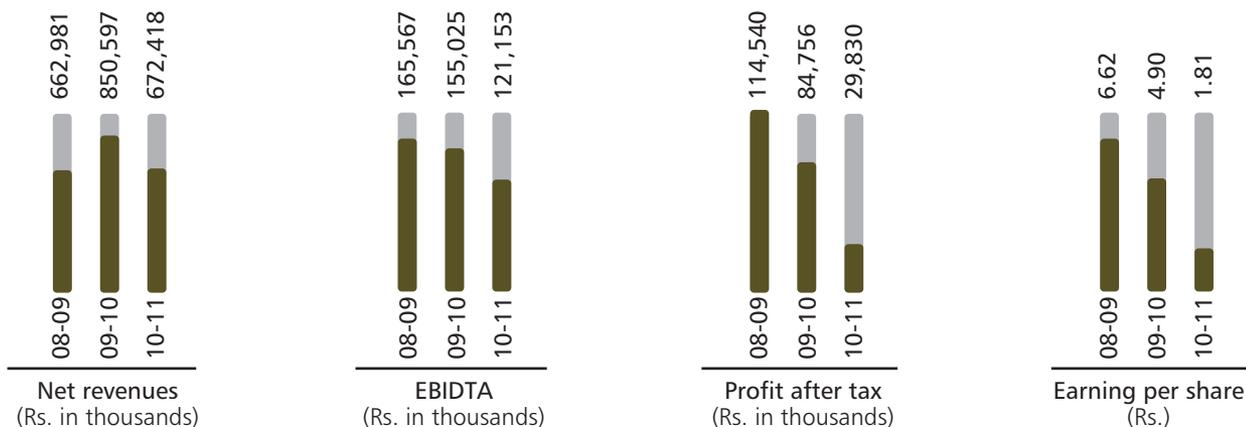
Making it an attractive proxy of the growth emerging from India's lifestyle sector.

Tips Industries Ltd. (promoted in 1980 by Kumar S. Taurani and Ramesh S. Taurani) is among the leading entertainment and media companies in India, actively engaged in the business of film production and music.

Tips has grown into one of India's most visible media companies respected for memorable films and music, supported by an archive of 27 films and over 25,000 song tracks as on March 31, 2011.

Tips is headquartered in Mumbai, India. The Company's equity shares are listed on the Bombay Stock Exchange and the National Stock Exchange.

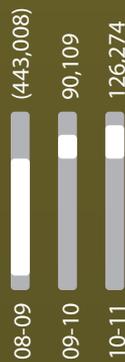
## Financial highlights, 2010-11



## Year-on-year films release



Book value per share  
(Rs.)



Operating cash flow  
(Rs. in thousands)

## OUR FIVE BIGGEST FILM HITS

Race  
Soldier  
Raja Hindustani  
Raaz  
Ajab Prem Ki  
Ghazab Kahani

## OUR FIVE BIGGEST MUSIC GROSSERS

Phool aur Kaante  
Khalnayak  
Raja Hindustani  
Raaz  
Race



## Tips stands for wholesome family entertainment.

In a business with high mortality, Tips has endured across three decades for a simple reason – the ability to produce wholesome family content addressing the entertainment needs of the entire family.

Over the decades, Tips has created entertaining film content around the genres of love, patriotism, action, horror and culture. This translated into the box office success of films like Raja Hindustani, Jab Pyaar Kisise Hota Hai, Ajab Prem Ki Ghazab Kahani and Race, among others. Tips integrated sound management principles within the entertainment industry through budgeting, artist selection, timely completion and professional distribution capabilities.



## Tips stands for staying in tune with evolving preferences.

In a business influenced by a large number of variables where preferences change with speed, Tips has created a robust musical archive of over 25,000 songs around a complex understanding of the interplay of lyrics, emotion, beat and voice.

Over the decades, Tips has addressed the wide bandwidth of family entertainment through a 25,000-plus song archive covering the genres of romance, masti, dance, emotion, tradition and sheer star power. This archive was created by Tips and also acquired, evolving the Company from a creator of captive content to one keen on locating attractive outsourcing opportunities.

Tips has reinforced its musical business model through its direct release of music and the acquisition of music rights of films like 36 China town, Parineeta, No Entry and Bewafaa among others, with the objective to generate sustainable revenues across the foreseeable future.

The Company's competence in this regard, is reflected in the fact that innumerable songs from the Tips archive have been the most hummed, heard, dedicated, requested, danced and loved. This has resulted in the Company winning awards and recognitions like Filmfare, National, Zee Cine and Star Screen, among others.



**Chairman Kumar S. Taurani**  
reviews the company's performance

**“The principal message to our shareholders is that the Company has taken effective initiatives to put it back on track”.**

### Were you pleased with the performance of the Company?

We were not happy with our performance in 2010-11 for an important reason: 'Prince', the film that we launched, did not meet our expectations. This reflected in our overall performance during the year under review: Net revenues declined from Rs. 85 crore in 2009-10 to Rs. 67 crore in 2010-11. At Tips, we see the decline in our performance during the year under review as a temporary aberration. Your Company continues to enjoy a reputation for creating quality content and professional practices and we soon expect to overcome the performance of 2010-11.

### Where is the Company placed within its industry space?

Tips is one of the leading entertainment and media companies in India. It is one of the few companies with a leading presence in both film and music. Tips evolved into one of India's most-respected film production companies, balancing quality film content with compelling music. The result is that the Company has emerged as a partner of choice for artistes, technicians and exhibitors, resulting in a sound throughput across a wide entertainment basket.

### How is India's media and entertainment industry evolving?

India's media and entertainment space is passing through some exciting times. The media universe is becoming increasingly complex, specialised and fragmented. The consumer preferences are fleeting; the cycle time for popular song to run its course has declined even as the cost by rights for song has increased.

At Tips, we believe that it is indeed possible to profit from this seemingly complex environment. For one, it is increasingly

critical to get one's strategic moves right as the cost of error can indeed be high. Besides, companies need to evolve in a manner in which they distribute content over secure platforms, optimise costs and adopt the best operational practices.

### What gives you the optimism that Tips can prevail in this environment?

At Tips, we possess the capability to deliver award-winning and revenue-generating entertainment content. Besides, we also possess an attractive business model when appraised from a medium-term perspective.

The strength lies in our captive film production and distribution capabilities, which makes it possible for us to produce quality films at a low cost within schedule and work with credible distribution partners who can help us maximise our revenues. These films generate chunky revenues during the time they are released wherein our objective is to earn higher than what we spend on them. For instance, our 2009-10 release Ajab Prem Ki Ghazab Kahani figured among the three top grossers of 2009-10. We released three films within a space of six months in 2009-10 and expect to sustain this pipeline over the foreseeable future.

These films do not merely generate revenues during the time of their release; since they possess a long shelf life, they generate a reasonable annuity income through their film and music content.

### What is the basis of your industry optimism?

The overall media and entertainment market in India is expected to grow at a compounded annual growth rate of 14 percent per annum through 2015 to reach INR 1.3 trillion, catalysed by the emergence of different media, higher audience segmentation, content for niches, robust regional growth,

growing content digitisation, increasing mobile and broadband penetration and industry consolidation. Earlier, it was possible to see films in the conventional theatre or television format; round the corner, it will be possible to watch films on mobile phones, widening our revenue stream.

### How does the Company intend to exploit this industry optimism?

The Company has the following initiatives lined up for 2011-12:

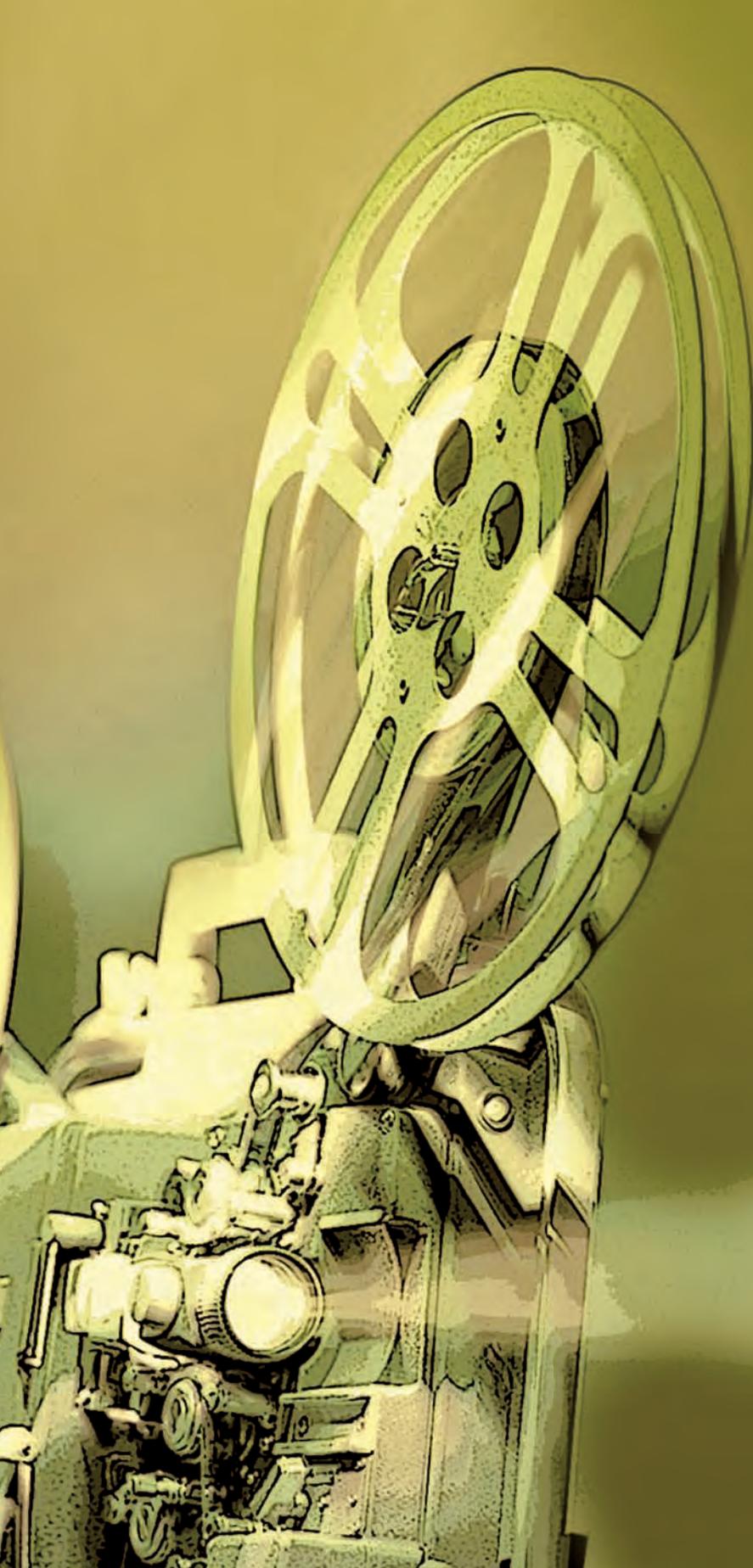
- A big-budget sequel to Race (launched in 2008) called Race 2 with a leading star cast
- A mid-budget film with Shahid Kapoor (directed by Siddhartha Anand, music by Pritam)
- A Punjabi film named Jihne Mera Dil Luteya directed by Mandeep Singh
- Acquire rights for music

The Company plans to release around five films by March 2013, which should increase revenues from Rs. 67 crore in 2010-11 to Rs. 200 crore by 2013.

### How does the company intend to enhance shareholder value?

We feel that our existing strategy will translate into enhanced profits across the medium-term. Besides, our share buyback was successfully completed. In due course, we expect our performance to improve and for this to reflect in superior value for all those who hold shares in our Company.

These initiatives will enhance film production revenues in an attractive way over the foreseeable future.



# Business segments

## Film production

Tips Industries entered the film production business in 1995. The Company released 27 films as on March 31, 2011. The Company distributed its own films rather than buy them from other production houses. The Company generated revenue from box-office collections, International rights, music, home video rights, among others.

## Outlook

- The Company intends to launch a big-budget film *Race 2*, starring Saif Ali Khan, John Abraham, Anil Kapoor, Deepika Padukone and Sonakshi Sinha (directed by Abbas-Mastan, music by Pritam) in 2011-12.
- The Company intends to produce a mid-budget film with Shahid Kapoor (directed by Siddhartha Anand, music by Pritam) in 2011-12.
- The Company intends to release a Punjabi film, *Jhne Mera Dil Luteya* in 2011-12.
- The Company intends to enter into a tie-up with a leading studio to invest, fund and distribute films made by the Company.
- The Company's repertoire of films of last 25 years is expected to continue generating royalty revenue.
- The Company plans to release around five films by March 2013.

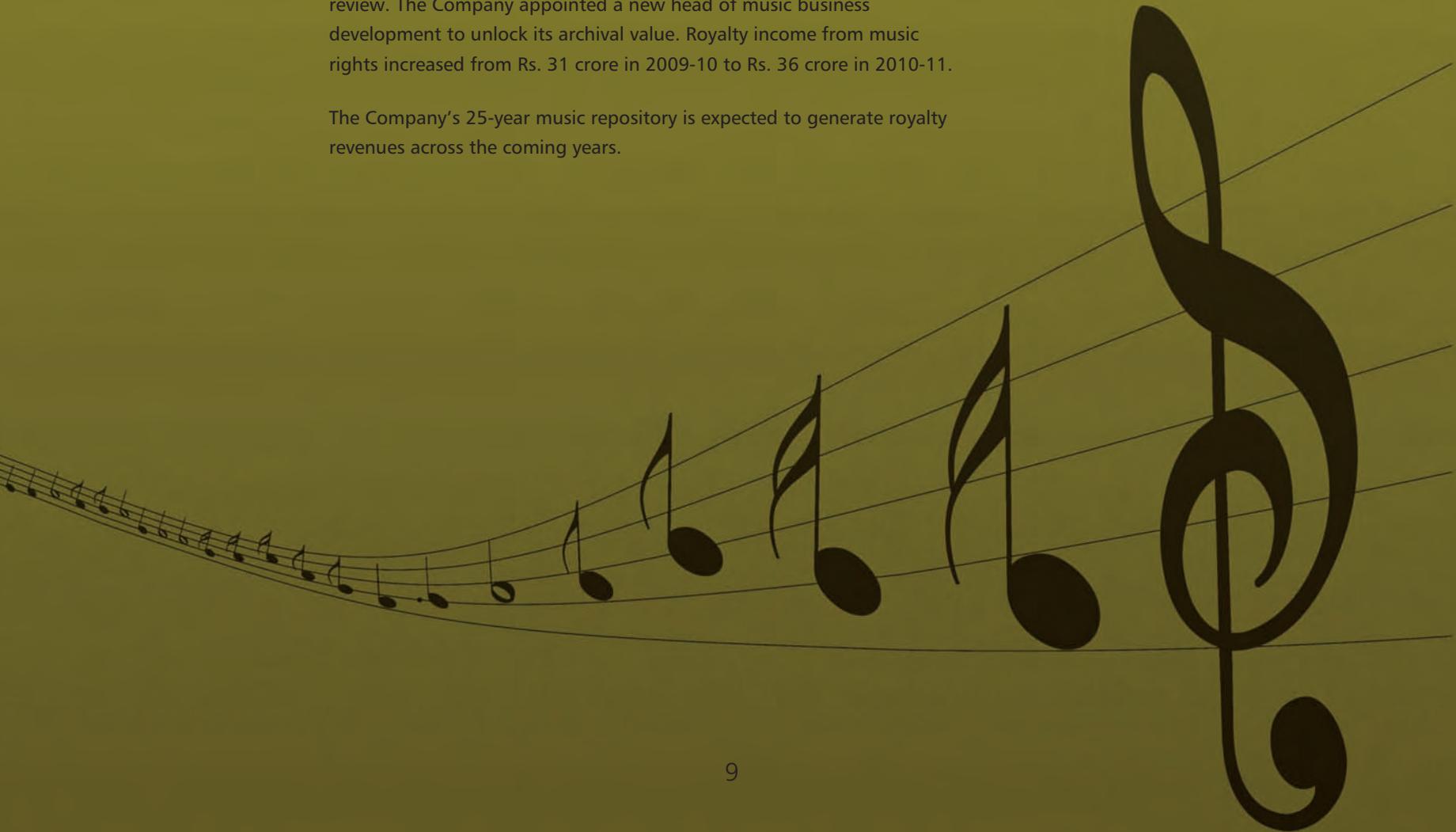
These initiatives will enhance film production revenues in an attractive way over the foreseeable future.

## Music

In India, music business is an important part of the entertainment industry with total size of roughly US\$ 10 million. Hindi film music dominates this with a 40% share followed by regional and old hits at 25%. However, the recent affect of digitisation has resulted in shake-up of old and established model, and is likely to see major revamping. Unless a newer model emerges, the company has decided to remain selective in the music business.

Tips acquired music rights for the movie BOL during the year under review. The Company appointed a new head of music business development to unlock its archival value. Royalty income from music rights increased from Rs. 31 crore in 2009-10 to Rs. 36 crore in 2010-11.

The Company's 25-year music repository is expected to generate royalty revenues across the coming years.



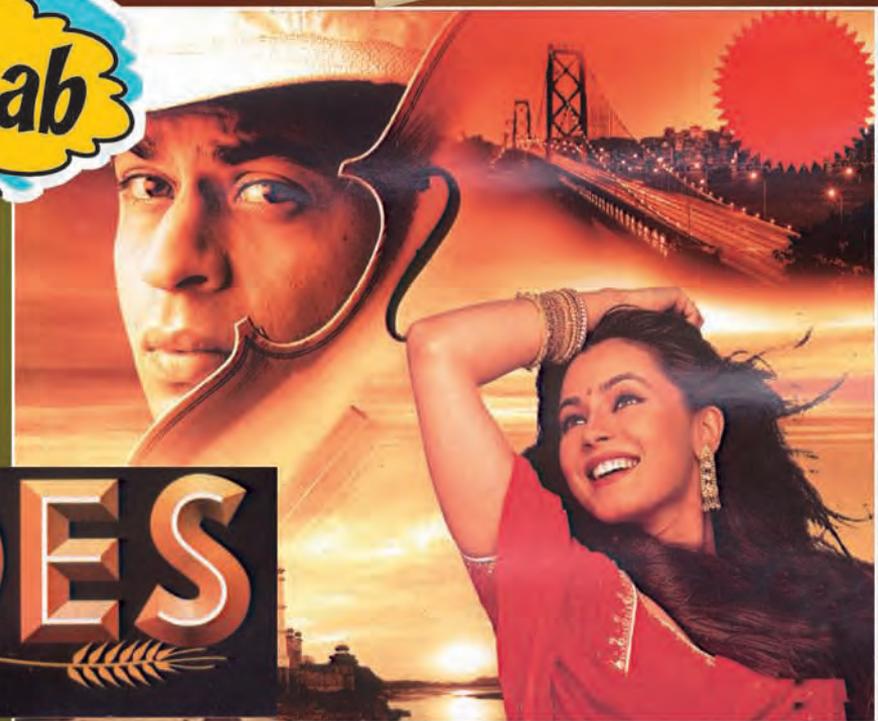
TIPS INDUSTRIES LTD



**AJAB**  
**PREM** Ki Ghazab  
**Kahani**



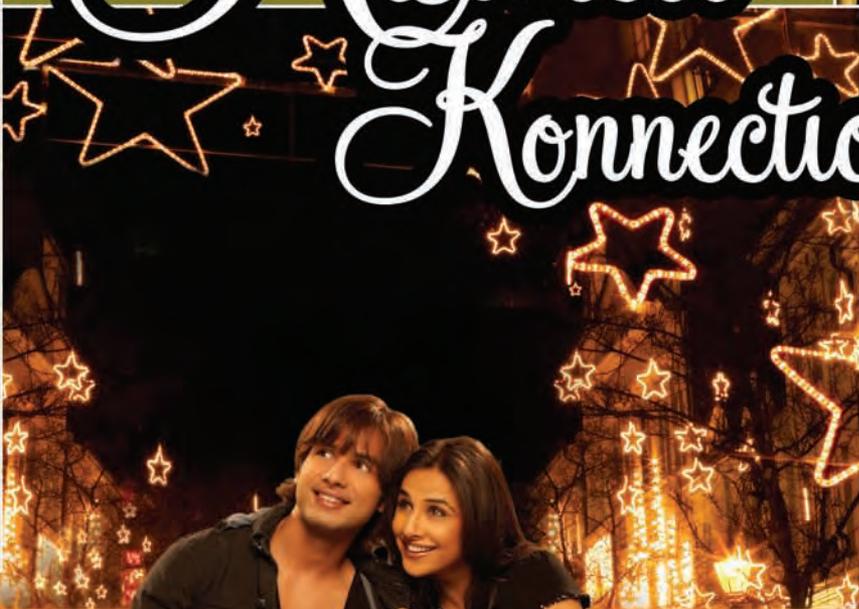
TIPS INDUSTRIES LTD. PRESENTS  
TIPS FILMS  
**RACE**  
DIRECTED BY ABBAS MUSTAN  
www.race.tips.in  
TIPS PICTURES RELEASE



**PARDES**  
MUSIC NADEEM SHRAVAN LYRICS ANAND BAKSHI



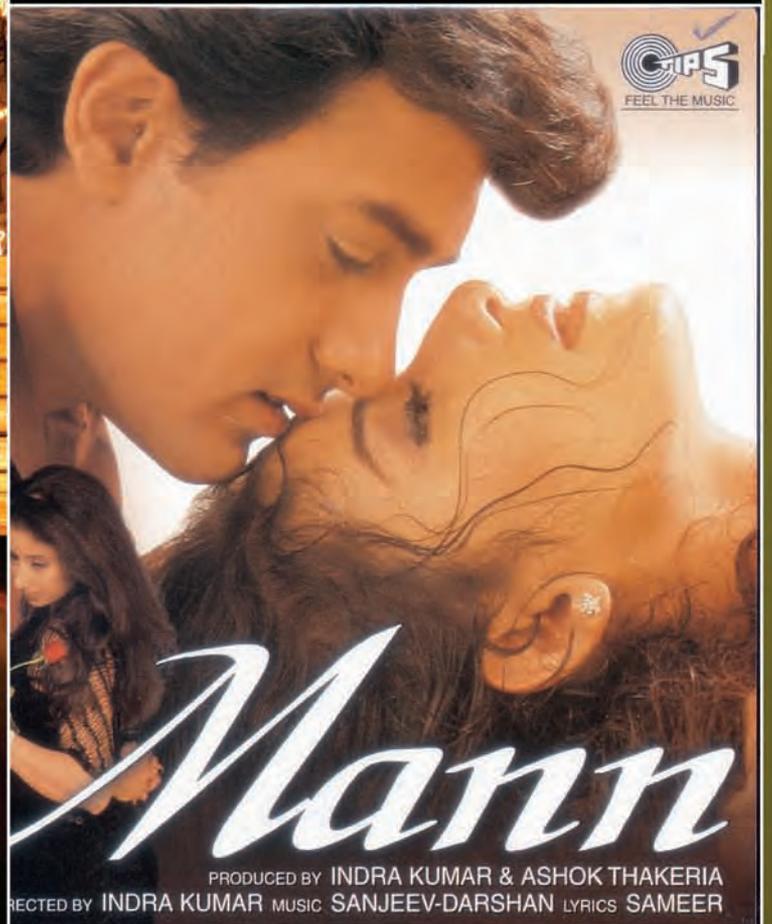
# Kismet Konnection



UTV  
MOTION PICTURES



Parineeta



PRODUCED BY INDRA KUMAR & ASHOK THAKERIA  
DIRECTED BY INDRA KUMAR MUSIC SANJEEV-DARSHAN LYRICS SAMEER



# The opportunity pie

8.6 India's GDP growth in 2010-11

133.5 INR 133.5 billion – projected revenues of the Indian film industry, if its revenues grow at a CAGR of 9.6 percent by 2015.

2,000 The number of multiplexes in India over the next five years from the prevailing number of around 1,000.

18.66 INR 18.66 billion - The size of India's music industry, expected to grow at a CAGR of 17 percent by 2015.

541 INR 541 billion – The projected size of India's advertising spend in 2015, growing at a CAGR of 15 percent.

700 The number of additional Phase-III radio licenses to be issued in Tier-II and III cities

549 The 549 million-plus active mobile subscribers in India will have their first true broadband experience when 3G services are rolled out and stabilised, leading to an explosion of music consumption. The true impact of 3G is expected to be felt by early-2012.



## CORPORATE INFORMATION

### Board of Directors

Mr. Kumar S. Taurani	Chairman & Managing Director
Mr. Ramesh S. Taurani	Managing Director
Mr. Amitabh Mundhra	Independent Director
Ms. Radhika Pereira	Independent Director
Ms. Sunita Menon	Independent Director

### Company Secretary

Ms. Bhoomi R. Thakker

### Bankers

#### Bank of Baroda

Everest Building,  
Tardeo Road,  
Mumbai 400 034

#### HDFC Bank

2<sup>nd</sup> Floor, Maneckji Wadia Bldg.,  
Nanik Motwane Marg,  
Fort, Mumbai – 400 001

### Registered Office

601, Durga Chambers,  
278/E, Linking Road, Khar (West),  
Mumbai 400 052

### Internal Auditors

M/s. Maheshwari & Co.,  
3<sup>rd</sup> Floor, Esplanade Bldg.,  
3, Amrut Keshav Naik Marg,  
Fort, Mumbai 400 001

### Senior Management

Mr. Shyam Lakhani	Sr. Vice President – Administration
Ms. Varsha Taurani	Vice President – Administration
Mr. Ishwar Advani	Vice President – Operations
Mr. I. T. Gursahani	Vice President – Legal & Corporate Affairs
Mr. Sahas Malhotra	Vice President – Music
Mr. Raju Hingorani	Distribution Head – Film

### Chartered Accountants

M/s B.K. Khare & Co.  
706/708, Sharda Chambers,  
New Marine Lines,  
Mumbai 400 020

### Registrar & Share Transfer Agent

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400 078

### Factory

Plot No. 22,  
Survey No. 126, Amlī,  
Silvassa – 396 230,  
Dadra & Nagar Haveli (UT)

## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth Annual General Meeting of Tips Industries Limited will be held on Friday July 29, 2011 at 4 p.m at the Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai- 400 049 to transact the following business:

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at March 31, 2011, the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
- 2) To declare dividend for the financial year ended March 31, 2011.
- 3) To re-appoint Mr. Amitabh Mundhra as a Director of the Company, who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To re-appoint M/s. B.K. Khare & Co., Chartered Accountants, as the Statutory Auditors of the Company and to fix their remuneration for the financial year 2011-2012.

*By Order of the Board of Directors*

Place: Mumbai

Date: May 11, 2011

**Bhoomi R. Thakker**  
*Company Secretary*

### Registered Office:

601, Durga Chambers,  
Linking Road,  
Khar (West),  
Mumbai 400 052

### NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF/ HERSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective,

should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.

- 2) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
- 3) The Register of Members and Transfer Books will be closed from July 23, 2011 to July 29, 2011 (both days inclusive)
- 4) Dividend, if approved by the Members at the Annual General Meeting will be paid on or before August 28, 2011 to the Members whose names appear on the Register of Members and Register of Beneficial Owners as on July 22, 2011 as per details furnished by the R&T & the Depositories for this purpose.
- 5) The members can avail of the facility of nomination. In terms of Section 109A of the Companies Act, 1956, members are entitled to make nominations in respect of shares held by them in physical form. Members desirous of making nominations are requested to file their nomination in respect of their shareholdings in prescribed Form 2B (in duplicate), which is available with the Secretarial Department at the Registered Office of the Company, and with R & T Agent.
- 6) Members are requested to:
  - (a) Intimate to the Company or the Registrar changes, if any, in their registered addresses at an early date.
  - (b) Quote folio numbers in all their correspondence.
  - (c) Bring their copy of the Annual Report to the Annual General Meeting.
  - (d) Bring the Attendance slip sent herewith, duly filled in, for attending the meeting.
- 7) In order to avail the facility of Electronic Clearing Service (ECS), Members holding shares in physical form are requested to provide bank account details to the Company or the Registrar & Share



- Transfer Agent, before book closure. Members holding shares in dematerialised mode are requested to instruct their respective Depository Participants regarding bank accounts in which they wish to receive the dividends. The Company / Registrar & Share Transfer Agent will not act on any direct request received from Members holding shares in dematerialised form for change / deletion of such bank details.
- 8) The Reserve Bank of India (RBI) vide its circular 376-DPSS. (CO) EPDD. No. 191-04.01.01-2009-2010 dated July 2009 has instructed banks to move to the National Electronic Clearing Services (NECS) platform w.e.f October 1, 2009.
  - 9) In this regard, please note that if the Members have not provided to the Company or their DP the bank account number, if any, allotted to them, after implementation of Core Banking System (CBS), credit of dividends through NECS to their old bank account number, may be rejected or returned by the banking system.
  - 10) In the above circumstances, the Members holding shares in physical form are required to furnish to the R & T Agents at the aforesaid address, the new bank account number, if any, allotted to them by their bank after it has implemented the CBS together with name of the Bank, Branch, 9 digit MICR Bank/Branch code, account type by quoting their folio number and a photocopy of the cheques pertaining to their bank account, so that the dividend can be credited to the said bank account
  - 11) Those members holding shares in dematerialised form are requested to provide the details to their DP.
  - 12) The Company has designated an exclusive email ID viz. [response@tips.in](mailto:response@tips.in) to enable the investors to post their grievances, if any, and monitor its redressal.
  - 13) Members holding shares in the identical order of names in more than one folio are requested to consolidate their holdings into one folio.
  - 14) Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least seven days before the date of the meeting. Replies will be provided at the meeting in respect of such queries received.
  - 15) Ministry of Corporate Affairs (MCA) vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a company would be deemed to have complied with provisions of sections 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports etc. are sent in electronic form to its members.
  - 16) Accordingly, the said documents of the Company for the financial year ended March 31, 2011 will be sent in electronic form to those Members who have registered their email address with their DP and made available to the Company by the Depositories.
  - 17) Members holding shares in physical form are requested to submit their email address to the R & T Agents, duly quoting their Folio number. Members holding shares in electronic form and who have not registered their email address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the initiative of the MCA.
  - 18) Please note that the said documents will be uploaded on the website of the Company viz. [www.tips.in](http://www.tips.in) and made available for inspection at the Registered Office of the Company during the business hours. However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send an e-mail to [response@tips.in](mailto:response@tips.in), duly quoting his DP ID and Client ID or the Folio number, as the case may be.

*By Order of the Board of Directors*

Place: Mumbai  
Date: May 11, 2011

**Bhoomi R. Thakker**  
Company Secretary

Registered Office:  
601, Durga Chambers,  
Linking Road, Khar (West),  
Mumbai 400 052

# DIRECTOR'S REPORT

## TO THE MEMBERS

Your Directors have pleasure in presenting their 15th Annual Report along with the Audited Accounts of the Company for the financial year ended March 31, 2011.

### HIGHLIGHTS OF FINANCIAL RESULTS

(Rs. in 'thousands')

Particulars	2010-11	2009-10
Income	672418	850597
Profit/(Loss) before Depreciation, Interest, Provision for Contingencies and Taxation	121153	155025
Less: Depreciation and Interest	80421	56916
Profit/(Loss) before Provision for Taxation, Extraordinary and Prior Period year items	40732	98109
Less: Provision for Taxation		
Current Tax	9046	8828
Deferred Tax	—	—
Fringe Benefit Tax	—	—
Wealth Tax	83	97
Excess / Short Provisions	35	4428
Profit/(Loss) after Provision for Taxation but before Extraordinary and Prior Period year items	31568	84756
Less: Prior Period Expenses	1738	—
Profit/(Loss) After Tax	29830	84756
Add: Balance brought forward	293601	238320
Profit/(Loss) after Taxation available for Appropriation	323431	323076
Dividend	19948	21632
Dividend Tax	3236	3593
General Reserves	1500	4250
Balance carried forward to Balance Sheet	298754	293601
Share Capital	159587	173059
Reserves & Surplus	635189	679162

### DIVIDEND

Your Directors recommend a dividend of @ 12.5% i.e. Rs. 1.25 per share on 15958700 fully paid-up Equity Shares of Rs. 10/- each of the Company for the year ended March 31, 2011. The proposed dividend,

if approved at the Annual General Meeting, will absorb a sum of Rs. 199.48 lacs (Previous Year being Rs. 216.32 lacs) and Dividend Tax of Rs. 32.36 lacs (Previous Year being Rs. 35.93 lacs). The Dividend



Tax is provided at the rate applicable on the day on which the Accounts were approved by the Board of Directors.

## **REVIEW OF OPERATIONS**

### **(a) Turnover:**

During the year under review, the Company's net turnover was Rs. 6659.77 lacs (including Rs. 3672.90 lacs from Royalty Receipts and 2906.25 lacs from Film Distribution Income) as compared to turnover of Rs.8423.71 lacs in the previous year. The other income in current year is Rs. 64.41 lacs as compared to Rs. 82.26 lacs in the previous year. During the year under review, the Company earned a profit of Rs. 407.31 lacs before provision for taxation and extraordinary & prior period adjustments as compared to profit of Rs. 981.09 lacs in the previous year.

### **(b) Film Production / Distribution/ Royalty Income:**

The Company released 1 (One) hindi cinematographic film in the financial year 2010-2011 – "Prince". It has also undertaken distribution of 1(One) Punjabi Movie "Mel Kara De Rabba" which was a phenomenal success worldwide. The Company has earned majority of its revenues through exploitation of its music on digital platforms like radio, mobile and internet and licensing its movies for exploitation through Cable TV, Satellite, Pay per view, DTH, IPTV, VOD, etc.

## **BUY BACK**

During the year, the Company has bought back 13,47,200 shares from the open market using the nation wide electronic trading facilities of the Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited('NSE') from the registered shareholders/beneficial owners. The buy back offer was open from June 11, 2010 to August 23, 2010. The total amount paid by the Company for buy back is Rs.639.96 lacs (without brokerage). The highest price paid for buy back is Rs.48.50 & the lowest price is Rs. 42.50, so the equity shares were bought back at an average of Rs.47.50. The capital structure of the Company before and after buy back is as follows:

<b>Share Capital</b>	<b>Pre – Buy Back</b>	<b>Post Buy Back</b>
Authorised Capital	Rs. 20,00,00,000/- (2,00,00,000 Equity Shares of Rs. 10/- each)	Rs. 20,00,00,000/- (2,00,00,000 Equity Shares of Rs. 10/- each)
Paid Up Capital	Rs. 17,30,59,000/- (1,73,05,900 Equity Shares of Rs. 10/- each fully paid-up	Rs. 15,95,87,000/- (1,59,58,700 Equity Shares of Rs. 10/- each fully paid-up)

## **FUTURE OUTLOOK**

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. The popularity of Indian entertainment industry goes well beyond the geographical frontiers of the country. As India's profile rises on the global stage, interest in India's culture and entertainment industry is also bound to grow.

New Technology is driving the entertainment industry / Music Industry into the next decade, and its boundaries is merging with those of the telecommunications and information technology segments, giving rise to a host of value-added features for consumers and new revenue streams for players in the industry. There is a technology push in the industry with a wide repertoire of film and music becoming available through a variety of legitimate and convenient platforms and options like increased internet penetration, digital downloads, ring tones, introduction of DTH and IP-TV, Video on Demand, Satellite Radio and FM Radio, cable and satellite television, pay per view telecast, etc. Due to the emergence of very prominent 3G services, mobile entertainment is becoming the biggest growth driver in digitization of music & films. Large scale exploitation of movies & music is also undertaken through mobile services like ring tones, caller tunes, games, images, wallpapers, themes, song video downloads, etc.

Your company is currently in process of commencing production of a

movie directed by the Abbas-Mastan which is the sequel of super hit movie the Race. The star casts of the movie include John Abraham, Saif Ali Khan, Sonakshi Sinha, Deepika Padukone & others are in finalization stage. In the current year company is in process of distributing another Punjabi Movie “Jinhe Mera Dil Lutiya”.

### **DIRECTORS**

In accordance with the provision of the Companies Act, 1956, and the Company’s Article of Association, Mr. Amitabh Mundhra, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. His detailed profile forms a part of Corporate Governance Report.

### **PARTICULARS OF EMPLOYEES**

Particulars of employees required in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are mentioned in the table below:

<b>Sr. No</b>	<b>Full Name</b>	<b>Current Designation &amp; Nature of Duties</b>	<b>Gross Remuneration p. a. (Rupees)</b>	<b>Qualification</b>	<b>Date of Joining</b>	<b>Experience</b>	<b>Age</b>	<b>Previous Employment</b>
1.	Kumar Taurani	Chairman & Managing Director	Rs.90,00,000	B. Com.	08/05/96	31	53 Years	N. A.
2.	Ramesh Taurani	Managing Director	Rs.90,00,000	B. Com.	27/09/05	30	51 Years	N. A
3.	Sahas Malhotra	V. P. Music	Rs.60,00,000	Economics (Hons)	08/10/10	17	36 Years	Sony Music Entertainment India

### **DIRECTORS’ RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your directors based on the representation received from the management state that:

- 1) In the preparation of the accounts, the applicable accounting standards have been followed and there are no material departures.
- 2) Accounting policies selected were applied consistently except in regard to change in the accounting policy in respect of amortization of cost of production of feature films (Refer to Note B3 of Schedule 21). Reasonable and prudent judgment and estimates were made
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- 4) The annual accounts of the Company have been prepared on a going concern basis.

### **PUBLIC DEPOSITS**

During the year, under review, the Company had accepted deposits from public within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder and that none of matured deposits have been unpaid to the depositor(s).

### **AUDITORS**

M/s. B. K. Khare & Co., Chartered Accountants, holds office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished the necessary certificate as required under Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.



### **CONSERVATION OF ENERGY**

Our operations are not energy intensive. However significant measures have taken to reduce the energy consumption by purchasing latest technology energy efficient equipments.

### **TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

During the year, Company has not absorbed or imported any technologies.

### **FOREIGN EXCHANGE EARNINGS & OUTGOINGS**

During the year ended March 31, 2011, the Company has incurred/ received foreign exchange towards the following:

<b>Particulars</b>	<b>2010-11</b> (Rs. in thousands)	<b>2009-10</b> (Rs. in thousands)
<b><u>Outgoings:</u></b>		
(A) Traveling Expenses	2606	181
(B) Legal & Professional Fees	–	–
(C) Payments to Artistes	1056	–
(D) Film Production Expenses	–	3251
<b><u>Earnings:</u></b>		
(A) F.O.B. value of Exports	2702	4299
(B) Royalty (net)	12268	1887
(C) Miscellaneous Income (Film Distribution Income)	–	55714

### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance is annexed hereto

and forms part of this Report. A certificate from M/s. B. K. Khare & Co, Chartered Accountants, and Statutory Auditors of the Company, regarding compliance of conditions of corporate governance stipulated by the Stock Exchanges is annexed to this Report. The Company also submits to the stock exchange quarterly corporate governance report as required by Clause 49 of the Listing Agreement.

The Company publishes on its web site various information relating to business of the Company, quarterly results, balance sheet & profit & loss account, Directors Report, Auditors Report, Shareholding pattern to keep the shareholders updated about the Company Affairs.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

In accordance with the Listing Agreement, the Management Discussion and Analysis Report is annexed hereto and forms part of this Report.

### **AUDITORS' REPORT**

In the opinion of the Directors, the notes to accounts are self-explanatory and adequately explain the matters, which are dealt within the Auditors' Report.

### **APPRECIATION**

Your Directors take this opportunity to express their sincere thanks to all the shareholders, banker, lenders & others business associates for their continuous support. Your Directors also express their gratitude to the employees for their hard work, commitment, knowledge and loyalty for the Company which has enabled the Company to achieve steady growth.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 11, 2011

**Kumar S. Taurani**  
Chairman & Managing Director

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC OVERVIEW

India's GDP grew at a healthy 8.6% in 2010-11 (8.0% in 2009-10), largely due to the significant growth in the country's agriculture sector at 5.4% (0.4% in 2009-10); while the services and industrial sectors maintained their growth. Net capital inflows increased US\$ 13.7 bn to touch US\$ 36.7 bn as on March 31, 2011.

## INDUSTRY OVERVIEW

In 2010, the Indian media and entertainment industry grew 11% and touched an estimated INR 652 billion in revenues. There was a strong recovery in advertising expenses by 17% to INR 266 billion. While television and print continue to dominate the Indian media and entertainment industry, sectors like gaming, digital advertising and animation VFX grew faster. Overall, the industry is expected to register a CAGR of 14% to touch INR 1,275 billion by 2015.

## OVERALL INDUSTRY SIZE

Overall Industry size (INR Bn)*	2007	2008	2009	2010	CAGR (2007-10)	2011P	2012P	2013P	2014P	2015P	CAGR (2010-15)
Television	211	241	257	297	12%	341	389	455	533	630	16%
Print	160	172	175	193	6%	211	231	254	280	310	10%
Film	93	104	89	83	-3%	91	98	109	120	132	10%
Radio	7	8	8	10	11%	12	15	18	21	25	20%
Music	7	7	8	9	5%	9	11	13	16	19	12%
Out of Home	14	16	14	17	6%	19	22	24	27	30	12%
Animation & VFX	14	17	20	24	18%	28	33	40	47	56	19%
Gaming	4	7	8	10	32%	13	17	23	31	38	31%
Digital Advertising	4	6	8	10	39%	13	18	22	28	36	28%
<b>Total</b>	<b>516</b>	<b>579</b>	<b>587</b>	<b>652</b>	<b>8%</b>	<b>738</b>	<b>834</b>	<b>957</b>	<b>1104</b>	<b>1275</b>	<b>14%</b>

Source: KPMG analysis

**Films:** 2010 was a challenging year for the Indian film industry as most films failed to influence the box office. The year saw the release of

several successful small and medium-budget movies with unique story lines. The size of the Indian film industry was estimated at INR 83.3 billion in 2010, a decline of 6.7 percent over 2009. The decline in the home video segment was the steepest. Cable and satellite rights grew 33 percent owing to a growing demand from broadcasters. In 2011, as a consequence of the World Cup and IPL, fewer films were released from February to May 2011. Following an impressive line-up from the second half, the industry expects to achieve 9 percent growth. The Indian film industry is projected to grow at a CAGR of 9.6 percent to INR 133.5 billion revenues by 2015 with the contribution of domestic theatrical revenues expected to reduce slightly and share of revenues from cable and satellite rights are expected to increase.

**Music:** The year 2010 saw the industry transition from physical to digital platforms. Music sales through digital platforms surpassed

physical sales for the first time. Music companies partnered social-networking platforms to promote content. Music companies are now

gearing to provide consumers with legitimate platforms to download music digitally. Rollout of 3G services, increased mobile and broadband penetration, technological advances and availability of low-cost smart phones are opening new avenues for music access.

The Indian music industry (estimated at INR 8.53 billion in 2010) grew 9.64 percent over 2009. The industry witnessed a 28 percent decline in physical music sales netted by a significant 57 percent jump in digital music (via downloads, streaming, internet and mobile phones).

The industry is expected to grow at a CAGR of 17 percent to INR 18.66 billion by 2015.

### **BUSINESS OVERVIEW**

Tips enjoys a 25-year record in delivering successful movies and music. The Company produces commercially and critically-acclaimed cinema, supplemented with strong story lines and backed by popular talent. The company's successes in the past comprises films like Raja Hindustani, Raaz, Ajab Prem Ki Ghazab Kahani, Kismat Konnection and Race. The year 2010-11 was not as per the Company's expectations as 'Prince', its principal film launch, did not receive a favourable audience response. As a result, revenues from the film segment declined from Rs. 49.5 crore in 2009-10 to Rs. 29 crore in 2010-11. The company expects to reverse this decline through a number of initiatives (indicated elsewhere in this report).

Tips entered India's music industry in 1980 by producing regional titles and ventured into Hindi film music in the 1990s, reporting hits like Patthar ke phool and Phool aur Kaante.

Over the years, the Company acquired a number of popular film sound tracks including 36 China Town, Parineeta, No Entry, Bewafaa and Raja Hindustani, among others. The company reported success through the music of Ajab Prem Ki Ghazab Kahani and Prince. The Company formed a separate music business division under a head of music business development, which will help unlock hidden value. During the year under review, Tips acquired music rights for the film Bol, which will enhance revenues.

Tips generates royalties from songs played on radio, mobiles, internet among others. The company possesses the rights to songs from movies like Taal, Pardes, Soldier, Hello Brother and Gupt among others. This generates annuity revenues even as the cost of acquiring these rights has been written off.

Royalty income increased from Rs. 31 crore in 2009-10 to Rs. 36 crore in 2010-11 and this trend is expected to sustain.

### **OPPORTUNITIES AND THREATS**

**Digitisation:** For the first time in India, digital music sales surpassed physical sales. DTH (Direct to Home) net subscriber base grew 75 percent, adding 12 million subscribers in 2010. The market for digital distribution platforms is expected to grow following regulatory push on digitisation, ongoing 3G rollouts, increasing mobile and broadband penetration.

**Regionalisation:** Backed by increasing purchase power across Tier II and Tier III cities, regional media consumption is expected to rise continuously.

**New media:** Presently, media consumption is driven by content pull from telecom service providers owing to the 3G launch, emerging gaming platforms and innovation in technological devices such as tablets. Availability of infrastructure and appropriately-priced content across these new media platforms are expected to be critical success factors for the Indian market.

**Regulation:** The Government's thrust on digitisation and addressability for cable television is expected to increase the pace of digitisation. The phase III auction of radio is expected to add around 700 licenses across Tier III and a few Tier II towns. Moreover, TRAI has submitted recommendations to the government to increase FDI limits across several broadcast and distribution platforms including radio, TV, DTH and cable.

**Niche formats:** Increasing audience segmentation enhances content creation and delivery.

**Consumer understanding:** With increasing fragmentation and competition, a deeper understanding of cultural and social references through focused study groups will enable players to target consumers specifically.

**Innovation:** It is important for industry players to continuously innovate new formats to enhance brand loyalty.

**Consolidation:** Mature players are gradually looking to build scale across the media value chain and explore cross-media synergies. In addition, existing foreign players are looking to expand their Indian portfolio. Inorganic growth is likely to be a preferred route for many of these players.

## **RISK MANAGEMENT**

### **Economic risk**

Any adverse change in the economic conditions of the country could affect the Company's performance.

Films represent the most popular form of mass entertainment in India. With favourable demographic and lack of affordable alternatives, the sector will sustain high growth in the coming years.

### **Piracy risk**

The free availability of internet downloads for audio tracks have almost completely wiped out the physical format market.

The Maharashtra Prevention of Dangerous Activities (MPDA) act was amended and enforced in 2009. Similarly in Karnataka, the Karnataka Prevention of Dangerous Activities, popularly known as the Goonda Act, brought film and video piracy under its purview in July 2009. The industry expects legislation to help curb revenue losses due to audio and video piracy in the two states. The digitisation of movie screens helped combat piracy.

### **Competition risk**

Increased competition can affect viability.

The management believes that the film industry did not bear the brunt of recession as much as it bore the brunt of poor content and

unrealistic budgets. Tips focused on creating quality films with mass-appeal, enriching its library. The company will focus on the creation of relevant content with mass appeal.

### **High talent costs**

Escalating actor fees leads to high production costs.

In 2009, producers reported a 20-40% reduction in talent costs through a responsible profit-sharing model between actors and production companies wherein a top actor takes a small up front fee but shares profits.

Tips maintained warm relations with artists at every level which helps it sign stars at moderate costs.

### **High production costs**

Increasing costs forced producers to look for innovative ways to cut costs and improve efficiency.

Tips employed a robust budget-controlled business model. The Company made 27 movies leveraging its rich experience in checking production costs.

### **Shortening theatrical window**

The fate of a movie is decided within the first three days of release.

Tips recognises the importance of marketing and promotion. It undertakes an integrated marketing campaign involving producers, distributors and exhibitors to attract audiences and enhance monetisation within the limited available theatrical window.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES**

The Company has a cyclical process for identifying, assessing and managing its internal control, which has been in place for the full year under review and up to the date of this report. The process is designed to enable the board to be confident that such risks are mitigated or controlled as far as possible. It should be noted however that no system can eliminate the risk of failure to achieve business objectives entirely and can provide reasonable, but not absolute assurance against material misstatement and losses. The audit committee has been



delegated the task of reviewing all identified risks, with the absolute key risks retained for full board view. Risks and controls are reviewed to ensure effective management of appropriate strategic, financial, operational and compliance issues.

### **DISCUSSION ON FINANCIAL PERFORMANCE**

**Income:** The Company recorded total income of Rs. 67.24 crore in 2010-11, as compared to Rs. 85.05 crore in the previous year.

**EBIDTA:** The Company's EBIDTA stood at Rs. 12.12 crore in 2010-11 as against Rs. 15.50 crore in 2009-10.

**PAT:** Profit after tax stood at Rs. 2.98 crore in 2010-11 as against Rs. 8.47 crore in the previous year.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

Tips has invested in progressive HR values, reflected in its transparency, professionalism and accountability. The Company endeavours to perpetuate these values and generate long-term, socio-economic values for shareholders, associates and employees.

At Tips, people from divergent disciplines work in harmony through a consistent emphasis on every individual's sense of responsibility and ability to exercise initiatives and judgement while working as a team member.

The HR department organises internal training programmes for personality development, behaviour, talent management and communication to enhance employee skills and capabilities. As on 31st, March, 2011, the number of employees on payroll were 48.

### **CAUTIONARY STATEMENT**

This report contains forward looking statements that involve risks and uncertainties including, but not limited to, risk inherent in the company's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.

# CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of Listing Agreement entered into with the Stock Exchanges)

## 1) Company's Philosophy on Corporate Governance:

"Whatever maximizes shareholder value must necessarily maximize corporate prosperity" is what Tips Industries Limited recognizes and adheres.

Your Company is directed, administered and controlled with a view to achieving long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers, and complying with the legal and regulatory requirements. The Company espouses the principles of Integrity, Fairness, Transparency, Disclosures, Accountability and Responsibility while conducting its business activities. Your Company takes pride in its commitment to values and ethical business conduct.

The Board of Directors plays a significant role in corporate governance practices followed by a Company. Your Company's Board possesses deep commitment to fulfill its responsibilities and duties and it comprises of well experienced appropriate mix of executive and non-executive independent directors who have implemented procedures to independently verify and safeguard the integrity of the company's financial reporting. The Company has also laid down a Code of Conduct to be followed by the Company's Directors, Officers and Designated employees that promotes ethical and responsible decision making.

## 2) Board of Directors:

The current strength of the Company's Board of Directors is 5 Directors comprising of Executive and Non-Executive Independent Directors. All the Board members possess proficiency in their respective areas and provide value addition to the Company through their effective guidance and supervision. The Board members are drawn from financial, technical and legal fields. The business of the Company is carried on by the Managing Directors under the overall supervision and control of the Board of Directors.

The composition, category and designation of members on the Board are as follows:

Sr. No.	Name of the Director	Category	Designation
1	Mr. Kumar S. Taurani	Promoter & Executive	Chairman and Managing Director
2	Mr. Ramesh S.Taurani	Promoter & Executive	Managing Director
3	Mr. Amitabh Das Mundhra	Non-Executive Independent	Director
4	Ms. Radhika Pereira	Non-Executive Independent	Director
5	Ms. Sunita Menon	Non-Executive Independent	Director

The Board of Directors are updated on all the activities of the company and its functions and responsibilities include but not limited to the following:

- o Quarterly results for the company and its operating divisions or business segments.
- o Minutes of meetings of audit committee and other committees of the board.
- o The information on recruitment and remuneration of directors, senior officers just below the board level, including appointment or removal of Chief Financial Officer, Company Secretary, etc
- o Show cause, demand, prosecution notices and penalty notices, which are materially important.
- o Any material relevant defaults in financial obligations to and by the Company
- o Details of any joint venture or collaboration agreement.

- o Significant development in Human Resources/ Industrial Relations front.
  - o Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
  - o Compliance status of the company with regulatory, statutory or listing requirements through review of quarterly declaration by the Managing Director and professionals regarding compliance of all relevant laws.
  - o Shareholders service such as non-payment of dividend, delay in share transfer etc.
- o Financial decisions relating to loan & borrowings, public deposits, etc.

All the Directors except the Chairman & Managing Director are liable to retire by rotation. All the directors annually inform the Company about the Directorship and Committee positions held by them in other companies/firms. Further, the Company did not have any pecuniary relationship or transactions with the non-executive directors.

During the financial year under review, 4 (four) Board Meetings were held on the following dates May 26, 2010, August 11, 2010, October 22, 2010, and January 27, 2011.

Attendance of the Directors at Board Meetings during the year and at the last Annual General Meeting and the number of directorships and committee memberships held by them in other Companies is given below. Other directorships do not include alternate directorships, directorships of private limited Companies, Section 25 Companies and foreign Companies. Chairmanship / membership of Board Committees include only Audit and Shareholders / Investors Grievance Committee.

Name	Board Meetings during the Year		Attendance at the Last AGM held on August 5, 2010	No. of Directorships in other public Companies		No. of outside Committee Positions	
	Held	Attended		Chairman	Member	Chairman	Member
Mr. Kumar Taurani	4	4	Yes	Nil	Nil	Nil	Nil
Mr. Ramesh Taurani	4	4	Yes	Nil	1	Nil	Nil
Mr. Amitabh Mundhra	4	4	Yes	Nil	9	Nil	Nil
Ms. Radhika C. Pereira	4	4	Yes	Nil	1	Nil	1
Ms. Sunita Menon	4	1	Yes	Nil	Nil	Nil	Nil

Details of shares held by Directors of the Company as on March 31, 2011:

Name	No. of Shares
Mr. Kumar Taurani	2372184
Mr. Ramesh Taurani	2375684
Mr. Amitabh Mundhra	NIL
Ms. Radhika C. Pereira	NIL
Ms. Sunita Menon	NIL

### 3) Code of Conduct:

In accordance with Clause 49 of the Listing Agreement and SEBI (Prohibition of Insider Trading) Regulations, 1992 the company has adopted a Code of Conduct for its Directors, Senior management and designated employees laying down various provisions & restrictions for trading in securities of the Company by Directors, Senior management and designated employees. Requisite annual affirmations of compliance with the Code have been made

by all directors and Senior Management of the Company. The Code of Conduct is circulated among all the Directors, Senior management and designated employees and also made available on the company's corporate website under the category "Investors – Board of Directors" for the information of shareholders.

#### 4) Committees of Board:

##### 1) Audit Committee:

The Company has constituted an Audit Committee in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956 comprising 3 Independent Non- Executive Directors and the following powers have been entrusted on them:

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

The role of Audit Committee as per Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, includes the following:

- (a) Overseeing 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.
- (b) Recommending the appointment, re-appointment and removal of statutory auditors' / Internal Auditors and fixation of their remuneration.
- (c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgments by management.

- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with Stock Exchanges and legal requirements concerning financial statements.
- Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- Matters to be included in Directors Responsibility Statement in the Board's Report in terms of section 217(2AA) of the Companies Act, 1956.

- (d) Reviewing with the management, Statutory Auditors the internal controls and adequacy of internal control systems.
- (e) Reviewing the quarterly and half yearly financial results.
- (f) Discussion with Auditors, any significant findings and follow up thereon.
- (g) Reviewing the findings of any internal investigations by the Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (h) Discussions with Statutory Auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- (i) Reviewing the Company's financial and risk management policies.
- (j) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in the case of non payment of declared dividends) and creditors, if any.

- (k) Reviewing the operations, new initiatives and performance of the business divisions.
- (l) Approval of appointment of CFO (i.e the Whole Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- (m) Reviewing with management the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

**The composition of Audit Committee and the details of meeting attended by the directors are given below:**

The Audit Committee comprises of 3 Independent, Non-Executive Directors viz, Mr. Amitabh Mundhra, the Chairman, Ms Radhika C. Pereira and Ms Sunita Menon, are the other members of the said Committee. During the year, the Committee met 5 times i.e on May 26, 2010, August 11, 2010, October 22, 2010, January 5, 2011 and January 27, 2011.

The attendance of the members at the meetings are as follows:

Name of the Director	Category	Number of Meetings	
		Held	Attended
Mr. Amitabh Mundhra	Chairman	5	5
Ms. Radhika C. Pereira	Member	5	5
Ms. Sunita Menon	Member	5	1

Ms. Bhoomi R. Thakker, the Company Secretary acted as Secretary to the Committee.

**II) Remuneration Committee:**

Terms of Reference – To determine on behalf of Board of Directors and on behalf of the shareholders, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. It also reviews the remuneration of the senior management personnel of the Company.

Composition - The Remuneration Committee comprises of 3 Independent, Non-Executive Directors viz, Ms. Radhika C. Pereira, Chairperson, Ms. Sunita Menon and Mr. Amitabh Mundhra.

Since, there was no transaction which required a meeting of Remuneration Committee, no meeting was held during the year.

Details of Remuneration paid to the Directors for the year ended March 31, 2011:

**a) Executive Directors:**

Details of the remuneration paid to the Executive Directors for the financial year ended March 31, 2011 are as follows:

Terms of Agreement	Mr Kumar S. Taurani	Mr Ramesh S. Taurani
Date of Appointment	April 1, 2008	April 1, 2008
Period of Agreement	5 years	5 years
Valid Upto	March 31, 2013	March 31, 2013
Salary & other allowances	Rs. 90,00,000/- p.a.	Rs. 90,00,000/- p.a.
Perquisites	-	-
Notice Period	30 days	30 days

**Notes:**

1. Mr. Kumar S. Taurani was re-appointed as the Chairman & Managing Director of the Company for the period of 5 (Five) years w.e.f April 1, 2008 at a gross remuneration

of Rs. 90,00,000/- per annum and approval from the shareholders for the same was obtained in the Annual General Meeting held on 26-9-2008. Approval from Central Government was obtained till 31-3-2010. A fresh application for approval to pay remuneration for remaining term of his office till 31-3-2013 is made to Central Government. Approval is awaited.

2. Mr. Ramesh S. Taurani was re-appointed as the Managing Director of the Company for the period of 5 (Five) years w.e.f April 1, 2008 at a gross remuneration of Rs. 90,00,000/- per annum and approval from the shareholders for the same was obtained in the Annual General Meeting held on 26-9-2008. In September 2009 since the remuneration was exceeding the limits prescribed in Sch XIII of the companies Act, 1956 the Company had made application to Central Government for payment of remuneration of Rs. 90,00,000/- for a period of 5 years till 31-3-2013. However, approval from Central Government to pay the aforesaid remuneration till 31-3-2010 was received vide its order dated 27th April, 2011 which was received by us on 2nd May 2011. The Company is in process of making a fresh application to pay remuneration for remaining term of his office till 31-3-2013.

**b) Non-executive Directors:**

A Sitting fees of Rs. 11,000/- for attendance at each meeting of Board, Audit and Shareholders Grievance & Share Transfer Committee is paid to the Non-Executive Independent Directors. No remuneration other than sitting fees is paid to them. The total sitting fees paid to the Non-Executive Independent Directors are as stated below:

Name	Salary (Rs. p.a)	Sitting Fees (Rs. p.a)	Total (Rs. p.a)
Mr. Amitabh Mundhra	---	55,000/-	55,000/-
Ms. Radhika Pereira	---	55,000/-	55,000/-
Ms. Sunita Menon	---	11,000/-	11,000/-

**III) Shareholder's Grievance and Transfer Committee:**

**Terms of Reference:**

- a) To consider, approve or reject the share transfer, transmission, consolidations, splitting, demat & remat of shares and to carry out related functions and to carry out all documentation and procedures in connection with the same.
- b) To monitor the redressal of Shareholder/Investor complaints relating to shares, non-receipt of Annual Reports, issue of duplicate certificates and all other matters in respect of investor complaints / grievances.

**Composition:**

The Committee comprises of Ms. Radhika C. Pereira, Mr. Kumar S Taurani, Mr. Ramesh S. Taurani. Ms. Radhika Pereira is designated as Chairperson of the Committee.

During the financial year 2010-2011 the Company or its Registrars received 7 investor grievances which are duly resolved.

Ms. Bhoomi R. Thakker, Company Secretary was designated as the Compliance Officer of the Company.

A total of 7 queries /complaints were received by the Company from Shareholders/Investors as detailed below.

Particulars	Number of Complaints
No. of Complaints resolved as on March 31, 2011	7
No of Complaints pending as on March 31, 2011	Nil
No. of pending share transfers as on March 31, 2011	Nil

**IV) Buy- Back Committee:**

The Board of Directors in its meeting dated June 27, 2009 had constituted a Buy- Back Committee comprising of the following members:



Mr. Kumar Taurani, Chairman and Managing Director, Mr. Amitabh Mundhra, Director, and Mr. Ishwar Gursahani, Vice President – Legal and Corporate Affairs.

The said Committee is authorized to do or cause to be done all such acts, deeds, matters and things and to exercise all such powers as may be necessary, expedient, usual or proper to implement the Buy- Back of its equity shares.

No meeting was held during the year.

### 5) General Body Meetings:

#### i) General Meetings:

The Last three meetings were held as under:

Financial Year	Date	Time	Location	Special Resolutions
2009-2010	05.08.2010	4.00 p.m	The Jubilee Room Hotel Sun-N-Sand, Juhu, Mumbai- 400049	No Special Resolutions passed
2008-2009	29.08.2009	4.00 p.m.	The Jubilee Room Hotel Sun-N-Sand, Juhu, Mumbai- 400049	1) Special resolutions passed for appointment of Mr. Kunal Taurani and Mrs. Varsha R. Taurani as Vice President – Music and Vice President – Administration respectively and fixing their remuneration.  2) Special resolution passed for increase in borrowing limits of the Company pursuant to section 293 (1)(d) of the Companies Act, 1956.
2007-2008	26.09.2008	4.00 p.m.	ISKCON Auditorium, Hare Krishna Temple, Juhu, Mumbai 400 049	Special resolution passed for re-appointment of Mr Kumar Taurani and Mr Ramesh Taurani, as the Managing Directors of the Company for 5 years tenure commencing from April 1, 2008 at a revised minimum remuneration of Rs. 7,50,000/- p.m. respectively.

All the resolutions moved at the last Annual General Meeting were passed by show of hands unanimously by members attending the meeting. None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

### 6) Disclosures

- 1) There are no material transactions with Directors or the Management or their relatives having potential conflict with the interest of the Company at large. Further all the related party transactions have been disclosed in note no. B - 17 of Schedule 21 of the financial statements.
- 2) The Company has complied with all requirements of the Listing Agreement with the Stock Exchanges (BSE & NSE). No penalties were imposed against the Company by Stock Exchange or SEBI or any statutory authority on any matter related to the capital markets during the last three years.

- 3) As required by SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a code for prevention of insider trading by any personnel of the Company. Ms. Bhoomi R. Thakker, Company Secretary acted as the Compliance Officer.

4) i) **Mandatory Requirements:** The Company has complied with all the mandatory requirements as prescribed in Annexure I C to Clause 49 of the Listing Agreement.

ii) **Non – Mandatory Requirements:**

- ✓ The Board has constituted a Remuneration Committee of Directors, details of which form part of this report.
- ✓ The Company moves towards a regime of unqualified financial statements.
- ✓ The quarterly financial results of the Company are extensively published in leading financial newspapers and uploaded on the Company's website.
- ✓ The boards of directors are well versed with the business of the Company and are also updated on current information required to discharge their fiduciary responsibilities.

As regards the other non-mandatory requirements, the board has taken cognizance of the same and may consider adopting them as and when deemed appropriate.

**Certification of Financial Reporting and Internal Controls:**

In accordance with Clause 49 V of the listing agreements, a certificate confirming the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee was taken on record at the board meeting convened for approval of the audited financial results of the Company for the year under review.

**Going Concern:**

The board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

7) **Means of Communication:**

Quarterly, Half yearly and Annual results are generally published in Asian Age and Mumbai Lakshadeep. It is also published in prominent daily newspapers viz., The Economic Times and Maharashtra Times. The Financial Results are made available on the Corporate website of the Company: [www.tips.in](http://www.tips.in) under the head "Investors". The Company has not made any presentation to Institutional Investors or to the analysts.

8) **General Shareholders Information**

i. **Annual General Meeting:**

Date : Friday, July 29, 2011  
 Time : 4 p. m.  
 Venue : Jubilee Room,  
 Hotel Sun-N-Sand, Juhu,  
 Mumbai 400 049

ii. **Financial Calendar:**

Financial Year : March 31, 2011  
 Date of Book Closure : July 23, 2011 to July 29, 2011  
 (Both days inclusive)  
 Dividend Payment Date : On or before August 28, 2011

iii. **Listing:**

The Company's shares are listed on Bombay Stock Exchange (BSE) and The National Stock Exchange of India Ltd. (NSE). The Stock Exchange Codes assigned to your Company by the respective Stock Exchanges are as under:

Stock Exchange	Code
BSE	532375
NSE	TIPSINDLTD- EQ

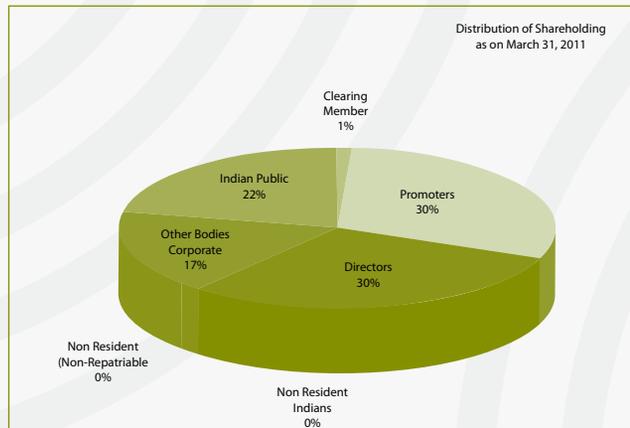
**ISIN No : INE716B01011**

**iv. Distribution of Shareholding as on March 31, 2011:**

Number of Equity Shareholdings	Number of Shareholders	Percentage (%) of shareholders	Number of Shares	Percentage (%) of shareholding
1 - 500	6670	84.9141	966170	6.0542
501 -1000	602	7.6639	500177	3.1342
1001 –2000	244	3.1063	373208	2.3386
2001 –3000	96	1.2222	242945	1.5223
3001 – 4000	53	0.6747	189247	1.1859
4001 – 5000	55	0.7002	260207	1.6305
5001 – 10000	71	0.9039	522813	3.2760
10001-above	64	0.8148	12903933	80.8583
<b>Total</b>	<b>7855</b>	<b>100.00</b>	<b>15958700</b>	<b>100.00</b>

**v. Shareholding Pattern as on March 31, 2011:**

Category	Total no. of shares held	% to Capital
Promoters	4769216	29.8847
Directors	4747868	29.7510
Non Resident Indians	40106	0.2513
Non Resident (Non- Repatriable)	6995	0.0438
Other Bodies Corporate	2675847	16.7673
Indian Public	3558520	22.2983
Clearing Member	160148	1.0035
<b>Total</b>	<b>15958700</b>	<b>100.00</b>


**vi. Top Ten Shareholders as on March 31, 2011:**

Name of shareholder	No. of shares held	% of paid up capital
Renu K Taurani	2376933	14.8943
Ramesh S Taurani	2375684	14.8865
Varsha R Taurani	2373433	14.8723
Kumar S Taurani	2372184	14.8645
Pasha Finance Pvt. Ltd.	677721	4.2467
Shastha Advisors Pvt. Ltd	603750	3.7832
FE Securities Pvt. Ltd.	316574	1.9837
Prithviraj Saremal Kothari	209449	1.3124
Bhupendra Meghji Bheda	136473	0.8552
Inga management and Investment Pvt. Ltd.	112097	0.7024

**vii. Dematerialization of Shares:**

The shares of the Company are compulsorily traded in electronic mode and are available for trading with both the depositories in India namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2011, 1,59,35,588 shares representing 99.86% of the Company's paid-up share capital (including 59.63% held by the Promoters) were held in dematerialized form.

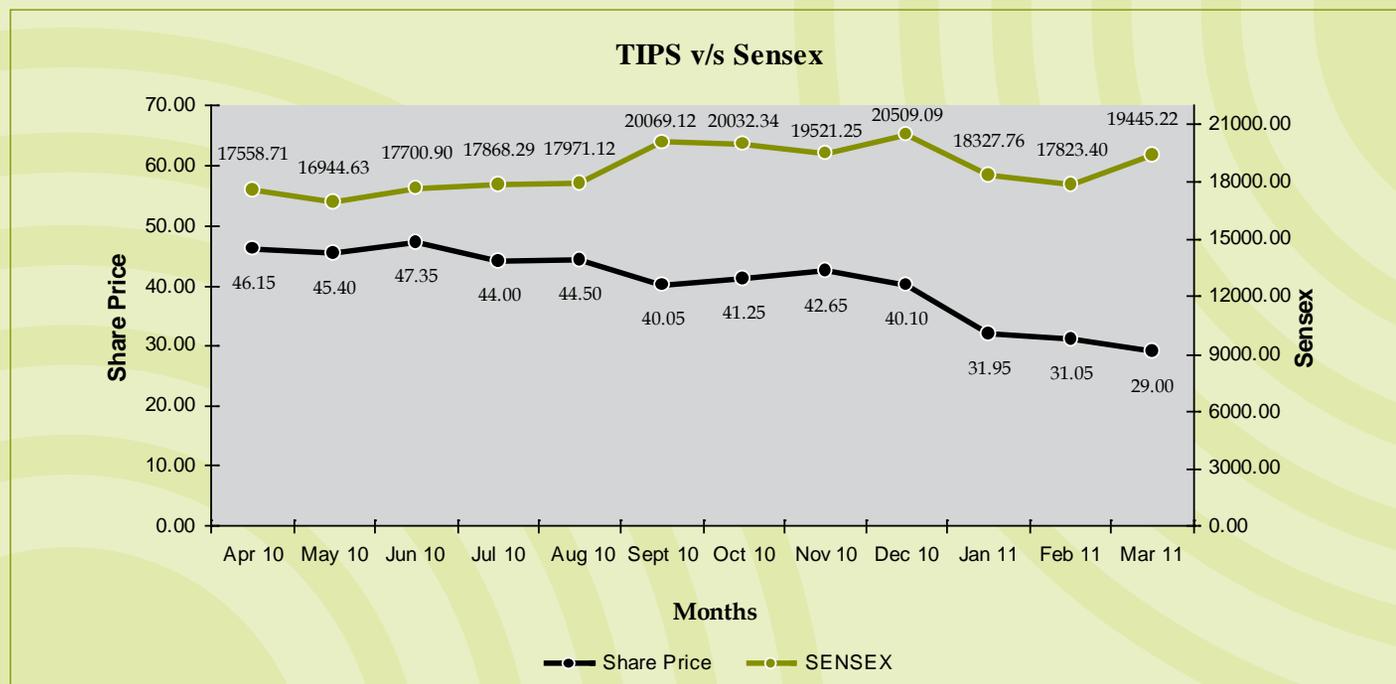
**viii. Market Price Data:**

The monthly high and low closing prices and the volume of shares traded on the Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE) are as under:

Month	Share Prices on the BSE (Rs.)		Volume of Shares traded	Share Prices on the NSE (Rs.)		Volume of Shares traded
	Highest	Lowest		Highest	Lowest	
Apr-10	57.5	43.8	537531	47	46	14607
May-10	47.95	37	547087	47.9	42.8	53875
Jun-10	51	43.25	363422	48.45	45.4	15701
Jul-10	50	42.5	237405	44.85	43.75	3306
Aug-10	48.75	42.15	1387503	46.8	44.15	67144
Sep-10	45.9	39.1	188230	41	40	7225
Oct-10	46.5	38	351041	41.85	40	19150
Nov-10	57.4	38.2	1156459	44.15	40.25	10223
Dec-10	45.45	33.85	196316	41.25	39.25	6243
Jan-11	45	26.95	688178	31.9	29.85	6098
Feb-11	34	28.05	142751	32.5	29.8	9184
Mar-11	35.15	28.15	821336	29.5	29	10567

**ix. Performance of share price of the Company in comparison to the Sensex:**

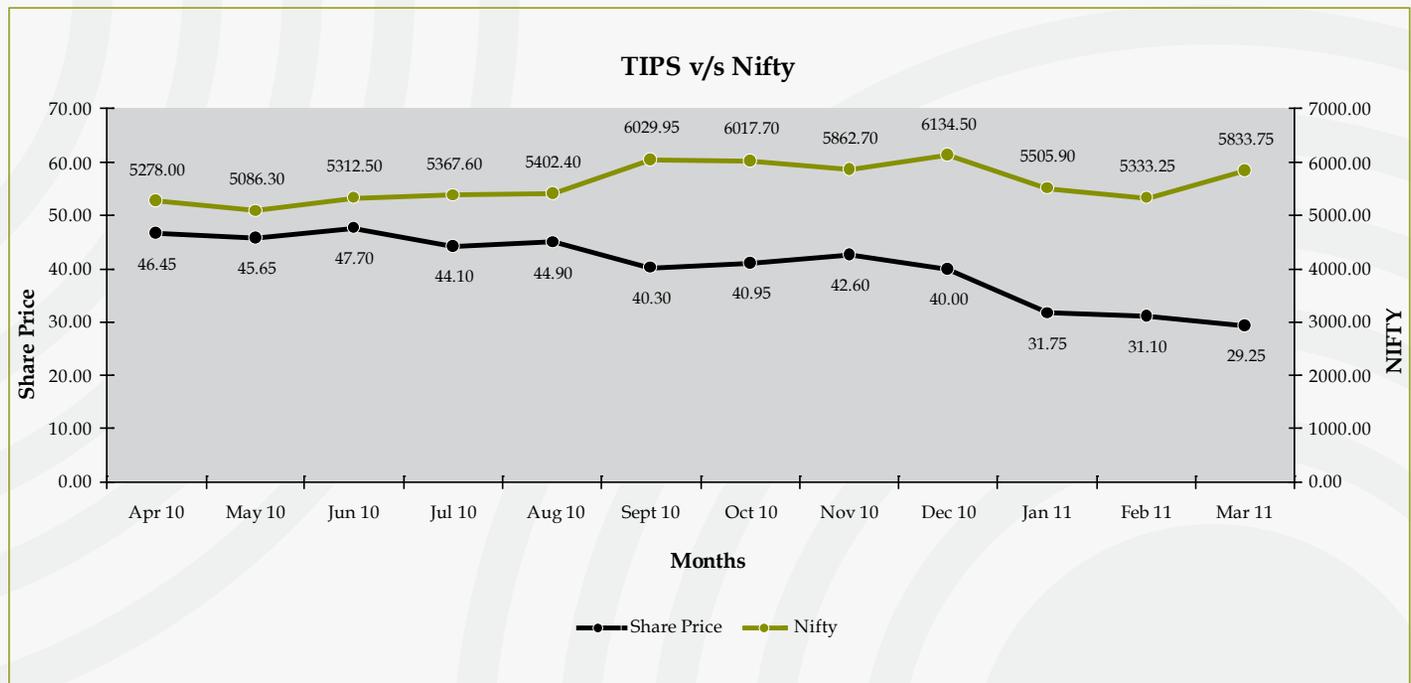
Months	Share Price - BSE (Closing)	Sensex (Closing)
Apr -10	46.15	17558.71
May- 10	45.4	16944.63
Jun - 10	47.35	17700.9
Jul - 10	44	17868.29
Aug -10	44.5	17971.12
Sep - 10	40.05	20069.12
Oct - 10	41.25	20032.34
Nov -10	42.65	19521.25
Dec - 10	40.1	20509.09
Jan - 11	31.95	18327.76
Feb - 11	31.05	17823.4
Mar -11	29	19445.22





x. Performance of share price of the Company in comparison to the Nifty:

Months	Share Price - NSE (Closing)	Nifty (Closing)
Apr -10	46.45	5278
May- 10	45.65	5086.3
Jun - 10	47.7	5312.5
Jul - 10	44.1	5367.6
Aug -10	44.9	5402.4
Sep - 10	40.3	6029.95
Oct - 10	40.95	6017.7
Nov -10	42.6	5862.7
Dec - 10	40	6134.5
Jan - 11	31.75	5505.9
Feb - 11	31.1	5333.25
Mar -11	29.25	5833.75



**xi) Plant Location:**

Plot No. 22, Survey No. 126, Amla, Silvassa – 396 230,

UT of Dadra & Nagar Haveli

**xii) Address for Correspondence:**

**Tips Industries Limited**

Registered Office:

601, Durga Chambers,

6th Floor, Linking Road,

Khar (W), Mumbai-400 052

Tel : 022-66431188

Fax: 022-66431189

Email: [response@tips.in](mailto:response@tips.in)

**Registrar and Share Transfer Agent:**

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

LBS Marg, Bhandup (West),

Mumbai 400 078.

Tel: 022 2596 3838 Fax: 022 2594 6969

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

For and on behalf of the Board of Directors

Place: Mumbai

Date: May 11, 2011

**Kumar S. Taurani**

Chairman & Managing Director



**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

<b>Name of Director:</b>	Mr. Amitabh Das Mundhra	
<b>Date of Birth</b>	December 22, 1967	
<b>Date of appointment</b>	June 11, 2003	
<b>Qualification</b>	B.Sc.	
<b>Expertise</b>	<p>Mr. Amitabh Mundhra is an entrepreneur and has vast experience in Corporate Finance and Management. At the age of 43, he has an enriched 19 years of experience as an Industrialist.</p> <p>Mr. Amitabh Mundhra is a whole time Director of Simplex Infrastructures Limited and his responsibilities include business development, project implementation, monitoring project progress &amp; realization of company's vision and mission.</p> <p>Mr. Amitabh Mundhra is an Independent Director of Tips Industries Limited and due to his vast experience in Corporate Finance is also the Chairman of Audit Committee of the Company since 2003.</p> <p>He is the Founder Trustee &amp; Member, Managing Committee of Construction Federation of India (CFI). He is on the Board of Directors, National Institute of Construction Management &amp; Research (NICMAR).</p> <p>He is also the member of Managing Committee, Construction Industry Development Council (CIDC) apart from serving on various public &amp; private boards and committees.</p>	
<b>Directorships in other Public Companies as on March 31, 2011</b>	<p>Simplex Infrastructure Limited</p> <p>Kalindi Agro Biotech Limited</p> <p>Simplex Almoyyed WLL</p> <p>Simplex Concrete Piles (India) Limited</p> <p>Simplex Mining Limited</p> <p>Simplex Energy Limited</p>	<p>Simplex (Middle East) Limited</p> <p>Simplex Management Consultants Limited</p> <p>Simplex Infrastructures LLC</p> <p>Simplex Water Treatment Limited</p> <p>Simplex Shelters Limited</p>
<b>Memberships / Chairmanships of Committees in Public Companies</b>	NIL	

## CEO AND CFO CERTIFICATION

### [Pursuant to Clause 49(V) of the Listing Agreement]

We, Kumar S. Taurani, Chairman and Managing Director of Tips Industries Limited and I. T. Gursahani, V. P. – Legal & Corporate Affairs of Tips Industries Limited, do hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2011 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these 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.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or

operation of such internal controls, if any, of which we are aware and the steps we have taken or we propose to take to rectify these deficiencies.

- d. We have indicated to the auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have 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 over financial reporting.

**Kumar S. Taurani**  
Chairman & Managing Director

Place: Mumbai  
Date: May 11, 2011

**Ishwar T. Gursahani**  
V.P. – Legal & Corporate Affairs

Place: Mumbai  
Date: May 11, 2011

## DECLARATION FROM THE CHAIRMAN AND MANAGING DIRECTOR

### [Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement]

To

All the Members,

I, Kumar S. Taurani, Chairman and Managing Director of the Company hereby affirm that the Members of the Board and the Senior Management personnel have complied with the Tips Industries Code of Conduct for the financial year ended on March 31, 2011.

Place: Mumbai  
Date: May 11, 2011

**Kumar S. Taurani**  
Chairman & Managing Director



## AUDITORS` CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of Tips Industries Limited

1. We have examined the compliance of the conditions of Corporate Governance by Tips Industries Limited ('the Company') for the year ended on 31 March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of

**B. K. Khare and Co.**

**Chartered Accountants**  
Firm Registration No. 105102W

**Sunil Bhandari**

**Partner**

Mumbai

Dated: May 11, 2011

M. No. 37388

## AUDITOR'S REPORT

### TO THE MEMBERS OF TIPS INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **Tips Industries Limited** as at 31<sup>st</sup> March 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company 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, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give 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 in paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Without qualifying our opinion, we draw attention to note no B-3 of schedule 21 regarding change in accounting policy in respect of amortisation of cost of production / acquisition of feature films wherein we have relied on the Management judgement in respect of adoption of new accounting policy and assumptions made necessitating change in the accounting policy of amortization of cost of production / acquisition of feature films. Due to the change in the said policy, Cost of feature film charged for the year ended 31<sup>st</sup> March 2011 is lower by Rs. 1,79,043 thousand. Further consequent to this change excess cost amortised in the year ended 31<sup>st</sup> March 2010 in the amount of Rs. 75,116 thousand has been written back and has been credited to the profit and loss account. As a result, Profit / (Loss) after tax for the year ended is stated higher / (lower) by Rs. 2,54,159 thousand.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011,
  - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
  - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**B. K. Khare and Co.**  
 Chartered Accountants  
 Firm Registration No. 105102W

**Sunil Bhandari**  
 Partner

Place: Mumbai  
 Date: May 11, 2011

Membership No. 37388



## ANNEXURE TO THE AUDITORS` REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of **Tips Industries Limited** for the year ended 31<sup>st</sup> March 2011.

### (i) FIXED ASSETS

- a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has carried out physical verification of fixed assets in accordance with the verification programme. According to information and explanations given to us and in our opinion, discrepancies noticed on such verification were not material and have been appropriately dealt with in the books of accounts of the Company.
- c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.

### (ii) INVENTORY

- a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were generally reasonable and adequate in relation to the size of the company and the nature of its business except that such procedures need to be strengthened/improved for verification of title-wise stock of finished goods (including returned goods).
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories except records of title wise inventory of finished stock.

### (iii) LOANS AND ADVANCES GRANTED / TAKEN FROM CERTAIN ENTITIES:

- a) Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the Order are not applicable.
- b) Company has taken unsecured loan from four parties covered in the register maintained under section 301 of the Act, aggregating to Rs. 65 lacs. The maximum amount of loan outstanding during the year was Rs. 700 lacs. The rate of interest and other terms and conditions are not prejudicial to the interest of the Company. The repayment of principle and interest is regular.

### (iv) INTERNAL CONTROL SYSTEM

In our opinion and according to the information and explanations given to us, there is an internal control system for the purchase of inventory and fixed assets and for the sale of goods and services.

### (v) CONTRACTS OR ARRANGEMENT REFERRED TO IN THIS SECTION 301 OF THE COMPANIES ACT,1956 :

- a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, in respect of transactions which have been made in pursuance of contracts or arrangement entered in the register maintained under Section 301 and exceeding the value of Rs. 5,00,000 in respect of any party during the period, we are not in the position to compare the

prices with the prevailing market prices or prices charged to other parties as there have been no other such purchases or sales of exact type of goods, materials or sales of services and hence we have relied on managements representation as to reasonableness of such prices.

**(vi) ACCEPTANCE OF DEPOSITS:**

In our opinion and according to information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under, where applicable, have been complied with. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

**(vii) INTERNAL AUDIT SYSTEM:**

In our opinion, the Company has adequate Internal Audit system commensurate with the size and nature of its business.

**(viii) COST RECORDS:**

The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

**(ix) STATUTORY DUES:**

According to the information and explanations given to us, in respect of statutory and other dues:

- a) According to the records of the Company, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Fund, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and any other statutory dues, with appropriate authorities during the year.
- b) According to the information and explanations given to us, no

undisputed amounts payable in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess were outstanding, at the year end for a period of more than six months from the date they became payable.

- c) According to the information and explanations given to us, there are no dues of Income Tax, Sales tax, Service tax, Customs duty, Excise duty and Cess, which have not been deposited on account of any dispute.

**(x) ACCUMULATED LOSSES:-**

The Company has no accumulated losses as at 31<sup>st</sup> March 2011 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

**(xi) DUES TO FINANCIAL INSTITUTIONS, BANKS AND DEBENTURE HOLDERS:**

According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to any financial institutions or banks or debenture holders as at the balance sheet date.

**(xii) SECURITY FOR LOANS & ADVANCES GRANTED:**

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, debentures and other securities.

**(xiii) SPECIAL STATUTE:**

In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.

**(xiv) DEALINGS/TRADING IN SHARES, SECURITIES, DEBENTURES AND OTHER INVESTMENTS:**

The Company does not deal or trade in shares, securities, debentures and other investments.

**(xv) GUARANTEES GIVEN:**

The Company has given guarantee for loan taken by Managing Director from banks aggregating to Rs. 54.98 lacs as on balance sheet date. According to information and explanations given to us, the terms and conditions of guarantees given are not prima facie prejudicial to the interest of the Company.

**(xvi) TERM LOANS:**

According to information and explanations given to us, term loans obtained were applied for the purpose for which the loans were obtained.

**(xvii) UTILISATION OF FUNDS:**

According to the information and explanations given to us, on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.

**(xviii) PREFERENTIAL ALLOTMENT OF SHARES:**

During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

**(xix) SECURITY FOR DEBENTURES ISSUED:**

The Company has not issued any debentures during the year and accordingly, paragraph 4(xix) of the order is not applicable.

**(xx) PUBLIC ISSUE OF EQUITY SHARES:**

The Company has not raised any money through a public issue during the year.

**(xxi) FRAUDS NOTICED:**

During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For and on behalf of

**B. K. Khare and Co.**

Chartered Accountants

Firm Registration No .105102W

**Sunil Bhandari**

Partner

Membership No. 37388

Place: Mumbai

Date: May 11, 2011

# BALANCE SHEET AS AT 31ST MARCH, 2011

Rupees in Thousands

	Schedule No	31st March, 2011		31st March, 2010	
<b>I] SOURCES OF FUNDS</b>					
<b>1] SHAREHOLDERS' FUNDS</b>					
a) Share Capital	1	159,587		173,059	
b) Reserves and Surplus	2	635,189	<b>794,776</b>	679,162	<b>852,221</b>
<b>2] LOAN FUNDS</b>					
a) Secured Loans	3		302,762		405,521
b) Unsecured Loans	4		235,400		141,200
<b>Total</b>			<b>1,332,938</b>		<b>1,398,941</b>
<b>II] APPLICATIONS OF FUNDS</b>					
<b>1] FIXED ASSETS</b>					
Gross Block	5	388,332		383,791	
Less: Depreciation		60,252		44,914	
Net Block			<b>328,080</b>		<b>338,877</b>
Capital Work-in-progress					
<b>2] INVESTMENTS</b>	6		50.00		50.00
<b>3] CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	7	544,291		790,754	
Sundry Debtors	8	229,027		93,249	
Cash and Bank Balances	9	6,365		44,537	
Loans and Advances	10	377,505		362,754	
		<b>1,157,189</b>		<b>1,291,294</b>	
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	11	129,036		205,905	
Provisions	12	23,344		25,375	
		<b>152,380</b>		<b>231,280</b>	
<b>NET CURRENT ASSETS</b>			<b>1,004,808</b>		<b>1,060,014</b>
<b>Total</b>			<b>1,332,938</b>		<b>1,398,941</b>
Significant Accounting Policies and Notes to Accounts	21				

As per our attached Report of even date  
 For **B.K Khare & Co**  
 Chartered Accountants  
 (Firm Registration No 105102W)

For and on behalf of the Board of Directors

**Sunil Bhandari**  
 Partner  
 Membership No 37388

**Kumar S. Taurani**  
 Chairman & Managing Director

**Ramesh S. Taurani**  
 Managing Director

Mumbai, dated: 11th May, 2011

**Amitabh Mundhra**  
 Director

**Bhoomi Thakker**  
 Company Secretary



# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Rupees in Thousands

	Schedule No.	31st March, 2011		31st March, 2010	
<b>INCOME</b>					
Turnover	13	665,977		842,371	
Other Income	14	6,441	<b>672,419</b>	8,226	<b>850,597</b>
Total					
<b>EXPENDITURE</b>					
Decrease/(Increase) in Stock of Work-in-Progress and Finished Goods	15	12,457		1,991	
Material Consumption	16	5,282		14,145	
Cost of Production / Distribution of films	17	389,987		406,504	
Operating and Other Expenses	18	143,539		272,932	
Depreciation		16,213		13,539	
Interest	19	64,208	<b>631,687</b>	43,378	<b>752,488</b>
<b>Profit Before Tax &amp; Prior Period Expenses</b>			<b>40,732</b>		<b>98,109</b>
Prior Period Expenses	20		1,738		-
<b>Profit Before Tax</b>			<b>38,993</b>		<b>98,109</b>
Provision for Taxes					
- Current Tax (Refer note no. B-9 of Schedule 21)			9,046		8,828
- Fringe Benefit Tax			-		
- Wealth Tax			82		97
- Excess/Short Provisions			35		4,428
<b>Profit After Tax</b>			<b>29,830</b>	<b>6,646</b>	<b>84,756</b>
Add: Balance Brought Forward			293,601		238,320
Profit Available for Appropriation			<b>323,431</b>		<b>323,076</b>
<b>Appropriations</b>					
Proposed Dividend			19,948		21,632
Corporate Tax on Proposed Dividend			3,236		3,593
Reversal of Proposed Dividend for FY 2009-10			(8)		
General Reserve			1,500		4,250
Surplus carried to Balance Sheet			298,754		293,601
			<b>323,431</b>		<b>323,076</b>
Earning per Share					
Basic			1.81		4.90
Diluted			1.81		4.90
(Refer Note No -B15 of Schedule 21)					
Significant Accounting Policies and Notes to Accounts	21				

As per our attached Report of even date  
For **B.K Khare & Co**  
Chartered Accountants  
(Firm Registration No 105102W)

**Sunil Bhandari**  
Partner  
Membership No 37388

Mumbai, dated: 11th May, 2011

For and on behalf of the Board of Directors

**Kumar S. Taurani**  
Chairman & Managing Director

**Amitabh Mundhra**  
Director

**Ramesh S. Taurani**  
Managing Director

**Bhoomi Thakker**  
Company Secretary

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Rupees in Thousands

	31st March, 2011		31st March, 2010	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Profit/(Loss) before tax, Prior Period, Exceptional and Extraordinary items</b>		40,732		98,109
<b>Adjustments for:</b>				
Depreciation	16,213		13,539	
Reversal of Dividend	8			
Excess Short Provision for tax	(117)		(1,616)	
Provision for Doubtful Debts/Advances	11,186		23	
Interest Expense	64,208		43,378	
Loss on sale/discard of Fixed Assets (Net)	692		443	
Interest Income	(114)	92,076	(773)	54,994
<b>Operating profit/ (loss) before Working Capital changes</b>		132,808		153,103
<b>Adjustments for:</b>				
Trade and other Receivables	(154,896)		(24,924)	
Inventories	246,462		39,590	
Trade Payables	(80,529)		(57,816)	
		11,037		(43,151)
<b>Cash (used in) / generated from Operations</b>		143,845		109,952
Direct Taxes/Fringe Benefit Tax Refund / (Paid)		(15,810)		(19,843)
Cash Flow from operating activities before prior period items		128,036		90,109
Prior Period items (net)		(1,746)		-
<b>Net Cash (used in)/from Operating Activities</b>		<b>126,289</b>		<b>90,109</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Asset	(6,123)		(5,610)	
Paid towards capital advances	-		-	
Sale of Fixed Assets Motor Car	15		425	
<b>Net Cash( used in)/ from Investing Activities</b>		<b>(6,108)</b>		<b>(5,185)</b>

Rupees in Thousands

	31st March, 2011		31st March, 2010	
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
(Repayment)/Proceeds from long term and other borrowings	(8,559)		(20,640)	
Buy Back of Shares 1347200 shares @10/- per shares	(13,472)		-	
Share premium paid on buy back of shares	(50,626)			
Investment made			(50)	
Dividend Paid	(21,640)		(19,036)	
Corporate Dividend Tax Paid	(3,593)		(3,235)	
Interest Paid	(60,538)		(50,049)	
Interest Received	59		1,659	
<b>Net Cash from/ (used in) in Financing Activities</b>		<b>(158,369)</b>		<b>(91,351)</b>
<b>Net (Decrease)/Increase In Cash and Cash Equivalents</b>		<b>(38,187)</b>		<b>(6,428)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>		<b>44,537</b>		<b>50,965</b>
<b>Closing Balance of Cash and Cash Equivalents</b>		<b>6,350</b>		<b>44,537</b>

**Notes:**

- Cash and cash equivalents include cash on hand and bank balances in the current accounts and deposit accounts (Refer schedule no. 9 of the Balance Sheet)
- Additions to fixed assets and sale of fixed assets are considered as a part of investing activities.
- Proceeds from borrowings reflect the increase in secured and unsecured loans and is net of repayments.
- Interest on loans, deposits etc is classified as cash flow from financing activities.
- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped wherever necessary, to correspond with the figures of the current year.
- Cash & Cash equivalent include unclaimed dividend of Rs. 412 (Previous Year Rs. NIL) which are not available for use by the Company.

**Refer Schedule 11 of the Balance Sheet.**

As per our attached Report of even date  
For **B. K. Khare & Co.**  
Chartered Accountants  
(Firm Registration No 105102W)

For and on behalf of the Board of Directors

**Sunil Bhandari**  
Partner  
Membership No. 37388

**Kumar S. Taurani**  
Chairman & Managing Director

**Ramesh S. Taurani**  
Managing Director

Mumbai, dated: 11th May, 2011

**Amitabh Mundhra**  
Director

**Bhoomi Thakker**  
Company Secretary

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

Rupees in Thousands

	31st March, 2011		31st March, 2010	
<b>SCHEDULE 1 :</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised Share Capital</b>				
20,000,000 Equity Shares of Rs.10/- each		200,000		200,000
<b>Issued, Subscribed and Paid Up</b>				
17,305,900 (Previous year 17,305,900) Equity Shares of Rs. 10/- each fully paid up	173,059			173,059
Less: 1347200 Buy Back of Equity Shares of Rs.10/- each fully paid up (Ref Note No B-1 of Schdule 21)	(13,472)			
<b>Total</b>		<u>159,587</u>		<u>173,059</u>
Of the above, 6,38,400 (Previous Year Rs6,38,400) Equity Shares of Rs10/- each, fully paid, were allotted to the shareholders of Tips Films Ltd (TFL) without payment being received in cash and as a consideration for acquisition of shares in TFL in accordance with the swap ratio determined.				
<b>SCHEDULE 2 :</b>				
<b>RESERVES AND SURPLUS</b>				
(I) Securities Premium Account				
Balance at the commencement of the year	356,011			356,011
Less: Utilized for creation of redemption reserves for buy back of equity shares	(13,472)			
Less: Share Premium Paid on Buy Back of 1347200 shares (Ref Note No B-1 of Schdule 21)	(50,626)	291,913		
(II) Capital Redemption Reserves				
Balance at the commencement of the year	0			
1347200 Buy Back of Shares of Rs10/- fully paid up (Ref Note No B-1 of Schdule 21)	13,472	13,472		
(III) General Reserves	29,550		25,300	
Additions	<u>1,500</u>	31,050	4,250	29,550
(IV) Profit & Loss Account		298,754		293,601
<b>Total</b>		<u>635,189</u>		<u>679,162</u>

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

Rupees in Thousands

	31st March, 2011		31st March, 2010	
<b>SCHEDULE 3 :</b>				
<b>SECURED LOANS</b>				
<b>FROM BANKS</b>				
Term Loans		199,474		297,859
Cash Credit Accounts		103,288		80,731
<b>FROM OTHERS</b>				
Term Loan		--		26,931
(Refer Note No B- 2 of Schedule 21)				
<b>Total</b>		<b>302,762</b>		<b>405,521</b>
<b>SCHEDULE 4 :</b>				
<b>UNSECURED LOANS</b>				
<b>Fixed Deposits</b>				
From Directors		30,500		58,500
From Others		204,900		82,700
<b>Total</b>		<b>235,400</b>		<b>141,200</b>
(Refer Note No B- 2 of Schedule 21)				

**SCHEDULE 5:****FIXED ASSETS 31.03.2011**

Rupees in Thousands

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As At 01.04.2010	Additions	Deductions	As At 31.03.2011	As At 01.04.2010	For the Year	Deduction	As At 31.03.2011	As At 31.03.2011	As At 31.03.2010
Land & Building	2,80,983	0	0	2,80,983	10,018	9,380	0	19,398	2,61,585	2,70,965
Plant & Machinery	68,426	0	0	68,426	22,645	3,325	0	25,970	42,456	45,781
Furniture & Fixtures	1,820	1,733	0	3,553	553	599	0	1,152	2,401	1,267
Office Equipments	10,694	273	865	10,102	4,911	712	265	5,358	4,745	5,783
Vehicles	21,868	4,117	717	25,268	6,787	2,198	610	8,375	16,893	15,081
<b>Total</b>	<b>3,83,791</b>	<b>6,123</b>	<b>1,582</b>	<b>3,88,332</b>	<b>44,914</b>	<b>16,213</b>	<b>875</b>	<b>60,252</b>	<b>3,28,080</b>	<b>3,38,877</b>
Previous Year 31.03.2010	1,11,578	2,78,242	6,029	3,83,791	36,534	13,539	5,159	44,914	3,38,877	

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees in Thousands			
	31st March, 2011		31st March, 2010	
<b>SCHEDULE 6:</b>				
<b>INVESTMENTS</b>				
5000 Shares of Rs.10/- each fully paid		50		50
<b>SCHEDULE 7 :</b>				
<b>INVENTORIES</b>				
<b>As Valued and certified by the management</b>				
(At cost or Net Realisable Value whichever is lower)				
(Refer Note No.B-6 of Schedule 21)				
Raw Materials and Packing Materials		6,406		8,931
Work in Progress		512		616
Finished Goods		3,785		16,139
Unamortised Cost of films & videos (Ref Note No B- 3 of Schdule 21)		494,910		291,293
Cost of Underproduction Films		38,678		473,775
<b>Total</b>		<b>544,291</b>		<b>790,754</b>
<b>SCHEDULE 8 :</b>				
<b>SUNDRY DEBTORS (UNSECURED)</b>				
Debts outstanding for a period exceeding six months	46,141		29,007	
Other Debts	194,073	240,214	64,266	93,272
Less: Provision		(11,186)		(23)
<b>Total</b>		<b>229,027</b>		<b>93,249</b>
<b>Notes :</b>				
1. Sundry Debtors includes				
Considered good	229,027		93,249	
Considered Doubtful	11,186		23	
<b>Total</b>	<b>240,214</b>		<b>93,272</b>	
<b>SCHEDULE 9:</b>				
<b>CASH AND BANK BALANCES</b>				
1. Cash on hand		1,900		320
2. Bank Balances				
With Scheduled Banks				
In Current Accounts	4,465		44,218	
In Fixed Deposits	-	4,465	0	44,218
<b>Total</b>		<b>6,365</b>		<b>44,537</b>



## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

Rupees in Thousands

	31st March, 2011		31st March, 2010	
<b>SCHEDULE 10:</b>				
<b>LOANS AND ADVANCES (UNSECURED)</b>				
1. Advances Recoverable in cash or in kind or for value to be received (Refer to Note No B-8 of Schedule 21)	217,316		213,520	
2. Intercorporate Deposits	28,500		28,500	
3. Rent deposit	90,000		90,600	
4. Advance payment of taxes (net off provisions)	41,074		34,310	
5. Accrued Interest	615	377,505	560	367,489
Less: Provision				(4,736)
<b>Total</b>		<b>377,505</b>		<b>362,754</b>
Notes: Loans and Advances include				
1. Considered good	377,505		362,754	
Considered Doubtful	0		4,736	
<b>Total</b>	<b>377,505</b>		<b>367,489</b>	
<b>SCHEDULE 11:</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors				
Total outstanding dues of Creditors (Refer to Note No B-10 of Schedule 21)		69,006		167,284
<b>Advances &amp; Deposits</b>				
Advances	14,341		25,779	
Unclaimed Dividend #	412			
Other Liabilities	45,277	60,030	12,842	38,621
<b>Total</b>		<b>129,036</b>		<b>205,905</b>
# (Refer to Note No B-11 of Schedule 21)				
<b>SCHEDULE 12:</b>				
<b>PROVISIONS</b>				
For Employee Benefits	159		150	
Proposed Dividend	19,948		21,632	
Corporate Tax on Dividend	3,236		3,593	
<b>Total</b>		<b>23,344</b>		<b>25,375</b>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Rupees in Thousands

	31st March, 2011		31st March, 2010	
<b>SCHEDULE 13:</b>				
<b>TURNOVER</b>				
Film Production & Distribution Receipts (Tax deducted at source Rs.70,09,430 /-,previous year Rs.96,15,103/- )	290,625		495,227	
Audio Products Sales	8,062		31,427	
Royalty Receipts(Tax deducted at source Rs.86,15,826/-, previous year Rs. 1,13,35,710/- )	<u>367,290</u>	<b>665,977</b>	<u>315,717</u>	<b>842,371</b>
<b>SCHEDULE 14:</b>				
<b>OTHER INCOME</b>				
Interest Income FDS (Tax deducted at source Rs.5,517/-, Previous year Rs.91,368/-)	112		712	
Interest Income ICD (Tax deducted at source Rs.222/-, Previous year Rs.12,910/-)	2		61	
Rent Receipts(Tax deducted at source Rs54,000/-, Previous year Rs.1,22,364/-)	630		594	
Miscellaneous Income (Tax deducted at Souce Rs 800/-, previous Yea Rs 20,600)	445		1,881	
Foreign Exchange Gain	855		2,156	
Sundry Credit Balance Written Back	4,397		2,673	
Bad Debts Recovered	-		150	
<b>Total</b>		<b><u>6,441</u></b>		<b><u>8,226</u></b>
<b>SCHEDULE 15 :</b>				
<b>DECREASE IN STOCK OF WORK IN PROGRESS AND FINISHED GOODS</b>				
Closing Stock				
Work in Progress	512		616	
Finished Goods	<u>3,785</u>	<u>4,297</u>	<u>16,139</u>	<u>16,754</u>
Opening Stock				
Work in Progress	616		115	
Finished Goods	<u>16,139</u>	<u>16,754</u>	<u>18,630</u>	<u>18,745</u>
Decrease/(Increase)		<b><u>12,457</u></b>		<b><u>1,991</u></b>



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Rupees in Thousands

	31st March, 2011		31st March, 2010	
<b>SCHEDULE 16:</b>				
<b>MATERIAL CONSUMPTION</b>				
Opening stock	8,931		9,136	
Add:Purchases during the year	2,758		13,940	
Less:Closing stock	(6,406)	5,282	(8,931)	14,145
<b>Total</b>		<b>5,282</b>		<b>14,145</b>
<b>SCHEDULE 17 :</b>				
<b>COST OF PRODUCTION / DISTRIBUTION OF FILMS</b>				
Cost of Under production films B/f	473,775		757,258	
Unamortised cost at beginning of the year	291,293		45,204	
Add: Cost incurred during the year	158,507	923,575	369,110	1,171,572
Less: Unamortised cost at the close of the year		(494,910)		(291,293)
Less: Cost of underproduction films carried forward		(38,678)		(473,775)
<b>COST OF PRODUCTION / DISTRIBUTION OF FILMS</b>		<b>389,987</b>		<b>406,504</b>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Rupees in Thousands

	31st March, 2011			31st March, 2010		
<b>SCHEDULE 18:</b>						
<b>OPERATING AND OTHER EXPENSES</b>						
Job Work Charges			286			567
Audio , Video Rights & Digital Rights			350			27,931
In-house Music Production Cost (audio / video non film & censor exps of albums)			596			549
Royalty for Music Rights			-			796
Films Publicity and Distribution Expenses			20,449			32,653
<b>Staff cost</b>						
a) Salaries, Wages and Bonus		33,367			27,861	
b) Contribution to Provident and Other Funds		1,016			67	
c) Staff Welfare		880	35,263		826	28,753
			<b>56,944</b>			<b>91,248</b>
<b>Other Expenses</b>						
Advertisement Expenses		9,052			117,812	
Freight and Octroi Charges		860			1,602	
Rent		12,157			13,977	
Rates and Tax		1,591			1,712	
Insurance Charges		8,036			7,899	
Travelling and Conveyance		6,341			3,791	
Anti Piracy Expenses		1,021			1,005	
Repairs and Maintenance						
Others		394			749	
Legal and Professional Fees		12,868			14,233	
Bad Debts and Advances Written Off	5,301			50,068		
Add: Prov for Doubtful Debts & Advances	11,186			23		

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Rupees in Thousands

	31st March, 2011			31st March, 2010		
Less: Provision for Doubtful Debts/Advances reversed	<u>(4,758)</u>	11,729		<u>(46,186)</u>	3,904	
Loss on Sale of Fixed Assets		692			443	
Miscellaneous Expenses		<u>21,854</u>	<b>86,595</b>	<u>14,558</u>	<b>1,81,684</b>	
<b>Total</b>			<b><u>143,539</u></b>		<b><u>272,932</u></b>	
<b>Note:</b> Miscellaneous Expenses includes Business Promotion Expenses, Electricity Charges, Printing and Stationery, Audit Fees, Telephone Charges, Clearing and Forwarding etc.						
<b>SCHEDULE 19 :</b>						
<b>INTEREST</b>						
- Interest on Vehicle Loan			257			104
- Interest on Loans from Directors			5,348			7,010
- Interest on Term loans			9,558			22,135
- Interest on loans from Others			49,045			14,129
<b>Total</b>			<b><u>64,208</u></b>			<b><u>43,378</u></b>
<b>SCHEDULE 20:</b>						
<b>PRIOR PERIOD EXPENSES</b>						
Raw Material		1,738				
<b>Total</b>		<b><u>1,738</u></b>		-		

## SCHEDULE NO. 21

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### A SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of preparation of financial statements:

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles, provisions of the Companies Act, 1956 and the applicable accounting standards issued by Institute of Chartered Accountants of India.

##### 2. Use of estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimate results. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

##### 3. Revenue recognition:

###### (i) Turnover:

Audio Product Sale:

Sale of goods to intermediate parties (distributors) and others is recognised when the significant risks and rewards of ownership are transferred and is disclosed net of returns and trade discount. Revenue from sale of audio rights is recognised on transfer / assignment of the rights as per the contracts /arrangements with the parties.

Royalties from Music Rights:

Royalty is recognised only when it is reasonably certain that the ultimate collection will be made.

Revenue from films:

Income from production of films is recognised in the statement of Profit and Loss on release of films as per the contracts / arrangements with distributors. Revenue from distribution of motion pictures is recognized based on ticket sales on exhibition of motion pictures at exhibition theatres. Recoveries from films as overflows are recognized on the basis of business statements received from the distributors. Revenues from terrestrial rights, video rights, satellite rights etc are recognized on transfer / assignment of respective rights on effective date as per the contracts with the parties.

Although revenues are accounted on accrual basis as aforesaid, the cost is charged to profit and loss account based on the amortisation principles stated in the accounting policy under the head 'cost of feature films'.

###### (ii) Artist Management Receipts:

Artist Management Receipts are recognised in the statements of Profit & Loss A/c on accrual basis as per the Contracts entered by the Artists with respective parties.



## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### (iii) Interest Income:

Interest Income is accounted on accrual basis, at the contracted rates.

### (iv) Others:

Revenue in respect of insurance/other claims is recognised only when it is reasonably certain that the ultimate collection will be made.

### 4. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its current location and condition.

### 5. Impairment of Assets

Carrying amount of cash generating units/ assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever the carrying amount exceeds the recoverable amount.

### 6. Investments

All long term investments are valued at cost. Provision for diminution in the value of each long term investments is made to recognize a decline other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline if any, is charged to revenue.

### 7. Copyrights (audio film albums)

The cost of copyrights (audio film albums) is charged to revenue on the date of release of audio, considering the uncertainty of future economic benefits and the short duration over which such benefits may accrue.

### 8. In-house music production (Audio non-film albums):

In-house music production costs are charged to revenue on completion/release of albums, considering the uncertainty of future economic benefits and the short duration over which such benefits may accrue.

### 9. Depreciation:

Depreciation is provided for on Straight Line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

In respect of depreciable assets for which impairment loss is recognized, depreciation / amortization is charged on the revised carrying amount over remaining useful life of the assets.

Improvements to Leasehold Premises are amortized over the period of lease.

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### 10. Inventories:

Items of inventory are valued on the basis as given below:

#### (i) Raw Materials & Packing Materials

Raw materials and Packing Materials are valued at cost (on First In First Out basis) or net realisable value whichever is lower.

#### (ii) Work-In-Progress

Work-In-Progress is valued at cost of Raw Materials consumed / used.

#### (iii) Finished Goods

Finished Goods are valued at cost or net realisable value whichever is lower. Cost comprises of cost of purchase, cost of copyrights (audio/video films), cost of in-house music productions (audio/video-non-films/films), cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

#### (iv) Cost of Feature Films

i] The Company amortizes 60% of the cost of movie rights acquired or produced by it, on first theatrical release of the movie. The said amortization is made proportionately based on Management's estimates of revenues pertaining to Domestic Theatrical Rights, International Theatrical Rights, Television Rights, Video Rights and others over a period of 12 months from the date of theatrical release of the movie.

ii] Balance 40% of COP is amortized on an equitable basis over a maximum period of nine years.

(Refer Note B](3) of Schedule 21)

#### (v) Cost of under Production Films

Expenses of under production films incurred till the films are ready for release are inventorised.

The production of films requires various types of materials in different qualities and quantities. Considering the peculiar nature of those items including their multiplicity and complexity, it is not practicable to maintain quantitative records of those items. Further, in the absence of certainty of reusability of such items, the same are not valued.

(vi) The Company reassesses the realizable value and / or revenue potential of inventory based on market condition and future demand and appropriate write down is made in cases where accelerated write down is warranted.



## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### 11. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected. Exchange differences arising on settlement are recognised in the profit and loss account.

Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognised in the profit and loss account.

### 12. Borrowing Costs:

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalized as part of the cost of such assets. Borrowing costs that are directly attributable to production of feature films are inventorised as part of cost of production of films. Other borrowing costs are recognised as expense in the period in which they are incurred.

### 13. Employee Benefits:

i. Contribution to Provident Fund is charged to revenue.

ii. Defined Benefit Plan

Company's liabilities towards gratuity is determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

iii. In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

### 14. Income Taxes:

Provision for current income tax is made on current tax rate based on assessable income computed under the Income Tax Act 1961 or Book Profit computed under section 115JB (MAT), whichever is higher. MAT credit is recognized subject to requirement of virtual certainty that sufficient future taxable income will be available for set off.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

### 15. Provisions and Contingent Liabilities:

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the company.

### 16. Segment Accounting

Company considers Business segment as the Primary segment.

Based on similarity of activities / products, risk and reward structure, organization structure and internal reporting systems, the Company has structured its operations into the following business segments.

- i] Audio / Video productions
- ii] Film Productions / Distribution.

Operations of the Company do not qualify, for reporting as geographic segments, under the criteria set out under Accounting Standard 17 on segment reporting issued by The Institute of Chartered Accountants of India.

### 17. Earning Per Share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earning per share are computed using the weighted average number of equity and dilutive equivalent shares outstanding during the year, except where the results would be anti-dilutive.

### 18. Cash Flow

Cash Flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

### 19. Leases

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the Company, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalised leased assets



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(Amount expressed in Indian Rupees Thousands unless otherwise stated)

are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

### B. NOTES TO ACCOUNTS

1. Pursuant to the Public Announcement (PA) and Corrigendum to PA dated 3rd March 2010 and 3rd June 2010 respectively, for Buyback of Company's shares from the open market at a price not exceeding Rs. 75/- per share for an aggregate amount not exceeding Rs. 1,98,100, the Company bought back 13,47,200 no of equity shares during 11th June 2010 to 23rd Aug 2010 at a total consideration of Rs. 63,996 (exclusive of brokerage of Rs. 131), at an average price of Rs.47.50 per share. All the shares bought-back have been extinguished and the requisite returns for completion of buyback were filed with the Stock Exchange Board of India (SEBI)/Stock Exchanges and the Registrar of Companies.

#### 2. Loans

##### Secured Loans from Banks :

Cash Credit Loans are secured by mortgage of deposit of title deeds of Land and Building situated at Silvassa and Palghar and first charge, ranking pari passu by way of hypothecation of Raw materials, Finished Goods and Book Debts are further secured by personal guarantee / mortgage of properties owned by one of the directors of the Company/ relatives.

Term Loans from bank are secured by hypothecation and mortgage of the properties. Out of total Term Loans of Rs. 1,95,050 (Previous year Rs. 2,95,180) outstanding as on balance sheet date, Rs. 45,000 (Previous year Rs. 1,24,555) are payable within one year. The loans are counter guaranteed by the Managing Director.

Vehicle loans are secured by hypothecation of vehicles acquired on equitable monthly installment (EMI) system. The amount repayable within the financial year 2011-12 is Rs. 2,532 (Previous year Rs. 1,246).

##### Unsecured Loans

Unsecured Loans repayable within 1 year is Rs. 2,35,400/- (Previous year Rs. 1,41,200/-)

#### 3. Change in the accounting policy in respect of amortization of cost of production of feature films:

Hitherto, Company was following the policy of inventorising the cost of feature films (produced or acquired) to be charged to Profit and Loss Account on release of films in the ratio of current revenue to the total expected revenue. Further, at the end of each accounting period company reassessed the expected revenue / realizable value of the balance unamortized cost and in the event of the net realizable value being less than unamortized cost, the same was written down to the net realizable value. During the year, Company has reviewed its accounting policy in respect of amortization of cost of production of feature films and has revised the said policy

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

keeping in mind the ever-changing revenue streams / patterns as also with the objective of bringing it in line with the policy followed generally by the Entertainment Industry. [Refer Significant accounting policies no. 10(iv) of Schedule 21 for revised accounting policy that the company has now adopted and would follow consistently in future].

The changed policy is being implemented with effect from 1st October 2009 and would, as such, apply to films released on or after that date. Due to the change in the said policy, Cost of feature film charged for the year ended 31st March 2011 is lower by Rs. 1,79,042. Further consequent to this change excess cost amortised in the year ended 31st March 2010 in the amount of Rs. 75,116 has been written back and has been credited to the profit and loss account. As a result, Profit / (Loss) after tax for the year ended is stated higher / (lower) by Rs. 2,54,159.

#### 4. Contingent Liabilities:

	As on 31-03-11	As on 31-03-10
a) Counter Guarantees given to a Bank on behalf of Managing Director	5,498	7,937
b) Penalty under FEMA Act *	9,000	9,000

\* The Company is hopeful of favorable decisions for the appeal pending before the Hon'able Supreme Court. The Hon'ble Supreme Court has granted stay until disposal of petition.

#### 5. Managerial remuneration under section 198 of the Companies Act, 1956:

A]

Particulars	2010-11	2009-10
Salaries		
(i) Kumar S. Taurani	9,000	9,000
(ii) Ramesh S. Taurani	9,000	9,000
<b>A Total</b>	<b>18,000</b>	<b>18,000</b>

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### B] Computation of Managerial Remuneration.

Particulars	Amount	Amount
<b>A] Profit Before Tax</b>	38,958	98,109
<b>ADD:</b>		
I] Managing Directors Remuneration	18,000	18,000
II] Director's fees	121	143
III] Depreciations	16,213	13,539
IV] Provision for Doubtful Debts & Advances (Net)	6,428	(46,163)
V] Loss on Sale / Discarded / W/off of Fixed Assets	92	419
<b>B] Total [ I to V]</b>	<b>40,854</b>	<b>(14,062)</b>
<b>Net Profits as per Section 198 of the Companies Act, 1956 [A + B]</b>	<b>79,812</b>	<b>84,047</b>
Maximum permissible remuneration to Managing Directors u/s 198 of the Companies Act, 1956 @ 10% of the Profits computed above.	7,981	8,405
As per Share Holders Approval	18,000	18,000

#### Notes:

Mr. Kumar Taurani & Mr. Ramesh S. Taurani were re-appointed as the Managing Director of the Company for the period of 5 (Five) years w.e.f April 1, 2008 at a gross remuneration of Rs. 9,000/- per annum and approval from the shareholders for the same was obtained in the Annual General Meeting held on 26-9-2008. In September 2009 since the remuneration was exceeding the limits prescribed in Sch. XIII of the Companies Act, 1956 the Company had made an application to the Central Government for payment of remuneration of Rs. 9,000/- for a period of 5 years till 31-3-2013.

However, the Central Government vide its order dated 17th March, 2010 gave the approval to pay the aforesaid remuneration till 31-3-2010 for Mr. Kumar Taurani. A fresh application for the remaining term of his office for the period 1-4-2010 to 31-3-2013 was made on 15th November, 2010. The Approval for the same is awaited. In case of Mr. Ramesh Taurani, the Central Government vide its order dated 27th April, 2011 gave the approval to pay the aforesaid remuneration till 31-3-2010 which was received on 2nd May 2011. The Company is in process of making a fresh application to pay remuneration for remaining term of his office from 1-4-2010 to 31-3-2013.

Pending approval of the Central Government, remuneration of Rs. 18,000 is paid by the company for the year.

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

6. For the purposes of valuation of inventories of finished goods, the cost of copyright (audio/video-film) and in-house music production costs are considered as costs as per the method consistently followed. However, in absence of records of title wise stock and considering the volume of inventory of finished goods, the entire such cost is apportioned on the stock of saleable inventory, on an average basis [apportioned cost aggregates to NIL (Previous year Rs. 7,608)], which will not have any impact on the valuation of inventories.
7. Sundry Debtors, Sundry Creditors and balances of advances are subject to confirmations and reconciliation, if any.
8. Current Assets include Fixed Assets held for disposal Rs. 500 (Previous Year Rs. 500) being realizable value estimated by the Management.
9. **Provision for Tax:**  
The current tax provision is based on tax payable on book profits computed u/s 115JB of the Income Tax Act, 1961. Credit for set off of this book profit tax is not recognized in the books in view of the uncertainty about future taxable profits.
10. Based on the information available with the Company, no creditors have been identified as "Suppliers" within the meaning of Micro, Small and Medium Enterprises Development Act, 2006.
11. Liabilities towards Investor Education and Protection Fund U/s 205A of the Companies Act, 1956 not due.
12. During the year Company has paid NIL (Previous year Rs. 200) as donation to a Political Party.
13. **Payments to Auditors**

Particulars	2010-11 Rs.	2009-10 Rs.
a) As Auditors	1,000	1,000
b) Certification Work	225	225
c) Fees for Management Consultancy	150	150
<b>Total</b>	<b>* 1375</b>	<b>* 1375</b>

\* Excludes service tax Rs. 142 (Previous Year Rs. 126).

### DISCLOSURE REQUIRED AS PER ACCOUNTING STANDARDS ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

#### 14. Gratuity

##### i] Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the plan asset.

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### ii] Principal actuarial assumptions:

	2010-11	2009-10
Discount rate	8.15 %	6.50 %
Rate of Return on Plan Assets	9.00 %	9.00 %
Salary escalation Rate	5.00 %	5.00 %

Discount Rate is based on prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligation.

The salary escalation rate is based on estimate of salary increases, which take into account inflation, promotion and other relevant factors.

### iii] Reconciliation of Benefit Obligation:

	2010-11 Rs.	2009-10 Rs.
Liability at the beginning of the year	1,815	2,265
Interest Cost	124	138
Current Service Cost	254	232
Benefit Paid	(520)	(288)
Actuarial (Gain) / Loss on Obligations	325	(531)
Liability at the end of the year	1,998	1,815
Fair Value of Plan Assets at the end of the year	3,097	2,922
Amount recognised in Balance Sheet as "Liabilities or (Assets)"	(1099)	(1107)

### iv] Reconciliation of Fair value of Plan Assets:

	2010-11 Rs.	2009-10 Rs.
Fair Value of Plan Assets at the beginning of the year	2,922	2,955
Expected Return on Plan Assets	263	257
Contributions	426	---
Benefit Paid	(520)	(288)
Actuarial Gain / (Loss) on Plan Assets	6	(1)
Fair Value of Plan Assets at the end of the year	3,097	2,922

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### v] Expenses recognised in the Profit and Loss Account under the head “Staff Cost”:

	2010-11 Rs.	2009-10 Rs.
Current Service Cost	254	232
Interest Cost	124	138
Expected Return on Plan Assets	(263)	(257)
Net Actuarial (Gain) / Loss recognised	318	(530)
Expenses recognised in Profit and Loss Account	433	(417)

### 15. Earnings per share is calculated as follows;

	31-03-2011 Rs.	31-03-2010 Rs.
Profit/(Loss) attributable to equity shareholders	29,830	84,756
Weighted average number of equity shares used in computing basic earnings per share	16,473	17,306
Basic Earnings per share (Rs.)	1.81	4.90
Weighted average number of equity shares used in computing diluted earnings per share	16,473	17,306
Diluted Earnings per share (Rs.)	1.81	4.90
Nominal value of equity shares ( Rs.)	10/-	10/-

### 16. Leases:

Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

	2010-11 Rs.	2009-10 Rs.
Future minimum lease payments under non-cancelable operating leases		
- Not later than 1 year	12,566	12,991
- Later than 1 year and not later than 5 years.	---	---
- Later than 5 years	---	---

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### 17. Related Party Disclosures:

- I] List of related parties and nature of their relationship is furnished below:
- a) Subsidiaries : NIL
  - b) Key management personnel
    - Kumar S. Taurani : Chairman & Managing Director
    - Ramesh S. Taurani : Managing Director
  - c) Relatives of key Management personnel
    - Mrs. Renu K. Taurani, Mrs. Varsha R. Taurani, Mr. Kunal K. Taurani,
    - Mr. Girish K. Taurani Ms. Sneha R. Taurani
  - d) Other Related Parties (Entities in which Directors/Partners or their relatives have significant influence)
    - Tips Exports, Tips Finance and Lachmi Sadhuram Taurani Charitable Trust

### II] Details of Transactions with Key Management Personnel, relatives of Key Management Personnel and Other Related Parties.

		Key Management Personnel	Relatives of Key Management Personnel	Others Related Parties	Total
1]	<b>FINANCE</b>				
a)	<b>Loans taken</b>	3,550 (6,000)	2,950 (3,000)	NIL (NIL)	6,500 (8,000)
b)	<b>Loan Repayment</b>	31,550 (500)	2,950 (500)	NIL (NIL)	34,500 (1,000)
2]	<b>OTHER EXPENDITURE</b>				
a)	Rent Paid	NIL (NIL)	11,912 (11,937)	NIL (NIL)	11,912 (11,937)
b)	Interest Paid	3,773 (7,010)	1,002 (666)	NIL (NIL)	4,775 (7,676)
c)	Legal & Prof. Fees paid	NIL (NIL)	807 (540)	NIL (NIL)	807 (540)
3]	<b>REMUNERATION PAID</b>	18,000 (18,000)	NIL (NIL)	NIL (NIL)	18,000 (18,000)
4]	<b>OUTSTANDING</b>				
a)	Payables Loans	30,500 (58,500)	8,500 (6,500)	NIL (NIL)	39,000 (65,000)
b)	Receivables Deposits	NIL (NIL)	90,000 (90,000)	NIL (NIL)	90,000 (90,000)

**Note:** Related party relationship is as identified by the Company and relied upon by the Auditors.

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### Other Related Parties - Disclosures

Out of the above items, transaction with the party in excess of 10% of total related parties.

		Key Management Person		
		Kumar S Taurani	Ramesh S. Taurani	Total
1]	<b>FINANCE</b>			
a)	Loans taken	3,550 (1,000)	NIL (4,000)	3,550 (5,000)
b)	Repayment of Loan	2,550 (500)	29,000 (NIL)	31,550 (500)
2]	<b>OTHER EXPENDITURE</b>			
a)	Interest Paid	475 (567)	3,299 (6,443)	3,774 (7,010)
3]	<b>REMUNERATION PAID</b>	9,000 (9,000)	9,000 (9,000)	18,000 (18,000)
4]	<b>OUTSTANDING</b>			
a)	Loans	5,500 (4,500)	25,000 (54,000)	30,500 (58,500)

### Other Related Parties – Disclosures

Out of the above items, transaction with the party in excess of 10% of total related parties are disclosed here as follows.

		Relatives of Key Management Personnel					Other related parties	Total
		Renu K Taurani	Varsha R Taurani	Kunal K Taurani	Girish K Taurani	Sneha Taurani	Lachmi Sadhuram Taurani Charitable Trust	
1]	<b>FINANCE</b>							
a)	Loans taken	2,950 (1,000)	NIL (NIL)	NIL (2,000)	NIL (2,000)	NIL (NIL)	NIL (NIL)	2,950 (5,000)
b)	Repayment of Loans	2,450 (500)	NIL (NIL)	NIL (NIL)	500 (NIL)	NIL (NIL)	NIL (NIL)	2,950 (500)

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

2]	<b>OTHER EXPENDITURE</b>							
a)	Rent Paid	5,956 (5,956)	5,956 (5,981)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	11,912 (11,937)
b)	Interest Paid	525 (545)	NIL (NIL)	240 (121)	236 (NIL)	NIL (NIL)	NIL (NIL)	1,001 (666)
c)	Legal & Prof. Fees Paid	NIL (NIL)	600 (NIL)	90 (540)	NIL (NIL)	117 (NIL)	NIL (NIL)	807 (540)
3]	<b>OUTSTANDING</b>							
a)	Payables Loans	5,000 (4,500)	NIL (NIL)	2,000 (2,000)	1,500 (2,000)	NIL (NIL)	NIL (NIL)	8,500 (8,500)
b)	Receivables Deposits	45,000 (45,000)	45,000 (45,000)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	90,000 (90,000)

### 18. Segment Reporting :

Disclosures as per the requirements of Accounting Standard – 17 for 'Segment Reporting' is as under

		Financial Year Ended	
		31-03-11	31-03-10
1	<b>Segment Revenue:</b>		
	Audio Product Sales	3,80,562	3,52,437
	Film Distribution	2,90,625	4,95,227
	<b>Revenue from Operation</b>	<b>6,71,187</b>	<b>8,47,664</b>
2	<b>Segment Results</b>		
	Profit (+) / Loss (-) before interest & Tax		
	- Audio Products	2,94,424	1,48,333
	- Film Distribution	(1,23,654)	53,649
	- Others	-	-
	Less: Interest (Net)	64,094	42,605
	Less: Unallocable Corporate expenses	67,717	61,269
	Profit (+) / Loss (-) before Tax	<b>38,958</b>	<b>98,109</b>

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

<b>3</b>	<b>Capital Employed</b> (Segment Assets - Segment Liabilities)		
	- Audio Products	4,01,450	5,66,492
	- Film Distribution	6,41,358	3,49,609
	- Unallocable Corporate Assets Less		
	Liabilities	(2,48,032)	(63,881)
	<b>Total</b>	<b>7,94,776</b>	<b>8,52,220</b>

### 19. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C & 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

#### (i) Turnover

	Unit	2010-11		2009-10	
		Quantity ('000)	Value in Rupees	Quantity ('000)	Value in Rupees
Pre recorded cassettes	Nos	(73)	(1,631)	219	5,135
Compact Discs	Nos	278	9,443	733	26,292
<b>Total</b>			<b>* 7,812</b>		<b>* 31,427</b>

\* Excluding Audio Rights Sales of Rs. 250 (Previous year Rs. NIL/-)

#### (ii) Raw Materials Consumed

	Unit	2010-11		2009-10	
		Quantity ('000)	Value (Rupees)	Quantity ('000)	Value (Rupees)
Magnetic Tape	Reel	NIL	26	11	865
Plastics Components	PCs	109	649	632	1,503
Others		-	4,607	-	11,785
<b>Total</b>			<b>5,282</b>		<b>14,153</b>

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### (iii) Opening and Closing Stock

Class of Goods Manufactured	Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value
	PCs. '000	(Rupees)	PCs. '000	(Rupees)
Pre-recorded Cassettes	361	8,071	445	474
Blank Cassettes	0.6	NIL	0.6	NIL
Compact discs/DVD	1,256	8,068	1,231	3,365
<b>Total</b>		<b>16,139</b>		<b>3,839</b>

### (iv) Capacity and Production

Class of Goods Manufactured	Installed Capacity as certified by Technical experts – for single Shift PCs.000 Quantity		Actual Production For Single Shift PCs.000 Quantity	
	31-3-2011	31-3-2010	31-3-2011	31-3-2010
	Pre-recorded Cassettes			
In House Production	16,992	16,992	11	403
Blank Cassettes	10,505	10,505	-	-
Compact Discs	250	250	23	51

**Note:** Installed capacity being a technical matter, is certified by a technical expert.

### (v) Value of Raw Materials Consumed

	2010-11		2009-10	
	Percentage to total consumption	Rupees	Percentage to total consumption	Rupees
Imported	%		%	
	--	--	--	--
Indigenous	100	5,282	100	14,153
<b>Total</b>	<b>100</b>	<b>5,282</b>	<b>100</b>	<b>14,153</b>

## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

### (vi) Expenditure In Foreign Currency

Particulars	2010-11 Rs.	2009-10 Rs.
Traveling	2,606	181
Music Expenses	1,056	---
Film Production Expenses	---	3,251

### (vii) Earnings In Foreign Currency

Particulars	2010-11 Rs.	2009-10 Rs.
F.O.B. value of Exports	2,702	4,299
Royalty (Net)	12,268	1,887
Miscellaneous Income (Film Distribution Rights)	----	55,714

(viii) Cost of feature films incurred during the year and inventories include interest of Rs. 226 (Previous Year Rs. 36,539) on Loans utilized for the production of the film as also insurance expenditure of Rs. 1,500 (Previous Year Rs. 4,106)

### 20. Foreign Currency Exposure:

The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	31st March 2011	31st March 2010
Amount payable in foreign currency on account of import of Goods / services and its equivalent Indian Rupees.	RS. 27,907 (US\$ 625)	RS. 28,213 (US\$ 625)
Amount receivable in Foreign Currency on export of goods / services and its equivalent Indian Rupees.	Rs. 16,962 (US\$ 96) (GBP 140) (Pak Rs. 1,352)	Rs. 13,347 (US\$ 98) (GBP 131) NIL
Amount payable in foreign currency towards loan / deposits and its equivalent Indian rupees	NIL	NIL



## SCHEDULE NO. 21

(Amount expressed in Indian Rupees Thousands unless otherwise stated)

21. Previous year's figures have been regrouped wherever necessary, to conform with current year's figures.

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As per our attached Report of even date  
For **B.K Khare & Co**  
Chartered Accountants  
(Firm Registration No 105102W)

**Sunil Bhandari**  
Partner  
Membership No 37388

Mumbai, dated: 11th May, 2011

For and on behalf of the Board of Directors

**Kumar S. Taurani**  
Chairman & Managing Director

**Amitabh Mundhra**  
Director

**Ramesh S. Taurani**  
Managing Director

**Bhoomi Thakker**  
Company Secretary



## TIPS INDUSTRIES LIMITED

Regd. Office : 601, Durga Chambers, 278/E, Linking Road,  
Khar (West), Mumbai - 400 052.

### ATTENDANCE SLIP ANNUAL GENERAL MEETING

Folio No. : \_\_\_\_\_

No. of shares held : \_\_\_\_\_

DPID & Client ID No. : \_\_\_\_\_

I hereby record my presence at the FIFTEENTH ANNUAL GENERAL MEETING of the Company, on Friday, July 29, 2011 at 4.00 p.m. at The Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai - 400 049.

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

\_\_\_\_\_  
Member's / Proxy's Signature

NOTE : Member / joint member / proxies are requested to bring this slip with them and hand it over at the entrance. Duplicate slips will not be issued at the entrance of the venue.

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## TIPS INDUSTRIES LIMITED

Regd. Office : 601, Durga Chambers, 278/E, Linking Road,  
Khar (West), Mumbai - 400 052.

### FORM OF PROXY

I/We, \_\_\_\_\_ the undersigned, being equity share holder(s) of M/s. Tips Industries Limited hereby appoint Mr./Ms. \_\_\_\_\_ resident of \_\_\_\_\_ and failing him / her Mr. / Ms. \_\_\_\_\_ resident of \_\_\_\_\_ as my / our proxy, to act for me / us at the FIFTEENTH ANNUAL GENERAL MEETING of the Company, to be held on Friday, July 29, 2011 at 4.00 p.m. at Hotel Sun-N-Sand, Juhu, Mumbai - 400 049.

Affix  
Re.1  
Revenue  
Stamp

Dated this \_\_\_\_\_ day of \_\_\_\_\_

Folio No. : \_\_\_\_\_

DPID & Client ID No. : \_\_\_\_\_

No. of shares held : \_\_\_\_\_

Signature : \_\_\_\_\_

#### NOTES :

- 1) Proxy must be deposited at the Registered Office of the Company not later than 48 hours before the Meeting. The Proxy need not be a member of the Applicant Company.
- 2) In case of multiple proxies, proxy later in time shall be accepted.
- 3) All alterations made in the Form of Proxy should be initialed.