tips.in

15th July, 2014

To,
The National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 050.

Symbol: TIPSINDLTD

Ref: Clause 31 of the Listing Agreement

Sub: Annual Report for the financial year ended 31st March, 2014.

Dear Sir / Madam,

Please find enclosed herewith the **Annual Report** along with **Form A** of the Tips Industries Limited for the financial year ended 31st March, 2014.

Kindly acknowledge the receipt of the same.

Thanking you.

Yours faithfully,

For **Tips Industries Limited**

Bijal R. Patel
Company Secretary

TIPS INDUSTRIES LTD. 601, Durga Chambers, 6th Floor, Linking Road, Khar (West), MUMBAI-400 052.

Encl: As Above

TIPS INDUSTRIES LTD.
601, Durga Chambers, 6th Floor, Linking Road, Khar (West), Mumbai 400 052.
Tel. : 6643 1188 Fax : 6643 1189 **CIN : L92120MH1996PLC099359**

NEXT CHANGE

Prism Strategic Communications (www.prism.net.in)
Printed by Kyra Prints Pvt. Ltd.

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Success is conviction in the journey
Success is confidence in the path
Success is courage in the step
Success is moving on to

NEXT CHANGE

FILMS

Films in India are all about enjoyment and excitement.

Films in India are all about dreams and fantasies.

Films in India are all about emotions and passion.

Films in India are all about entertainment.

At Tips, has been producing films that provide wholesome entertainment.

We produced two movies in 2013-14 which performed well at the box office and were bumper hits on the satellite and cable media. RAMAIYA VASTAVAIYA ranked No. 2 in all the satellite releases for the year 2013, while PHATA POSTER NIKLA HERO featured amongst the top 10 satellite releases. Both these films have connected with home audiences, and we are convinced of their long-term value as we continue monetising our film assets on TV.

At Tips, we take a balanced and educated view of success and firmly believe that every project deepens our knowledge and understanding, and motivates us on our journey with a goal to produce six films by 2017.

At Tips, we always look ahead – to tomorrow, to future.

At Tips, we continue to move on with

NEXT CHANGE

RAMAIYA VASTAVAIYA RANKED NO. 2 IN ALL THE SATELLITE RELEASES FOR THE YEAR 2013, WHILE PHATA POSTER NIKLA HERO FEATURED AMONGST THE TOP 10 SATELLITE RELEASES

MUSIC

With a collection of over 25,000 tracks comprising of 4,500 titles made up of various artistes across all genres, we have one of the most valuable and varied music libraries in the industry that holds immense value as we continue to leverage digitisation to unlock its potential.

Our music collection ensures a steady, secure and stable revenue stream in form of royalties and licensing fees from various channels and partners. With the explosion of mobile based internet devices like smart phones and tablets, the music industry has been completely and thoroughly revamped and restructured, and is poised for sustained growth. Another key driver of growth in the music industry is expected to be the rollout of Phase 3 of the FM Radio which will open up an additional 849 new geographic locations in Tier II and Tier III cities.

We continue to digitise our music library. A majority of our library is already digitised.

We have tied up with all leading platforms like iTunes, YouTube, Google Play and Saavn to ensure that songs from our collection are available wherever, whenever and in whatever format they desire.

The new government is keen on leveraging the immense power and potential of the internet, and India is poised for an explosion of internet growth. With download speeds moving from 3G to 4G, streaming live music is expected to become the next game changer in the music industry.

At Tips, we always plan ahead – for tomorrow, for future.

At Tips, we continue to advance with

NEXT CHANGE

25,000+
TRACKS

4,500+
TITLES

CHAIRMAN'S MESSAGE

"DIGITISATION, DRIVEN BY FASTER INTERNET FROM 3G TO 4G, IS CLEARLY TURNING OUT TO BE A GAME CHANGER FOR THE INDIAN MEDIA AND ENTERTAINMENT INDUSTRY. WITH ITS POWER TO REACH MILLIONS OF PEOPLE ALL OVER THE WORLD, IT IS OPENING UP NEW REVENUE STREAMS THROUGH NEW BUSINESS MODELS FOR ALL SEGMENTS OF THE INDUSTRY: TV, FILMS, MUSIC AND NEW MEDIA."

Dear Shareholders,

It is always a pleasure and privilege to share with you highlights of performance of the Company as well as upcoming projects.

This year was an interesting year for the Indian entertainment industry. After a record 2012, the Indian film industry performed strongly in 2013 in terms of content as well as collections. As many as 9 films crossed the coveted Rs. 1 billion mark and for the first time in the history of Indian films, 2 movies crossed the Rs. 2 billion mark. Today, we have almost 95 per cent of screens digitised, and the industry is leveraging the power of technology in all aspects : from shooting on digital formats to distribution to monetising content using Video on Demand (VoD) platforms to selling tickets online.

In the exhibition space, there was a moderate slowdown as the real estate sector struggled. Despite this, around 200 new screens were added. What is more encouraging is the fact that both occupancy and average ticket prices increased in 2013, as did spending on F&B.

Digitisation, driven by faster internet from 3G to 4G, is clearly turning out to be a game changer for the Indian media and entertainment industry. With its power to reach millions of people all over the world, it is opening up new revenue streams through new business models for all segments of the industry: TV, films, music, and new media. Driven by rapid and wide reach of smart-phones and increasing base of mobile internet users, we are witnessing the beginning of multiplicity of engagement through more screens like mobile phones, tablets, laptops and PC.

All these changes will have a strong bearing and a positive impact on the entire industry in the days and years to come.

During the year 2013-14, the Company released two films that did exceedingly well, connecting strongly with TV audiences. The music business of the Company continued to generate steady revenues by improved and increased monetisation of the impressive and imposing collection of titles we posses. However, the losses in the film business affected the overall performance for the year :

Our Total Revenue for the year was Rs. 10,551.27 Lacs compared to Rs. 13,925.28 Lacs in the previous year. For the year, we incurred a Net Loss of Rs. 1,623.91 Lacs against a Net Profit of Rs. 1,168.74 Lacs in the previous year.

In the film business, ups and downs are an integral and inseparable part of the business. While all films are made with passion, enthusiasm and hard-work, no one can guarantee success at the box office. What is important is to MOVE ON and focus on the next project.

At Tips, we have always had a strong belief in our abilities, in our relationships and in our experience to make fun and enjoyable films, and we continue to do this. Our next big film is scheduled for release in August 2014 and is aptly titled – IT'S ENTERTAINMENT. This big budget film stars Akshay Kumar, Tamannaah Bhatia and others.

We are looking at launching two-three more films before the close of this fiscal. In the Punjabi movies segment, we are evaluating scripts and are hopeful of short-listing and working on some of these. Another strategic direction we are working towards is to increase our films business to produce five to six movies by the year 2017. This will not only leverage our economies of scale in production and distribution, but will also give us a higher success ratio.

At Tips, we have always been optimistic and positive. We have always taken challenges head-on and have overcome them with our courage, conviction and confidence. We have a history and track-record that proves we are capable and competent bounce back hard.

I thank you for your faith and belief in Tips and assure you of more success and growth in the coming year. Let us MOVE ON and look to a new tomorrow with

NEXT CHANGE

Yours sincerely,

Kumar S. Taurani
Chairman

Mr. Kumar S. Taurani
Chairman & Managing Director

Mr. Ramesh S. Taurani
Managing Director

Mr. Amitabh Mundhra
Independent Director

Mr. Vijay Agarwal
Independent Director

Mrs. Radhika Pereira
Independent Director

BOARD OF DIRECTORS

Left to Right
Bijal Patel – Company Secretary
I.T. Gursahani – CFO
Haresh Sedhani – Sr. Manager – Account

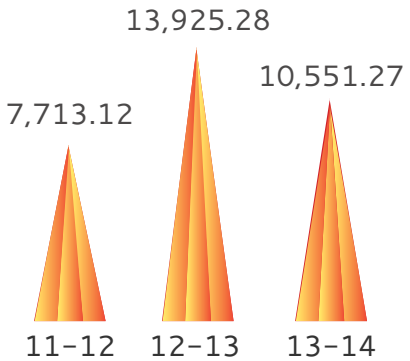
Left to Right
Chandru Bakhtiani – Line Producer and Distribution Co-ordinator
Prakash Talreja – Line Producer
Jay Shewakramani – Executive Producer

Left to Right
Aarti Kathariya – GM – Business Affairs
Kavita Lakhani – Creative Head
Sahas Malhotra – Sr. V. P – Music
Ekta Kukreja – Secretary to Chairman
Kabir Chandra – Sr. Manager – Digital

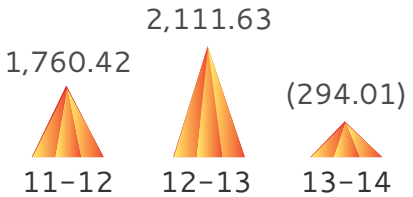
TEAM TIPS

KEY FINANCIAL INDICATORS

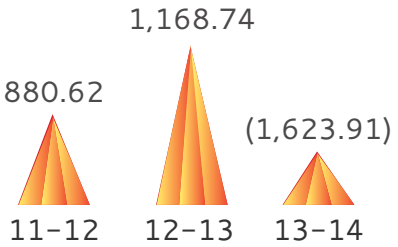
(Rs. in Lacs)
Except EPS in Rs.



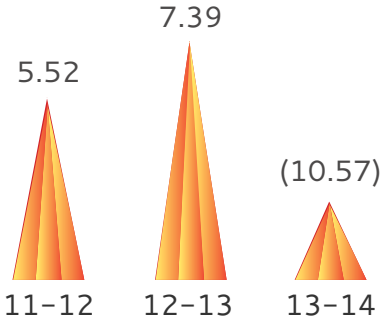
Net Revenues



EBIDTA



Profit / (Loss) After Tax



Earnings per Share

Coming Soon...

NEXT CHANGE

Pen MOVIES
TIPS INDUSTRIES LTD AND
JAYANTILAL GADA (PEN) PRESENT
A DOG who lives a man's life.
and a MAN who lives a dog's life!
TIPS
RAMESH .S TAURANI'S
IT'S ENTERTAINMENT
WRITTEN AND DIRECTED BY FARHAD-SAJID
CREATIVE PRODUCER JAY SHEWAKRAMANI
WOOF! AUGUST 8TH
CO-PRODUCERS DHAVAL JAYANTILAL GADA, KUSHAL KANTILAL GADA & RESHMAA KADAKIA
CINEMATOGRAPHER MANOJ SONI MUSIC DIRECTOR SACHIN-JIGAR LYRICS MAYUR PURI, PRIYA PANCHAL, ASHISH PANDIT STORY K. SUBHASH
CHOREOGRAPHER REMO D'SOUZA ACTION DIRECTOR SHAM KAUSHAL EDITOR STEVEN BENARD PRODUCTION DESIGNER VINOD GURUJI
SUPERVISED BY PARIKSHIT LALWANI & KUSHAL MEHTA COSTUME STYLIST AYESHA DASGUPTA & JAYA TAURANI
A TIPS FILM

CORPORATE INFORMATION

Board of Directors

Mr. Kumar S. Taurani	Chairman & Managing Director
Mr. Ramesh S. Taurani	Managing Director
Mr. Amitabh Mundhra	Independent Director
Mrs. Radhika Pereira	Independent Director
Mr. Vijay Agarwal	Independent Director
Ms. Sunita Menon (upto May 7, 2014)	Independent Director

Company Secretary & Compliance Officer

Ms. Bijal R. Patel

Senior Management

Mrs. Varsha Taurani	Vice President – Administration
Mr. I. T. Gursahani	CFO
Mr. Sahas Malhotra	Sr. Vice President – Music
Mr. Jay Shewakramani	Executive Producer
Ms. Aarti Kathariya	GM - Business Affairs
Mr. Haresh Sedhani	Sr. Manager - Account
Ms. Kavita Lakhani	Creative Head
Mr. Kabir Chandra	Sr. Manager - Digital

Registered Office

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

Accounts & Secretarial Dept.

202, Glacis Tower,
Linking Road, Khar (West),
Mumbai - 400 052

Statutory Auditors

M/s. B.K. Khare & Co. *(for F.Y. 2013-14)*
Chartered Accountants
706/708, Sharda Chambers,
New Marine Lines,
Mumbai - 400 020

M/s. SSPA & Associates *(for F.Y. 2014-15)*
Chartered Accountants
1st Floor, Arjun,
Plot No. 6A, V. P. Road,
Andheri (West), Mumbai – 400058

Internal Auditors

M/s. Maheshwari & Co.
Chartered Accountant
3rd Floor Esplanade Building,
3, Amrut Keshav Naik Marg,
Fort, Mumbai - 400 001

Registrar & Share Transfer Agent

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

Bankers

Bank of Baroda
Everest Building,
Mumbai - 400 034

Canara Bank
Prime Corporate Branch – II,
Verma Chambers, 2nd Floor,
Homji Street, Fort,
Mumbai - 400 001

HDFC Bank Limited
2nd Floor, Maneckji Wadia Bldg.,
Nanik Motwani Marg, Fort,
Mumbai - 400 001

Export-Import Bank of India
21st Floor, Centre -1 Building,
World Trade Centre Complex,
Cuffe Parade, Mumbai - 400 005

Notice of the Annual General Meeting

Notice is hereby given that the Eighteenth Annual General Meeting of Tips Industries Limited will be held on Friday, August 8, 2014 at 11.00 a.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 Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss Account for the financial year ended March 31, 2014 together with the Reports of the Directors and Auditors thereon.

2. To declare dividend for the financial year ended March 31, 2014.

3. To appoint Mr. Ramesh S. Taurani (DIN 00010130) as a director of the Company, who retires by rotation and, being eligible, offers himself for re-appointment.

4. **Appointment of Statutory Auditor of the Company.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. SSPA & Associates, Chartered Accountants (Firm Registration 131069W), be and is hereby appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. B.K. Khare & Co., Chartered Accountants, and to hold office until the conclusion of the next Annual General Meeting of the Company, on remuneration to be decided by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. **Appointment of Mr. Amitabh Mundhra as Independent Director of the Company.**

   To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, 2013, as amended from time to time, Mr. Amitabh Mundhra (DIN 00014227), Non-Executive Director of the Company, in respect of whom the company has received a notice in writing from a member proposing his candidature for office of Independent Director of the company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from August 8, 2014 AND THAT he shall not be liable to retire by rotation".

6. **Appointment of Mrs. Radhika Pereira as Independent Director of the Company.**

   To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, 2013, as amended from time to time, Mrs. Radhika Pereira (DIN 00016712), Non-Executive Director of the Company, in respect of whom the company has received a notice in writing from a member proposing her candidature for office of Independent Director of the company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from August 8, 2014 AND THAT she shall not be liable to retire by rotation."

7. **Appointment of Mr. Vijay Agarwal as Independent Director of the Company.**

   To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

Notice of the Annual General Meeting

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder,read with Schedule IV to the said Act, 2013,as amended from time to time, Mr. Vijay Agarwal (DIN 00058548), Non-Executive Director of the Company, in respect of whom the company has received a notice in writing from a member proposing his candidature for office of Independent Director of the company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from August 8, 2014 AND THAT he shall not be liable to retire by rotation."

8. Acceptance of Deposit from Members of the Company.

To consider and, if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 73 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and subject to such conditions, approvals, permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to invite/ accept/ renew from time to time unsecured/ secured deposits from members of the Company upto permissible limits as prescribed under Rule 3(3) of the Companies (Acceptance of Deposits) Rules, 2014.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto."

9. Borrowing Limit and Creation of Charges in connection with borrowing of the Company.

To consider and, if thought fit, pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the members be and is hereby accorded to the Board of Directors of the Company to borrow such sum or sums of money from time to time as may be required for the purpose of the business of the Company and the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the company' s bankers in the ordinary course of business), in excess of, the aggregate of paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which monies to be borrowed by the Board of Directors (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not at any time exceed the limit of Rs. 3,000,000,000/- (Rupees Three Hundred Crores only) over and above the aggregate of the paid up capital and free reserves of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the members be and is hereby accorded to the Board of Directors of the Company for creation of mortgage(s), charge(s), and/or hypothecation(s) in addition to the existing mortgage(s), charge(s), and/or hypothecation(s) created by the Company, in such form and manner and on such terms as the Board of Directors may determine on all or any of the movable and /or immovable, tangible and/or intangible properties of the Company, wherever situated both present and future and/or the whole or any part of the of undertakings of the Company, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/ partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments), issued /to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the

respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on pre-payment, remuneration of agent(s)/ trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation /fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed or any other document entered into/to be entered into between the Company and the lender(s)/agent(s)/trustees, in respect of the said loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lender(s)/ agent(s)/trustee(s).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto."

By Order of the Board of Directors

Place: Mumbai

Date: June 27, 2014

Sd/-

Bijal R. Patel

Company Secretary

Registered Office:

601, Durga Chambers,

Linking Road,

Khar (West),

Mumbai 400 052

Notes:

1. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 5 to 9 of the Notice, is annexed hereto.

2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than forty-eight hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

4. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

5. The Register of Members and Transfer Books of the company will be closed from July 31, 2014 to August 8, 2014, both days inclusive.

6. Dividend, if approved by the Members at the Annual General Meeting will be paid within a period of 30 days from the date of declaration, to the Members whose names appear on the Register of Members and Register of Beneficial Owners as on July 30, 2014 as per details furnished by the R&T and the Depositories for this purpose.

7. Members are advised to avail of nomination facility in respect of shares held by them. Nomination forms can be obtained from the Secretarial Department of the Company and with R & T Agent.

8. 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.

9. Members holding shares in Electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or the Company's Share Registrars and Transfer Agents.

10. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Depositories.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or the Company's Share Registrars and Transfer Agents.

12. The Company has designated an exclusive email ID viz. response@tips.in to enable the investors to post their grievances, if any, and monitor its redressal.

13. Members seeking any information or clarification on the Accounts are requested to send in writing 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.

14. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to provide members facility to exercise their votes at the 18th AGM by electronic means and the business may be transacted through e-voting as per instructions below:

- Date and time of commencement of voting through electronic means: July 31, 2014 at 10.00 a. m.
- Date and time of end of voting through electronic means beyond which voting will not be allowed: August 2, 2014 at 6.00 p.m.
- Details of Website: www.evotingindia.com
- Instructions for e-voting are given here Annexure to the Notice
- Details of Scrutinizer: Mr. N. L. Bhatia, Company Secretary in Practice (CP No. 422)

The e-voting module shall be disabled after 6.00 p.m. on August 2, 2014. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date (record date) as on July 25, 2014.

Mr. N.L. Bhatia, Company Secretary in Practice has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.tips.in and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company.

By Order of the Board of Directors

Place: Mumbai
Date: June 27, 2014

Sd/-

Bijal R. Patel
Company Secretary

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

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 5 to 7:

Mr. Amitabh Mundra, Mrs. Radhika Pereira and Mr. Vijay Agarwal, were duly appointed under the Companies Act, 1956 as directors liable to retire by rotation in order to given effect to the aforesaid provisions of the Act, it is proposed that this directors be appointed as Independent Directors under Section 149 of the Act, read with the amended clause 49 of the Listing Agreement to hold office for five consecutive years.

As per the provisions of Section 149 of the Act which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

The Nomination & Remuneration Committee has recommended the appointment of these directors as Independent Directors of the Company.

Mr. Amitabh Mundra, Mrs. Radhika Pereira and Mr. Vijay Agarwal, Non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. Notices as required under section 160 of the companies act, 2013 have been received from some members proposing candidature of the said independent directors. Upon the confirmation of appointment of these individuals as independent Directors by the members of the Company, the appointment shall be formalized by the issue of a letter of appointment by the company to the said Independent Directors.

A brief profile along with other details of the Independent Directors are as follows:

Name of Director	Mr. Amitabh Mundra
DIN	00014227
Date of Birth	December 22, 1967

Name of Director	Mr. Amitabh Mundra
Date of Appointment	June 11, 2003
Profile	Mr. Amitabh Mundra holds B. Sc. Eng. Degree from Kolkata University. He is an entrepreneur and has vast experience in Corporate Finance and Management. He is a Vice Chairman of Simplex Infrastructures Limited and He specializes in business development, project implementation, monitoring project progress, etc. He actively participates in various organisations like CFI, NICMAR, BAI, CII, CIDC etc. He is a Director on the Boards of listed and unlisted companies. Mr. Mundra comes to Tips with a lot of value addition as its Independent Director and the Chairman of its Audit Committee since 2003.
Directorships in other Public Companies as on March 31, 2014	Simplex Infrastructure Limited Everest Industries Limited Kalindi Agro Biotech Limited Simplex Mining Limited Simplex Energy Limited Simplex Management Consultants Limited Simplex Water Treatment Limited Simplex Concrete Piles (India) Limited
Memberships of Committees in Public Companies	Nil
Chairmanships of Committees in Public Companies	Nil

Name of Director	Mrs. Radhika Pereira
DIN	00016712
Date of Birth	June 29, 1970
Date of Appointment	September 5, 2002

Name of Director	Mrs. Radhika Pereira
Profile	Mrs. Radhika Pereira is graduate from the University of Bombay Faculty of life Sciences, a law graduate from University of Bombay and a Post-graduate from the University of Cambridge and the University of Harvard. She has gained rich experience from M/s. Mulla & Mulla and Craigie Blunt & Caroe, as an article and worked with Arthur Andersen & M/s Udwadia & Udeshi. Currently she is Managing Partner of Dudhat Pereira & Associates. She is a fellow of the Cambridge Commonwealth Society and Member Scholar of the Pegasus Commonwealth Trust. She is also the author of "Right to Information" The Indian Advocate 24 (1992) and "Legal Risk Management – An Overview" Asia Law, Volume II, June 2004. She joined Tips in the year 2002 and with her wide range experience in the areas of intellectual property rights and transactions relating to entertainment, information technology, alternate dispute mechanism strategy among others, her contribution to Tips has always been colossal.
Directorships in other Public Companies as on March 31, 2014	Jain Irrigation System Limited India SME Asset Reconstruction Company Limited
Memberships of Committees in Public Companies	Nil
Chairmanships of Committees in Public Companies	Nil

Name of Director	Mr. Vijay Agarwal
DIN	00058548
Date of Birth	June 29, 1957
Date of appointment	October 31, 2012

Name of Director	Mr. Vijay Agarwal
Profile	Mr. Vijay Agarwal is a Chartered Accountant and Practice for several years. He possesses a rich and varied experience in the field of Finance and Taxation. He is Director on the Boards of listed and unlisted companies. Currently, he is practicing in Agarwal Vijay & Associates. He is an Independent Director of Tips Industries Limited and also member of Audit Committee of the Company.
Directorships in other Public Companies as on March 31, 2014	Themis Medicare Limited Gujarat Themis Biosyn Ltd Compuage Infocom Limited
Memberships of Committees in Public Companies	Themis Medicare Limited - Audit Committee Gujarat Themis Biosyn Ltd - Audit Committee Compuage Infocom Limited - Audit Committee
Chairmanships of Committees in Public Companies	Nil

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Director is now being placed before the Members for their approval.

Mr. Amitabh Mundhra, Mrs. Radhika Pereira and Mr. Vijay Agarwal are interested in the resolutions set out respectively at Item Nos. 5 and 7 of the Notice with regard to their respective appointment.

The relatives of Mr. Amitabh Mundhra, Mrs. Radhika Pereira and Mr. Vijay Agarwal may be deemed to be interested in the resolutions set out respectively at Item Nos. 5 and 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

Item No. 8:

The members are hereby apprised that the Company had been accepting deposits from its shareholders and public as per the applicable provisions of the Companies Act, 1956 and Company is regular in making

repayment of principal amount and interest thereon continuously.

However, with the commencement of Companies Act, 2013, deposits are now governed by the provisions of Sections 73 of the Companies Act, 2013 read with Companies (Acceptance of deposits) Rules, 2014 and approval of shareholders is therefore required for inviting/ accepting/ renewing deposits. Under Rule 3(3) of the Companies (Acceptance of Deposits) Rules, 2014, other than eligible Company shall accept or renew deposits from its members not exceeding 25% of the aggregate of the paid up share capital and free reserves of the Company.

The Board commends the resolutions for approval of the Members.

None of the Directors, Key Managerial Persons of the Company and their relatives is in any way, concerned or interested financially or otherwise in the aforesaid resolution, except to the extent of Deposit holding and/or shareholding in the Company, if any.

Item No. 9:

The Shareholders of the Company in its 17th Annual General Meeting held on August 29, 2013 passed an ordinary resolution under section 293(1)(d) of the Companies Act, 1956 enabling the Company to borrow sums of money from time to time for the business purpose and that sums shall not exceeding Rs. 3,000,000,000 (Rupees Three Hundred Crores only) over and above the aggregate of the paid up capital and free reserves of the Company at any time.

The Company might be required to creation of mortgage(s), charge(s), and/or hypothecation(s) on the movable and immoveable properties of the Company both present and future and/or the whole or any part of the undertaking(s) of the Company in favour of the lender(s), agent(s), trustee(s)for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (issued/to be issued by the Company), from time to time, subject to the limits to be approved by members under Section 180 (1)(c) of the Act.

Now as per the provisions of clause (a) and (c) of subsection (1) of section 180 of the Companies Act 2013, which has been made effective from September 12, 2013 the Board of Directors shall not borrow any sum or sums of money in excess of the paid up capital and free reserves of the Company unless the same is authorised by the shareholders of the Company by way of Special resolution.

Therefore, consent by way of Special Resolution is sought in terms of provisions of clause (a) and (c) of subsection (1) of section 180 of the Companies Act 2013.

The Board commends the resolutions for approval of the Members.

None of the Directors, Key Managerial Persons of the Company and their relatives is in any way, concerned or interested financially or otherwise in the aforesaid resolution.

By Order of the Board of Directors

Place: Mumbai
Date: June 27, 2014

Sd/-

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

Bijal R. Patel
Company Secretary

THIS COMMUNICATION FORMS INTERNAL PART OF THE NOTICE OF 18TH ANNUAL GENERAL MEETING OF TIPS INDUSTRIES LIMITED

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now, select the "**TIPS INDUSTRIES LIMITED**" from the drop down menu and click on "SUBMIT"

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter **the number of shares held by you as on July 25, 2014** in the **Dividend Bank details field.**

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <**TIPS INDUSTRIES LIMITED**> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.co.in and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins on July 31, 2014 at 10.00 a.m. and ends on August 2, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 25, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

DIRECTORS' REPORT

To,

The Members,

Tips Industries Limited

Your Directors hereby present their Eighteenth Annual Report along with the Audited Accounts of the Company for the financial year ended March 31, 2014.

HIGHLIGHTS OF FINANCIAL RESULTS:

Financial Results of the Company for the year under review along with the figures for previous year are as follows:—

(Rs. in Lacs)

Particulars	2013-14	2012-13
Income	10,551.27	13,925.28
Profit/(Loss) before Depreciation, Interest, Provision for Contingencies and Taxation	(294.01)	2,111.63
Less: Depreciation and Interest	1,253.65	649.86
Profit/(Loss) before Provision for Taxation, Extraordinary and Prior Period year items	(1,547.66)	1,461.77
Less : Provision for Taxation		
Current Tax	0.00	287.89
Wealth Tax	3.66	5.15
Excess / Short Provisions	72.59	0.00
Profit/(Loss) after Provision for Taxation but before Extraordinary and Prior Period year items	(1,623.91)	1,168.74
Less: Prior Period Expenses	0.00	0.00
Profit/(Loss) after Taxation	(1,623.91)	1,168.74
Add: Balance Brought Forward	4,105.60	3,431.21
Profit/(Loss) after Taxation available for Appropriation	2,481.69	4,599.95
Dividend	153.59	322.53
Dividend Tax	26.10	54.81
General Reserves	493.50	493.50
Share Capital	1,535.86	1,535.86
Reserves & Surplus	5,446.22	7,249.82

DIVIDEND:

Your Directors recommend dividend of @ 10% *(at ten per cent)* i.e. Rs. 1.00/- *(one rupee)* per share on 1,53,58,640 fully paid-up Equity Shares of Rs. 10/- each of the Company for the year ended March 31, 2014. The proposed dividend, if approved, at the Annual General Meeting, will absorb a sum of Rs. 153.59 lacs (Previous Year being Rs. 322.53 lacs) and Dividend Tax of Rs. 26.10 lacs (Previous Year being Rs. 54.81 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 OPERATION:

(a) Turnover:

The turnover of the Company for F.Y. 2013-14 in comparison with the previous year 2012-13 are as under:

(Rs. in Lacs)

Particulars	FY 2013-14	FY 2012-13
Royalty Receipt (Net)	3,047.02	3,037.73
Film Production & Distribution	7,314.46	10,476.84
Audio Product Sales	5.16	4.89
Advertisement Income	0.00	259.54
Other Income		
Scrap Sales	0.00	8.26
Total Turnover	**10,366.64**	**13,787.26**

(b) Business Spheres:

Your Company operates dynamically in two spheres:

- ✓ Film Production & Distribution
- ✓ Music

- **Film Production and Distribution:**

  During F.Y. 2013-14, Tips has produced and released two films and received mixed response from audiences.

  "Ramaiya Vastavaiya", Rom-Com film was directed by director-actor-choreographer Prabhudheva with debutant Girish Kumar, Shruti Hassan and others. It was released on July 19, 2013.

  "Phata Poster Nikla Hero", action comedy film directed by one of the most commercially successful director Rajkumar Santoshi starring Shahid Kapoor and Ileana D'Cruz in lead roles. It was released on September 20, 2013.

- **Music:**

  Tips is one of the few Indian entertainment companies with rich industry experience of over 25 years to realize the potential of social media and the digital platform. Music in Indian cinema is another substantial revenue generator where fate of any bollywood movie rest on music of the film.

  Tips has been exploring new avenues for exploitation of digital music market in India and across the globe. It has been contracting with various websites and licensing its extensive repertoire for exploitation through streaming and download services, mobile services like caller ring back tones, full track downloads, videos of the songs, dialogues, wallpapers, etc and continues to be a significant component in the revenues of the Company.

  The melodious song "Jeene Laga Hoon" from the film Ramaiya Vastavaiya, sung by magical voices of Atif Aslam and Shreya Goshal, become a major hit at the time of launch and continues on the popular video viewing site and making it to the top of the list. YouTube India has declared "Jeene Laga Hoon" as the No. 1 trending music video of 2013.

  In less than a year, the company has seen increase of 50 percent in its fan base from 2 million in 2013 to 5 million fan mark, making it one of the largest and most active entertainment brands on facebook. The number of fans on the page has been growing in leaps and bounds and this is increasing popularity on facebook.

FUTURE OUTLOOK

The Hindi film industry is the largest contributor to the industry's revenue, followed by the South Indian movie industry and other language cinema industries. In the 20th Century, Indian cinema took huge strides towards growth and in recent years Indian film industry has undergone a massive change. Today, 21st Century, Indian cinema stands at par with Hollywood cinema.

Apart from regular screenings at major international film festivals, the overseas market contributes a sizeable chunk to box office collections. The Indian film industry has reached out further to international audiences through mediums such as DVDs and by screening of films in their country of residence wherever commercially feasible, which contribute substantially to the overall revenue to cinema. Regular foreign Investments made by major global studios such as 20th Century Fox, Sony Pictures, and Warner Bros put a stamp of confirmation that bollywood has etched itself on the global podium.

On music front, availability of quality music has enhanced the end user experience. Company has million hit on social networking site, looking

at figures, Company has been expanding its scope for distribution of music though internet.

Presently, The Company is in process of production of its film "It's Entertainment" directed by Sajid- Farhad and starring Akshay Kumar, Tamanna Bhatia, Paresh Rawal, Johny Lever, Sonu Sood, Krushna Abhishek and others. The movie will hit the Silver Screen in month of August, 2014.

RELEASED THE PLEDGE SHARES OF PROMOTER & PROMOTER GROUP:

As on March 31, 2013, Promoter & Promoter Group were holding 1,07,12,762 equity shares out of them 5,00,000 equity shares representing 4.67% of the equity share capital of the Company were pledge. All the Pledged shares of the Promoter & Promoter Group were released on May 18, 2013.

All the necessary disclosures as per the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 were duly made to the Stock Exchanges.

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 there under and that none of matured deposits have been unpaid to the depositor(s) during the year. The outstanding deposits as on March 31, 2014 were Rs. 280 lacs as against Rs.1,766 lacs on March 31, 2013.

DIRECTORS:

The Board consists of Executive and Non- Executive independent directors including who have wide and varied experience in different disciplines of corporate functioning.

In terms of Section 152 of the Companies Act, 2013, Mr. Ramesh Taurani, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

In terms of Section 149 of the Companies Act, 2013, which has come into force with effect from April 1, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Amitabh Mundhra, Mrs. Radhika Pereira and Mr. Vijay Agarwal as Independent Directors is being placed before the Members in General Meeting for their approval. The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013

Members are requested to refer to the Notice of the Annual General Meeting and the Explanatory Statement for details of the qualifications and experience of the Directors.

Ms. Sunita Menon has resigned from the post of directorship with effect from May 7, 2014. The Board takes this opportunity to place on record its appreciation for the support and invaluable contribution made by Ms. Sunita Menon during her tenure as Independent Director of the Company.

AUDITORS AND AUDITORS' REPORT:

M/s. B.K. Khare & Co., Chartered Accountants, have resigned as the Statutory Auditors of the Company vide their letter dated June 16, 2014. The Board has proposed that M/s. SSPA & Associates, Chartered Accountants be appointed as the Statutory Auditors of the Company to fill up the casual vacancy caused due to resignation of M/s. B.K. Khare & Co., and their appointment is subject to approval of members in the ensuring Annual General Meeting of the Company.

A resolution proposing appointment of M/s. SSPA & Associates as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice.

M/s. B.K. Khare & Co. has been Statutory Auditors of your Company since 2004 and the Board place on record its appreciation for the services rendered by them as the Auditors of the Company.

The observations and comments given in the Auditors' Report read together with notes to accounts are self-explanatory and do not require further explanation.

INTERNAL CONTROL SYSTEM:

The Company has appointed M/s. Maheshwari & Co. – Chartered Accountants as its Internal Auditors to check the internal controls

and functioning of the activities and recommend ways of mprovement. The Internal Audit is carried out quarterly basis, the report is placed in the Audit Committee Meeting and the Board Meeting for their consideration and direction. Their scope of work is as decided by the Audit Committee and the Board of Directors.

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:

Sr. No	Name	Designation	Gross Remuneration p.a. (Rupees)	Qualification	Date of Joining	Experience	Age
1.	Kumar Taurani	Chairman & Managing Director	Rs.1,50,00,000	B.Com	08/05/96	34	56 Years
2.	Ramesh Taurani	Managing Director	Rs.1,50,00,000	B.Com	27/09/05	33	54 Years
3.	Sahas Malhotra	Sr. V.P. Music	Rs. 80,00,000	Economics (Hons)	08/10/10	20	39 Years

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. Reasonable and prudent judgment and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for that period.
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.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary Company within the meaning of section 4 of the Companies Act, 1956. Thus the Company is not required to furnish a statement pursuant to the provisions of Section 212 of the Companies Act, 1956.

CONSERVATION OF ENERGY

Considering the Company's business activities, information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the Company.

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, 2014, the Company has incurred/ received foreign exchange towards the following:

(Rs. in Lacs)

Particulars	2013-14	2012-13
Outgoings:		
(A) Travelling Expenses	0.21	0.64
(B) Film Production Expenses	1,845.76	1,690.51
Earnings:		
(A) F.O.B. value of Exports	508.92	NIL
(B) Royalty (net)	739.78	388.44

CORPORATE GOVERNANCE

The Report on Corporate Governance alongwith the Statutory Auditors' Certificate regarding compliance of the conditions of corporate governance pursuant to Clause 49 of the Listing Agreement is annexed hereto and forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management discussion and Analysis as required under the Clause 49 of the Listing Agreement is annexed hereto and forms part of the Annual Report.

APPRECIATION

Your Directors takes this opportunity to express their sincere appreciation for the incredible support and co-operation by the employees of the Company which they recognize as one of the prime factors in growth of the Company. Secondly, the Directors give their warm gratitude to the shareholders for their faith in the Company. Lastly, the Directors are grateful for the overwhelming co-operation received from the bankers, lenders, customers and associates of the Company. The Directors strongly believe the Company has been able to reach its current level because of the constant support and best wishes of all these people.

For and on behalf of the Board of Directors

Sd/-

Place : Mumbai
Date : June 27, 2014

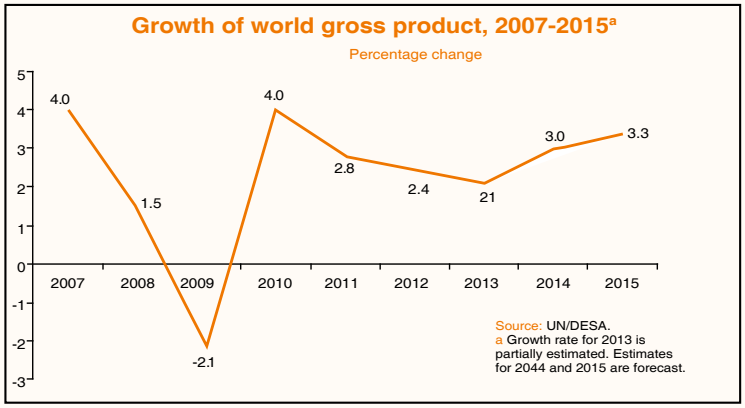
Kumar S. Taurani
Chairman & Managing Director

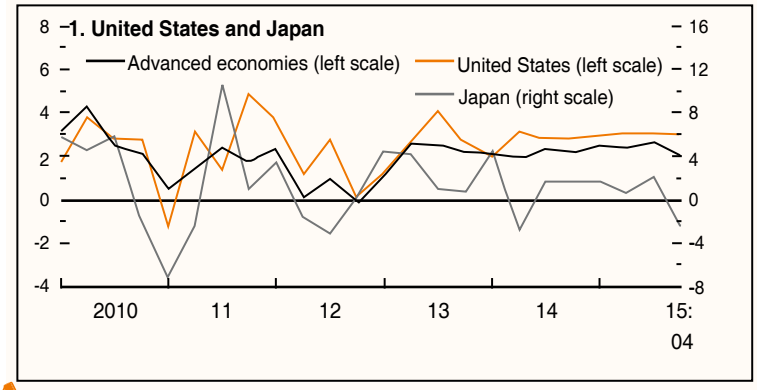
MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW (GLOBAL)

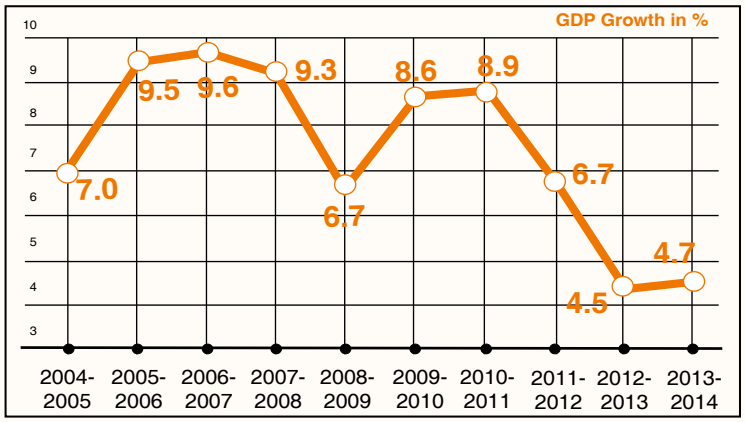
The global economy continued its slow path to recovery, albeit at a slower pace in 2013. According to World Economic Outlook published in April 2014 by the International Monetary Fund, the world output grew at a moderate rate of 3.0 per cent in 2013 compared to 3.2 per cent in the previous year. While the euro zone finally limped out of recession, the US economy could not match up to the 2.8 per cent growth of 2012, and managed a meagre 1.9 per cent growth in 2013. However, on the positive side, growth picked up in all the major developed economies of the world in the second half of the year.

In Asia, China's economy maintained its previous year's growth rate of 7.7 per cent even as it faced slowdown in investment and factory output.





In India, weak currency and inflation continued to badger the economy in 2013. The Indian rupee hit the lowest in mid-August at 68.85 to a US Dollar, driven by alarming current account deficit. Although the weaker currency benefited the country's exports, it was not enough to lift the overall economy. Inflation continued to remain high with the CPI hovering around the 9-10 per cent mark. Weighed down by these factors, the Indian GDP grew at 4.6 per cent in the calendar year 2013 compared to 4.9 per cent in the previous year. As in most other global economies, growth picked up significantly in the second half of the year, and GDP growth for the fiscal year 2013-14 improved marginally to 4.7 per cent, compared to 4.5 per cent in the previous year.



INDUSTRY OVERVIEW (GLOBAL)

Due to the rapid evolution and diffusion of digitalization, the global Media & Entertainment (M&E) Industry grew steadily over the past 3-5 years despite growing at a CAGR of less than 5 per cent over the past 3-5 years due to the global economic recession [FICCI-KPMG]. Some markets such as Latin America, Middle East and Africa (MEA) grew faster than the others.

Film

Due to increases in international and US/Canada box office, the global box office for all films released in each country globally reached US$35.9 billion in 2013, up 4 per cent over 2012, according to the Motion Picture Association of America (MPAA). The Chinese box office

grew by 27 per cent in 2013 hitting US$3.6 billion and became the first international market to exceed US$3 billion in box office. At the same time, with top grossing films such as '*Iron Man 3' and* 'Despicable Me 2', the US box office recorded revenues of US$10.9 billion, up 1 per cent compared to US$10.8 billion in 2012. The Asia Pacific region grossed US$11.1 billion at the box office surpassing EMEA, and for the first time became the top region in international box office. Driven by continued growth in international markets such as China, Russia, and Mexico, the international box office is up by 33 per cent over five years ago. Digitalization continued to lower costs and now over 80 per cent of the world's nearly 135,000 cinema screens are digital.

Music

The music industry is recovering slowly due to growth in digital sales, global uptake of streaming and subscription services and increased measures to control piracy. The revenues of the global music industry fell by 3.9 per cent to US $15.0 billion in 2013, down from US $15.6 billion in 2012, according to the International Federation of the Phonographic Industry's (IFPI). This is largely due to the steep 16.7 per cent fall in Japan, the world's second largest market. The industry's digital revenues grew by 4.3 per cent in 2013 to US $5.9 billion due to increased growth in subscription services and ad-supported services. Globally, digital now accounts for 39 per cent of total global industry revenues while physical format sales continued to fall by 11.7 per cent in 2013 to US $7.73 billion, down from US$8.75 billion the previous year. Robin Thicke's "Blurred Lines" with physical sales of 14.8 million was the biggest-selling global single of 2013, followed by "Macklemore' Thrift Shop" with 14.8 million sales and Avicii's "Wake Me Up" with 11.1 million sales.

INDUSTRY OVERVIEW (INDIA)

The Indian Media & Entertainment (M&E) industry met with slow growth in 2013 due to the slowing Indian economy and weak rupee. However, it still managed to register a growth of 11.8 per cent over 2012, touching INR 918 billon. Benefits from digitization of the media, and growth in regional media began to materialise. Two prominent industry segments, gaming and digital advertising grew strongly in 2013 compared to 2012. The Indian M&E industry also started to deal with some of its structural issues such as TV and Print industry measurement, advertising volumes, inventory and rates, digitization measures, copyright laws and operational efficiency.

Industry size and projections

Overall Industry Size (INR billion)	2008	2009	2010	2011	2012	2013	Growth in 2013 over 2012	2014P	2015P	2016P	2017P	2018P	CAGR (2013 to 2018)
Television	241.0	257.0	297.0	329.0	370.1	417.2	12.7%	478.9	567.4	672.4	771.9	885.0	18.2%
Print	172.0	175.2	192.9	208.8	224.1	243.1	8.5%	264.0	287.0	313.0	343.0	374.0	9.0%
Films	104.4	89.3	83.3	92.9	112.4	125.3	11.5%	138.0	158.3	181.3	200.0	219.8	11.9%
Radio	8.4	8.3	10.0	11.5	12.7	14.6	15.0%	16.6	19.0	23.0	27.8	33.6	18.1%
Music	7.4	7.8	8.6	9.0	10.6	9.6	-9.9%	10.1	11.3	13.2	15.1	17.8	13.2%
OOH	16.1	13.7	16.5	17.8	18.2	19.3	5.9%	21.2	23.1	25.2	27.5	30.0	9.2%
Animation and VFX	17.5	20.1	23.6	31.0	35.3	39.7	12.5%	45.0	51.7	60.0	70.2	82.9	15.9%
Gaming	7.0	8.0	10.0	13.0	15.3	19.2	25.5%	23.5	28.0	32.3	36.1	40.6	16.2%
Digital Advertising	6.0	8.0	10.0	15.4	21.7	30.1	38.7%	41.2	55.1	69.7	88.1	102.2	27.7%
Total	**580**	**587**	**652**	**728**	**821**	**918**	**11.8%**	**1039**	**1201**	**1390**	**1580**	**1786**	**14.2%**

(**Source :** KPMG in India analysis)

Film

2014 continued to be a good year for the Indian film industry, registering a double digit growth of 11.5 per cent, although slower than its record year 2012. This can be attributed to strong performances in content and box office collections.

Multiple movies scored big on box office collections with 9 movies crossing the INR 1 billion mark of which 2 movies such as 'Dhoom 3' crossed the INR 2 billion at box office collections. Movies with stronger stories, experimental concepts, and unconventional themes did well at the box office such as Ritesh Batra's 'The Lunchbox', which garnered widespread critical acclaim and earned INR 110 million at the box office in the first week. Large production houses such as Viacom 18 are increasingly funding content driven films like 'Madras café' and 'Lootera'.

The growth of multiplexes has also helped drive box office collections. Furthermore, with approximately 90-95 per cent of movies screens digitalized in the country, wider reach and better coordination of movie releases has become possible allowing for better monetisation.

The overseas theatrical segment saw a 9.4 per cent increase to INR 8.3 billion in 2013 from INR 7.6 billion in 2012, with an overall contribution of 7 per cent. The North America, the UK and the Middle East markets, with large overseas Indian communities, contributed a significant 80 per cent to the overall overseas revenues. However, the UK experienced declining collections due to disconnect with the third generation of Indian diaspora while bourgeoning growth has been experienced in new markets such a Japan, South Korea and Peru.

Film industry performance

Revenues (INR Billion)	2009	2010	2011	2012	2013	2014P	2015P	2016P	2017P	2018P	2012-13 (YoY growth)	CAGR (2013 to 2018)
Domestic Theatrical	68.5	62.0	68.8	85.1	93.4	102.2	116.9	133.3	146.3	160.2	9.8%	11.4%
Overseas theatrical	6.8	6.6	6.9	7.6	8.3	9.4	10.3	11.4	12.0	12.7	9.4%	8.9%
Home Video	4.3	2.3	2.0	1.7	1.4	1.2	1.0	0.9	0.8	0.7	-18.0%	-13.0%
Cable & Satellite Rights	6.3	8.3	10.5	12.6	15.1	16.1	18.4	20.9	23.0	25.2	20.2%	10.7%
Ancillary Revenue Streams	3.5	4.1	4.7	5.4	7.0	9.1	11.7	14.7	17.8	21.0	29.3%	24.7%
Total	**83.1**	**83.3**	**92.9**	**112.4**	**125.3**	**138.0**	**158.3**	**181.3**	**200.0**	**219.8**	**11.5%**	**11.9%**

(**Source :** KPMG in India analysis)

Music

In 2013, the overall size of the industry declined for the first time in many years by 10 per cent in 2013 and reached INR 9.6 billion due to a lag in monetisation of digital consumption through subscription services. Factors such as issues in connectivity, slow adoption of 3G networks due to low willingness to pay and hurdles in online payments as less than 2 per cent of the Indian population has a credit card and low and slow broadband access contributed significantly to this lag.

Digital revenues contributed 53 per cent of the total industry revenue. However, digital consumption has eaten into the share of physical sales which declined continually by 13 per cent in 2013 to reach INR2 billion, which has compounded the overall industry decline.

In 2013, there has been a continued growth of streaming and download services and increased consumption of "on-the-go" music due to key factors such growth in mobiles devices like smart phones, more affordable data plans and popular streaming services and mobile applications. Local music still dominates approximately 65 per cent of music sales in India while Bollywood dominates at least half of that followed by regional film music markets such as Tamil, Telugu and Punjabi.

Overall size and growth projections

Segment (INR billion)	2009	2010	2011	2012	2013	Growth in 2013 over 2012	2014P	2015P	2016P	2017P	2018P	CAGR (2013 to 2018)
Digital	2.6	4.2	5.2	6.0	5.1	-15%	5.5	6.3	7.5	9.0	11.0	16.6%
Physical	4.5	3.2	2.6	2.3	2.0	-13%	1.8	1.6	1.4	1.2	1.0	-12.9%
Radio & TV	0.5	0.7	0.6	1.4	1.4	0%	1.5	1.7	2.0	2.3	2.7	14.0%
Public Performance	0.2	0.5	0.6	0.9	1.1	20%	1.3	1.6	2.0	2.4	2.9	21.8%
Total	**7.8**	**8.6**	**9.0**	**10.6**	**9.6**	**-9.6%**	**10.1**	**11.3**	**13.2**	**15.1**	**17.8**	**13.2%**

Note: These are net revenue considering share of the music industry only. **Source:** KPMG in India analysis and industry discussions

BUSINESS OVERVIEW

TIPS is one of India's largest entertainment companies with presence in music, film production and distribution and artist management. The Company has a rich library of entertainment content consisting of film and songs. The music library of the Company is one of the most exhaustive in the industry comprising of a collection of over 25,000 songs across all genres and major languages. The Company has always been at the forefront of leveraging latest technology and innovation in the industry. With the advent of digitization and the explosion of internet during the last few years, the Company has been one first in the industry to convert its huge entertainment assets into digital format for re-deployment across the new media and platforms.

PERFORMANCE REVIEW

The Company released two movies during the year – "Ramaiya Vastavaiya" in the month of July and "Phata Poster Nikla Hero" in the month of September. Both these films were family entertainers but did not do well as expected at the box office. The upcoming big-budget film – It's Entertainment is scheduled for release in the month of August 2014.

In the music business, the Company continued to monetize its vast library through a variety of new media platforms like iTunes®, YouTube®, Google Play Music® other popular online spaces. The Company earned Rs. 3,047.02 lacs from the music business compared to Rs. 3,037.73 lacs in the previous year. The total revenues of the Company for the year stood at Rs. 10,551.27 lacs against Rs. 13,925.28 lacs in the previous year. Due to less than expected success of the two films, the Company incurred a Net Loss of Rs. 1,623.91 lacs for the year compared to a Net Profit of Rs. 1,168.74 lacs in the previous year.

OPPORTUNITIES

Digital Monetisation

India has grown to become the second largest mobile base of more than 900 million in the world. Of this, approximately 130 million accessed the internet using mobile devices. Furthermore, according to the International Data Corporation (IDC), India also became the third largest smart phone market in the world in 2013 due to narrowing price gaps between feature phones and smart phones. As such, the opportunity of the Indian M&E industry to continue to be digital and exploit the potential to generate revenues from digitization is huge.

India's internet penetration rate is low at 17 per cent and its 3G adoption has been slow in 2013 due to factors such as high prices of broadband and mobile data connections and low maturity of the internet ecosystem. However, the advent of 4G and the increasing uptake of 3G networks are highly anticipated due to expectations of telecom operators investing more in improving infrastructure, and the fall in prices of phones and data plans. With this advent of 4G, content consumption on digital mobiles is expected to rise significantly. All of these present huge opportunities for digital monetisation.

Untapped Overseas market

Bollywood movies earn approximately 13 to 14 per cent in revenues in international markets and have broken into new markets such as Japan and South Korea, beyond regular expatriate markets. There is a huge potential for Bollywood movies to begin to explore other overseas mainstream markets such Africa and the Middle East, which are some of the fastest growing M&E markets and has a large diaspora of Indians.

The success of Bollywood films overseas points to the potential entry of music. Digital distribution channels of music have crossed global boundaries such as Psy's 'Gannam Style'. There is hence a huge potential for Hindi music to tap markets with cultural affinities such as Sri Lanka, Middle East and Africa.

The film industry remains strong

After a stellar performance in 2012, the film industry continued to grow in 2013. A wider variety of films saw huge successes at the box office, ranging from the usual Bollywood hits to regional movies and non-mainstream films. As such, producers and studios are increasing exploring opportunities to create non-Hindi films and experiment with new themes and content.

India remains heavily under-screened

India is currently one of the most under-screened countries in the world as compared to emerging countries such as Brazil and China and developed countries such as the USA. The market is severally untapped and hence cinema exhibitors are rapidly expanding into Tier II and III cities to increase their reach to millions of people [FICCI-KPMG].

Counter-piracy efforts

Due to the high occurrence of piracy, additional steps have been taken to curb it. These steps include reducing the window of the theatre to television and DVD time to 2-3 months in 2013 from 3-4 months and only releasing movies on digital screens. Initiatives to increase consumer awareness have also been taken such as the Motion Picture Distributors Association, India (MPDA) trained 1450 staff in multiplexes across 7 cities through 'Make a Difference' training program. Also, the Andhra Pradesh Film Chamber of Commerce (APFCC) in association with MPDA released an interactive mobile application called 'iMovieCrop' which provides information on the existing laws and ways to prevent content theft. These will help to improve the music industry by preventing a significant loss of revenues due to privacy.

THREATS AND RISKS

Piracy

Due to the growing internet user base in India, privacy has continued to remain a serious problem for the Indian M&E industry. In 2014, approximately 54 per cent of internet users accessed unlicensed services in India (IFPI) and peer-to-peer (P2P) sharing has made it harder for authorities to track illegal download activities.

India is the 4th largest downloader of films after the US, Great Britain and Canada and is among the top 10 countries in the world with the largest number of illegal P2P activities (MPDA). For instance, 'Boss' had 3000 links up within 48 hours (APFCC). This piracy problem causes huge losses to both exhibitors and film producers.

Rising Cost

Many actors have increased their fees substantially, with a few top ones demanding a share in the intellectual property rights, where the share is dependent on the actor's success rate and revenue performance at the box office. Many actors also have their own production houses and are entering into co-production deals with production houses and studios. However, such high talent acquisition costs are unsustainable in the long run leading to higher risks and could impact profitability in some cases.

Slowdown in multiplexes development due to slowdown in real estate development

In the past few years, the increased construction of malls has driven the rise of multi-screen theatres across the country. However, while there is space for at least 2000 malls, only 250 new malls are planned for the future. This is affecting the industry with multiplexes getting trapped in project delays because of market slowdown and theatres losing about 150 new screens in past year due to the slow development of these screens.

Outlook

The IMF expects India's growth rate to increase to 5.4 per cent in 2014, aided by a stronger global economy as well as resurgence in some of the key sectors of the economy like manufacturing and service. There are already positive signs of an overall improved economy which is likely to boost consumer confidence and hence increase their appetite for consumption.

With such favourable economic conditions, the Indian M&E industry is poised for substantial growth in the future. The industry is expected to register a CAGR of 14.2 per cent and reach INR 1,785.8 billion by 2018. Although multiplex growth is projected to slow down in the next few years in line with expectations of delays in real estate sector, their impact on box office growth is expected to be only for short term.

Digital revenues are expected to be the driver of growth in this sector, with increased associations across devices and platforms, and subscription services. New regulations have been key to the growth of this sector and digitization is anticipated to greatly improve broadcast economics.

The growing internet penetration in India is continually driven by the rapid increase in mobile and wireless connections. As digital media is bourgeoning in India, substantial investments within the industry is expected in the future.

Internal Controls & Adequacy

The Company has adequate internal controls systems in place commensurate the size and the industry it is in. All processes are well-defined and properly documented. All transactions are properly recorded and all it is ensured that all expenses incurred are within defined budgetary allotments. The Company ensures all rules, laws and statutes are strictly followed and complied with. The Company regularly undertakes internal audit under the supervision of the Audit committee. Any discrepancies or inconsistencies found during such internal audits are immediately corrected.

Human Resources

TIPS firmly believes in and has consistently practiced progressive HR values. The Company inculcates the values of transparency, professionalism and accountability in its operations to generate long-term benefits for its shareholders, customers, employees and society alike. At TIPS, there is consistent emphasis on each individual's sense of responsibility, while simultaneously as part of a team. This results in our people's ability to work in perfect harmony despite coming from different disciplines. As of 31 March 2014, the number of employees on our payroll was 61.

Cautionary Statement

The information, statements and analysis made in this report describing the Company's objectives, projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and regulations. Forward-looking statements may include words or phrases such as "believes", "expects", "anticipates", "intends", "plans", "foresees", or other words or phrases of similar import. Similarly, statements that describe objectives, plans or goals both for itself and for any of its business components also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated. The analysis contained herein is based on numerous assumptions. Actual result may vary from those expressed or implied depending upon economic conditions, government policies and other incidental factors. No representation or warranty, either expressed or implied, is provided in relation to this report. This report should not be regarded by recipients as a substitute for the exercise of their own judgment.

CORPORATE GOVERNANCE REPORT

CORPORATE PHILOSOPHY:

Tips believes in good corporate governance, which has been a strong structure of the Company, duly supported by pillars of investor's satisfaction, customers' faith, and depositors' confidence. The Company is committed towards application of best management practices, compliance of laws in letter and spirit and adherence to the ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders and above all, aligning its business structure in the lines of transparency, integrity, professionalism and accountability at the highest level. The Company has well established systems, policies and practices to ensure maintenance of highest standards of accountability and excellence in service of all stakeholders.

The Company has complied with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

BOARD OF DIRECTORS:

- **Composition of Board:**

  The Board of Directors comprises of eminent professionals having significant and diversified experience in their respective fields. The Company has an optimum combination of Executive and Non- Executive Directors. As on March 31, 2014, the Board consists of six Directors comprising of two Executive Directors and four Non-Executive Independent Directors.

- **Category / Position of Directors and the number of Companies and committees where he / she are Director / Member / Chairman as on March 31, 2014.**

Name	Category / Position	No. of Directorships in other public Companies		No. of outside Committee Positions	
		Chairman	Director	Chairman	Member
Mr. Kumar Taurani DIN : 00555831	Promoter & Executive Chairman & Managing Director	Nil	Nil	Nil	Nil
Mr. Ramesh Taurani DIN : 00010130	Promoter & Executive Managing Director	Nil	Nil	Nil	Nil
Mr. Amitabh Mundhra DIN : 00014227	Non-Executive Independent Director	1	8	Nil	Nil
Mrs. Radhika Pereira DIN : 00016712	Non-Executive Independent Director	Nil	2	Nil	Nil
Ms. Sunita Menon* DIN : 02287223	Non-Executive Independent Director	Nil	Nil	Nil	Nil
Mr. Vijay Agarwal DIN: 00058548	Non-Executive Independent Director	Nil	3	Nil	3

* Ms. Sunita Menon, Non Executive Independent Director of the company, has resigned from directorship with effect from May 7, 2014.

Notes:

✓ None of the Directors of the Company are members of more than ten committees and Chairman in more than five committees across all the Companies in which they are Directors. (This includes directorships in Public Limited Companies and subsidiaries of Public Limited Companies and excludes directorships in Private Limited Companies, Overseas Companies and Companies u/s 25 of the Companies Act, 1956).

✓ As required by Clause 49 of the Listing Agreement, the disclosure includes memberships / chairmanship of Audit Committee and Share Transfer & Investor Grievance Committee in Indian public Companies (listed and unlisted).

- **Board Meetings:**

  The Board of Directors of the Company meets frequently at regular intervals in order to discuss any important agenda of business. The Board of Directors of the Company met Four times during the financial year i.e. from April 1, 2013 to March 31, 2014 on May 23, 2013, August 02, 2013, November 14, 2013 and February 11, 2014.

- **Attendance of each Director at the Board meetings and last Annual General Meeting :**

Name	Board Meetings during the Year		Attendance at last AGM held on August 29, 2013
	Held	Attended	
Mr. Kumar Taurani	4	4	Yes
Mr. Ramesh Taurani	4	4	Yes
Mr. Amitabh Mundhra	4	3	Yes
Mrs. Radhika Pereira	4	3	Yes
Ms. Sunita Menon *(upto May 7, 2014)*	4	0	No
Mr. Vijay Agarwal	4	3	No

- **Details of shares held by Directors of the Company as on March 31, 2014 :**

Sr. No.	Name of the Directors	No. of Shares
1	Mr. Kumar Taurani	28,81,915
2	Mr. Ramesh Taurani	28,75,911
3	Mr. Amitabh Mundhra	NIL
4	Mrs. Radhika Pereira	NIL
5	Ms. Sunita Menon *(upto May 7, 2014)*	NIL
6	Mr. Vijay Agarwal	NIL

- **Board Procedure:**

  The Board of Directors of the Company has prescribed appropriate Systems and Procedures for the purpose of conducting the Meetings of Board of Directors of the Company, which is summarized below:

✓ The Meetings are convened by giving proper notice to the Stock Exchanges as may be required and to the members of the Board.

✓ Agenda papers containing all necessary information are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions.

✓ Confirmation of Minutes of meetings of the Board, Audit Committee, Shareholders Grievance & Share Transfer Committee and other Committees of the board.

✓ Reviewing the Related Party Transactions.

✓ Reviewing and approving quarterly/half yearly and annual results of the company alongwith the Limited Review Reports.

✓ Reviewing and approving the financial statements along with the Audit Report.

✓ Reviewing and approving the various contents of the Annual Report.

✓ Review the Risk Management and Minimization procedures.

✓ The Chairman generally explains to the Board Members about the developments that have taken place in the Company.

✓ The Board if required, considering the necessity or urgency of the issue will take up any other item of business, which is not part of agenda.

✓ The Minutes of the Meetings are recorded and entered in the Minutes Book and these Minutes will be approved in next Board Meeting and the same will be signed by the Chairman.

✓ The Company Secretary of the Company ensures compliance of the all applicable Provisions of Companies Act and Rules and Regulations of Stock Exchanges, SEBI or any other Statutory Authority as per the requirements.

- **Code of conduct:**

  In accordance with the Clause 49 of the Listing Agreement and SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has adopted code of conduct for all Board members, senior management and designated employees of the Company. The code is also made available on the website of the company.

  The Company has received affirmation of compliance with the Code of Conduct from all the Board members, senior management and designated employees of the Company. The Annual Report of the Company contains a declaration to this effect signed by the Chairman & Managing Director.

COMMITTEES OF THE BOARD

There are three Committees in the Company namely, the Audit Committee, the Shareholders Grievance and Share Transfer Committee and the Remuneration Committee. The Chairman of each Committee reports to the Board on its deliberations, and minutes of all Committee meetings are circulated to all Directors.

I. Audit Committee:

- **Composition of 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. The Audit Committee consists of following directors;

Sr. No.	Name of the Director	Category	Designation
1	Mr. Amitabh Mundhra	Independent Director	Chairperson
2	Mrs. Radhika Pereira	Independent Director	Member
3	Ms. Sunita Menon *(upto May 7, 2014)*	Independent Director	Member
4	Mr. Vijay Agarwal	Independent Director	Member

Ms. Bijal R. Patel, Company Secretary, acts as the Secretary of the Committee.

- **Number of Audit Committee Meetings held during the year:**

The Audit Committee Meetings were held four times during the year viz., May 23, 2013, August 02, 2013, November 14, 2013, and February 11, 2014.

- **Attendance of the Members at the Meetings are as follows:**

Sr. No.	Name of the Director	Number of Meetings	
		Held	Attended
1	Mr. Amitabh Mundhra	4	3
2	Ms. Radhika Pereira	4	3
3	Ms. Sunita Menon *(upto May 7, 2014)*	4	0
4	Mr. Vijay Agarwal	4	3

- **The following major functions are performed by them:**

✓ To review the quarterly/half-yearly and annual financial results of the Company alongwith the Limited Review Report before submission to the Board.

✓ To review the Annual Financial Statements alongwith the Audit Report and Directors' Responsibility Statement before the Board's review.

✓ To review the internal control systems.

✓ To review the Internal Audit Report quarterly given by the Internal Auditors and consider their recommendations in order to strengthen the internal control systems.

✓ To recommend the appointment, re-appointment and removal of Statutory Auditors' / Internal Auditors and fixation of their remuneration.

✓ To review the related party transactions.

✓ To review the Company's financial and risk management policies.

II. Shareholders Grievance and Share Transfer Committee:

The purpose of forming the Shareholders Grievance and Share Transfer Committee is 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.

The Company has appointed Link Intime India Pvt. Ltd. as its Registrars and Transfer Agents to consider, approve or reject the share transfer, transmission, consolidations, splitting, demat & remat of shares and to carry out related functions and all documentation and procedures in connection with the same.

- **Composition of the Committee:**

The Company has constituted a Shareholders Grievance and Share Transfer Committee which comprises of the following members:

Sr. No.	Particulars	Designation
1	Mrs. Radhika Pereira	Chairperson
2	Mr. Kumar Taurani	Member
3	Mr. Ramesh Taurani	Member

- **Number of Shareholders Grievance and Share Transfer Committee Meetings held during the year:**

The Shareholders Grievance and Share Transfer Committee were held three times during the year viz., August 02, 2013, November 14, 2013, and February 11, 2014.

- **Attendance of the Members at the Meetings are as follows:**

Sr. No.	Name of the Director	Number of Meetings	
		Held	Attended
1	Mrs. Radhika Pereira	3	3
2	Mr. Kumar Taurani	3	3
3	Mr. Ramesh Taurani	3	3

- **The details of Complaints received, redressed/ pending during the financial year 2013-14 is given below:**

Pending at the beginning of the year	Received during the year	Redressed / Replied during the year	Pending at the year
NIL	5	5	**NIL**

- **Compliance officer**

Name: Bijal R. Patel
Designation: Company Secretary
Address: 202, Glacis Towers, Linking Road, Khar (W), Mumbai – 400 052
Tel No.: 022-61271668
E-mail I.D: response@tips.in

III. Remuneration Committee:

- **Composition:**

In compliance with one of the non-mandatory requirements of Clause 49 of the Listing Agreement, the Company has constituted the Remuneration Committee which comprises of the following Directors:

Sr. No.	Name of the Director	Category
1	Mrs. Radhika Pereira	Chairperson
2	Mr. Amitabh Mundhra	Member
3	Ms. Sunita Menon *(upto May 7, 2014)*	Member

- **Number of Remuneration Committee Meetings held during the year under review :**

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

- **The major role of the Committee includes the following:**

✓ 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.

✓ To determine and review the remuneration of the relatives of directors appointed on a place of profit in the Company.

- **Details of Remuneration paid to the Directors for the year ended March 31, 2014.**

a) Executive Directors:

Details of the remuneration paid to the Executive Directors for the financial year ended March 31, 2014 are as follows:

Terms of Agreement	Mr. Kumar Taurani	Mr. Ramesh Taurani
Date of Appointment	June 1, 2012	June 1, 2012
Period of Agreement	3 years	3 years
Valid Upto	May 31, 2015	May 31, 2015
Salary & other allowances	Rs.1,50,00,000/- p.a.	Rs.1,50,00,000/- p.a.
Perquisites	-	-
Notice Period	30 days	30 days

Notes:

Mr. Kumar Taurani and Mr. Ramesh Taurani were re-appointed as Managing Director of the Company for the period of three years w.e.f. June 1, 2012 to May 31, 2015 at a gross remuneration of Rs.1,50,00,000/- p.a. (Rupees One Crore Fifty Lacs) i.e. Rs.12,50,000/- p.m. and approval(s) from the shareholders for the same was obtained in the Annual General Meeting held on July 27, 2012. Application(s) to pay the aforesaid remuneration was made to Central Government vide letter dated October 4, 2012.

However, The Central government vide letter dated December 9, 2013 approved to pay remuneration of Rs. 90,00,000 (Rupees Ninty Lacs only) each i.e. Rs. 7,50,000 p.m. to Mr. Kumar Taurani and Mr. Ramesh Taurani for the above mentioned period.

Hence, The Company has made revised application(s) on December 24, 2013 to Central Government for enhancement of remuneration to Rs.1,50,00,000/- p.a. (Rupees One Crore Fifty Lacs) to Mr. Kumar Taurani & Mr. Ramesh Taurani. Approval(s) for the same is awaited.

b) Non-Executive Independent Directors:

Sitting fees 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	Nil	60,000	60,000
Mrs. Radhika Pereira	Nil	60,000	60,000
Ms. SunitaMenon *(upto May 7, 2014)*	Nil	Nil	Nil
Mr. Vijay Agarwal	Nil	60,000	60,000

GENERAL BODY MEETINGS:

Location, date, and time of last three AGMs held.

1. **Financial Year 2012-13:**

   Date : August 29, 2013
   Time : 4.00 p.m.
   Location : The Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai- 400049

   Special Resolutions : NIL

2. **Financial Year 2011-12:**

   Date : July 27, 2012
   Time : 4.00 p.m.
   Location : The Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai- 400049

   Special Resolutions: Re-appointment of Mr. Kumar Taurani and Mr. Ramesh Taurani, as the Managing Directors of the Company for the period of three years commencing from June 1, 2012 at a revised minimum remuneration of Rs. 12,50,000/- p.m. respectively.

3. **Financial Year 2010-11:**

   Date : July 29, 2011
   Time : 4.00 p.m.
   Location : The Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai- 400049

   Special Resolutions : NIL

DISCLOSURES:

1. **Basis of related party transaction:**

   The Company places all the details before the Audit Committee periodically. 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 Notes to Accounts of the financial statements.

2. **Disclosure of non-compliance of the Company:**

   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 Exchanges or SEBI or any statutory authority on any matter related to the capital markets during the last three years.

   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.

3. **Mandatory Requirements:**

   The Company has complied with all the mandatory requirements as prescribed in Annexure I C to Clause 49 of the Listing Agreement.

4. **Non – Mandatory Requirements:**

   - ✓ The Board has constituted a Remuneration Committee of Directors, details of which form part of this report.
   - ✓ 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.

SHARE ACQUIRED BY PROMOTERS DURING THE YEAR:

Details of numbers of shares acquired by promoters during the financial year 2013-14 are as follows:

Name of the Promoter	Share holding as on March 31, 2013	No. of shares acquired during the year	Share holding as on March 31, 2014
Kumar Taurani	28,81,915	Nil	28,81,915
Ramesh Taurani	28,75,911	Nil	28,75,911
Varsha Taurani	24,74,718	Nil	24,74,718
Renu Taurani	24,68,718	Nil	24,68,718
Shyam Lakhani	7,000	Nil	7,000
Kavita Lakhani	4,500	Nil	4,500
Total	**1,07,12,762**	**Nil**	**1,07,12,762**

All the necessary disclosures as per the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 were duly made to the stock exchanges. Timely disclosures were also given by the Promoters to the Company and the promoters had obtained necessary pre-clearances as and when required under the Code of Conduct of Tips Industries Limited.

MEANS OF COMMUNICATION:

Quarterly, half yearly and annual results are generally published in Asian Age/Business Standard/Financial Chronicle and Mumbai Lakshadeep. It is also published in prominent daily newspapers viz., The Economic Times. The Financial Results are made available on the corporate website of the Company: www.tips.in. The Company has not made any presentation to Institutional Investors or to the analysts.

CEO/CFO CERTIFICATION:

As required under Clause 49 of the Listing Agreement, the CEO/CFO certificate has been attached as a part of the Annual Report.

RECONCILIATION OF SHARE CAPITAL AUDIT:

In accordance with Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, Reconciliation of Share Capital of the Company is carried out on a quarterly basis by Mr. Shirish Shetye, Practicing Company Secretaries, to reconcile the total admitted capital with NSDL and CDSL and total issued and listed capital.

HALF YEARLY CERTIFICATES (CLAUSE 47 (C):

The Company has obtained and filed with the stock exchanges, the half yearly certificates received from Mr. Shirish Shetye, Practicing Company Secretary for due compliance with shares transfer formalities as required under Clause 47(c) of the listing Agreement.

GENERAL SHAREHOLDERS INFORMATION:

Annual General Meeting:

Date	August 8, 2014
Day	Friday
Time	11.00 a.m.
Venue	Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai-400049

Financial Year:

Financial Year	April 1, 2013 to March 31, 2014
Date of Book Closure	July 31, 2014 to August 8, 2014 (both days inclusive)
Dividend Payment Date	On or before September 6, 2014

Listing on Stock Exchanges:

The Company's shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE).

Bombay Stock Exchange Limited	National Stock Exchange of India Limited
P.J Towers, Dalal Steet, Fort, Mumbai – 400 001	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 050.

The Company has paid the Listing Fees to the above Stock Exchanges for the financial year 2014-15.

Stock Code:

Stock Exchange	Code
BSE	532375
NSE	TIPSINDLTD

ISIN NO of the Company : INE716B01011

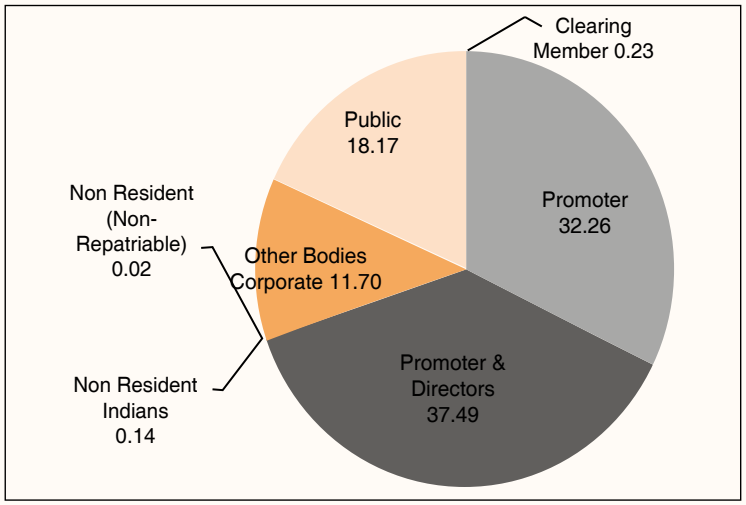
Corporate Identification No (CIN): L92120MH1996PLC099359

Distribution of Shareholding as on March 31, 2014:

Number of Equity Shareholdings	Number of Share-holders	Percentage (%) of share-holders	Number of Shares	Percentage (%) of shareholding
1 – 500	4,988	87.10	6,35,407	4.14
501 -1000	373	6.51	3,01,685	1.96
1001 – 2000	145	2.53	2,22,765	1.45
2001 – 3000	63	1.10	1,64,440	1.07
3001 – 4000	32	0.56	1,14,608	0.75
4001 – 5000	32	0.56	1,49,814	0.98
5001 – 10000	51	0.89	3,71,961	2.42
10001 – above	43	0.75	1,33,97,960	87.23
Total	**5,727**	**100.00**	**1,53,58,640**	**100.00**

Shareholding Pattern as on March 31, 2014:

Category	Number of equity shares held	Percentage of holding
Promoters	49,54,936	32.26
Promoter & Directors	57,57,826	37.49
Non Resident Indians	21,162	0.14
Non Resident (Non- Repatriable)	2817	0.02
Other Bodies Corporate	17,96,396	11.70
Public	27,90,848	18.17
Clearing Member	34,655	0.23
Total	**15,35,8640**	**100.00**



Top Ten Shareholders as on March 31, 2014: (other than promoters)

Sr. No.	Name of the Shareholders	Shares	%
1	Shastha Advisors Pvt. Ltd.	9,14,474	5.95
2	Sunidhi Capital Pvt. Ltd.	5,00,000	3.26
3	Prithviraj Saremal Kothari	2,07,299	1.35
4	Kiran J. Gokalgandhi	1,33,714	0.87
5	Pasha Finance Pvt. Ltd.	1,00,000	0.65
6	Devidas Jotumal Thawani	99,531	0.65
7	Shiraz Ahmed Radiowala	90,001	0.58
8	Gordhan Prabhudas Tanwani	71,000	0.46
9	Jiten Pravin Sheth Nisha Jiten Sheth	39,850	0.26
10	Chetan Ratilal Patel Indira Chetan Patel	34,865	0.23

Dematerialization of Shares:

The International Securities Identification Number (ISIN) allotted to the Company is INE716B01011. As on March 31, 2014, 1,53,36,128 shares representing 99.85% of the Company's paid-up share capital (including 69.75% held by the Promoters) were held in dematerialized form with National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL).

The break-up of Equity shares held in physical and Demat form as on March 31, 2014 is given below:

Particulars	Shares	%
Physical Shares	22,512	0.15
Demat Shares		
NSDL	1,28,35,577	83.57
CDSL	25,00,551	16.28
Total	**1,53,58,640**	**100.00**

Stock Market 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 – 13	63.75	54.00	10,487	69.25	54.05	1,02,459
May– 13	68.00	57.50	21,615	64.95	56.00	75,470
Jun – 13	64.00	50.65	10,846	63.00	50.00	27,502
Jul – 13	57.00	46.00	13,882	54.85	51.55	4,757
Aug – 13	55.00	43.60	3,716	-	-	-
Sep – 13	52.45	42.65	6,714	-	-	-
Oct – 13	53.55	44.50	9,308	-	-	-
Nov –13	53.65	41.10	8,132	-	-	-
Dec – 13	46.50	37.20	12,246	-	-	-
Jan – 14	45.95	39.00	29,972	46.40	40.45	26,959
Feb – 14	43.00	34.20	20,580	42.40	34.00	57,997
Mar – 14	43.70	34.15	31,329	41.45	32.55	37,529

Note : No record found for the period from August, 2013 to December, 2013 on NSE trading platform.

Performance in comparison to the board based indices such as BSE/ NSE:

Tips Share Price compared with BSE Sensex and NSE Nifty

Months	Closing Share Price		Closing Share Price	
	Tips	Sensex	Tips	Nifty
Apr – 13	61.60	19,504.18	60.75	5,930.20
May– 13	63.25	19,760.30	58.00	5,985.95
Jun – 13	51.50	19,395.81	51.40	5,842.20
Jul – 13	57.00	19,345.70	52.85	5,742.00
Aug – 13	49.40	18,619.72	-	5,471.80
Sep – 13	48.55	19,379.77	-	5,735.30
Oct – 13	51.05	21,164.52	-	6,299.15
Nov –13	46.75	20,791.93	-	6,176.10
Dec – 13	40.50	21,170.68	-	6,304.00
Jan – 14	41.05	20,513.85	41.50	6,089.50
Feb – 14	35.80	21,120.12	35.90	6276.95
Mar – 14	39.85	22,386.27	40.35	6,704.20

Note : No record found for the period from August, 2013 to December, 2013 on NSE trading platform.

Registrars and Share Transfer Agents:
Link Intime India Pvt. Ltd
Address: C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400078
Tel: 022-25963838
Fax:022-25946969
Email ID: rnt.helpdesk@linkintime.co.in

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

Accounts & Secretarial Dept:
202, Glacis Towers,
Linking Road, Khar (W),
Mumbai-400 052
Tel: 022-61271668

For and on behalf of the Board of Directors

Sd/-
Kumar S. Taurani
Chairman and Managing Director

Place: Mumbai
Date: May 9, 2014

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, THE PROFILE OF THE DIRECTOR RETIRES BY ROTATION AND SEEKING RE-APPOINTMENT IS FELLOWS:

Name of Director	:	Mr. Ramesh Taurani
DIN	:	00010130
Date of Birth	:	January 17, 1960
Date of appointment	:	September 27, 2005
Profile	:	Mr. Ramesh S. Taurani holds the Bachelor degree in commerce. He is promoter and Managing Director of the Company. He has been associated with the Company since its inception and nurturing the Company. He started his musical journey in the early 1980s with a repertoire of regional and devotional music titles, venturing into popular Hindi film music at a later stage after which he entered into Film production and distribution. His leadership and sheer excellence in his fields are the attributes of his success as an industrialist and also the Tips group.
Directorships in other Public Companies as on March 31, 2014	:	Nil
Memberships of Committees in Public Companies	:	Nil
Chairmanships of Committees in Public Companies	:	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, CFO 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, 2014 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.

Sd/-
Kumar S. Taurani
Chairman & Managing Director

Place: Mumbai
Date: June 27, 2014

Sd/-
I. T. Gursahani
CFO

Place: Mumbai
Date: June 27, 2014

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, 2014.

Place: Mumbai
Date: May 9, 2014

Sd/-
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 March 31, 2014 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 auditor 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 B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Sd/-

Devdatta Mainkar
Partner
M. No. 109795

Mumbai, May 9, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of **Tips Industries Limited**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Tips Industries Limited**("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;

   (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, 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 appears from our examination of those books;

c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Sd/-

Devdatta Mainkar
Partner
Membership No. 109795

Mumbai, May 9, 2014

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (7) of our report of even date on the accounts of **Tips Industries Limited** for the year ended 31st March 2014

(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 explanation 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) During the year, the Company has not disposed off substantial part of fixed assets.

(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.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. Having regard to the size of the operations of the Company, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of account.

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

(a) The 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) According to the information and explanations given to us, during the year ended March 31, 2014 the Company has taken unsecured loan from four parties covered in the register maintained under section 301 of the act, aggregating to Rs 390 lacs. The maximum amount of loan outstanding during the year was Rs. 650 lacs and balance outstanding at the end of the year is Rs. 254 lacs.

(c) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loans taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company. The repayment of principal and interest is regular.

(iv) INTERNAL CONTROL SYSTEM

In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.

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

(a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements 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 explanation 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:

The Company had accepted deposits from the public and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA and the relevant provisions of the Companies Act, 1956 and rules framed thereunder, 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, Company has adequate internal audit system commensurate with the size and the 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:

(a) According to the records of the Company and information and explanations given to us, Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.

(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 are in arrears, as on 31st March 2014 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the particulars of dues of Income Tax, Service tax, and Cess as at 31st March 2014 which have not been deposited on account of disputes are as follows:

Name of the statute	Nature of dues	Amount (Rs. In lacs)	Period to which the amount relates	Forum where the dispute is Pending
Maharash-tra Vat Act, 2005	Sales tax, interest and penalty	25.73 66.33 152.30 181.09	FY 2005-06 FY 2006-07 FY 2008-09 FY 2009-10	Commis-sioner of Sales Tax (Appeals)
Foreign Exchange Manage-ment Act, 1999	Penalty	90.00	FY 2002-03	Honourable Supreme Court

(x) ACCUMULATED LOSSES:

The Company has no accumulated losses as at 31st March 2014. It has incurred cash losses in the financial year ended on that date and has not incurred cash losses 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 before us, Company has not defaulted in repayment of dues to any Financial Institutions and Banks.

(xii) SECURITY FOR LOANS & ADVANCES GRANTED:

According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) SPECIAL STATUTE:

The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the Company.

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

In our opinion, the Company does not deal or trade in shares, securities, debentures and other investments.

(xv) GUARANTEES GIVEN:

According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) TERM LOANS:

According to information and explanation 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 the Cash Flow 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:

Company has not issued any debentures during the year.

(xx) PUBLIC ISSUE OF EQUITY SHARES:

During the year Company has not raised any money by way of public issue.

(xxi) FRAUDS NOTICED:

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

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Sd/-

Devdatta Mainkar
Partner
Membership No. 109795

Mumbai, May 9, 2014

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

Balance Sheet As At March 31, 2014

(Rs. In Lacs)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	1,536	1,536
(b) Reserves and surplus	3	5,446	7,250
		6,982	**8,786**
(2) Share application money pending allotment		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	4	1,523	1,629
(b) Other long term liabilities	5	12	-
		1,535	**1,629**
(4) Current liabilities			
(a) Short-term borrowings	6	11,429	7,683
(b) Trade payables	7	840	2,008
(c) Other current liabilities	8	3,058	1,056
(d) Short-term provisions	9	191	393
		15,518	**11,140**
TOTAL		**24,035**	**21,555**
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	10		
(i) Tangible assets		2,956	3,116
		2,956	**3,116**
(b) Non-current investments	11	1	1
(c) Long-term loans and advances	12	1,065	1,457
		4,022	**4,574**
(2) Current Assets			
(a) Inventories	13	14,939	11,617
(b) Trade receivables	14	498	866
(c) Cash and Bank Balances	15	1,291	994
(d) Short-term loans and advances	16	3,251	3,498
(e) Other Current assets	17	34	6
		20,013	**16,981**
TOTAL		**24,035**	**21,555**
Significant Accounting Policies	1		
Notes to Financial Statements	2 - 35		

In terms of our report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Sd/-

Devdatta Mainkar
Partner
Membership No. 109795

Place: Mumbai
Date: May 9, 2014

For and on behalf of the Board of Directors of
TIPS INDUSTRIES LIMITED

Sd/-

Kumar S. Taurani
Chairman & Managing Director

Sd/-

Amitabh Mundhra
Director

Sd/-
Bijal Patel
Company Secretary

Place : Mumbai
Date : May 9, 2014

Statement of Profit and Loss For the Year Ended March 31, 2014

(Rs. In Lacs)

Particulars		Note No.	Year ended March 31, 2014	Year ended March 31, 2013
I.	Revenue from operations	18	10,367	13,787
II.	Other income	19	184	138
III.	**Total Revenue (I + II)**		**10,551**	**13,925**
IV.	**Expenses:**			
	Cost of materials consumed	20	0	4
	Changes in inventories of finished goods, work-in-progress	21	0	3
	Cost of Production / Distribution of Expenses	22	6,714	8,285
	Employee benefits expense	23	608	695
	Finance costs	24	1,066	484
	Depreciation and amortization expense	10	188	166
	Other expenses	25	3,522	2,827
	Wealth Tax		4	5
	Total Expenses		**12,102**	**12,469**
V.	Profit before Tax & Prior Period Expenses		(1,551)	1,457
VI.	Profit Before Tax		(1,551)	1,457
VII.	Tax Expenses:			
	(1) Current Tax		-	288
	(2) (Excess) / Short Provision of earlier years		73	-
VIII.	Profit / (Loss) for the year		**(1,624)**	**1,169**
IX.	Earnings per equity share:			
	(1) Basic	30 (b)	(10.57)	7.39
	(2) Diluted	30 (b)	(10.57)	7.39
Significant Accounting Policies		1		
Notes to Financial Statements		2 - 35		

In terms of our report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Sd/-

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Director

Sd/-
Bijal Patel
Company Secretary

Place : Mumbai
Date : May 9, 2014

Cash Flow Statement For the Year Ended March 31, 2014

(Rs. In Lacs)

	Particulars	Year ended March 31, 2014	Year ended March 31, 2013
A.	**Cash Flow from Operating Activities**		
	Net Profit before taxation	(1,551)	1,456
	Adjustments for:		
	Depreciation on fixed assets	188	166
	(Profit) / Loss on sale of fixed assets	1	(1)
	Bad Debts Recovered	-	(6)
	Provision for Doubtful Debts/Advances	39	-
	Reversal of Provision for Doubtful Debts	-	(23)
	Interest expenses & Other Finance Cost	1,065	484
	Foreign Exchange Loss / (Gain)	(5)	(3)
	Interest income	(64)	(78)
	Operating Profit before Working Capital changes	**(327)**	**1,995**
	Adjustments for :		
	(Increase) / Decrease in inventories	(3,322)	(5,100)
	(Increase) / Decrease in trade receivables	334	1,677
	(Increase) / Decrease in Short Term loans and advances	458	(1,164)
	(Increase) / Decrease in Long Term loans and advances	392	148
	Increase/(Decrease) in Current Liabilties	1,125	(2,644)
	Increase/(Decrease) in Long Term Liabilties	12	-
	Increase/(Decrease) in provisions	(5)	13
	CASH GENERATED FROM OPERATIONS	**(1,333)**	**(5,075)**
	Income tax Paid	**(283)**	**(467)**
	Net Cash inflow from/ (outflow) from Operating activities	**(1,616)**	**(5,542)**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	(29)	(363)
	Sale Proceeds from fixed assets	0	1
	Interest received	36	80
	Net Cash inflow from/ (outflow) from Investing activities	**7**	**(282)**

Cash Flow Statement For the Year Ended March 31, 2014

(Rs. In Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
C. Cash Flow from Financing Activities		
Buy back of equity shares including premium thereon	-	(463)
(Repayment)/Proceeds of Long Term borrowings	(356)	(425)
(Repayment)/Proceeds of Short Term Borrowings	3,746	6,294
Interest paid	(1,107)	(452)
Dividend paid	(322)	(318)
Corporate Dividend Tax Paid	(55)	(51)
Net Cash inflow from/ (outflow) from Financing activities	**1,906**	**4,585**
Net increase / (decrease) in cash and cash equivalents	297	(1,239)
Opening Cash and Cash Equivalents		
Cash in hand	30	23
Bank balances	964	2,210
	994	**2,232**
Closing Cash and Cash Equivalents		
Cash in hand	0	30
Bank balances	**1,291**	**964**
	1,291	**994**

Notes:

1. Interest on loans, deposits etc is classified as cash flow from financing activities.
2. 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.
3. Previous year figures have been regrouped wherever necessary, to correspond with the figures of the current year.
4. Cash and cash equivalents include unclaimed dividend Rs. 7,41,676/- (Previous year Rs 6,58,622/-) which are not available for use by company (Ref Sch No 15)

In terms of our report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Sd/-

Devdatta Mainkar
Partner
Membership No. 109795

Place: Mumbai
Date: May 9, 2014

For and on behalf of the Board of Directors of
TIPS INDUSTRIES LIMITED

Sd/-
Kumar S. Taurani
Chairman & Managing Director

Sd/-
Amitabh Mundhra
Director

Sd/-
Bijal Patel
Company Secretary

Place : Mumbai
Date : May 9, 2014

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

1. SIGNIFICANT ACCOUNTING POLICIES

i. Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these financial statements to comply in all material respects with Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 and the relevant provisions of the Companies Act 1956.

ii. 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.

iii. Revenue recognition:

(a) 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/ effective date of respective rights in accordance with the respective agreement or on realization of the substantial consideration whichever is earlier and on delivery of the specified telecasting material.

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'.

(b) **Artist Management Receipts:**

Artist Management Receipts are recognized in the statement of Profit & Loss on accrual basis as per the Contracts entered by the Artists with respective parties.

(c) **Interest Income:**

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

(d) Others:

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

iv. Fixed Assets

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

v. 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.

vi. 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.

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

vii. 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.

viii. 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.

ix. 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.

x. Inventories:

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

(a) 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.

(b) Work-In-Progress

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

(c) 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.

(d) Cost of Feature Films

- 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.
- Balance 40% of COP is amortized as per the management estimate / review of future revenues but not exceeding nine years and subject to a minimum of 4.4% in any year.

(e) 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.

(f) 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.

xi. 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.

xii. 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.

xiii. Employee Benefits:

- Contribution to Provident Fund is charged to revenue.
- 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.

- 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.

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

xv. Provisions and Contingent Liabilities:

Provisions are recognized 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.

xvi. 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.

- Audio / Video productions
- 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.

xvii. 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.

xviii. 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.

xix. Leases

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the Company, are capitalized 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 capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalised leased assets 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 Statement of Profit and Loss on a straight-line basis over the lease term.

Operating lease payment is recognised on a straight line basis over the lease term.

NOTES TO THE BALANCE SHEET

2 - SHARE CAPITAL

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised Capital		
20,000,000 Equity Shares of Rs 10/- each fully paid (Previous Year 20,000,000 Equity Shares of Rs 10/- each fully paid)	**2,000**	**2,000**
Issued, Subscribed and Paid up Capital		
1,53,58,640 Equity Shares of Rs 10/- each fully paid (Previous Year 1,53,58,640 Equity Shares of Rs 10/- each fully paid)	1,536	1,536
TOTAL	**1,536**	**1,536**

a. Rights/Terms attached to Equity Shares

Company has only one class of shares referred to as equity shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board of Directors in their meeting held on 9th May 2014, proposed dividend of Re. 1/- per equity share (in previous year Rs. 2.1/- per equity share). In the unlikely event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential share amounts. However, no such preferential shares amount exist currently. The distribution will be in proportion to the number of equity shares held by shareholders.

b. Reconciliation of number of shares (Rs. In Lacs)

Particluars	As at March 31, 2014		As at March 31, 2013	
	Number	Rs.	Number	Rs.
Equity Shares outstanding at the beginning of the year	154	1,536	160	1,596
Equity Shares Issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	6	60
Equity Shares outstanding at the end of the year	154	1,536	154	1,536

c. Information on equity shares alloted without receipt of cash or alloted as bonus shares or shares bought back

During the Financial Year 2010 - 11, the Company had bought back 13,47,200 Equity Shares of Rs.10/- each from open market at an average price of Rs. 47.50/-.

During the Financial Year 2012 - 13, the Company had bought back 60,00,60 Equity Shares of Rs.10/- each from open market at an average price of Rs. 77.18/-

d. Details of Shareholders holding more than 5% shares in the company (Rs. In Lacs)

Particulars	31st March 2014		31st March 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Renu K. Taurani	25	16.07	25	16.07
Ramesh S. Taurani	29	18.73	29	18.73
Varsha R. Taurani	25	16.11	25	16.11
Kumar S. Taurani	29	18.76	29	18.76
Shastha Advisors Pvt. Ltd.	9	5.95	8	5.18

NOTES TO THE BALANCE SHEET

3 - RESERVES AND SURPLUS

Rs. In Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
a. Capital Redemption Reserve		
Opening Balance	195	135
(+) Transfer from Securities Premium on A/c of Buyback of Equity Shares	-	60
(-) Written Back in Current Year	-	-
Closing Balance	**195**	**195**
b. Securities Premium Account		
Opening Balance	2,456	2,919
Less : Premium Utilised for		
Creation of Redemption Reserve for Buyback of Equity Shares	-	403
Payment of Premium for Buyback of Shares	-	60
Closing Balance	**2,456**	**2,456**
c. General Reseves		
Opening Balance	493	376
(+) Transfer from Surplus in the Statement of Profit & loss	-	117
Closing Balance	**493**	**493**
d. Surplus in the Statement of Profit & loss		
Opening	4,106	3,431
(+) Net Profit/(Net Loss) for the current year	(1,624)	1,169
(-) Proposed Dividends	(154)	(323)
(-) Tax on Proposed Dividends	(26)	(55)
(-) Transfer to General Reserve	-	(117)
Closing Balance	2,302	4,106
GRAND TOTAL	**5,446**	**7,250**

NOTES TO THE BALANCE SHEET

4 - LONG-TERM BORROWINGS

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
SECURED		
Term loans		
From Banks	914	1,176
From Others	609	453
TOTAL	**1,523**	**1,629**

TERM LOANS FROM BANKS

1. Term Loan from Life Insurance Corporation of India is repayable on the maturity of Life Insurance Policy taken by the Company. The Loan is secured by Lien on the Insurance Policy.
2. Term Loan from ICICI Bank is repayable in 36 monthly Instalments of Rs. 1,09,340/- each from the date of loan viz. 15/10/2010. The Loan is secured by hypothecation of related Vehicle.
3. Term Loan from HDFC Bank is repayable in 48 monthly Instalments of Rs. 37,50,000/- each plus Interest from the date of loan viz. 16/08/2010. The Loan is secured by hypothecation of Commercial Premises of the Company at Mumbai. Further the Loan has been guaranteed by the personal guarantee of one of the Director.
4. Term Loan from BMW India Financial is repayable in 36 monthly Instalments of Rs. 65,771/- each from the date of loan viz. 01/09/2011. The Loan is secured by hypothecation of related Vehicle. Further the Loan has been guaranteed by the personal guarantee of one of the Director.
5. Term Loan from ICICI Bank is repayable in 36 monthly Instalments of Rs. 3,18,705/- each from the date of loan viz. 15/03/2012 and is secured by hypothecation of related Vehicle.
6. Term Loan from Kotak Mahindra Bank is repayable in 36 monthly Instalments of Rs. 38,644/- each from the date of loan viz. 28/03/2012 and is secured by hypothecation of related Vehicle.
7. Term Loan from ICICI Bank is repayable in 36 monthly Instalments of Rs. 3,18,705/- each from the date of loan viz. 15/04/2012 and is secured by hypothecation of related Vehicle.
8. Term Loan from Standard Chartered Bank is repayable in 128 monthly Instalments of Rs. 13,01,338/- each from the date of loan viz. 28/03/2013 and is secured by hypothecation of Commercial Premises owned by Relatives of Directors.

5 - OTHER LONG-TERM LIABILITIES

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Others - Security deposit	12	-
TOTAL	**12**	-

NOTES TO THE BALANCE SHEET

6 - SHORT-TERM BORROWINGS

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
SECURED		
(a) Loans repayable on demand		
Cash Credit facility from Banks	6,689	1,667
(b) Short Term Loans from Banks	4,460	3,950
TOTAL	**11,149**	**5,617**

Cash Credit Limit from Bank of Baroda

Cash Credit from Bank of Baroda & Canara Bank is secured against Book Debts and Inventories. It is further secured by mortgage of Land and Building situated at Silvassa and Palghar.

Short Term Loans from Banks.

Short Term Loans are secured by first charge on all tangible and intangible assets, negative rights, intellectual property rights, present and future of the related Films and Personal Guarantee of Directors.

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
UN-SECURED		
(a) Deposits		
From Related Parties	264	260
Others	16	1,506
(b) Inter Corporate Deposits	-	300
TOTAL	**280**	**2,066**
Deposits from related parties		
Deposits from related parties include Loans from Directors and relatives of Directors repayable on demand		
Deposits from Others		
Deposits from Others are guaranteed by Directors		
Inter Corporate Deposits		
Inter Corporate Deposits are guaranteed by Directors		
GRAND TOTAL	**11,429**	**7,683**

NOTES TO THE BALANCE SHEET

7 - TRADE PAYABLES

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables		
Due to Micro and Small Enterprises *	-	-
Other than Micro and Small Enterprises	840	2,008
TOTAL	**840**	**2,008**

* Based on the Information available, none of the Trade Payables have been identified as "Suppliers" within the meaning of Micro, Small and Medium Enterprises Development Act, 2006

8 - OTHER CURRENT LIABILITIES

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term debt *	330	580
Interest accrued but not due on borrowings	21	63
Unpaid dividends **	7	7
Advance from Customers	50	94
Advance against Films under Production	2,602	4
Statutory Liabilities		
TDS	36	0
Service Tax	-	136
Wealth Tax	4	5
Value Added Tax	-	161
Others	8	6
TOTAL	**3,058**	**1,056**

* Refer Note 4 for details of Securities and Terms of Repayment

** Does not include any amount due and outstanding to be credited to the Investor Education & Protection Fund

9 - SHORT-TERM PROVISIONS

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Gratuity	11	16
Proposed dividend	154	322
Tax on proposed dividend	26	55
TOTAL	**191**	**393**

NOTES TO THE BALANCE SHEET

10 - FIXED ASSETS

(Rs. In Lacs)

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2013	Additions during the Year	Deletions / Adjustments during the Year	As at March 31, 2014	As at April 1, 2013	Depreciation charge for the year	Adjustments / disposals	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets										
Land & Building - Owned	2,810	-	-	2,810	382	94	-	476	2,334	2,428
Plant & Machinery	41	5	-	46	17	3	-	20	26	24
Furniture & Fixtures	35	-	-	35	23	7	-	30	5	12
Vehicles	752	13	1	764	149	71	0	220	544	603
Office Equipment	115	11	-	126	66	13	-	79	47	49
Total	**3,753**	**29**	**1**	**3,781**	**637**	**188**	**0**	**825**	**2,956**	**3,116**
Previous Year	**3,401**	**362**	**11**	**3,753**	**482**	**166**	**11**	**637**	**3,116**	**2,919**

11 - NON-CURRENT INVESTMENTS

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Investments		
Investment in Equity Shares (Unquoted)		
5000 Equity Shares of Label Mobile Media Pvt. Ltd. of Rs.10/- each fully paid	1	1
TOTAL	1	1

12 - LONG-TERM LOANS AND ADVANCES

(Amount in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
a. Security Deposits		
Unsecured, considered good		
Security Deposit against Premises - Related Party	600	900
Others	36	41
	636	**941**
b. Other loans and advances		
Unsecured, considered good		
Advances for Forthcoming Films	395	426
Others	34	90
	429	516
TOTAL	**1,065**	**1,457**

NOTES TO THE BALANCE SHEET

13 - INVENTORIES (Valued at Cost or Net Relisable Value whichever is lower)

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
a. Raw Materials and components	1	1
b. Finished goods	2	3
c. Unamortised Cost of Production	8,302	5,191
d. Cost of Films under Production	6,634	6,422
TOTAL	**14,939**	**11,617**

14 - TRADE RECEIVABLES

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period exceeding six months from the date they become due		
Secured, considered good	-	-
Unsecured, considered good	85	190
Doubtful	39	-
Less: Provision for Doubtful debts	(39)	-
	85	190
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	413	676
Doubtful	-	-
Less: Provision for Doubtful debts	-	-
	413	676
TOTAL	**498**	**866**

NOTES TO THE BALANCE SHEET

15 - CASH AND BANK BALANCES

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Cash and Cash Equivalents		
a. Balances with banks		
- In Current Account	1,079	831
b. Cash on Hand	1	30
c. Deposits with maturity of less than three months	193	-
(ii) Earmarked Balances with Banks		
On Unpaid Dividends	7	7
(iii) Balance with Banks held as margin money against bank guarantee	11	126
TOTAL	**1,291**	**994**

NOTES TO THE BALANCE SHEET

16 - SHORT-TERM LOANS AND ADVANCES

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Advance Income Tax (Net of Provision for taxation)	805	594
Loans to Employess	25	25
Advances for Film Projects in Hand	1,464	2,269
Inter Corporate Deposits	350	300
Prepaid Expenses	6	37
Service Tax Credit	538	51
Vat Credit	11	-
Others	52	222
TOTAL	**3,251**	**3,498**

17 - OTHER CURRENT ASSETS

(Rs. In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
a. Interest Accrued on Loans / Fixed Deposits / Investments	34	6
TOTAL	**34**	**6**

NOTES TO THE STATEMENT OF PROFIT AND LOSS

18 - REVENUE FROM OPERATIONS

(Rs. In Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Sale of Audio Products	5	5
Revenue from Film Production & Distribution	7,315	10,477
Royalty Receipts	3,047	3,038
Advertisement Income	-	259
Others		
- Scrap Sales	-	8
	10,367	**13,787**

19 - OTHER INCOME

(Rs. In Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest Income	64	78
Other non-operating income (net of expenses directly attributable to such income)		
Sundry Credit Balance Written Back	53	35
Foreign Exchange Gain	5	3
Interest on income tax refund	42	-
Others	21	22
TOTAL	**185**	**138**

NOTES TO THE STATEMENT OF PROFIT AND LOSS

20 - COST OF MATERIAL CONSUMED

(Rs. In Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Opening Stock of Raw Materials	1	4
Add: Purchases of Raw Materials	0	1
Less: Closing Stock of Raw Materials	1	1
TOTAL	**0**	**4**

21 - CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS

(Rs. In Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Opening Inventory		
Finished Goods	3	5
Work-In-Progress	-	-
	3	**5**
Closing Inventory		
Finished Goods	2	3
Work-In-Progress	-	-
	2	3
TOTAL	**0**	**3**

22 - COST OF PRODUCTION / DISTRIBUTION OF FILMS

(Rs. In Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Cost of Under Production films	6,423	2,556
Unamortised cost at beginning of the year	5,191	3,951
Add: Cost incurred during the year	10,036	13,392
Less: Unamortised cost at the close of the year	(8,302)	(5,191)
Less: Cost of underproduction films carried forward	(6,634)	(6,423)
TOTAL	**6,714**	**8,285**

NOTES TO THE STATEMENT OF PROFIT AND LOSS

23 - EMPLOYEE BENEFIT EXPENSES

(Rs. In Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Salaries and incentives	586	640
Contributions to PF and Other Funds	8	45
Staff welfare expenses	14	10
TOTAL	**608**	**695**

24 - FINANCE COST

(Rs. In Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest Expense	1,014	451
Other Borrowing Costs	52	33
TOTAL	**1,066**	**484**

NOTES TO THE STATEMENT OF PROFIT AND LOSS

25 - OTHER EXPENSES

(Rs. In Lacs)

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
Power and Fuel		13		12
Rent		135		148
Repairs & Maintenance :				
- Building		16		9
- Office Equipment		0		2
- Vehicles		1		-
Insurance		127		120
Rates and Taxes		252		187
Legal and Professional		350		205
In-house Music Production Cost		241		171
Films Publicity and Distribution Expenses		1,838		1,297
Advertisement Expenses		54		67
Travelling and Conveyance		26		30
Audit Fees		12		12
Auditors Out of Pocket Expenses		1		0
Donation		34		33
Loss on sale of Fixed Assets		1		-
Bad Debts and Advances Written Off	133		272	
Add: Prov for Doubtful Debts & Advances	39		-	
Less: Provision for Doubtful Debts/Advances reversed	-	172	(23)	249
Share Buyback Charges				22
Others		250		263
TOTAL		**3,523**		**2,827**
Payment to Auditors				
Statutory Audit Fees		12		12
Certification Fees		0		-
Management Consultancy Fees		1		1
Buyback Certification Fees		-		1
Fees for Revised Schedule VI		-		1
		13		**15**

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

26. Contingent Liabilities:

	Particulars	As on 31-03-14	As on 31-03-13
a)	Penalty under FEMA Act *	90.00	90.00
b)	Demand by Sales Tax Department **	425.45	NIL

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

** The management has taken an opinion from the consultant in respect of value added tax demand against the company. The management is confident that the case will be decided in favour of the Company based on its own assessment as well as opinion provided by the consultant.

27. Mr. Kumar S. Taurani and Mr. Ramesh S. Taurani were re-appointed as Managing Director of the Company for the period of 3 (three) years w.e.f. June 1, 2012 to May 31, 2015 at a gross remuneration of Rs.1,50,00,000/- (Rupees One Crore Fifty Lacs) p.a. (i.e.12,50,000/- p.m.) pursuant to approval from the shareholders in their meeting held on July 27, 2012. Application to pay the aforesaid remuneration was made to Central Government vide letter dated October 4, 2012.

During the year, the Central Government, vide its letter dated December 9, 2013 approved remuneration of Rs. 90 lacs p.a. for the aforesaid period. Accordingly, excess remuneration paid for the period June 1, 2012 to September 30, 2013 is Rs. 160 lacs. The Company has made a representation to the Central Government with respect to the excess managerial remuneration paid and the required adjustments in the accounts if any will be made on the matter reaching finality.

28. Trade Receivables, Trade Payables and advances are subject to confirmations and reconciliation, if any.

29. 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.

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

a. 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.

ii] Principal actuarial assumptions:

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Discount Rate	9.16%	8.57%	8.57 %	8.15%	6.50%
Rate of Return on Plan Assets	9.15%	9.15%	9.00 %	9.00%	9.00%
Salary Escalation Rate	10.00%	10.00%	10.00%	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.

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

iii] Reconciliation of Benefit Obligation:

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Liability at the beginning of the year	68.01	43.15	19.98	18.15	22.65
Interest Cost	6.02	2.95	1.63	1.24	1.38
Current Service Cost	15.77	13.55	8.08	2.54	2.32
Benefit Paid	(0.61)	(17.30)	--	(5.20)	(2.88)
Actuarial (Gain) / Loss on Obligations	(16.15)	7.25	13.46	(3.25)	(5.31)
Liability at the end of the year	73.04	68.01	43.15	19.98	18.15
Fair Value of Plan Assets at the end of the year	61.91	52.26	40.77	30.97	29.22
Amount recognized in Balance Sheet as “Liabilities or (Assets)”	11.13	15.74	2.38	(10.99)	(11.07)

v] Reconciliation of Fair value of Plan Assets:

Particulars	2013- 14	2012-13	2011-12	2010-11	2009-10
Fair Value of Plan Assets at the beginning of the year	52.26	40.77	30.97	29.22	29.55
Adjustment to Opening Balance	3.77	--	--	--	--
Expected Return on Plan Assets	4.96	4.06	3.14	2.63	(2.57)
Contributions	5.64	24.71	6.68	4.26	--
Benefit Paid	(0.61)	(17.30)	--	(5.20)	(2.88)
Actuarial Gain / (Loss) on Plan Assets	(4.12)	0.01	(0.02)	(0.06)	(0.01)
Fair Value of Plan Assets at the end of the year	61.91	52.26	40.77	30.97	29.22

v] Gratuity Expenses recognized in the Profit and Loss count under the head “Staff Cost”:

Particulars	2013-14	2012-13
Current Service Cost	3.67	13.55
Interest Cost	1.61	2.95
Expected Return on Plan Assets	(1.34)	(4.06)
Net Actuarial (Gain) / Loss recognized	(3.46)	7.24
Expenses recognized in Profit and Loss Account	0.48	38.08

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

b. Earnings per share is calculated as follows;

Particulars	31-03-214	31-03-13
Profit/(Loss) attributable to equity shareholders	(1623.91)	1168.74
Weighted average number of equity shares used in computing **basic** earnings per share	153.58	158.05
Basic Earnings per share (Rs.)	(10.57)	7.39
Weighted average number of equity shares used in computing diluted earnings per share	153.58	158.05
Diluted Earnings per share (Rs.)	(10.57)	7.39
Nominal value of equity shares (Rs.)	10/-	10/-

c. 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:

Particulars	2013-14	2012-13
Operating lease rentals charged to revenue	135.65	148.16

d. 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 and Ms. Jaya Taurani

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

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	Total
1]	FINANCE			
	a) Loans Taken	250.00 (300.00)	140.00 (NIL)	390.00 (300.00)
	b) Loan Repayment	266.00 (300.00)	130.00 (NIL)	396.00 (300.00)
2]	OTHER EXPENDITURE			
	a) Rent Paid	NIL (NIL)	96.00 (108.00)	96.00 (108.00)
	b) Interest Paid	34.54 (21.00)	4.91 (1.00)	39.45 (22.00)
	c) Legal & Prof. Fees paid	NIL (NIL)	19.00 (26.00)	19.00 (26.00)
3]	REMUNERATION PAID	240.00 (280.00)	NIL (NIL)	240.00 (280.00)
4]	OUTSTANDING			
	a) Payables Loans	234.00 (250.00)	20.00 (10.00)	254.00 (260.00)
	b) Receivables Deposits	NIL (NIL)	900.00 (900.00)	900.00 (900.00)

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

Other Related Parties - Disclosures

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

A) Key Management Personnel

		Kumar S Taurani	Ramesh Taurani
1]	FINANCE		
	a) Loans taken	100.00 (NIL)	150.00 (300.00)
	b) Repayment of Loan	16.00 (NIL)	250.00 (300.00)

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

		Kumar S Taurani	Ramesh Taurani
2]	OTHER EXPENDITURE		
	a) Interest Paid	6.42 (NIL)	28.12 (21.19)
3]	REMUNERATION PAID	120.00 (140.00)	120.00 (140.00)
4]	OUTSTANDING		
	a) Loans	84.00 (NIL)	150.00 (250.00)

B) Relatives of Key Management Personnel

		Relatives of Key Management Personnel					
		Renu K Taurani	Varsha R Taurani	Kunal K Taurani	Girish K Taurani	Sneha Taurani	Jaya Taurani
1]	FINANCE						
	a) Loans taken	120.00 (NIL)	NIL (NIL)	10.00 (NIL)	10.00 (NIL)	NIL (NIL)	NIL (NIL)
	b) Repayment of Loans	130.00 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
2]	OTHER EXPENDITURE						
	a) Rent Paid	48.00 (54.00)	48.00 (54.00)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
	b) Interest Paid	3.70 (1.00)	NIL (NIL)	0.60 (NIL)	0.60 (NIL)	NIL (NIL)	NIL (NIL)
	c) Legal & Prof. Fees Paid	NIL (NIL)	18.00 (18.00)	NIL (NIL)	NIL (NIL)	NIL (NIL)	1.00 (7.50)
3]	OUTSTANDING						
	a) Payables Loans	NIL (10.00)	NIL NIL	10.00 (NIL)	10.00 (NIL)	NIL (NIL)	NIL (NIL)
	b) Receivables Deposits	300.00 (450.00)	300.00 (450.00)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

e. Segment Reporting :

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

		Financial Year Ended	
		31-03-14	31-03-13
1	**Segment Revenue:**		
	Audio Product Sales	3,052.19	3,042.62
	Film Distribution	7,314.46	10,736.38
	Revenue from Operation	**10,366.64**	**13,779.00**
2	**Segment Results**		
	Profit (+) / Loss (-) before interest & Tax		
	- Audio Products	2,223.46	2,078.43
	- Film Distribution	(1753.47)	700.57
	- Others		
	Less: Interest (Net)	1013.70	484.18
	Less: Unallocable Corporate expenses	1,007.60	838.19
	Profit (+) / Loss (-) before Tax	**(1,551.32)**	**1,456.63**
3	**Capital Employed**		
	(Segment Assets - Segment Liabilities)		
	- Audio Products	479.18	742.81
	- Film Distribution	9,594.12	8,798.45
	- Un-allocable Corporate Assets Less Liabilities	(3091.21)	(755.58)
	Total	**6,982.09**	**8,785.69**
4	**Capital Expenditure**		
	- Audio Products	NIL	NIL
	- Film Distribution	4.67	3.45
	- Un-allocable Corporate Assets Less Liabilities	24.43	359.04
	Total	**29.10**	**362.49**
5	**Depreciation and Amortization Expense**		
	- Audio Products	3.04	3.04
	- Film Distribution	2.58	2.33
	- Un-allocable Corporate Assets Less Liabilities	182.48	160.29
	Total	**188.10**	**165.66**
6	**Non Cash Expense other than depreciation**		
	- Audio Products	32.96	NIL
	- Film Distribution	6.02	NIL
	- Un-allocable Corporate Assets Less Liabilities	0.62	NIL
	Total	**39.60**	**NIL**

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

31. DEFERRED TAX ASSETS/ LIABILITIES

The major components of deferred tax assets and liabilities, for the year ended 31st March, 2014 arising on account of timing differences are as below:

Particulars	As at 31.03.2014 INR in Lakhs	As at 31.03.2013 INR in Lakhs
Deferred Tax Liability on account of:		
Depreciation	**204.30**	**166.68**
Deferred Tax Assets on account of:		
Unabsorbed Depreciation	340.60	241.65
Unabsorbed Business Losses	1,352.88	NIL
Deferred Tax Assets	**1,693.49**	**241.65**
Net Deferred Tax Assets	**1,489.19**	**74.97**

32. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF REVISED SCHEDULE VI TO THE COMPANIES ACT, 1956 :

(i) Turnover

		2013-14		2012-13	
	Unit	Quantity '000)	Value in Rupees	Quantity ('000)	Value in Rupees
Pre recorded cassettes	Nos	NIL	NIL	NIL	NIL
Compact Discs	Nos	12	5.16	16	4.88
Total		**12**	**5.16**	**16**	**4.88**

Figures in brackets represent excess of goods returned over goods sold during the year.

(ii) Raw Materials Consumed

		2013-14		2012-13	
	Unit	Quantity ('000)	Value (Rupees)	Quantity ('000)	Value (Rupees)
Magnetic Tape	Reel	NIL	NIL	NIL	NIL
Plastics Components	PCs	NIL	NIL	NIL	NIL
Others		-	NIL	-	0.79
Total			**NIL**		**0.79**

(i) Opening and Closing Stock

Class of Goods Manufactured	Opening Stock		Closing Stock	
	Quantity PCs. '000	Value (Rupees)	Quantity PCs. '000	Value (Rupees)
Pre-recorded Cassettes	NIL	NIL	NIL	NIL
Blank Cassettes	NIL	NIL	NIL	NIL
Compact discs/DVD	244	2.58	172	2.49
Total	**244**	**2.58**	**172**	**2.49**

NOTES TO ACCOUNTS

Amount expressed in INR Lacs unless otherwise stated

(ii) Value of Raw Materials Consumed

	2013-14		2012-13	
	Percentage to total consumption	Rupees	Percentage to total consumption %	Rupees
Imported			--	--
Indigenous	NIL	NIL	100	0.79
Total	**100**	**NIL**	**100**	**0.79**

a. Expenditure In Foreign Currency

Particulars	2013-1	2012-13
Travelling	0.21	0.64
Film Production Expenses	1,845.76	1,690.51

b. Earnings In Foreign Currency

Particulars	2013-14	2012-13
Film Distribution Revenue	508.92	NIL
Royalty	739.78	388.44

c. Cost of feature films incurred during the year and inventories include interest of Rs. 770.22 (Previous Year NIL) on Loans utilized for the production of the film as also insurance expenditure of Rs. 77.76 (Previous Year Rs. 30.59)

33. Foreign Currency Exposure :

Particulars	31st March 2014	31st March 2013
Amount payable in foreign currency on account of import of Goods / services and its equivalent Indian Rupees.	NIL (NIL)	NIL (NIL)
Amount receivable in Foreign Currency on export of goods / services and its equivalent Indian Rupees.	Rs. 71.31 (US$ 1.19)	Rs. 123.76 (US$ 1.96) (GBP 0.13) (AUD 0.11)
Amount payable in foreign currency towards loan / deposits and its equivalent Indian rupees	NIL NIL	NIL NIL

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

In terms of our report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Sd/-

Devdatta Mainkar
Partner
Membership No. 109795

Place: Mumbai
Date: May 9, 2014

For and on behalf of the Board of Directors of
TIPS INDUSTRIES LIMITED

Sd/-

Kumar S. Taurani
Chairman & Managing Director

Sd/-

Amitabh Mundhra
Director

Sd/-
Bijal Patel
Company Secretary

Place : Mumbai
Date : May 9, 2014

Notes

TIPS INDUSTRIES LIMITED

CIN: L92120MH1996PLC099359

Regd. Office: 601, Durga Chambers, Linking Road, Khar (West), Mumbai – 400 052

Website: www.tips.in E-mail: response@tips.in

ATTENDANCE SLIP

(To be presented at the entrance)

Folio No.: _____ DPID No.: _____ Client I.D.No.: _____

No. of shares held: _____

I/ We hereby record my/ our presence at the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company **at Jubilee Room, Hotel Sun-n-Sand, Juhu, Mumbai 400049**, **on Friday, August 8, 2014 at 11.00 a.m.**

Name of the Member: _____ Signature _____

Name of the Proxyholder: _____ 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

TIPS INDUSTRIES LIMITED

CIN: L92120MH1996PLC099359

Regd. Office: 601, Durga Chambers, Linking Road, Khar (West), Mumbai – 400 052

Website: www.tips.in E-mail: response@tips.in

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act 2013 and rule 19 (3) of the Companies (Management and Administration Rules 2014)

Name of the member(s)	
Registered Address	
Email ID:	
Folio No./ Client ID:	
DP ID:	

I/We, being the member(s) of_____shares of the above named company, hereby appoint

1. Name :_____ Email ID: _____
   Address: _____Signature:_____ or failing him

2. Name :_____ Email ID: _____
   Address: _____Signature:_____ or failing him

3. Name :_____ Email ID: _____
   Address: _____Signature:_____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the company, to be held on the Friday, August 8, 2014 at 11.00 a.m. at Jubilee Room, Hotel Sun-n-Sand, Juhu, Mumbai 400049 and at any adjournment thereof in respect of such resolutions as are indicated below:

Reso. No.	Description
1	Adoption of Audited Balance sheet, Statement of profit & Loss Account together with the Reports of the Directors and Auditors for the financial year ended March 31, 2014.
2	Declaration of Dividend for the financial year ended March 31, 2014.
3	Re-appointment of Mr. Ramesh S. Taurani as a Director of the Company.
4	Appointment of Statutory Auditor of the Company.
5	Appointment of Mr. Amitabh Mundhra as Independent Director of the Company.
6	Appointment of Mrs. Radhika Pereira as Independent Director of the Company.

Reso. No.	Description
7	Appointment of Mr. Vijay Agarwal as Independent Director of the Company.
8	Approval for Acceptance of Deposit from Members of the Company.
9	Approval for Borrowing Limit and Creation of Charges in connection with borrowing of the Company.

Signed this_____day of _____, 2014

Signature of shareholder: _____ Affix Revenue Stamp _____

_____

Signature of proxy holder(s)

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

KEY DRIVERS OF CHANGE IN THE INDUSTRY

- The TV industry is expected to grow at CAGR of 16 per cent from 2013-18 and become a Rs. 885 billion opportunity in 2018
- Number of TV households is expected to reach 191 million by 2018 of which 181 million are expected to be Cable and Satellite subscribers representing 95%
- 938 million – number of TV viewers by 2018
- Broadcasters continue to invest higher in movie acquisition with an upper range of Rs. 500 million per movie
- Satellite rights for new movies on the rise as time interval between theatrical release and TV premier keeps declining
- Hindi movies channels continue to remain the 2nd largest genre of TV viewership after General Entertainment Channels
- The Indian Film industry is expected to grow to Rs. 219 billion by 2018 from its current size of Rs. 125 billion
- 90-95 of screens are digitised and 80-100 per cent of films distributed digitally
- Digital prints cost 1/5 of analog prints
- Movies are now released on 3000 – 4500 screens simultaneously across the country
- 2013 was a year of sequels – 9 sequels were released during the year
- Dhoom 3 became the first film to cross the Rs. 2 billion mark
- 9 movies crossed the Rs. 1 billion mark and 2 movies crossed the Rs. 2 billion mark
- 1164 multiplex screens in India
- Google Play Movies launched – movies can be rented for Rs. 50
- Airtel launched Video on Demand for Rs. 1/-
- 214 million – number of internet users in India
- 130 million – number of users accessing internet on mobile devices
- 350 million – number of mobile internet users in 2018
- 463 million – number of internet users by 2018

  86 per cent – grwoth
- 2014 – India is expected to the USA in terms of total number of internet users
- 10 - Number of years taken to grow internet user base from 10 million to 100 million
- 3 – Number of years taken to grow internet user base from 100 million to 200 million
- 66 million – smartphone user in 2013
- 334 million – smartphone users in 2018
- 2nd – largest mobile phone user base in the world at over 900 million users
- 3rd – largest smartphone market in the world
- 53 per cent – share of digital revenues of total music revenues in India
- 34 per cent – mobile phone used to listen to music compared to other devices

(Source : FICCI-KPMG Indian Media and Entertainment Report 2014 and other industry sources)

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FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

1.	Name of the Company	Tips Industries Limited
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	**To be signed by**	
•	**Mr. Kumar S. Taurani** Chairman & Managing Director	
•	**Mr. I. T. Gursahani** CFO	
•	**Mr. Devadatta Mainkar** M/s. B. K. Khare & Co. Statutory Auditor Firm Registration No.: 105102W Partner Membership No.: 109795	
•	**Mr. Amitabh Mundhra** Audit Committee Chairman	