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Tips Industries Limited



**Fourth Annual Report
1999-2000**

BOARD OF DIRECTORS

Mr. KUMAR S. TAURANI	Chairman & Managing Director
Mr. SHIV C. ABICHANDANI	Finance Director
Mr. SHYAM M. LAKHANI	Executive Director
Mr. DAVID DHAWAN	Additional Director
Mr. BONEY KAPOOR	Director

SENIOR MANAGEMENT

Mr. RAJEEV SOGANI	Vice President
Mr. ISHWAR J. ADVANI	GM Production & Administration
Mr. J. J. ADVANI	GM Sales
Mr. I. T. GURSAHANI	GM Finance & Legal
Mr. L. V. SHANKARAN	GM Accounts
Mrs. MONICA SHIVKUMAR	Asst. General Manager Administration
Mrs. AARATI PODDAR	Senior Product Manager
Mr. DEEPAK JASWANI	Chief Manager

COMPANY SECRETARY

MS. ARMIN HOMI TAVADIA

REGISTERED OFFICE

PLOT NO. A/18, OPP. LAXMI INDUSTRIAL ESTATE, OFF NEW LINK ROAD, ANDHERI (WEST), MUMBAI-400 053.

TEL : (91-022) 6321042, 6320839, 6320854, FAX : (91-022) 6320612, Web Site : www.tipsmusicfilms.com

E-mail: tips@tipsmusicfilms.com

DELHI BRANCH OFFICE : 4382/4B, 2ND FLOOR, GALLI MURARILAL, ANSARI ROAD, DARIYA GANJ,
NEW DELHI - 110 002. TEL : (91-011) 3255784, 3272758, FAX : (91-011) 3275447

HYDERABAD OFFICE : 2ND FLOOR, GOVIND SADAN, 4-3-219/3, RAJA KANDA SWAMY BAGH, SULTAN
BAZAAR, HYDERABAD - 500012. TEL : (91-040) 6507719, FAX : (91-040) 4750260

FACTORIES

PLOT NO. 15, PLDC COMPLEX, CHINTUPADA VILLAGE, MAHIM
PALGHAR DIST. THANE, MAHARASHTRA. TEL : (91-0252) 554725

PLOT NO. 22, SURVEY NO. 126, AMLI, SILVASSA 396 230,
UNION TERRITORY OF DADRA & NAGAR HAVELI. TEL : (91-02638) 42028

AUDITORS

M/s. K.H. ASSOCIATES, CHARTERED ACCOUNTANTS
D-5, COMMERCE CENTRE, 78, TARDEO ROAD, MUMBAI 400 034.

BANKERS

BANK OF BARODA
EVEREST BUILDING, TARDEO ROAD, MUMBAI-400 034.

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NOTICE

NOTICE is hereby given that the **fourth annual general meeting of TIPS INDUSTRIES LTD** will be held on Wednesday 9th August 2000 at 11 a.m. at the registered office of the Company at Plot No. A-18, Opp Laxmi Industrial Estate, Off New Link Road, Andheri (W), Mumbai-400 053 to transact the following business :

ORDINARY BUSINESS :

- 1] To receive, consider and adopt the audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the Director's Report thereon.
- 2] To declare a dividend for the year ended 31st March 2000.
- 3] To appoint director in place of Mr. Shyam Lakhani, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4] To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

- 5] To appoint a Director in place of Mr. Boney Kapoor, Mr. David Dhawan and Mr. Shiv C Abichandani, who holds office upto the date of this Annual General Meeting by reason of the provisions of Section 260

of the companies Act, 1956 and in respect of whom notice in writing pursuant to Section 257 of the Companies Act, 1956 has been received by the Company from some members signifying their intention to propose them as candidates for the office of Directors.

- 6] To consider, and , if thought fit, to pass, with or without modifications, the following resolution as a special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,Schedule XIII and other applicable provisions , if any, of the Companies Act, 1956, (the 'Act') consent of the Company, be and is hereby accorded to the increase w.e.f. 01/09/2000 in the remuneration payable, for the remaining tenure of the appointment i.e. upto 31/08/2002 to Mr. Shyam Lakhani, Executive Director, which will be Rs. 25,000/- p.m. (all inclusive).

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, matters, deeds and things as may be necessary and take necessary or desirable steps for the aforesaid purpose and matters incidental thereto.

By Order of the Board of Directors

Place: Mumbai
Date : 17/07/2000

ARMIN H TAVADIA
Company Secretary

NOTES :

- 1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
- 2] An Explanatory Statement under Section 173 of the Companies Act, 1956, in respect of Item Nos. 5 & 6 is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5

The company has appointed Mr Boney Kapoor, Mr David Dhawan and Mr Shiv C Abichandani as additional directors and pursuant to the provisions of section 260 of the Companies Act 1956 they hold office only till the end of ensuing annual general meeting . Some of the members have, pursuant to the provisions of Section 257 of the Act have given notices alongwith relevant deposit, proposing Mr. Boney Kapoor, Mr. David Dhawan and Mr. Shiv C Abichandani to be appointed as Directors.

Mr. Boney Kapoor and Mr. David Dhawan have wide experience as Producer and Director from the Hindi commercial cinema. Mr. Shiv C Abichandani is an experienced Chartered Accountant having vast experience in the field of taxation and finance. The Board recommends their appointment.

Mr. Boney Kapoor, Mr. David Dhawan and Mr. Shiv C Abichandani are respectively interested in the relevant resolutions for their appointment as Director.

ITEM NO. 6

Mr. Shyam M Lakhani was appointed as Executive Director and the terms of the appointment is upto 31/08/2002. Considering the nature of duties and responsibilities handled by Mr. Lakhani, the Board considered it necessary to increase the remuneration payable to Mr. Shyam Lakhani as mentioned in the resolution.

Mr. Shyam M Lakhani, himself and Mr. Kumar S Taurani as relative are interested in the resolution.

By order of the Board of Directors.

Place : Mumbai.
Dated : 17/07/2000

ARMIN H TAVADIA
Company Secretary

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REPORT OF THE DIRECTORS ON THE WORKING OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2000

Your Directors are pleased to submit herewith the Fourth Annual Report together the Audited Accounts for the year ended March 31, 2000 and the Auditor's Report thereon.

A. FINANCIAL PERFORMANCE

	(RS.IN LAKHS)	
	1999-2000	1998-1999
Sales	11581.98	5658.05
Other Income	255.24	47.35
Profit before Depreciation & Taxation	4872.61	1586.54
Depreciation	2456.29	842.79
Provision for Taxation	45.53	NIL
Income Tax paid for earlier years	38.41	63.48
Profit available for appropriation	2332.38	680.27
APPROPRIATIONS		
Interim Dividend (30%)	270.00	NIL
Proposed Final Dividend (10%)	90.00	180.00
Tax on Dividend	49.50	18.00
Surplus carried to Balance Sheet	1922.88	482.27
	2332.38	680.27

During the year Rs.15.00 crores was transferred to General Reserve.

B. THE YEAR UNDER REVIEW & FUTURE OUTLOOK

The year under review was a landmark one for the Company. The total revenues crossed Rs.100 crores mark on the back of strong catalogue as well as new music sales, innovative marketing strategies and increasing proportion of CDs in the sales mix. During the year the Company released audio products of films like 'Dahek', 'Biwi No.1', 'Mann', 'Haseena Maan Jayegi', 'Hindustan Ki Kasam', 'Taal', 'Hello Brother', 'Chehra', 'Dulhan Hum Le Jayenge', 'Krodh' and 'Kya Kehna'. The Company spent over Rs.20 crores on audio rights for these movies as against Rs.8 crores in the previous year.

Your Company is also pleased to inform that 4 out of 5 nominees for the Filmfare Awards in the best Music Director category were from your Company, including the winner 'TAAL'. This is yet another in the string of successes the Company has enjoyed in the recent past. The Company's catalogue can now boast of 3 such winners out of last 5 years.

Your Company looks to the future with excitement as it has created a strong committed pipeline of sound tracks of nearly 60 movies at the cost of about Rs.120 crores against which substantial sums have already been advanced. These include several big banner movies with exciting music potential across producers such as Subhash Ghai, Vidhu Vinod Chopra, Bharat Shah, Vashu Bhagnani, Boney Kapoor,



Gulshan Rai, Mukesh Bhatt, Feroz Khan and Pahlaj Nihalani. Music releases of rights costing about Rs.25 crores, Rs.40 crores and Rs.55 crores are expected in 2000-01, 2001-02 and 2002-03 respectively.

Besides Film Music, the Company has also signed up top artistes such as Jagjit Singh, Daler Mehndi, Pankaj Udhas and Ila Arun. In the continuing bid to expand its repertoire, the Company has acquired the catalogue of Oriental Gramophone and Oriental Melodies. Your Company has also recently acquired the catalogue of Swar Sudha Recording Co., Hyderabad which adds substantial southern language titles to its music bank.

Your Company is also in the process of getting its catalogue valued by a reputed firm as it generated almost Rs.60 crores turnover and substantial portion of profits this year.

C. EXPANSION PLANS :

Your Company proposes to set up a state-of-art Studio at Mumbai in which it can record music and also compile its own promotional videos for its products. By having in house studio, your company will be in a position to effectively synergize its production planning and promotional activities.

Your Company also proposes to expand the duplicating facility for audio cassettes in 2 phased manner. Your Company has successfully completed the First Phase of expansion by installing a Digital Cassette Duplicating Plant supplied by Lyrec, Denmark at Silvassa Factory with a production capacity of 336 lacs of audio cassettes per annum. Phase II involves setting up of recording unit at Silvassa with production capacity of 336 lacs of audio cassettes per annum.

Further your Company also proposes to set up a Compact Disc manufacturing plant at Silvassa with a production capacity of 40 lacs units per annum.

D. BONUS SHARES

During the year the Company issued 60,00,000 Bonus Equity Shares @ Rs.10/- per share. Due to this Issued, Subscribed and Paid-up Equity Share Capital of the

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Company has increased from Rs.3,00,00,000/- to Rs.9,00,00,000/-.

E. DIVIDEND

An interim dividend of 30% was approved by your Directors for the year 1999-2000. Further your Directors are pleased to recommend a final dividend @ 10% for the year ended March 31, 2000. The total dividend for the year thus works out to 40% which amounts to Rs.3,60,00,000/- as against Rs.1,80,00,000/- paid during previous year. The receipt of dividend is tax free in the hands of the shareholders.

F. PUBLIC ISSUE

In order to part finance the proposed activities and expansion plans, your Company proposed to capital market by issuing 30,00,000 equity shares through book-building process. Your Company has appointed Anand Rathi Securities Pvt. Ltd. as Book Running lead manager.

G. DIRECTORS

During the year under review Mr. Kumar S Taurani was appointed as Chairman and Managing Director.

Mr. Boney Kapoor, Mr. David Dhawan and Mr. Shiv C Abichandani were appointed as additional Directors and they hold the office till the date of ensuing Annual General Meeting. Necessary resolution will be placed before the forthcoming Annual General Meeting for appointment of Mr. Boney Kapoor, Mr. David Dhawan and Mr. Shiv C Abichandani as Directors of the Company.

Mr. Ramesh S. Taurani resigned from the Board of your Company with effect from April 15, 2000. Your Directors wish to place on record their appreciation of the services rendered by Mr. Ramesh Taurani during his tenure as a Director.

H. AUDITORS' REPORT

Observations made by the Auditors in their Report have been appropriately dealt with in the notes forming part of the accounts, which are self-explanatory.

I. AUDITORS

The statutory Auditors M/s.K.H.Associates, Chartered Accountants retire and are eligible for reappointment. The members are requested to consider their appointment for the financial year 2000-2001.

J. PARTICULARS OF EMPLOYEES

Statement under section 217 (2A) of the Companies Act, 1956 read with the Company Rules, 1975:

No persons employed throughout the financial year were in receipt of remuneration for that year which, in aggregate, more than Rs.6,00,000/- or Rs.50,000/- p.m. if employed for a part of the year.

K. FIXED DEPOSITS

During the year under review there is no overdue / unclaimed deposits.

L. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information required under section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed hereto and forms part of this report.

M. ACKNOWLEDGEMENTS

The Board would like to place on record its grateful support from the Members of your Company for their continued support and confidence reposed in the Management of your Company. The Directors also take this opportunity to express their gratitude to Bank of Baroda for their continued support. The Directors would also like to place on record their appreciation to all the employees of the Company at all levels for their dedicated and valuable support and services.

For and on behalf of the Board

Place: Mumbai

(Kumar S. Taurani)

Date : 17.07.2000

Chairman & Managing Director