

Annual Reports Library



tipsmusicfilms.com



Tips Industries Ltd.

Sixth Annual Report 2001-2002

Annual Reports Library

Board of Directors

Mr. Kumar S. Taurani	Chairman & Managing Director
Mr. Shyam M. Lakhani	Executive Director
Mr. Boney Kapoor	Director
Mr. Haresh Teckchandani	Director
Ms. Radhika C. Pereira	Director

Senior Management

Mr. Rajeev Sogani	Sr. Vice President
Mr. Ishwar Advani	VP - Operations
Mr. I.T. Gursahani	VP - Legal
Mr. L.V. Shankaran	VP - Finance
Mr. J.J. Advani	GM - Sales
Ms. Aarti Poddar	GM - Marketing
Mr. Sunil Chellani	Finance Manager

Company Secretary

Mr. W.V.Fernandes

Bankers

Bank of Baroda

Registrars & Share Transfer Agents

Intime Spectrum Registry Ltd.
260, Shanti Industrial Est., Sarojini Naidu Rd.,
Mulund (West), Mumbai - 400 080
Tel. : 592 3837 (10 Lines) Fax : 5672693
Email : isrl@vsnl.com

Chartered Accountants

M/s. K.H. Associates
(Chartered Accountants)

Registered Office

Plot No. A/18, Opp.Laxmi Industrial Estate, Off New Link Road, Andheri (West), Mumbai - 400 058.
E-mail : tips@tipsmusicfilms.com Web-site : www.tipsmusicfilms.com

Domestic Branch Offices

New Delhi: 4382/4B, 2nd Floor, Galli Murarilal, Ansari Road, Dariya Ganj, New Delhi - 110 002.

Hyderabad: 1st Floor, 4-4-443/1, Girija Lane, Sultan Bazar, Hyderabad - 500 095.

Overseas Branch Offices (Subsidiary Company)

Dashmesh International Limited

Registered Office:5, Duke of Edinburgh Avenue, Port Louis, Republic of Mauritius

Branches: Media City-Dubai (UAE), Durban (South Africa), New Jersey (USA) & Los Angeles (USA)

Factories

Palghar:Plot No. 15, PLDC Complex, Chintupada, Village Mahim, Palghar, Dist. Thane, Maharashtra

Silvassa:Plot No. 22, Survey No. 126, Amli, Silvassa - 396 230, UT of Dadra & Nagar Haveli

Annual Reports Library

CONTENTS

<u>Notice</u>	<u>02</u>
<u>Chairman's Statement</u>	<u>05</u>
<u>Directors' Report</u>	<u>07</u>
<u>Auditors' Report</u>	<u>19</u>
<u>Balance Sheet</u>	<u>22</u>
<u>Profit & Loss Account</u>	<u>23</u>
<u>Schedules</u>	<u>24</u>
<u>Notes to Accounts</u>	<u>29</u>
<u>Balance Sheet Abstract and Company's General Business Profile</u>	<u>35</u>
<u>Cash Flow Statement</u>	<u>36</u>
<u>Consolidated Financial Statements</u>	<u>39</u>
<u>Accounts of Subsidiary Company</u>	<u>44</u>
<u>Attendance Slip and Proxy Form</u>	

Annual Reports Library

Tips Industries Ltd.

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of **TIPS INDUSTRIES LIMITED** will be held on Wednesday, 18th day of December, 2002 at 3.00 p.m. at Hare Krishna Land, Juhu, Mumbai - 400 049 to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2002, the Profit and Loss Account for the year ended on that date and the Directors' Report and Auditors' Report thereon.
- 2) To appoint a Director in place of Mr. Boney Kapoor, who retires by rotation and, being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Shyam Lakhani, who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Members of the Company until the conclusion of the next Annual General Meeting of the Members of the Company in place of M/s. K. H. Associates, Chartered Accountants, who have resigned as the Auditors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix their remuneration in consultation with them."

SPECIAL BUSINESS

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

"RESOLVED THAT Ms. Radhika C. Pereira who was appointed as an Additional Director of the Company by the Board of Directors and holds office upto the date of this Annual General Meeting under 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 from a member signifying his intention to propose Ms. Radhika

C. Pereira as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of Directors by rotation."

- 6) To consider and, if thought fit, to pass, with or without modification(s), 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 (hereinafter referred to as 'the said Act' including any modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval, wherever required, if necessary, the increase in remuneration payable to Mr. Kumar S. Taurani, Chairman & Managing Director, be and is hereby approved during the remaining part of his tenure from 1/8/2002 to 31/12/2004 on the terms and conditions as set out in the explanatory statement attached to this notice."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr. Kumar S. Taurani will be paid the salary and perquisites as minimum remuneration not exceeding the limits specified under Section II of Part II of Schedule XIII of the said Act by making such compliances as provided in the schedule."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorized to do all acts, deeds, things and execute all such documents, instruments and writings as may be considered necessary, expedient or desirable, including power to sub-delegate, in order to give effect to the above resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit."

By order of the Board of Directors

Place: Mumbai

W.V. Fernandes

Date: 12th November, 2002 Company Secretary

Registered Office:

A-18, Opp. Laxmi Industrial Estate,
Off. New Link Road,
Andheri (West),
Mumbai 400 058.

Nota Bene:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF/HERSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The Register of Members and Transfer Books will be closed from Thursday, 12th December, 2002 to Wednesday, 18th December, 2002 both days inclusive.
- 3) Investor members can now avail of the facility of nomination. Pursuant to Section 109A of the Companies Act, 1956, members may file nomination in

respect of their shareholdings in prescribed Form 2B (in duplicate) which is available at the Registered Office of the Company. The nominee shall be the person in whom all rights of transfer and/ or amount payable in respect of the shares shall vest in the event of the death of the member(s). A minor can be a nominee, provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual members such as societies, trusts, bodies corporate, Kartas of Hindu Undivided Families, holders of Power of Attorney. For further details, please contact the Company's Secretarial Department.

Annual Reports Library

- 4) Members are requested to:
 - (a) Intimate to the Company or the Registrars, changes, if any, in their registered addresses at an early date.
 - (b) Quote folio numbers in all their correspondence.
 - (c) Bring their copy of the Annual Report to the Annual General Meeting.
 - (d) Bring the Attendance slip sent herewith, duly filled in, for attending the meeting.
- 5) Members holding shares in the identical order of names in more than one folio are requested to consolidate their holdings into one folio.
- 6) Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, atleast seven days before the date of the meeting. Replies will be provided at the meeting only in respect of such queries received.
- 7) Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of special business is annexed hereto.
- 8) DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.

Item No. 2.

Mr Boney Kapoor, aged 46 years, is amongst the top Hindi Film Directors in Indian Film Industry. He has over 20 years of rich experience in the Entertainment Industry. He is a member of the Audit and Remuneration Committee of the Company.

Item No. 3.

Mr. Shyam Lakhani, aged 54 years, has working experience of 30 years, including over 15 years in the Music Industry. He has been associated with the Company right from its inception stage and oversees administration, sales and distribution activities of the Company. He is a member of the Shareholder/Investors Grievance and the Share Transfer Committee of the company.

Abstract of the terms of re-appointment and remuneration of Mr. Shyam Lakhani as Executive Director of the Company in pursuance of section 302 of the Companies Act, 1956.

Re-appointment and Remuneration of Mr. Shyam Lakhani as Executive Director.

The Board of Director of the Company at their meeting held on 29th October, 2002 approved the re-appointment of Mr. Shyam Lakhani as Executive Director on the recommendation of the Remuneration Committee on the following terms and conditions in pursuance of the provisions of sections 198, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956.

Period of Re-appointment : Three years from 1.9.2002 to 31.8.2005.

Remuneration : Salary Rs. 25,000/- per month all inclusive.

Perquisites : NIL

Provision of Car for use in connection with Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.

The Appointee shall also be entitled to re-imbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

Memorandum of Interest of Directors

Except Mr. Shyam Lakhani and Mr. Kumar S. Taurani, being a relative of Mr. Shyam Lakhani, no other Director is concerned or interested in the resolution.

DETAILS OF MS. RADHIKA C. PEREIRA & MR. KUMAR S. TAURANI IS GIVEN IN THE RESPECTIVE EXPLANATORY STATEMENT TO THE RESOLUTION SEEKING THEIR APPOINTMENT.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4.

The Statutory Auditors, M/s. K.H. Associates, Chartered Accountants were appointed till the conclusion of the ensuing Annual General Meeting. They have however informed the Company in writing that due to pre-occupancy they would not be in a position to continue as Auditors of the Company. They have also conveyed their no objection to the Company appointing another Auditors for the year 2002-03.

The Company has received a notice in writing from a member proposing M/s. Deloitte Haskins & Sells, Chartered Accountants, for appointment as Auditors of the Company at the ensuing Annual General Meeting from the conclusion of the Sixth Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

The Resolution for their appointment as Statutory Auditors of the Company and to fix their remuneration is placed for the approval of the members.

None of the Directors of the Company is interested or concerned in the resolution at item no. 4 of the notice.

Item No. 5.

Ms. Radhika C. Pereira was appointed as an Additional Director of the Company by the Board of Directors, pursuant to Section 260 of the Companies Act, 1956, at their meeting held on 5th September, 2002. She holds office only upto to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member, under section 257 of the Companies Act, 1956, signifying his intention to propose Ms. Radhika C. Pereira as a candidate for the office of Director of the Company.

Ms. Radhika C. Pereira, aged 32 years, is a Science Graduate and has passed L.L.B. (India) as well as L.L.M. (Cambridge) and L.L.M. (Harvard). She is presently a practicing Advocate. She is a member of the Audit and Remuneration Committee of the Company.

The Board recommends her appointment as a Director.

None of the Directors of the Company except Mrs. Radhika C. Pereira is interested or concerned in the resolution.

Qual Reports Library

Tips Industries Ltd.

Item No. 6

The Company belongs to the Music Industry. The current recession has been further aggravated by international terrorism, war against terrorism, cross border tension and internal disturbances, which had a multiple effect on the music industry. Under these trying and difficult circumstances, only those companies with dynamic leadership will be able to tide over these difficult times. Mr. Kumar S. Taurani is a promoter director who has played a pivotal role in the progress of the Company. Under his guidance and control your Company has been a trend setter in the music industry and is also making its presence felt in the overseas market. The Company has under his leadership been able to operate profitably. A few financial indicators are given below :-

	2000-01	2001-02
	(Rs. in lacs)	
Income	10571	8150
Operating Profit	3207	2761
Gross Profit	3186	2756
Depreciation	2397	4903
Net Profit/(Loss) before Tax	789	(2147)

For the year 2001-02, the Company has earned a gross profit of Rs.2756 lakhs. The Company has however incurred a net loss after providing Rs. 4903 lacs towards depreciation for the year. The depreciation for the current year is more than double than of the previous year. This is on account of the policy of the Company of writing off 100% of acquisition of audio rights immediately on the release of the film/albums. This policy has affected the bottom line on two counts, firstly by way of high depreciation and secondly since there is a mismatch between revenues earned vis-à-vis the expenses booked. The revenues from the sales of the audio cassettes will flow over a span of the next few years after release of film whereas the expenses are written off immediately. By following this policy the Company is securing its future.

Keeping in view the above and the trends in the industry, the Board of Directors of the Company has approved the increase in remuneration payable to Mr. Kumar S. Taurani, Chairman and Managing Director on the recommendation of the Remuneration Committee for the remaining part of his term from 1st August, 2002 to 31st December, 2004 on the terms and conditions mentioned herein below subject to the approval of the members at the Annual General Meeting, in pursuance of the provisions of Schedule XIII and other applicable provisions of the Companies Act, 1956.

- a) Salary :- A monthly Salary of Rs. 4,00, 000/- (Rs. Four Lakhs Only).
- b) Perquisites :- NIL

Provision of car for use in connection with Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.

The appointee shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in

the course of legitimate business of the Company.

- c) Commission—Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in sections 198 and 309 of the Companies Act, 1956. The specific amount payable to the Chairman and Managing Director will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors.

Minimum Remuneration

During the currency of the tenure of the Chairman and Managing Director, if the Company has no profit or its profits are inadequate in any financial year, the Company shall pay remuneration by way of Salary and perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 as may be amended from time to time.

Mr. Kumar S. Taurani, aged 43 years, has been in the Music Industry since 1980. He has in depth knowledge of the Industry. He has been instrumental in guiding the fortunes of the Company since incorporation. He looks after production, purchases, marketing and also the day to day affairs of the Company. He is a member of the Shareholder/ Investors Grievance and the Share Transfer Committee of the Company.

The resolution for increase in remuneration payable to Mr. Kumar S. Taurani requires approval of the Company in General Meeting in pursuance of sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956.

Your Directors recommend the resolution set out at item no. 6 of the Notice for your approval by way of a special resolution at the ensuing Annual General Meeting.

Memorandum of Interest of Directors

Except Mr. Kumar S. Taurani and Mr. Shyam Lakhani, being a relative of Mr. Kumar S. Taurani, no other Director is concerned or interested in the resolution.

The explanatory statement read with the proposed resolution may be treated as an abstract of terms of the re-appointment and memorandum of interest u/s 302 of the Companies Act, 1956.

By order of the Board of Directors

Place: Mumbai
Date: 12th November, 2002

W.V. Fernandes
Company Secretary

Registered Office:
A-18, Opp. Laxmi Industrial Estate,
Off. New Link Road,
Andheri (West),
Mumbai 400 058.

Annual Reports Library

Chairman's Statement



Dear Shareholders,

The year 2001-2002 posed serious challenges to the established entertainment industry and the music segment was the worst hit due to natural disasters, cross border terrorism, aggressiveness in Television, opening of FM Radio stations, Piracy and lastly due to poor quality of content. As such, entire music industry faced negative consumer interest. Your company was no exception. This is reflected in our performance which recorded a huge deficit; the first time in the last ten years. However, I wish to draw your attention to an accounting convention, which TIPS follows as a measure of extreme conservatism. As against the Global practice of amortizing audio rights acquisition costs (AR costs), TIPS writes off the entire acquisition costs (AR costs and publicity & promotion expenses) in the year of its release.

It has been rightly said that sometimes out of evil cometh good. This downturn provided us with an opportunity to introspect on our business strategy and to take corrective action. The results of these

initial efforts are being felt and hopefully the full impact will be seen in the months ahead.

While the overall growth in the economy has been cautiously optimistic, we cannot escape from admitting the mistakes, which the music industry has committed in allowing the audio rights acquisition prices to jump to an irrational level. More importantly, at a juncture when retail price corrections has become an important element, the corrections in the audio rights pricing is yet to be fully achieved.

However, I am glad to state that your company TIPS has initiated several steps to correct this imbalance. We have held discussions with producers to renegotiate the contracted amounts.

Another vital element is quality. The importance of quality can never be under emphasized. This can further be stressed by analyzing the performances of leading media companies which went public namely Mukta Arts Ltd., Balaji Telefilms etc. While latter controlled content from stage I, former realized huge sums for content on their banner strength. As such funds raised have multiplied, lending considerable strength to their Balance Sheets. However your company suffered extensive losses on account of poor content delivery from even the top production houses. Overall it is in this area that the Film Industry has let the music companies down. Against a high expectation on the price front, production houses have paid the least attention to content quality. However, we expect this to be a learning experience for the industry in general and are confident that the quality of content stands to improve in the future. Definite corrections are taking place in this area wherein your company has been extremely conservative in the purchases of audio rights.

As we leave year 2002 and look forward, I feel the

Qual Reports Library

Tips Industries Ltd.

future points to new directions and prerequisites. Music as a product cannot be viewed in isolation. Year after year, components vary and this change forces companies to rewrite their strategies. Content is gaining ground and it is our endeavor to focus our thoughts towards firming up our presence in every aspect of content business. Your Company is also planning in creating non-film albums like Devotional, Classical, Ghazal, Folk and other Traditional music, which is liked by the classes and masses.

During the end of first half of 2002-2003, your Company has commenced VCD Business, which is expected to generate positive contribution in future quarters. As the business becomes more competitive, it is all the more important to adopt an appropriate product mix which will reduce the risk of being dependent on a single product line. Towards this end, your company is in the process of drawing up a new strategy, which should take concrete shape in the months ahead. Given the vast experience of the core management in all aspects of film making, I am confident your company will occupy a prominent place in the entertainment industry.

Piracy - A Global Issue

The Indian music business is estimated to be the second largest in terms of volume in the global music sector, but way behind in terms of value. The music segment in India has grown at a CAGR of 20% over the past decade and revenue is estimated to be around Rs.13.5 billion. However, the organized market accounts for only 60% of the total market. Pirates still control 40%. Still, the reduction in piracy levels has benefited the organized players.

Global market had grown rapidly, doubling in value over 10 years to reach a sales level of US\$38.5 billion in 1999. However, there was a drastic fall in 2001 to US\$33.7 billion. IFPI, the organization representing the recording industry worldwide, believed that two reasons caused this fall, the global slowdown and mass copying and piracy (including free pirated

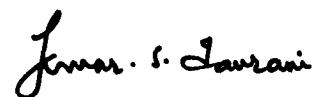
Internet downloads). Partial control on piracy was achieved on account of steep fall in retail prices in both segments. Your company holds the credit for initiating this revolutionary step. I am confident that the fruits of this reduction will reap rich benefits to the music industry.

Money realization from copyrights usage by Radio, Television Channels, Public Performance etc. will be huge in coming years and will contribute directly to the bottom line of the Company.

In my last Chairman's Statement, I had briefly touched upon the power of the Internet medium and had mentioned that Tips would explore all possible avenues pertaining to this segment to work out the best possible alliances. I am happy to inform you that Tips has since then entered into a strategic partnership with Soundbuzz.com, a digital music distributor. This decision of ours to allow the sale of our music catalogue via secure Internet downloads will help us enhance our music sales once the digital music market across the globe picks up.

I am committed to protecting the interests of the shareholders through constant up gradation of systems and business policies of the Company. Against the backdrop of a less than satisfactory performance of the last year, I also inform you all that the year 2002-03 will be a correction year to regain significant ground from 4th quarter of this year or during the first half of next year.

I thank you for understanding the Company and look forward to your continued support, which is valuable to the growth of the Company.



Chairman & Managing Director

Place: Mumbai

Date: 29th October, 2002

Annual Reports Library

Directors' Report to the Shareholders

Your Directors have pleasure in presenting their Sixth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2002.

Financial Results:

(Rs. in Lacs)

	2002	2001
Income	8150	10571
Profit before Depreciation, Interest, Provision for Contingencies And Taxation	2761	3207
Less: Depreciation, Interest, Provision for Contingencies	4908	2418
Profit/(Loss) before Taxation	(2147)	789
Less: Provision for Taxation	-	70
Profit/(Loss) for the year.	(2147)	719
Profit/(Loss) available for appropriation	(2147)	719
Less: Income Tax	20	19
General Reserve	-	18
Proposed dividend	-	120
Income tax on Proposed Dividends	-	12
Extra Ordinary Items	1638	-
Balance carried forward	(3805)	550

Dividend

In view of the losses incurred during the year under review, your Directors have not recommended any Dividend for the year.

Year Under Review

During the year under review the Net Sales of the Company was Rs.7953 Lacs as compared to Rs. 10412 lacs in the previous year. The Profit after Interest but before Depreciation and Taxation was Rs. 2756 lacs as compared to Rs. 3186 lacs in the previous year. After provision of Rs. 4903 lacs towards Depreciation which includes an amount of Rs.4803 lacs towards 100% write off on account of acquisition of audio rights for the year under review, the Company incurred a loss of Rs.2147 Lacs as compared to a profit after tax of Rs. 719 lacs in the previous year.

For the year ended 31st March, 2002, your Company released audio products of 43 new films titles including 27 regional titles. Sale of audio products for Hindi films like Ek Rishta, Pyar Ishq Aur Mohabat,

Yaadein and Haan Maine Bhi Pyar Kiya Hai and regional films including Tamil film title Kannathil Muthamittal directed by Mani Ratam failed miserably. Further, in view of the accounting policies followed by the Company in writing off entire audio rights immediately on the release of films there is a mismatch between revenues earned vis-à-vis the expenses booked. Piracy, specially in the MP3 format and the number of pirated CDs has affected margins and turnover of the Company. The September 11 attack and the consequent clouds of a war in the neighbourhood, cross border tension and internal disturbances had an adverse effect on the performance of the Company. All these factors resulted in the Company incurring a loss for the year under review.

Future Outlook

The Company is expected to release around 15 film titles in F.Yr 2002-03. With stringent control on quality of music software, improved distribution systems, focus on the music content and effective bargaining in acquisition of audio rights within acceptable parameters, the Company is hopeful of effecting necessary corrections in its operation for financial year 2002-03.

Acquisitions

During the year, the wholly owned subsidiary of the Company, Dashmesh International Limited, Mauritius, acquired 100% shares of Dashmesh International Music, S.A.(Pty) Ltd., South Africa, Dashmesh International Limited, New Jersey, U.S.A and Dashmesh International CA Limited, California, U.S.A.

Directors

Mr. Shiv C. Abichandani and Mr. David Dhawan resigned as directors of the company w.e.f. 1.5.2002 and 1.6.2002 respectively. Your Directors wish to place on record their appreciation of the valuable services rendered by Mr. Shiv C. Abichandani and Mr. David Dhawan during their tenure as Directors of the Company.

The Company has made a Keyman Insurance Cover in respect of Mr. Kumar S. Taurani, Chairman & Managing Director of the Company for a term of 15 years for a sum of Rs. 5 Crores from LIC. The premium will be paid by the Company to safeguard the Company from probable losses in the event of his separation from the Company. All profits, bonuses and other benefits of the said policy will accrue to the Company. Mr. Boney Kapoor and Mr. Shyam Lakhani retire by

Qual Reports Library

Tips Industries Ltd.

rotation and, being eligible, offer themselves for re-appointment.

Ms. Radhika C. Pereira was appointed as an Additional Director of the Company w.e.f. 5th September, 2002 and she holds office till the conclusion of ensuing Annual General Meeting. Being eligible she has offered herself for appointment as a director of the Company.

Fixed Deposits

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

Auditors

The Auditors, M/s. K.H. Associates, Chartered Accountants, who retire at this Annual General Meeting, have expressed their inability to continue as Statutory Auditors of the Company.

Subsidiary Companies

The Reports and Accounts of the subsidiary companies are annexed to this report alongwith the statement pursuant to section 212 of the Companies Act, 1956.

Consolidated Financial Statements

Consolidated Financial Statements have been prepared in accordance with the requirements of Accounting Standard (AS)-21 on "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements form part of this Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo required under section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is also annexed herewith.

Personnel

The Board of Directors wishes to express their appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year under review. As regards the information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, there are no employees employed by the company either for whole or part of the year drawing remuneration in excess of limits laid down.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your directors place on record a Responsibility Statement stating that :

1. In the preparation of the accounts, the applicable accounting standards have been followed.
2. Accounting policies selected were applied consistently. Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the Loss of the Company for the year ended on that date.
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.

Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance is annexed hereto and forms part of this Report. A certificate from M/s. K. H. Associates, Statutory Auditors of the Company, regarding compliance of conditions of corporate governance stipulated by the stock exchanges is annexed to this Report.

Management Discussion and Analysis

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

Acknowledgements

The Board of Directors thanks the Government Authorities, Bank of Baroda and all the stakeholders for their continued co-operation and support to your Company.

For and on behalf of the Board of Directors

KUMAR S. TAURANI
Chairman & Managing Director

Place : Mumbai
Date : 29th October, 2002