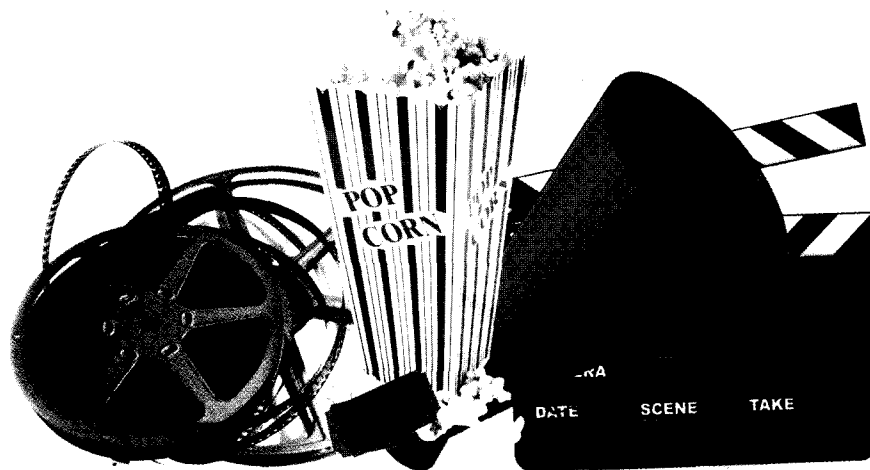


Intermission

Ready for what's Next...

Tips Industries Limited Annual Report 2008-09

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Intermission

Ready for what's Next...

Tips is India's premier and high quality film production company with experience and success few can match. In our business, it is not content but the quality of content which is king.

Tips has developed a reputation for finding interesting storylines, great artists and technicians and an ability to create quality content within time and within cost, delivering consistent shareholder value. Within this, we have created great music relevant for the times and in the process, built a lasting music repertoire. Since inception, we have produced 24 movies which have been widely accepted as well as met with box office success.

In 2007-08, Tips gave the biggest hit, Race. In 2008-09, Tips released a pre-sold Kismat Konnection.

It's **Intermission** time at Tips.

Expect more ahead. More movies. More music. Better environment. Better returns.

We are ready...

Interestingly for Tips, the intermission time was when the world and India were hit by economic uncertainty. 2008-09 gave some of the biggest flops too. As footfalls reduced across cinema halls, a prolonged strike in multiplexes began at the beginning of 2009-10 due to the deadlock on sharing of revenues between producers and multiplex operators. Going forward, while there are signs of an economic recovery, the multiplex strike has also ended with producers like Tips getting more out of the same. Hopefully, this should increase the marketability of movies.

...for what's next.

In the coming year, Tips will release three movies, the highest it has ever done. These three demonstrate our ability to add scale to quality content. As we move towards our objective of releasing over three to four movies every year, this will be the first year of demonstration. Interestingly, the movies releasing this year belong to three diverse genres – romantic comedy, action thriller and family oriented drama. Tips also used 2008-09 to build an aggressive story bank. This will add scale to the business. Two more movies get into production including the much awaited sequel to Race.

Hope you have got the popcorn and the cold drinks. The intermission is over.

We are **Ready for what's Next.**



Chairman's Message

"The global slowdown and the downtrend in the Indian film industry did not affect us adversely. The worst is behind us. The next few years are promising for Tips."

Dear Shareowners,

2008-09 was perhaps one of the worst years for the world economy. The sub-prime crisis instilled a fear that led to the collapse of some of the best institutions, the world over. Such was the impact that it took with it the growth across the world.

2008-09 was a challenging year for the Indian film industry too. Besides the impact of the global slowdown, the Indian film industry went through its own tough phase.

Let's understand the reasons.

Earlier, the Indian film industry suffered from non-corporatization, poor quality of content, low box office collections, no major alternate sources of revenues and piracy. The industry was unorganized.

This changed. And suddenly, so did the fortunes of the industry. Multiplexes came and brought audiences back from homes into cinema houses resulting in higher box office revenues. The proliferation of television and cable led to satellite rights earning more for the movie. The home video market emerged too. Music went digital and increased the marketability of movies. As India was globalizing, the demand for

Indian cinema internationally added another revenue stream. The industry got recognition and with it structured credit became available to the industry. As revenues got bigger, movies got bigger too. There was high marketability for quality content. The Indian film industry was in a sweet spot.

And then suddenly things took a different turn.

The cost of making movies kept increasing. And the market size wasn't increasing with it. The collections didn't match the cost of making the movie. The cost of artists constituted 50-75% of the cost of the movie. It wasn't making business sense. And this was followed by two events. One, an impasse between producers and exhibitors that led to very few releases. Two, a string of flops that suddenly took money out of the system.

Thankfully, neither of this created a dent for us.

After the success of *Race*, one of the biggest hits of 2007-08, we released our pre-sold **Kismat Konnection** in 2008-09.

2008-09 at Tips was like an intermission. It was a phase where we were making three movies in three different genres.

These are:

- Ajab Prem Ki Ghazab Kahani, a romantic comedy starring Ranbir Kapoor and Katrina Kaif
- Prince – It's Showtime, a fast paced action thriller with Vivek Oberoi
- Toh Baat Pakki!, a family oriented drama with Tabu and Sharman Joshi in lead roles

We were busy creating high quality content in a difficult year like 2008-09. We also used the downtrend to start work on collecting and building a bank of very high quality scripts. We started talking to good talent and pre-book them for our forthcoming movies. We started work on the sequel to Race.

We are fully geared towards our vision of releasing at least three movies every year to generate consistent returns for the shareholders.

Tips is in the process of building one of the most attractive film and music repertoires whose marketability is increasing every day. In 2008-09, we earned Rs. 30.06 crores from royalty receipts, Rs. 6.50 crores from films and Rs. 23.56 crores from music rights. And we are now adding more to the library. The strength of our library is providing consistency to our earnings.

As we look back at 2008-09, we are satisfied. The global slowdown and the downtrend in the Indian film industry did not affect us adversely. The worst is behind us. The next few years are promising for Tips.

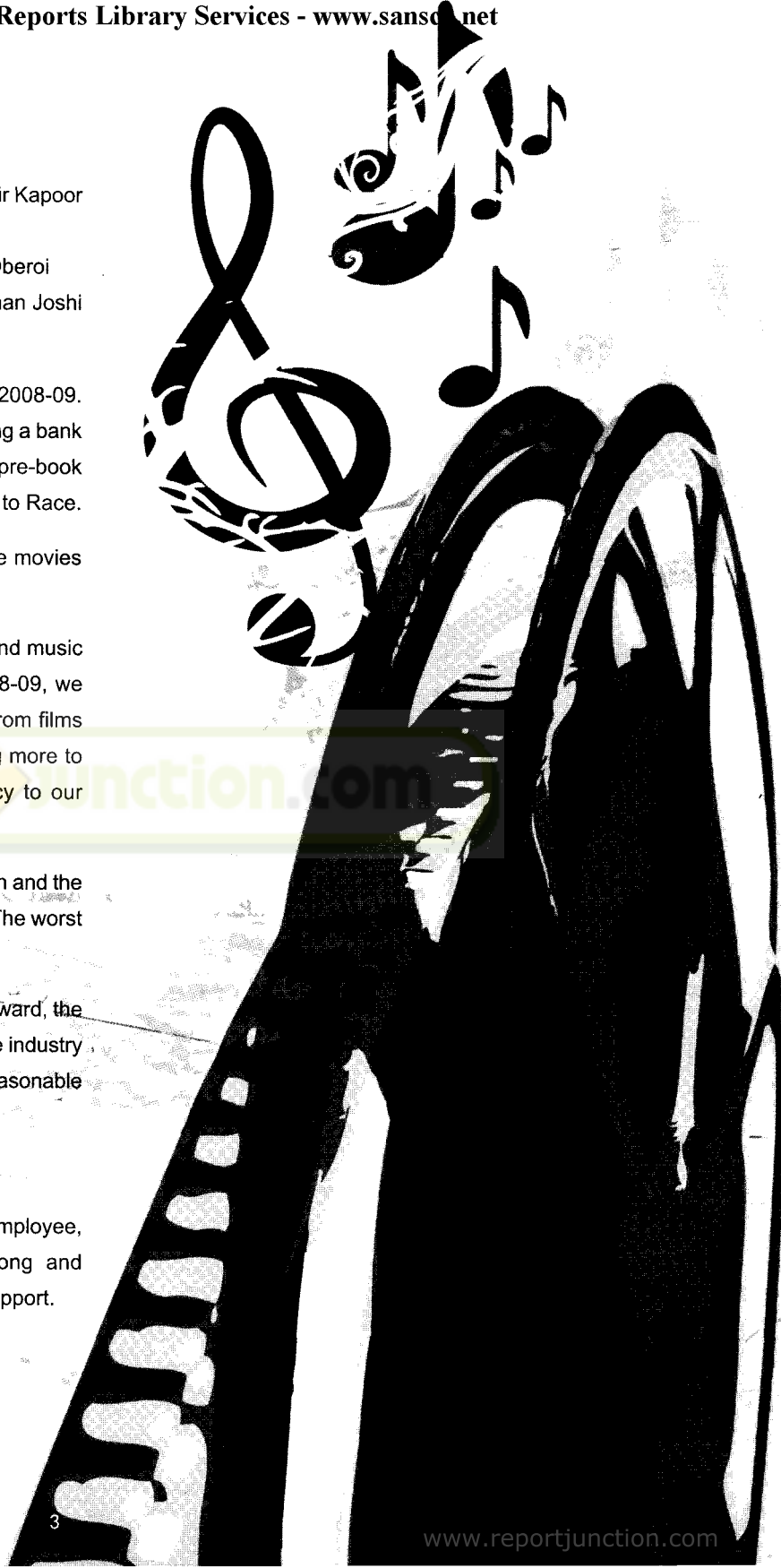
The impasse between producers and exhibitors is over. Going forward, the producers will get a greater share of the box office collections. The industry has come back to its semblance. The cost of making a movie is reasonable today. And we are gearing up for some major releases.

Intermission is over. We are ready for what's next...

Before I conclude I would like to thank every stakeholder, every employee, every moviegoer and music listener for making Tips a strong and successful production house. I look forward to your continued support.

Yours sincerely,

Kumar S. Taurani



Ready for what's next...

in films



Producing a film is as much science as it is an art. Intelligent and value-accretive film production is a convergence of business and creativity. It's important to know what the audience wants and needs. It is also important to ensure the film is made within time and cost.

Tips has a library of 24 films including some great hits like Raja Hindustani and Race. We are now moving towards making and releasing at least three films every year. We will release three in the current financial year. We may also pre-sell some of the movies if we are assured of our return on films.

The total library of films increases to 27.

Tips is a production house which looks at film making as a business that enhances value. We use creativity to drive value. We are in the process of creating an enviable bank of films that keeps generating annuity business income, which is used for making more films and bigger annuities in the years to come. We look at the life cycle of revenue from films.

We are getting into a virtuous cycle. More films, bigger annuity income, even more films, even bigger annuity income, even more films.

Hit Films from Tips

Kismet Konnection

Kachche Dhaage

Jab Pyaar Kisise Hota Hai

Haqeeqat

Race

Fida

The Legend of Bhagat Singh

Kya Kehna

Soldier

Raja Hindustani

Coolie No. 1

Naqaab

Ishq Vishk

Raaz



Coming soon

a preview of our
upcoming films

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Ajab Prem Ki Ghazab Kahani

Genre: Romantic comedy

Cast: Ranbir Kapoor, Katrina Kaif

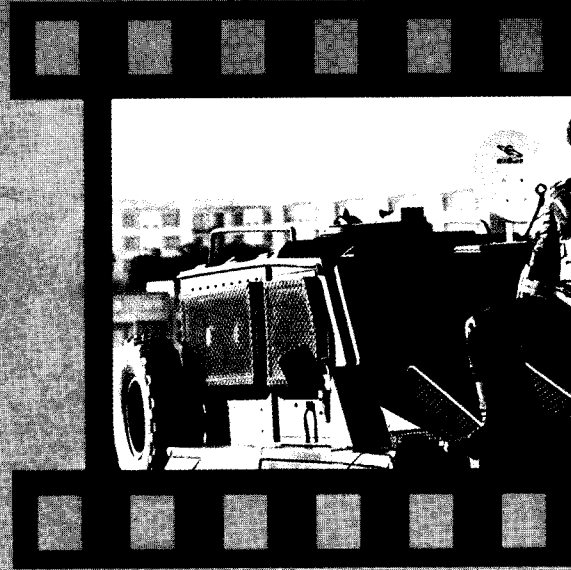
Synopsis: Prem (Ranbir Kapoor) is a simple man with simple beliefs in life. Be happy, make others happy, keep the town happy. But this simple philosophy often leads to disastrous consequences for Prem and his town! Who knows what led him to kidnap Jenny (Katrina Kaif)? Or try and pull a fast one over her father? But it was love and only love for Jenny that made Prem turn over a new leaf. The reality that was Prem...the true love that was Prem.

Prince – It's Showtime

Genre: Fast paced, slick, action thriller

Cast: Vivek Oberoi with three new actresses in leading roles

Synopsis: Prince (Vivek Oberoi), one of the sayviest thieves in the world has committed his biggest heist. But as he wakes up the next morning, he can't remember where he has hidden the heist or how he got the gunshot wound in his arm. Everyday, a new girl comes to him claiming to be his girlfriend, Maya. On top of this, every cop and criminal in the country is after his blood. Prince's life and the future of mankind are on stake. What's going on?



Toh Baat Pakki!

Genre: Family oriented drama

Cast: Tabu, Sharman Joshi, Vatsal Seth

Synopsis: Rageshwari (Tabu) has one aim in life. To get her sister Nisha married to the most suitable boy from their Saxena community. So she is ecstatic when she meets Rahul (Sharman Joshi). Nisha and Rahul fall in love and everything is great. Except that Rageshwari then meets Karan (Vatsal Seth), also a Saxena and a much better prospect. She now wants to set up Nisha with Karan. So who does Nisha finally marry? Rahul or Karan?





Ready for what's next...



in music



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