

# INTERESTING SCRIPT

TIPS INDUSTRIES LTD  
Annual Report 2010-11

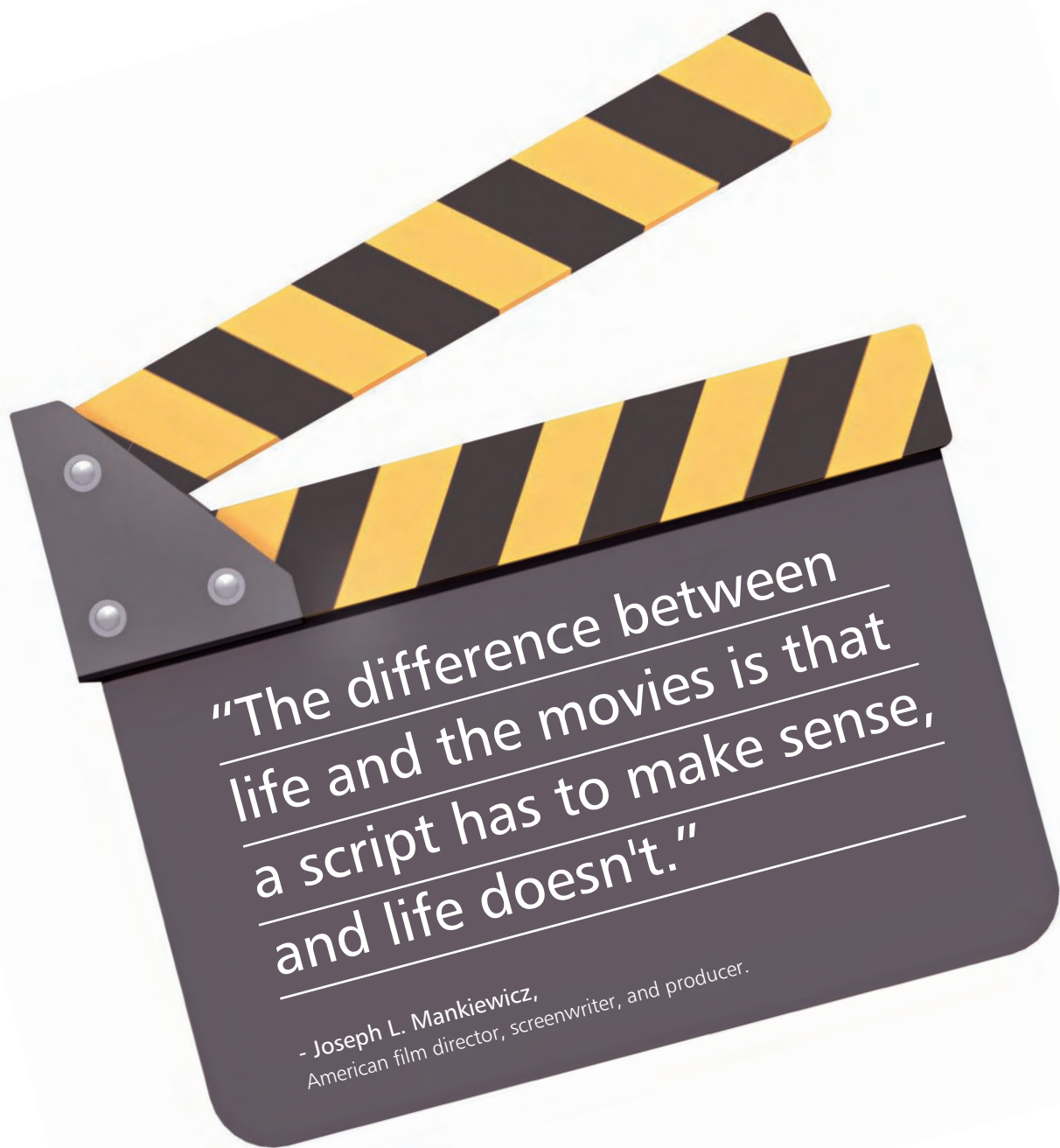


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"The difference between  
life and the movies is that  
a script has to make sense,  
and life doesn't."

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

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

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

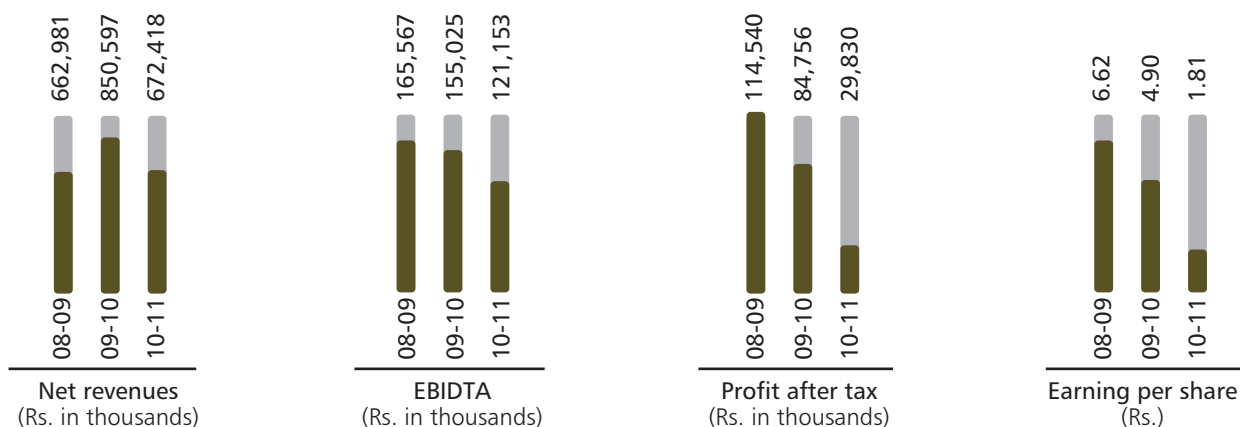
Making it an attractive proxy of the growth emerging from India's lifestyle sector.

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

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

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

## Financial highlights, 2010-11





# Year-on-year films release

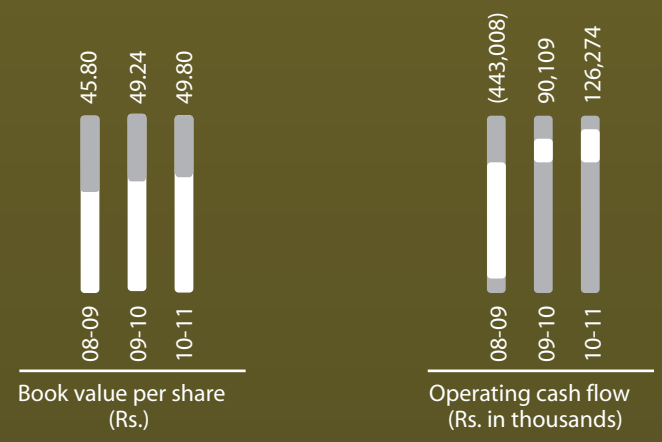


## OUR FIVE BIGGEST FILM HITS

- Race
- Soldier
- Raja Hindustani
- Raaz
- Ajab Prem Ki Ghazab Kahani

## OUR FIVE BIGGEST MUSIC GROSSERS

- Phool aur Kaante
- Khalnayak
- Raja Hindustani
- Raaz
- Race





## Tips stands for wholesome family entertainment.

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

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



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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



# Business segments

## Film production

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

## Outlook

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

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