

TIPS INDUSTRIES LIMITED

Annual Reoprt 2012-13

# ***RACING Ahead***

**with Excitement  
and Entertainment**





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The world of media and entertainment is a RACE – race to get the best script, race to get best talent, race to complete and release films. It is a RACE where slow and steady usually end up as also-rans. It is a race where winners start ahead, stay ahead and race ahead till the finish.

At Tips,  
we do not just  
run the **RACE**,  
we **RACE2** win.

As we win one race after another, we continue our searing pace with a unique mix of ENTERTAINMENT and EXCITEMENT in our films and music, which has endeared us to our audiences with an emotional connect that is powering our enigmatic EXPANSION and exhilarating growth.

At Tips, we are in the fast lane...

# RACING AHEAD

With Excitement  
and Entertainment



*Racing Ahead with*

# **ENTERTAINMENT**

ENTERTAINMENT is the pre-text, the sub-text and the context of all that we think, plan and do at Tips. There is a single, sharp and clear focus at Tips – it's ENTERTAINMENT.

At Tips, we have been creating content in music and films with a single-minded focus and purpose :

ENTERTAINMENT - clean, wholesome, and enjoyable by the entire family. All our 32 films and over 4500 titles in music has ENTERTAINMENT as a common theme and thread that connects everyone. From producers to actors, directors to distributors and exhibitors to audiences, it is ENTERTAINMENT that bonds and binds everyone.

## Films

2012-13 has been a year of ENTERTAINMENT for the media industry. After several years of lacklustre growth, the year saw audiences flocking to theatres on the back of some very entertaining content. In 2012, as many as 9 films crossed the magical Rs. 100 crores mark at box-office compared to just 5 films in 2011 and only 2 films in 2010.

Race2 was released in January 2013, and became the first blockbuster movie of the year 2013, with collection of more than Rs. 100 crores. An action thriller, Race2 had some of the biggest names in Bollywood like Saif Ali Khan, Anil Kapoor, Deepika Padukone, John Abraham, Amisha Patel and Jaqueline Fernandez. Race2 set the trend and tone for the entire film industry with its super performance at the box-office so early in the year and provided the momentum to keep the upbeat trend of 2012 going. Race2 remains one of the biggest hits of the year 2013.

Tips also produced Jayantabhai Ki Luv Story during the year. It was a comparatively smaller-budget ROM-COM starring Vivek Oberoi with Neha Sharma in an interesting plot. The film met with moderate success at the box-office.

## Music

In 2012, the music space also had its fair share of entertainment. The music space is fast undergoing a transformation, driven by technological changes. Personalisation enabled by digitisation is changing both the music delivery patterns as well as consumption patterns of music all over the world, and the Indian consumer is no different.

With Phase 3, FM radio will now become available across 300 more cities, undoubtedly resulting in exponential growth in reach and revenues.

**At the heart of all this growth and expansion in the music space is going to be CONTENT. With over 4500 albums and 25,000 tracks, Tips has one of the largest repositories of music content in the industry.**

The content is rich and diverse, covering all genres. The content quality of music at Tips is ever-green, in popularity as well as in demand. The Tips music division contributes a confirmed and constant revenue to the Company. During the year, our revenues from music amounted to Rs. 30.38 crores.

At Tips, we were one of the first in the industry to understand and leverage the power of digitisation in the music industry. Today, we have more than 15,000 tracks available across the digital platforms in all possible formats, making ENTERTAINMENT available 24/7, anywhere, anytime, anyplace.



# *Racing Ahead with* **EXCITEMENT**

EXCITEMENT in the Indian media and entertainment space is what drives us at Tips today. Be it the films or music, be it digitisation or Phase 3 rollout of FM radio, the scope and potential of growth is creating unbound EXCITEMENT.

## *Consider this :*

1  
9 films crossed the Rs. 100 crore mark in gross box-office revenues in 2012

2  
Of this, 1 film almost touched the magical figure of Rs. 200 crore

3  
23 per cent growth in theatrical revenues and 152 new screens added in 2012

4  
Phase 1 of digitisation of cable completed and Phase 2 underway to cover 38 cities

5  
4G internet launched, India has the 2nd largest mobile user base and the 3rd largest internet population in the world

## *Why is all this causing so much EXCITEMENT?*

Because it represents a huge opportunity for growth. At Tips, we are ideally positioned to leverage this opportunity. And this is the reason for EXCITEMENT at Tips.

### Ramaiya Vastavaiya

Introducing Girish Kumar in lead and directed by the famed director Prabhudheva, Ramaiya Vastavaiya is a light romantic film, perfect for viewing with the entire family. The film also stars Shruti Haasan and Sonu Sood. The film has music by Sachin-Jigar with playback singers like Mohit Chauhan, Atif Aslam, Mika Singh and Shreya Ghoshal. The music of Ramaiya Vastavaiya is already on the top of all music charts and striking a chord with the young generation.

Ramaiya Vastavaiya has been released in the month of July with impressive box office collection driven by powerful performance by Girish Kumar, who is all set to emerge as one of the new stars on the horizon of the Hindi film world.

### Phata Poster Nikla Hero

Phata Poster Nikla Hero is the second film produced by Tips in 2013. It is scheduled for release in September 2013. This romantic comedy is out and out a family entertainer. The film stars Shahid Kapoor and Illeana D'Cruz as the lead pair. Salman Khan is teaming up to do an interesting cameo in film.

This is widely predicted to be one of the biggest hits of the year 2013.

## *Music*

Tips continues to possess one of the most valuable and varied libraries for musical content in India. Music is where we began with; music is where we are strongest. And we continue to build on this strength.

Music of films like Ramaiya Vastavaiya and Phata Poster Nikla Hero, both produced by Tips, added handsomely to the already enviable library of the Company.

While we continue to build our music library, we are also ensuring that our music delivery platform is in sync with the evolving digital platform. We have more than 15,000 tracks already digitised. With our constant efforts in digitising our content, our digital revenues have gone up by 40 per cent.

Tips is also leading the race in social media presence. Tips Music and Tips Films Facebook pages have a combined strength of 3 million fans. We have partnered with leading e-commerce platforms. Tips Music is visible across all digital platforms like Saavn, Dhingana, Flipkart, iTunes and Amazon. Hungama, 9X Jalwa, Meragana and Others.



# *Racing Ahead With* **EXPANSION**

EXPANSION is what defines and differentiates us from others. While for most, status quo is a comfortable situation, at Tips, we believe in daring, doing and delivering – taking on new challenges and turning them into opportunities for EXPANSION.

From starting as biggest dealers of LP records in 1975, it is with a spirit of dream and dare that Tips has driven EXPANSION and is today amongst the top film and music companies in India. The EXPANSION continues at Tips :

## ***Films***

In the film space, we released two Hindi films in 2012-13 – Jayantabhai Ki Luv Story and Race2. In 2013-14, we have plans to release three Hindi films. We have already released Ramaiya Vastavaiya in July and are all set to release our second film - Phata Poster Nikla Hero in the month of September. Our third film of the year is on the floor and titled IT'S ENTERTAINMENT. Starring the biggest names in the industry, shooting for this big-budget film is under way. It stars a fresh lead pair of Akshay Kumar and Tamannaah. The film is directed by Sajid-Farhad and includes stars like Mithun Chakraborty, Sonu Sood, Johnny Lever and Krushna Abhishek. It is scheduled for release in March 2014.

Tips has ambitious plans for EXPANSION in the near future, with a target to release four films per year by the year 2014 and six films every year by 2016.

Regional films, especially Punjabi films, are another area where Tips has expanded and today is a dominating player in Punjabi films. The dominance of Tips is evident from the fact that Tips has a hat-trick of hit Punjabi films under its belt. These three successive hit films have been so successful, that they are also the TOP 3 all time Punjabi Films.

Punjabi films constitute an important and integral part of the EXPANSION at Tips, and we are expecting to launch a few more Punjabi Films later during the year.



## *Music*

Music continues to remain a key driver of EXPANSION and growth at Tips. We hold one of the largest collection music collections in the industry, with a width across genres and a depth that covers languages, preferences and ages. Our music business continues to contribute steadily to our revenue streams. It is today worth Rs. 30 crores annually, with potential to do much more as we continue to unlock the value of our music collection. Compared to the film business of the Company, the music business of the Company is virtually risk-free with captive revenues in form of royalties. Digitisation is opening up newer consumption platforms in the form of smart-phones and tablets. Aided with an increasing penetration of the internet, reducing costs of both devices and downloads wider reach of the radio, the music space is attracting newer audiences, resulting in a natural EXPANSION of the music space.

In 2008, the share of music revenues in physical format and digital format was 66 per cent and 26 per cent respectively.

In 2012, music revenues in physical format were 22 per cent and digital format 57 per cent.

By 2017, the share of musical revenues in physical format is estimated to come down to just 6 per cent, and 72 per cent of musical revenues will come from digital format.

India already has 176 million internet users and 150 million radio listeners. With the rollout of 4G internet speeds and Phase 3 of FM radio to almost 300 new cities, music consumption is all set to EXPLODE.

At Tips, we are already in EXPANSION mode for our music business.

# *Chairman's* **Message**

An Interview with  
**Mr. Kumar S. Taurani, Chairman  
of Tips Industries Limited**



**Q** Congratulations on RACE2 becoming the first movie this year to cross the Rs. 100 crore benchmark at box office. Can you share some more details on this?

Thank you. Yes, RACE2 indeed has been a blockbuster hit in all senses of the term. The film was made with a lot of passion and the results are for all to see. It was been extremely well-received by audiences all over, including overseas. Commercially too, the film has been extremely successful. The total box-office collections are more than Rs. 100 crores. We had pre-sold the film rights to UTV, but as has been our long-term policy, we have retained rights for music of the film.

**Q** How has the year been for the music business?

The music business continues to remain a steady revenue stream for the Company. This year, the music business contributed Rs. 30.38 crores to the overall revenues of the Company. At Tips, we have one of the richest repertoires of music collection with over 4500 titles.

Our collection has both depth and variety : it covers all genres and most languages. It is evergreen in the sense that it is popular with all age-groups. Moreover, insofar as the music delivery platforms are concerned, Tips has always been at the forefront of adapting and adopting new technology. When the audio cassette revolution started, we were the first to embrace it ; likewise for CDs and DVDs. Today, as the world becomes mobile and digital, we have one of the largest digitised music libraries with over 15,000 tracks. Our music is also available on platforms like iTunes, Amazon, Saavn and other popular online spaces.

**Q** Can you shed some light on the financial performance of the Company this year?

We have had a successful 2012-13, riding on the success of RACE2 as well as our music revenues. Our total revenues for the year was Rs. 139.25 crores compared to Rs. 77.13 crores in the previous year. EBIDTA for the year was Rs. 21.11 crores against an EBIDTA of Rs. 17.60 crores for 2011-12. Profit After Tax was Rs. 11.68 crores compared to Rs. 8.80 crores for the last year. Earning per Share for the year was Rs. 7.39 vis-a-vis Rs. 5.52 for 2011-12.