IN TUNE. IN SYNC.

Tips Industries Limited

Annual Report 2017-18

CONTENTS

02 Chairman's Message to Shareholders

04 Corporate Information

05 Notice

16 Board's Report & Management Discussion and Analysis

39 Corporate Governance Report

50 Auditors' Report

56 Financial Statements

At Tips, we continue **focussing** on our core business of music and capitalising on our enviable music **library**.

As the Indian **Media and Entertainment** sector continues to transforming with the **increased digitisation**, we continued with steady steps during the year to deliver a satisfactory performance that is **IN TUNE** and **IN SYNC** with expectations.

We leveraged the **strength of our music collection** comprising over **25,000 songs** across genres and major languages to generate an unprecedented music revenue of over **₹ 42 crores**.

We own one of the most successful franchisee in Hindi cinema - **Race**. This year, we launched the third franchise - **Race3** in association with **Salman Khan Ventures Private Limited**. Race3 is slated for release in June 2018 and is among the most anticipated **big film of the year 2018**.

We continue to build our digital presence. Our **Facebook has over 2.5 lakh** likes and we have over **88 lakh followers on YouTube**. Our social media presence is indeed engrossing and engaging. We request all our stakeholder to **support our digital initiatives** by visiting:

Tips Official	/TipsMusic	@tipsofficial	tips

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Dear Shareholders,

It is always a pleasure and privilege to share with you the performance and prospects of your Company.

The Indian Media and Entertainment industry has been undergoing a digital transformation for a few years now. This transformation, while disrupting many traditional models, has also opened up new vistas and opportunities. A key trend that has emerged strong last year has been the rising acceptance and growing popularity of OTT platforms like Amazon Prime, Netflix and others. With increasing proliferation of smart devices and falling data rates, content consumption on-the-go on smart devices is emerging as a new growth horizon.

The impact of digitisation is also strongly evident in the music segment, where sales of music through digital channels account for nearly 65 per cent of the total sales in the country. Music videos now have the highest viewership on channels like YouTube.

As far as the performance of your Company is concerned, this year was an year of business-as-usual. On the music business front, our revenue was ₹ 42.59 Crores compared to ₹ 31.95 Crores in the previous year. Our rich and diversified collection of over 25,000 songs across all genres and major languages makes it one of the most evergreen collection in the industry, appealing to wide spectrum of audiences across ages, ethnicities and regions. The fact that over 90 per cent of our music library is digitised means that it is available for streaming and download on industry leading digital music platforms and market-places like iTunes and Google Play, as well as top Indian streaming platforms like Saavn and Gaana.

On the film business front, we launched the third series of our Race franchise during the year in association with Salman Khan Ventures Private Limited. This joint venture film does not entail any investment from the Company. The Company will get free music rights as well as share of profit. The film has top stars like Salman Khan, Anil Kapoor, Bobby Deol, Jacqueline Fernandez, Daisy Shah and others. Race3 is slotted for a pan-India release on Eid, 15 June 2018.

Based on the above, the Company's performance during the year was In Tune and In Sync and as per expectations.

The Total Revenue for the year was ₹ 4,992.85 lakhs compared to ₹ 6,642.26 lakhs in the previous year. Net Profit for the year was ₹ 312.87 lakhs compared to ₹ 299.02 lakhs last year. The Board of Directors have recommended a dividend of ₹ 1/- per share (10%) subject to the approval of shareholders.

The Company continues to be amongst the forerunners in leveraging its presence on the digital platforms using the social media. The Company's FB page has over 5.8 million followers. What is more exciting is the fact that we have over 9 million subscribers on YouTube, quite a significant achievement. We are all set to increase our presence on YouTube to 1 crore subscribers in the next few months. I would request all our stakeholders to support our digital presence by following us on YouTube as well as FB. I assure you the content you will find there is both entertaining and engrossing.

I am quite positive about the next year, when we will see the release of Race3. In addition, we are also looking at securing more music rights at a lower cost that will enrich our music library.

I thank all our stakeholders for their continued support and trust, and assure you we will continue with endeavour to produce films with wholesome family entertainment and capitalise on our significant digital assets in the form of our music library to unlock more value for all the stakeholders.

Thank you,

Yours sincerely,

Kumar Taurani
Chairman and Managing Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Kumar S. Taurani
Chairman & Managing Director

Mr. Ramesh S. Taurani
Managing Director

Mr. Amitabh Mundhra
Independent Director

Mrs. Radhika Pereira
Independent Director

Mr. Venkitaraman S. Iyer
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Ishwar T. Gursahani

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Bijal R. Patel

SENIOR MANAGEMENT

Mrs. Varsha Taurani
Vice President – Administration

Mr. Sunil Chellani
Sr. Vice President – Accounts

Mr. Girish Taurani
Sr. Vice President – Music (Digital)

Ms. Jaya Taurani
Sr. Manager – Production

Ms. Kavita Lakhani
Vice President – Film Production & Promotions

REGISTERED OFFICE

601, Durga Chambers, Linking Road,
Khar (West), Mumbai - 400 052

Contact No.: +91 22 6643 1188
E-mail I.D: response@tips.in
Website: www.tips.in

ACCOUNTS OFFICE

1st Floor, Asara Co.op Housing Society Ltd,
(Virkar Apartments), 17th Road,
Khar (West), Mumbai - 400 052

STATUTORY AUDITORS

M/s. SSPA & Associates
Chartered Accountants
1st Floor, Arjun, Plot No. 6A, V. P. Road,
Andheri (West), Mumbai - 400 058

INTERNAL AUDITORS

M/s. Maheshwari & Co.
Chartered Accountant
3rd Floor, Esplanade Building,
3, Amrut Keshav Naik Marg
Fort, Mumbai - 400 001

SECRETARIAL AUDITORS

NL Bhatia & Associates
507, Skyline Wealth Space, 5th Floor,
C2 Wing, Skyline Oasis Complex,
Premier Road, Near Vidyavihar Station,
Ghatkopar (West), Mumbai - 400 086

REGISTRAR & SHARE TRANSFER AGENT:

Link Intime India Private Limited
C – 101, 247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400 083

BANKERS:

Bank of Baroda
Everest Building, Tardeo Road,
Mumbai - 400 034

Canara Bank
Maker Chambers-III, 7th Floor,
Nariman Point, Mumbai - 400 021

HDFC Bank Limited
2nd Floor, Maneckji Wadia Bldg.,
Nanik Motwane Marg, Fort,
Mumbai - 400 001

ICICI Bank Limited
Ground Floor, Indraprastha,
Linking Road, Santacruz West,
Mumbai - 400 054

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of Tips Industries Limited will be held on **Tuesday, September 25, 2018 at 11.00 a.m.** at the Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai - 400049, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018 together with the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on equity shares for the financial year ended March 31, 2018.*

3. To appoint a Director in place of Mr. Ramesh Taurani (DIN: 00010130), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Schedule V of the Act read with Companies (Appointment and Remuneration of Managerial personnel), Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to other requisite approvals, if any, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Kumar Taurani (DIN: 00555831) as Chairman and Managing Director of the Company for a period of three years w.e.f. June 1, 2018 to May 31, 2021 on the terms and conditions as mentioned in the draft Agreement between Mr. Kumar Taurani and the Company including remuneration as mentioned below and as approved by the Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee.

   (A) Salary:
   Minimum of ₹14 lakh per month only i.e. ₹168 lakh per annum only or 5% of net profit of the Company, whichever is higher during the year or if there are more than 1 (one) Managing Director and/or Whole Time Directors, then 10% of net profits of the Company during the year for all of them taken together, as laid down in Section 197 of the Act.

   (B) Perquisites:
   Perquisites shall be provided as per Schedule V of the Act.

   In addition to the above, Mr. Kumar Taurani shall be provided with a car and reimbursement of its petrol and Mobile Phone expenses.

   Mr. Kumar Taurani shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committees thereof.

   RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Mr. Kumar Taurani as Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above as minimum remuneration, subject to the provisions prescribed under Section 197 read with Schedule V to the Companies Act, 2013 and rules framed thereunder and any other applicable provisions of the Act or any statutory modification(s) or re-enactment thereof.

   RESOLVED FURTHER THAT as per the Articles of Association of the Company, Mr. Kumar Taurani shall not be subject to retire by rotation unless the total number of Directors (including the Managing Directors) as are not subject to retirement by rotation exceeds one-third of total number of Directors. In such case, Mr. Kumar Taurani shall be liable to retire by rotation so that the total number of Directors not liable to retire by rotation does not exceed one third of total number of Directors and after re-appointment Mr. Kumar Taurani shall automatically continue to hold the office of the Managing Director.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may

be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said re-appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolution."

5. To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to provisions of Sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Schedule V of the Act read with Companies (Appointment and Remuneration of Managerial personnel), Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to other requisite approvals, if any, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Ramesh Taurani (DIN: 00010130) as Managing Director of the Company for a period of three years w.e.f. June 1, 2018 to May 31, 2021 on the terms and conditions as mentioned in the draft Agreement between Mr. Ramesh Taurani and the Company including remuneration as mentioned below and as approved by the Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee.

(A) Salary:
Minimum of ₹14 lakh per month only i.e. ₹168 lakh per annum only or 5% of net profit of the Company, whichever is higher during the year or if there are more than 1 (one) Managing Director and/or Whole Time Directors, then 10% of net profits of the Company during the year for all of them taken together, as laid down in Section 197 of the Act.

(B) Perquisites:
Perquisites shall be provided as per Schedule V of the Act.

In addition to the above, Mr. Ramesh Taurani shall be provided with a car and reimbursement of its petrol and Mobile Phone expenses.

Mr. Ramesh Taurani shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Mr. Ramesh Taurani as Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above as minimum remuneration, subject to the provisions prescribed under Section 197 read with Schedule V to the Companies Act, 2013 and rules framed thereunder and any other applicable provisions of the Act or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT as per the Articles of Association of the Company, Mr. Ramesh Taurani shall not be subject to retire by rotation unless the total number of Directors (including the Managing Directors) as are not subject to retirement by rotation exceeds one-third of total number of Directors. In such case, Mr. Ramesh Taurani shall be liable to retire by rotation so that the total number of Directors not liable to retire by rotation does not exceed one third of total number of Directors and after re-appointment Mr. Ramesh Taurani shall automatically continue to hold the office of the Managing Director.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said re-appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolution."

Place: Mumbai
Date: May 28, 2018

By Order of the Board of Directors

Registered Office:
601, Durga Chambers, Linking Road,
Khar (West), Mumbai 400 052

Bijal R. Patel
Company Secretary

*The actual equity dividend to be declared by the shareholders at the 22nd Annual General Meeting will be for only equity shares other than the equity shares in respect of which the equity shareholder(s) has/have waived/forgone his/their right to receive the dividend for the financial year ended March 31, 2018 in accordance with the Rules framed by the Board as per Note No.10 hereinafter appearing.

Notes:

1. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business under Item No. 4 and 5 are annexed hereto. The relevant details of the Directors seeking re-appointment/ appointment under Item Nos. 3 to 5, pursuant to Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India, are annexed.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF.** A proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than forty-eight hours before commencement of the AGM. Proxies submitted on behalf of companies, societies, partnership firms etc., must be supported by appropriate resolutions/authority, as applicable.

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. A Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.

4. Body Corporate members intending to send their authorized representative to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of the Resolution authorizing their representative to attend and vote at the Meeting.

5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Members, Proxies and Authorised Representatives are requested to bring their attendance slip along with their copy of Annual Report to the Meeting. **Copies of the Annual Report will not be distributed at the Meeting.**

7. A route map showing directions to reach the venue of the 22nd AGM is given at the end of this Report.

8. The Register of Members and Share Transfer Books of the Company will remain closed from September 19, 2018 to September 25, 2018 (both days inclusive), for determining the names of members eligible for dividend on Equity Shares, if declared at the AGM.

9. Dividend, if approved by the members at the Annual General Meeting will be paid within a period of 30 days from the date of declaration, to the Members whose names appear on the Register of Members and Register of Beneficial Owners as on September 18, 2018 as per details furnished by the Company's Share Registrar and Transfer Agent and the Depositories for this purpose.

10. Members had passed the Special Resolution through postal ballot on January 15, 2018 for Alteration of Article of Association relating to waive/forgo his/their right to receive the dividend (interim or final) by the Members of the Company for any financial year effective from the dividend recommended by the Board of Directors of the Company for the year ended March 31, 2018 or any year thereafter, as per the rules framed by the Board of Directors of the Company from time to time for this purpose.

    Members, if so wishes to waive/forgo the right to receive dividend for the year ended March 31, 2018 shall fill up the form and send it to the Company's Registrar on or before September 18, 2018 (record date). The form prescribed by the Board of Directors of the Company for waiving/forgoing the right to receive dividend for any year shall be available for download on the Company's website www.tips.in under section "Corporate- Annual Report -2017-18" or can also be obtained from the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited.

    THE BOARD OF DIRECTORS OF THE COMPANYAT ITS MEETING HELD ON NOVEMBER 29, 2017 HAVE FRAMED THE FOLLOWING RULES UNDER ARTICLE 111A OF THE ARTICLES OF ASSOCIATION OF THE COMPANY FOR EQUITY SHAREHOLDERS WHO WANT TO WAIVE/ FORGO THE RIGHT TO

RECEIVE DIVIDEND IN RESPECT OF FINANCIAL YEAR 2017-18 OR FOR ANY YEAR THEREAFTER.

a. A Shareholder can waive/forgo the right to receive the dividend (either final and/or interim) to which he is entitled, on some or all the Equity Shares held by him in the Company as on the Record Date/Book Closure Date fixed for determining the names of Members entitled for such dividend. However, the shareholders cannot waive/forgo the right to receive the dividend (either final and/or interim) for a part of percentage of dividend on share(s).

b. The Equity Shareholder(s) who wish to waive/forgo the right to receive the dividend for any year shall inform the Company in the form prescribed by the Board of Directors of the Company only.

c. In case of joint holders holding the Equity Shares of the Company, all the joint holders are requested to intimate to the Company in the prescribed form their decision of waiving/forgoing their right to receive the dividend from the Company.

d. The Shareholder, who wishes to waive/forgo the right to receive the dividend for any year shall send his irrevocable instruction waiving/ forgoing dividend so as to reach the Company before the Record Date/Book Closure Date fixed for the payment of such dividend. Under no circumstances any instruction received for waiver/forgoing of the right to receive the dividend for any year after the Record Date/ Book Closure Date fixed for the payment of such dividend for that year shall be given effect to.

e. The instruction once given by a Shareholder intimating his waiver/forgoing of the right to receive the dividend for any year for interim, final or both shall be irrevocable and cannot be withdrawn for that particular year for such waived/ forgone the right to receive the dividend. But in case, the relevant Shares are sold by the same Shareholder before the Record Date/Book Closure Date fixed for the payment of such dividend, the instruction once exercised by such earlier Shareholder intimating his waiver/forgoing the right to receive dividend will be invalid for the next succeeding Shareholder(s) unless such next succeeding Shareholder(s) intimates separately in the prescribed form, about his waiving/forgoing of the right to receive the dividend for the particular year.

f. The Equity Shareholder who wish to waive/forgo their right to receive the dividend for any year can inform the Company in the prescribed form only after the beginning of the relevant financial year for which the right to receive the dividend is being waived/forgone by him.

g. The instruction by a Shareholder to the Company for waiving/forgoing the right to receive dividend for any year is purely voluntary on the part of the Shareholder. There is a no interference with a Shareholder's Right to receive the dividend, if he does not wish to waive/forgo his right to receive the dividend. No action is required on the part of Shareholder who wishes to receive dividends as usual. Such Shareholder will automatically receive dividend as and when declared.

h. The decision of the Board of Directors of the Company or such person(s) as may be authorized by Board of Directors of the Company shall be final and binding on the concerned Shareholders on issues arising out of the interpretation and/or implementation of these Rules.

i. These Rules can be amended by the Board of Directors of the Company from time to time as may be required.

11. All unclaimed dividends up to the final dividend for FY 2009-10 have been transferred to Investor Education and Protection Fund (IEPF) of the Central Government. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of the unpaid and unclaimed amounts lying with the Company on the website of the Company (www.tips.in), and also on the website of the Ministry of Corporate Affairs (www.mca.gov.in). Unclaimed dividend for the FY 2010-11 will fall due for transfer to the IEPF on August 31, 2018. Those Members, who have not encashed their dividends for the FY 2010-11, are requested to claim it from the RTA of the Company immediately. Those Members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Company or the RTA of the Company.